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# DE NORA INDIA LIMITED

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ANNUAL REPORT 2017-18



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<b>BANKERS</b> BANK OF BARODA HDFC BANK	<b>REGISTERED OFFICE &amp; WORKS</b> PLOT NOS. 184,185 & 189 KUNDAIM INDUSTRIAL ESTATE KUNDAIM, GOA - 403 115 Tel.: 91-832-3981100 Fax.: 91-832-3981101 Email: <a href="mailto:denoraindia@denora.com">denoraindia@denora.com</a> Website: <a href="http://www.denoraindia.com">www.denoraindia.com</a>	
<b>AUDITORS</b> M/s. B S R & Associates LLP ICAI Firm Registration No. 116231W/W-100024 5 <sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai – 400 011		



**DE NORA INDIA LIMITED**

CIN: L31200GA1993PLC001335

Registered Office: Plot Nos. 184, 185 & 189, Kundaim Industrial Estate, Kundaim, Goa – 403115

Tel. No.: 0832 3981100; Fax No.: 0832 3981101

Email: [denoraindia@denora.com](mailto:denoraindia@denora.com); Website: [www.denoraindia.com](http://www.denoraindia.com)

**NOTICE**

Notice is hereby given that the TWENTY NINTH ANNUAL GENERAL MEETING of the Members of DE NORA INDIA LIMITED ('the Company') will be held on Wednesday, 26<sup>th</sup> September, 2018 at 11.00 a.m. at the Registered Office of the Company at Plot Nos. 184, 185 & 189, Kundaim Industrial Estate, Kundaim, Goa 403 115, to transact the following business:

**ORDINARY BUSINESS**

**1. Adoption of financial statements, Auditor's Report etc. for the financial year 01.04.2017 - 31.03.2018**

To receive, consider and adopt the Balance Sheet of the Company as on 31st March, 2018, the Statement of Profit and Loss of the Company and the Cash Flow Statement for the financial year ended on that date and the Reports of the Board of Directors ('the Board') and Auditors thereon.

**2. Declaration of dividend on equity shares**

To declare dividend on equity shares for the financial year ended 31<sup>st</sup> March 2018.

**3. Re-appointment of Mr. Robert Scannell (DIN: 06818489) as Director liable to retire by rotation**

To appoint a Director in place of Mr. Robert Scannell (DIN: 06818489), who retires by rotation and being eligible, offers himself for re-appointment.

**4. Appointment of Statutory Auditors**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendation of the Audit Committee, the Company hereby appoints M/s. MSKA & Associates, Chartered Accountants, Mumbai (ICAI Firm Registration No. 105047W) as the Statutory Auditors of the Company, for a period of 5 years to hold office from the conclusion of this AGM till the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company to be held in the calendar year 2023, in place of M/s. B S R & Associates LLP, Chartered Accountants, Mumbai, the retiring auditors at such remuneration as may be determined by the Audit Committee and approved by the Board, in consultation with the auditors from time to time."

**SPECIAL BUSINESS**

**5. Appointment of Ms. Supriya Banerji (DIN:05209284) as an Independent Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, Ms. Supriya Banerji (DIN: 05209284) who was appointed as a Non-Executive Director of the Company with effect from October 27, 2016 pursuant to the casual vacancy caused by the resignation of Mr. Krishan Khanna and who, in terms of Section 161 of the Companies Act, 2013 holds office up to the date of this Annual General Meeting and who is eligible for appointment, be and is hereby appointed as a Non-Executive Independent Director of the Company, for a term of 5 years from the date of this General Meeting up to 25th September 2023 .

**"RESOLVED FURTHER THAT** Mr. Vinay Chopra, Managing Director, be and is hereby authorized to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution."

**6. Approval of appointment of Mr. Francesco L'Abbate (DIN: 08063332) as the Director of the Company in casual vacancy**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 161(4) of the Companies Act, 2013 as amended by the Companies (Amendment) Act, 2017, the appointment of Mr. Francesco L'Abbate (DIN: 08063332) as a Non-Executive Director of the Company with effect from January 29, 2018, pursuant to the casual vacancy caused by the resignation of Mr. Angelo Ferrari, be and is hereby approved by the Members of the Company.

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any of the Directors or the Company Secretary be and is hereby authorized to do all acts, deeds, matters and things as deemed necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in respect of the matter aforesaid."



## 7. Approval for Material Related Party Transactions

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 and in terms of applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or enactment thereof for the time being in force), and also pursuant to the consent of the Audit Committee and the Board of Directors vide resolutions passed in their respective meetings and the Company's policy on Related Party Transactions, the approval of the Company be and is hereby accorded in respect of material related party transaction(s) with De Nora Water Technologies, LLC, Singapore, a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for purchase of raw materials such as electrolyzers, and their parts and accessories, drawings, technical specifications etc. and avails services on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 500 Lakhs for the financial year 2018-19 and that the Board of Directors be and are hereby authorized to perform and execute all such deeds, matters and things including delegate such authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto."

By Order of the Board of Directors  
**For De Nora India Limited**

Place: Kundaim, Goa  
Date: August 6, 2018

**Jyoti Bandodkar**  
**Company Secretary**

## NOTES:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ('AGM') IS ENTITLED TO APPOINT A PROXY (IES) TO ATTEND AND TO VOTE ON HIS/HER BEHALF ON A POLL. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member. The instrument appointing the proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the AGM. A proxy form is attached herewith. Proxies submitted on behalf of Limited Companies, Societies, Partnership Firms etc. must be supported by appropriate resolution or authority as applicable, issued by the member organization.
- b) The route map to reach to the meeting venue showing the prominent landmark is given at the end of this Notice.
- c) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- d) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts in respect of the Special Business to be transacted at the meeting is annexed herewith.
- e) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, September 20, 2018 to Wednesday, September 26, 2018 (both days inclusive) for payment of dividend, if declared/approved, at the AGM.
- f) Dividend on equity shares as recommended by the Board of Directors for the financial year ended March 31, 2018 if approved at the meeting will be payable within a period of 30 days from the date of declaration, to those Members who hold shares:
  - i. In dematerialized mode, based on the beneficial ownership details to be received from the depositories as at the close of the business hours on Wednesday, September 19, 2018.
  - ii. In physical mode, if their names appear in the Company's Register of Members after giving effect to all valid transfers in physical form lodged with the Company and/or its Registrar and Transfer Agents on or before Wednesday, September 19, 2018.
- g) Members desiring any information about the accounts are requested to write to the Company at an early date to enable the Management to keep the information ready.



h) Members/Proxies/Authorised Representatives should bring the enclosed attendance slip duly filled-in for attending the meeting. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy of the Board Resolution authorizing the representative to attend and vote on their behalf at the Meeting.

i) The Register of Directors and Key Managerial Personnel ('KMP') and their shareholding, the Register of Contracts or Arrangements in which the Directors are interested will be available for inspection by the Members at the AGM.

j) Members are requested to note that dividends which are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, are liable to be transferred to the Investor Education and Protection Fund ('IEPF'), as per the provisions of Section 124 of the Companies Act, 2013 and Rules made thereunder. The dividend for the financial year ended 31<sup>st</sup> December 2010 which remained unclaimed till May 19, 2018 has been transferred by the Company to the IEPF on June 15, 2018.

Unclaimed and unpaid dividend for the Financial Years 2004, 2005, 2006, 2007 and 2008 have already been transferred to "Investor Education and Protection Fund" on April 20, 2012, May 15, 2013, July 01, 2014, May 21, 2015 and June 18, 2016 respectively. Any Member, who has not claimed dividend in respect of financial year ended 31<sup>st</sup> December, 2011 onwards is requested to approach the Company/Registrar and Transfer Agent for claiming the same as early as possible.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 27, 2017 (date of last AGM) on the website of the Company: [www.denoraindia.com](http://www.denoraindia.com).

k) Pursuant to Section 72 of the Companies Act, 2013 and Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, Members are entitled to make nomination in respect of shares held by them in physical form. **Members desirous of making nominations are requested to send their requests in Form SH-13 duly filled, to the Company's Registrar & Transfer Agent i.e. M/s. Bigshare Services Private Limited.** In respect of shares held in electronic/demat form, Members may please contact their respective depository participant (DP) for availing this facility.

l) Members are requested to notify immediately any change in their address/contact details to the Registrar & Transfer Agents of the Company along with address proof, i.e. Electric/Telephone Bill, Driving

License or a copy of passport and Bank particulars. In case the shares are held in dematerialized form, this information should be communicated directly to their respective DP and not to the Company/RTA.

m) As per SEBI (Listing Obligations and Disclosure Requirement) (Fourth Amendment) Regulations, 2018 which comes into effect from December 05, 2018, except in case of transmission and transposition of securities, no request for effecting transfer shall be processed unless the securities are held in demat form with the depository.

Members holding shares in physical form are therefore requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar & Share Transfer Agent for assistance in this regard.

n) Members must quote their Folio No./Client ID and DP ID and contact details such as e-mail address, contact no., etc. in all their correspondence with the Company / Registrar & Share Transfer Agent.

o) SEBI & the Ministry of Corporate Affairs, Government of India encourages paperless communication as a contribution to greener environment.

Members holding shares in physical mode are requested to register their e-mail ID/change in email ID with M/s. Bigshare Services Private Ltd., the Registrar & Share Transfer Agent of the Company and Members holding shares in demat mode are requested to register their email ID/change in email ID with their respective DPs.

Electronic copy of the Annual Report including financial statements, Board's Report, Notice of the AGM etc. is being sent to all the Members, whose email ID's are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the above documents are being sent in the permitted mode. The Notice of this AGM & the Annual Report will also be available on the Company's website, [www.denoraindia.com](http://www.denoraindia.com). In case you wish to get a physical copy of the Annual Report, you may send your request to [denoraindia@denora.com](mailto:denoraindia@denora.com) mentioning your Folio/DP ID & Client ID.

p) Every member entitled to vote at the AGM of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty-four hours before the time fixed for the commencement of the AGM and ending on the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intentions to inspect the proxies lodged shall be required to be provided to the Company.





- q) Brief profile and other required information about the Directors proposed to be appointed/reappointed, is annexed hereto in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Secretarial Standard 2 on General Meetings. The Directors have furnished consent/declaration for their appointment/re-appointment as required under the Companies Act, 2013 and the Rules framed thereunder.
- r) Pursuant to Regulation 40(7) of the Listing Regulations read with Schedule VII to the said Regulations, for registration of transfer of shares, the transferee(s) as well as transferor(s) shall mandatorily furnish copies of their Income Tax Permanent Account Number (PAN) Card. Additionally, for securities market transactions and/or for off market/private transactions involving transfer of shares in physical mode for listed Companies, it shall be mandatory for the transferee(s) as well as transferor(s) to furnish copies of PAN Card to the Company / RTA for registration of such transfer of shares. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / Nominee(s).
- s) The Securities and Exchange Board of India (SEBI) vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account details for all Members holding shares in physical form. Therefore, the Members are requested to submit their PAN and Bank Account details to the Company at the Registered Office or to M/s. Bigshare Services Pvt. Limited, the Registrar and Share Transfer Agent (RTA) of the Company. In this regard, the Members are requested to submit a duly signed letter along with self-attested copy of PAN Card(s) of all the registered Members (including joint holders). Members are also requested to submit original cancelled cheque bearing the name of the sole / first holder. In case of inability to provide the original cancelled cheque, a copy of Bank Passbook / Statement of the sole / first holder duly attested by the Bank, not being a date earlier than one month may be provided. Members holding shares in demat form are requested to submit the aforesaid documents to their respective DP(s).
- t) Pursuant to the provisions of Section 124(6) of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') and amendments thereto, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority ('IEPF Account') within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, during the financial year 2017-18, the Company has transferred 15,937 underlying equity shares, in

aggregate in respect of 160 Members to the IEPF Account, on which the dividends remained unpaid or unclaimed for seven consecutive years with reference to the due date of 31st October, 2017 after following the prescribed procedure.

Further, all the shareholders who have not claimed/ encashed their dividends in the last seven consecutive years from 2011 are requested to claim the same at the earliest. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in terms of the IEPF Rules. In this regard, the Company has individually informed the shareholders concerned and also published notice in the newspapers as per the IEPF Rules. The details of such shareholders and shares due for transfer are uploaded on the "Investors Section" of the website of the Company viz. [www.denoraindia.com](http://www.denoraindia.com).

Members may note that both the unclaimed dividend and corresponding shares transferred to the IEPF Authority including all benefits accruing on such shares, if any, can be claimed back by the concerned Members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. In case, the Members have any queries on the subject matter and the IEPF Rules, they may contact the Company's Registrar and Transfer Agent; M/s. Bigshare Services Private Limited.

**u) Voting through electronic means**

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015'), Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the Members the facility to exercise their right to vote on resolutions proposed to be considered at the 29<sup>th</sup> AGM by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The Company would also provide the facility for voting through the ballot or polling paper at the AGM to the Members attending the AGM who have not already cast their vote by remote e-voting to enable them to exercise their right of voting at the meeting.
- III. A Member can opt for only one mode of voting i.e. either in person or through proxy at the meeting or through e-voting. If a Member casts votes by both the modes, then the vote casted through e-voting shall prevail and the vote casted through other mean shall be treated as invalid.



- IV. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the meeting but shall not be entitled to cast their vote again at the AGM.
- V. The remote e-voting period commences on Sunday, September 23, 2018 (9:00 a.m.) and ends on Tuesday, September 25, 2018 (5:00 p.m.). **Note: E-voting shall not be allowed beyond the said time.** During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Wednesday September 19, 2018 may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast, the Member shall not be allowed to change it subsequently or cast the vote again.
- VI. A person who is not a Member of the Company as on the cut-off date should treat this Notice for information purpose only.
- VII. The process and manner for remote e-voting is as under:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-voting website?

Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on personal computer or on your mobile.

Once the homepage of e-voting system is launched, click on the icon, 'Login' which is available under 'Shareholder's section.

A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

1. Your User details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****

b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the Company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

2. Your password details are given below:
- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - How to retrieve your 'initial password'?
    - If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
3. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:
- Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - "Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).



If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

4. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
5. Now, you will have to click on "Login" button.
6. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

VIII Institutional Members (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who is/are authorized to vote, to the Scrutinizer through e-mail to [sadashivshet@gmail.com](mailto:sadashivshet@gmail.com) or [denoraindia@denora.com](mailto:denoraindia@denora.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in);

IX Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice of the AGM and holding shares as of the cut-off date i.e. September 19, 2018, may obtain the User ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [jibu@bigshareonline.com](mailto:jibu@bigshareonline.com). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and

password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

- X. A person, whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.
- XI Mr. Sadashiv V. Shet, Company Secretary (ICSI Membership No. 2477), Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" or "Poling Paper" for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIII. The Scrutinizer shall after the conclusion of voting at the AGM count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than 48 (forty eight) hours from the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes if any, and whether the resolution has been carried or not, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the results of the voting forthwith.
- XIV. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.denoraindia.com](http://www.denoraindia.com) and on the website of NSDL, [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after declaration of result by the Chairman or a person authorized by him in writing and shall also be communicated to National Stock Exchange of India Limited, Mumbai & Bombay Stock Exchange Limited, Mumbai.
- XV. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, i.e. September 19, 2018.
- XVI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) Members may also write to the Registrar and Transfer Agent of the Company at the email address: [investor@bigshareonline.com](mailto:investor@bigshareonline.com) or contact at telephone no. 022-62638200.





XVII) It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

v) Relevant documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection by the Members at the Registered Office of the Company during normal business hours 9.00 a.m. to 5.00 p. m. on all working days except Saturdays, Sundays and Public holidays up to the date of the AGM.

By Order of the Board of Directors  
**For De Nora India Limited**

Place: Kundaim, Goa  
Date: August 6, 2018

**Jyoti Bhandodkar**  
**Company Secretary**

### **EXPLANATORY STATEMENT**

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, sets out all material facts relating to the special business mentioned at Item No. 5 & 6 of the accompanying Notice dated August 06, 2018:

#### **Item No. 5**

Ms. Supriya Banerji, was appointed as a Non-Executive Director of the Company with effect from 27<sup>th</sup> October, 2016 in the casual vacancy caused by the resignation of Mr. Krishan Khanna. As per Section 161(4) of the Companies Act, 2013 a person who has been appointed as a Director in casual vacancy holds office only up to the date up to which the Director in whose place he/she is appointed, would have held office if it had not been vacated. Consequently, Ms. Supriya Banerji holds office up to the date of this Annual General Meeting, the date till which the original director Mr. Krishan Khanna, would have held the office.

Based on the recommendation of the Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Act and the Listing Regulations, Ms. Banerji, being eligible for appointment as an Independent Director and offering herself for appointment, is proposed to be appointed as an Independent Director for a term of five consecutive years from 26<sup>th</sup> September, 2018 up to 25<sup>th</sup> September, 2023.

Ms. Supriya Banerji's profile is given in the Annexure to the Notice.

Your Directors are of the opinion that her knowledge and experience would be of immense benefit to the Company and that she fulfills the conditions for appointment as an Independent Non-Executive Director as specified in the Act, the rules made thereunder and the provisions of the Listing Regulations and that she is independent of the management. Your Board of Directors, therefore, recommend that the resolution set out at item no. 5 of the Notice convening the meeting be approved and passed by the Members.

Your Company has received from her:

- i. consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014;

- ii. intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of Section 164 of the Act, and
- iii. declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are in any way concerned or interested except for Ms. Banerji, in the resolution at Item No. 5 of the Notice.

#### **Item No. 6**

Mr. Francesco L'Abbate, was appointed as a Non-Executive Director of the Company with effect from 29<sup>th</sup> January, 2018 in the casual vacancy caused by the resignation of Mr. Angelo Ferrari. As per Section 161(4) of the Companies Act, 2013 as amended by Companies (Amendment) Act, 2017, any appointment of a person as a Director in casual vacancy by the Board of Directors shall be subsequently approved by Members in the immediate next general meeting. Consequently, the said appointment of Mr. L'Abbate by the Board is placed for the approval of the Members by way of an Ordinary Resolution, as stated herein above.

Mr. L'Abbate has given a declaration to the Company that he is not disqualified under Section 164 of the Act for appointment as a Director under the Act and has also given his consent to act as the Director of the Company.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are in any way concerned or interested except for Mr. L'Abbate, in the resolution at Item No. 6 of the Notice.

#### **Item No. 7**

Under Section 188 of the Companies Act, 2013 and the applicable rules framed thereunder and under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the Shareholders through ordinary resolution.



Further, as per the provisions of Section 188 (1) of the Companies Act, 2013 “Related Party Transactions” requires obtaining prior consent of the Board where transactions proposed to be entered with related parties falls in the list of items referred therein and are within threshold limits prescribed under Rule 15 of Companies (Meeting of Board and its Power) Rules, 2015 but however, are not on arm’s length price and are not in the ordinary course of business of the Company. Rule 15 of Companies (Meeting of Board and its Power) Rules, 2014 requires taking prior approval of the Company by an Ordinary Resolution where transactions proposed to be entered with related parties falls, in the list of items referred therein and are in excess of threshold limits (Material Related Party Transactions). Proviso to Section 188 further provides that nothing contained in sub-section (1) of Section 188 applies where transactions are entered by the company in the ordinary course of business other than transactions which are not on an arm’s length basis.

Further, the Listing Regulations 2015 also provides that all transactions with a related party shall be considered material if the transaction / transactions to be entered individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. The Material Related Party Transactions requires approval of the Shareholders by passing a Resolution and in respect of voting on such resolution(s), all related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

As a part of its regular business, the Company purchases raw materials such as electrolyzers, and their parts and accessories, drawings, technical specifications etc. and avails services from De Nora Water Technologies, LLC, Singapore at an arm’s length basis under purchase orders raised from time to time and the aggregate value of these transactions is likely to be around ₹ 500 Lakhs (“De Nora’s on-going transaction”) in the Financial Year 2018-19.

De Nora Water Technologies, LLC, Singapore is a subsidiary of Industrie De Nora S.p.A. Italy, which is the Ultimate Holding Company of the Company. Accordingly, transaction(s) entered with De Nora Water Technologies, LLC, Singapore comes within the meaning of Related Party Transactions in terms of the provisions of the Act and applicable Rules framed thereunder read with the Listing Regulations.

During the Financial Year 2017-18, the total turnover of the Company was ₹ 2725.59 Lakhs and the Company proposes to enter transactions with De Nora Water Technologies, LLC, Singapore to the tune of ₹ 500 Lakhs during the Financial Year 2018-19 which as per the criteria mentioned in the Companies Act, 2013 and the Listing Regulations will be considered as ‘Material’ and therefore requires approval of the Board and the Members of the Company.

The Audit Committee of the Board of Directors of the Company reviewed the De Nora’s on-going transactions and recommended the same for approval by the Board of

Directors and the Members of the Company at its meeting held on August 06, 2018. The Board of Directors also at its meeting held on August 06, 2018 reviewed the De Nora’s on-going transactions and proposed the same to be placed before the Members for their approval.

The Members approval to the above material related party transactions is sought in terms of the aforesaid provisions of the Companies Act, 2013 and the Listing Regulations, 2015.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are in any way concerned or interested in the resolution at Item No. 7 of the Notice.

By Order of the Board of Directors  
**For De Nora India Limited**

Place: Kundaim, Goa  
Date: August 6, 2018

**Jyoti Bandodkar**  
**Company Secretary**



**Annexure**

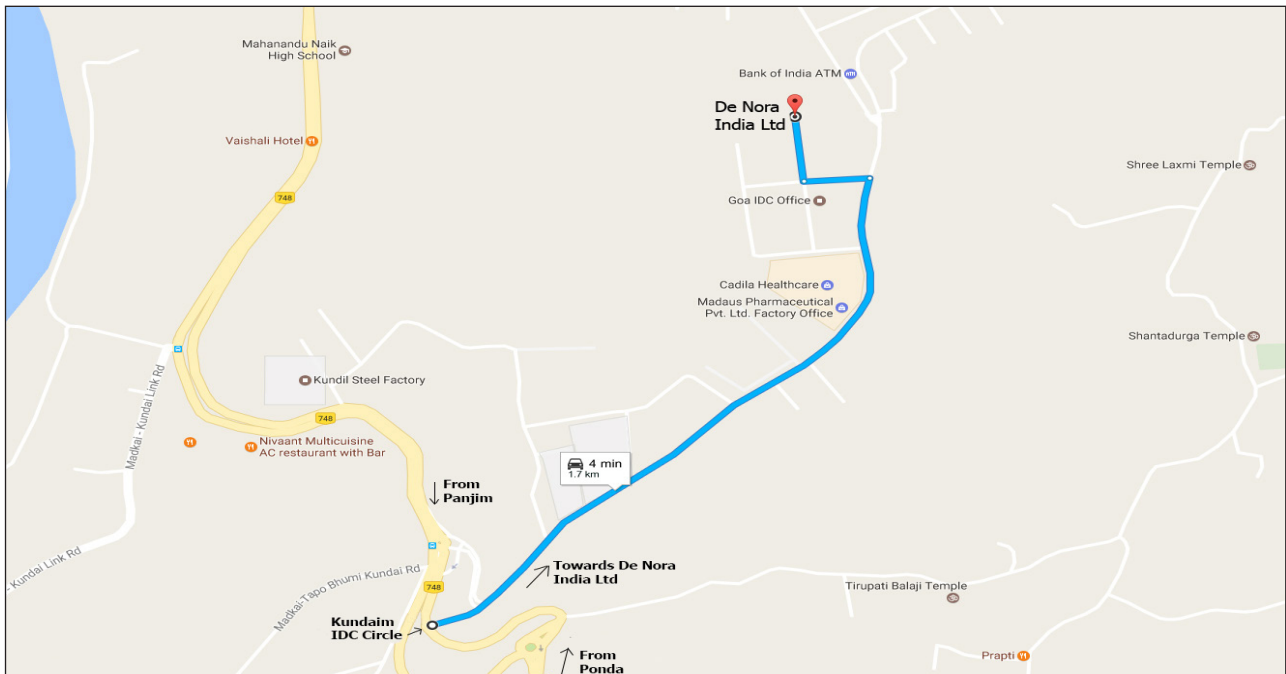
**Details of Directors seeking appointment and re-appointment at the forthcoming AGM**

(Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

<b>Name</b>	<b>Robert Scannell</b>	<b>Supriya Narendra Nath Banerji</b>	<b>Francesco L'Abbate</b>
<b>DIN</b>	06818489	05209284	08063332
<b>Date of Birth</b>	25.08.1959	10.05.1956	31.10.1981
<b>Date of appointment</b>	21.09.2016	27.10.2016	15.01.2018
<b>Qualification</b>	Ph. D holder in Electrochemistry	Post graduate in sociology from the Mumbai University.	Graduate in Economy and Business Administration from Luigi Bocconi University, Milan
<b>Experience in Specific Functional Area</b>	He is the Regional Chief Officer of De Nora for EMEA and India, including the operational section of Industrie De Nora S.p.A Milano. He has over 22 years Industrial Experience in the core businesses of the De Nora Group. He was previously the head of Global Technical Services within De Nora and held the position of Head of Research & Development within Heraeus Elektrochemie GmbH and a research position within Siemens in Erlangen Germany.	She had been working as a Deputy Director General of Confederation of Indian Industry, handling responsibilities like International Affairs, Skill Development, Education, Affirmative Action, CSR etc. for 32 years. She was the Head of UK operations of the CII from 1993 to 2001, based in London. She was also inducted as the Regional Director of CII's operations in Southern India where she worked with the Southern State Governments on policy issues, enhancing efficiency, competitiveness, fast tracking specialized projects and highlighting industry's position on various policy and social / developmental issues. In 2009 she was deputed from the CII for a year to set up the National Skill Development Corporation (NSDC) –She is currently the Regional Coordinator for the WMG, Warwick University, Great Britain.	He has vast experience of over 17 years in Administration, Finance and Control departments. He is currently in charge as an Administration, Finance & Control Manager of De Nora Deutschland, Germany and is also responsible as a Business Controller for Industrie De Nora S.p.A, Italy, the group Companies of De Nora India Limited. He has been a member of the Internal Audit Team, Due Diligence Team and Project leader for the group rolling budgeting/forecasting and CAPEX management procedures among other assignments.
<b>Other Directorship/ Committee Membership</b>	De Nora Deutschland, Germany - Managing Director	She is on the Advisory Board of the Sasakawa India Leprosy Foundation, New Delhi	NIL
<b>Chairman/ Member of the Committees of other Companies</b>	NIL	NIL	NIL
<b>Details of Shareholding in the Company</b>	NIL	NIL	NIL
<b>Relationship between Directors inter-se</b>	NIL	NIL	NIL
<b>Board meetings attended in FY 2017-18</b>	2	5	NIL
<b>Last drawn remuneration in the FY 2017-18</b>	Sitting Fees	Sitting Fees	NIL



## ROUTE MAP





## DIRECTORS' REPORT

TO

THE MEMBERS OF DE NORA INDIA LIMITED

Your Directors hereby present their report on the business and operations of the Company and the financial accounts for the year ended 31<sup>st</sup> March, 2018.

### 1. FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Financial Year ended on March 31, 2018	Financial Year ended on March 31, 2017
	Audited	Audited
Revenue from Operations	2725.59	2756.47
Other Income	325.93	331.11
<b>Total</b>	<b>3051.52</b>	<b>3087.58</b>
Profit/(Loss) before Exceptional Items and Taxation	307.35	444.46
Exceptional Items	-	-
Profit/(Loss) before Taxation	307.35	444.46
Provision for Taxation	138.32	146.43
Net Profit	169.03	298.03
Other Comprehensive Income/(Loss) (net of tax)	3.99	(4.07)
Total Comprehensive Income	173.02	293.95

Your Company has prepared the Financial Statements for the financial year ended March 31, 2018 under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and has recast the Financial Statements relating to the previous financial year ended March 31, 2017 to make them comparable.

### 2. OVERVIEW OF COMPANY PERFORMANCE

The financial statements for the year ended 31<sup>st</sup> March, 2018 are the first, your Company has prepared under Ind AS (Indian Accounting Standards). The financial statements for the year ended 31<sup>st</sup> March, 2017 have been restated in accordance with Ind AS for comparative information.

Your Company's business falls within a single business segment i.e. Electrolytic Products. Your Company manufactures a wide range of products in this segment such as anodes, cathodes, electrochlorinators etc.

During the year under review, your Company reported a marginal top line decline over the previous year. The gross revenue from operations stood at ₹ 2725.59 lakhs compared with ₹ 2756.47 lakhs in the previous year representing a static trend. Your Company registered a net profit of ₹ 169.03 Lakhs for the financial year under review as compared to ₹ 298.03 Lakhs of previous year recording a decline of 43% on account of various grounds such as dynamic regulatory

changes which further enhanced administrative costs, challenging business environment, marked increase in raw material cost and scarcity of noble metals which resulted in erosion of margins etc. Your Company continues to focus on judicious management of its working capital and has initiated cost cutting and other remedial measures to arrest this decline.

### 3. DIVIDEND

Your Directors recommend dividend for approval of the Members on Equity shares @ 10% (i.e. ₹ 1 per equity share of ₹ 10/- each) for the financial year ended 31<sup>st</sup> March, 2018 payable to those Members whose names appear in the Register of Members as on the Book Closure Date. The dividend, if approved by the Members at the Annual General Meeting ("AGM"), will result in a cash outflow of ₹ 53.08 lakhs excluding the corporate dividend distribution tax, as applicable.

### 4. RESERVES

Under the Companies Act, 2013, there is no requirement to transfer any sum to General Reserve in relation to the payment of dividend. Accordingly, the entire undistributed Profit after Tax is carried forward in the Profit and Loss Account.

### 5. SHARE CAPITAL

The paid-up equity share capital of your Company as on March 31, 2018 was ₹ 530.86 lakhs comprising of 53,08,634 shares of ₹ 10 each. During the year under review there has been no change in the capital structure of your Company.

### 6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Board has constituted a Corporate Social Responsibility (CSR) Committee of the Board under the Chairmanship of an Independent Director. A dedicated CSR team undertakes and monitors all CSR projects of your Company under the guidance and supervision of the CSR Committee and the Board. During the year under review, as part of its CSR activities, your Company focused on promotion of education and employment enhancing skills training initiatives by sponsoring vocational courses for underprivileged girls. Your Company also distributed water purifiers to various schools in the vicinity of the Company in alignment of its core CSR area of making available safe drinking water. Further, your Company also supported and contributed towards the educational needs of the differently abled children.

A brief outline of the Corporate Social Responsibility ("CSR") Policy of your Company and the initiatives undertaken by your Company on CSR activities during the year are set out in 'Annexure I' of this report in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy is available on the website of your Company at the link [www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes](http://www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes).





## 7. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORT

Your Company is committed to good corporate governance practices and lays strong emphasis on transparency, accountability and integrity in its conduct of business. In terms of Regulation 34 of the Listing Regulations, a Report on Corporate Governance along with Compliance Certificate issued by a Practicing Company Secretary is attached as 'Annexure II'.

Further, the Management Discussion and Analysis Report on the operations of the Company as stipulated under the Listing Regulations is also appended to the Board's Report as 'Annexure III'.

## 8. DIRECTORS

### a. Changes in the composition of the Board of Directors ('Board')

During the year under review, Mr. Angelo Ferrari, Non-Executive Director (DIN: 00436116), who retired by rotation at the 28<sup>th</sup> AGM, was re-appointed as a Director of the Company. However, due to personal commitments, he resigned from the Board with effect from 15<sup>th</sup> January, 2018. Your Board of Directors places on record their appreciation of the valuable advice and guidance given by Mr. Ferrari while he was a Director of your Company.

Your Board has appointed Mr. Francesco L'Abbate as Non-Executive Director with effect from 29<sup>th</sup> January, 2018 in the casual vacancy caused by the resignation of Mr. Angelo Ferrari.

Further, the appointment of Ms. Supriya Banerji, as a Non-Executive Director (DIN: 05209284) in casual vacancy, which was caused by the resignation of Mr. Krishan Khanna is due to conclude at the forthcoming AGM. Pursuant to the recommendation of the Nomination & Remuneration Committee and based on the report of performance evaluation, the Board at its meeting held on August 06, 2018 decided to place the proposal for appointment of Ms. Supriya Banerji as an Independent Director for a term of 5 years from September 26, 2018 to September 25, 2023, for approval of the members at the 29<sup>th</sup> AGM. Accordingly, necessary resolution is being placed for approval of the Members at the 29<sup>th</sup> AGM of the Company.

Further, in accordance with the provisions of the Companies Act, 2013 and the Rules made thereunder and the Articles of Association of the Company, Mr. Robert Scannell (DIN: 06818489) Non-Executive Director, retires by rotation at the ensuing AGM of the Company and being eligible, offers himself for reappointment.

The Members may note that consequent to the changes made in the Companies Act, 2013 by

the Ministry of Corporate Affairs (MCA) vide Companies (Amendment) Act, 2017 which came into effect from 9<sup>th</sup> February, 2018, any appointment of a Director in casual vacancy by the Board of Directors shall be subsequently approved by the Members in the immediate next general meeting. Accordingly, the appointment of Mr. Francesco L'Abbate as a Non-Executive Director in casual vacancy caused by the resignation of Mr. Angelo Ferrari is proposed for approval of the Members at the ensuing AGM.

Brief Profile and other information of Mr. Robert Scannell, Ms. Supriya Banerji and Mr. Francesco L'Abbate as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 is given in the Notice of the AGM of the Company which forms part of the Annual Report.

All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in terms of Section 164(2) of the Companies Act, 2013.

### b. Committees of the Board

Your Board of Directors have constituted the following committees to effectively cater its duties towards the diversified role under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: -

- i. Audit Committee
- ii. Nomination & Remuneration Committee
- iii. Stakeholder's Relationship Committee
- iv. Corporate Social Responsibility Committee

The composition, terms of reference, number of meetings held and business transacted by the Committees is given in the Corporate Governance Report.

### c. Board Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has devised a policy on evaluation of the performance of the Board of Directors, Committees and individual Directors. Accordingly, your Board had carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of the Board Committees. A structured performance evaluation was done after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, effectiveness of Board processes, execution and performance of specific duties, obligations and governance.

The performance of individual Directors was evaluated on parameters such as level of



engagement and contribution, independence of judgement, safeguarding the interest of the Company, relationship with peers and Company Management etc. A separate exercise was carried out to evaluate the performance of the various Committees of the Board based on criteria such as the composition of the Committees, the Committee mandates, the effectiveness of the discussions at the Committee meetings etc.

The performance evaluation of the Independent Directors was also carried out by the entire Board considering the time devoted and attention given to professional obligations for independent decision making and acting in the best interest of the Company, strategic guidance to the Company etc. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors.

The outcome of the evaluation process was discussed and deliberated at the next Board meeting. Your Board of Directors also expressed their satisfaction towards the process followed by the Company for evaluating the performance of the Directors, Board and its Committees.

**d. Board Meetings**

During the financial year, five meetings of the Board of Directors were held, the details of which are given in the Corporate Governance Report of the Company, which forms a part of the Board's Report.

**9. DIRECTOR'S RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed and that there are no material departures;
- Your Directors have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- Your Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- Your Directors have prepared the annual accounts on a going concern basis;
- Your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- Your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and were operating effectively.

**10. AUDIT COMMITTEE**

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which forms part of this Report. Recommendations made by the Audit Committee are generally accepted by your Board.

**11. REMUNERATION POLICY**

Your Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for identification, selection, appointment and remuneration of Directors, Key Managerial Personnel & Senior Management Employees. The policy provides for the criteria for appointment and remuneration of the Directors, KMPs and Senior Management Employees of your Company. For the purpose of selection of any Directors and Key Managerial Personnel, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee also ensures that the incumbent fulfils such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws. In respect of the appointment of the Senior Management Employees the N&RC is guided by the provisions of the Nomination and Remuneration Policy alongwith the Company procedures. In compliance with the provisions of Section 178 of the Companies Act, 2013, the Nomination cum Remuneration Policy of the Company is placed on the website of the Company and the link to the same is as follows: [www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes](http://www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes).

Details of the remuneration paid to the Board of Directors are provided in the Corporate Governance Report. We affirm that the remuneration paid to the Directors is as per the terms laid down in the Nomination and Remuneration Policy of the Company.

**12. RELATED PARTY TRANSACTIONS**

During the financial year ended March 31, 2018, all transactions with the Related Parties as defined under the Companies Act, 2013 read with Rules framed thereunder were in the 'ordinary course of business' and 'at arm's length' basis. Your Company did not enter into any Related Party Transactions during the year under review, which require prior approval of the Members or which were materially significant



having any potential conflict with the interest of the Company. Accordingly, the disclosure of related party transactions, as required under Section 134(3) (h) of the Act, in Form AOC 2 is not applicable to your Company. All Related Party Transactions of your Company had prior approval of the Audit Committee and the Board of Directors, as required under the Listing Regulations.

Further, Audit Committee and the Board have also reviewed all the Related Party Transactions on a quarterly basis. The necessary disclosures required under Ind AS 24 have been made in Note No. 29 of the Notes to the Financial Statements for the year ended March 31, 2018.

In line with the requirements of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Policy on Related Party Transactions which can be accessed on the Company's website at [www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes](http://www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes).

### 13. PARTICULARS OF REMUNERATION OF DIRECTORS, KMP's AND EMPLOYEES

Disclosure with respect to the remuneration of Directors and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is annexed as 'Annexure IV' which forms part of this Report.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, is not provided since there were no employees who were drawing remuneration more than ₹ 8.5 lakhs per month during whole or part of the financial year under review.

### 14. SECRETARIAL AUDIT

Your Board of Directors have appointed Mr. Sadashiv V. Shet, Practising Company Secretary as the Secretarial Auditor of the Company under Section 204 of the Companies Act, 2013, and rules made thereunder, for conducting the Secretarial Audit for the financial year 2017-18 and to submit Secretarial Audit Report in Form No. MR-3. The said report does not contain any adverse remark, qualification or reservation which requires any explanation/comments by the Board and is annexed as 'Annexure V' which forms part of this Report.

### 15. PARTICULARS OF INVESTMENTS, LOANS AND GUARANTEES

The particulars of investment, loans/advances and guarantees under Section 186 of the Companies Act, 2013 for the financial year are given in the notes to Financial Statements, which forms part of this Annual Report. Your Company has not given any guarantee or provided any security during the year under review.

### 16. WHISTLE BLOWER POLICY/VIGIL MECHANISM

Your Company has formulated a Vigil Mechanism/ Whistle Blower Policy with a view to providing a mechanism for employees to report violations and assure them of the process that will be followed to address the reported violation. The Policy also lays down the procedures to be followed by Senior Management for tracking of complaints, giving feedback, conducting investigations and taking disciplinary actions. No personnel have been denied access to the Chairman of the Audit Committee. The Whistle Blower Policy of the Company is available on the website of the Company and can be accessed at the web link: [www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes](http://www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes).

The provisions of this policy are in line with the provisions of Section 177 (9) of the Companies Act, 2013 and Regulation 22 of the SEBI (LODR) Regulations, 2015. During the year under review, there has been no incidence reported which requires action by the Audit Committee.

### 17. ADEQUACY OF INTERNAL FINANCIAL CONTROLS ('IFC')

Your Company has an Internal Financial Control System commensurate with the nature of its business and size and complexity of its operations. The main aim of the IFC is to ensure that all the assets of the Company are safeguarded and protected, proper prevention and detection of frauds and errors and all transactions are authorized, recorded and reported appropriately. These controls are routinely tested and certified by the Statutory as well as the Internal Auditors. Significant audit observations and follow up actions thereon if any, are reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control systems and monitors the implementation of the audit recommendations.

During the year, the internal auditors had been engaged for aiding in reviewing and testing the IFC framework. As required under Section 143 of the Companies Act, 2013, the Statutory Auditors have evaluated and expressed an opinion on the Company's IFC over financial reporting based on an audit. In their opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018.

Your Board has also implemented systems to ensure compliance of all applicable laws, these systems were effective and operative. At regular intervals, the Management places before the Board a certificate certifying compliance of laws and regulations as applicable to the business and operations of the Company after obtaining confirmation from all functional heads responsible for compliance of such applicable laws and regulations.



## 18. STATUTORY AUDITORS

In terms of the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Associates LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 116231W/W-100024), the Auditors of your Company shall hold office till the conclusion of the ensuing AGM and they shall not be eligible for re-appointment due to expiry of the maximum permissible tenure as the Auditors of your Company. Your Board places on record its deep appreciation for the valuable contributions of the Auditors during their long association with the Company and wishes them success in the future.

Based on the recommendation of the Audit Committee, your Board at its meeting held on August 6, 2018 appointed M/s. MSKA & Associates, Chartered Accountants (ICAI Firm Registration No. 105047W), as the Auditors of the Company, in place of the retiring auditors B S R & Associates LLP, Chartered Accountants for a period of 5 years, to hold office from the conclusion of the ensuing 29<sup>th</sup> AGM until conclusion of the 34<sup>th</sup> AGM of your Company to be held in the year 2023, subject to approval of the Members of the Company at the ensuing AGM. The first year of audit for M/s. MSKA & Associates, will be of the financial statements for the financial year ended 31<sup>st</sup> March, 2019.

M/s. MSKA & Associates, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of Section 139 and Section 141 of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014, as amended. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as prescribed under the provisions of Regulation 33 of the Listing Regulations. The proposal for their appointment has been included in the Notice convening the 29<sup>th</sup> AGM for obtaining approval of the Members of the Company.

During the year, no frauds have been reported by the auditors under sub-section (12) of Section 143 of the Companies Act, 2013 either to Audit Committee of the Company or to the Central Government. The Statutory Auditor's Report does not contain any qualifications, reservations or adverse remarks on the financial statements of the Company.

## 19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### Conservation of Energy

The Company has always been conscious of the need for conservation of energy and has been sensitive

in making progress towards this end. Though the manufacturing activities of the Company involve consumption of energy, it is not of major significance and no additional investment is required to be made for reduction of energy consumption. However, efforts would be initiated by the Company to conserve energy in the best possible way in the future.

### Research and Development ('R&D') & Technology absorption

The Company has an ongoing technical collaboration for Ion Exchange Membrane Electrolysers for chlor-alkali industry, electrochlorinators for water treatment and cathodic protection (anti corrosion) systems. These agreements are performed through Industrie De Nora S.p.A. The Company did not incur any expenditure on R&D during the year under review.

### Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings – ₹ 238.86 Lakhs

Foreign Exchange Outgo – ₹ 1158.64 Lakhs

## 20. SUBSIDIARY COMPANIES

Your Company does not have any subsidiary, associate company or a joint venture.

## 21. SELECTION OF NEW DIRECTORS AND BOARD MEMBERSHIP CRITERIA

In the selection of Directors on the Board, your Company is guided by the provisions of the Companies Act, 2013 and the Listing Regulations. Your Company has also framed a Policy on Board Diversity and Board Recruitment and Succession Policy which lays down broadly the criteria for membership to the Board. The Nomination and Remuneration Policy also governs the identification, selection and appointment of Directors, Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) of your Company.

Accordingly, your Board, on the recommendations of the Nomination and Remuneration Committee, appoints Director(s) of the Company based on his/her eligibility, experience and qualifications and such appointment is approved by the Members of the Company at the General Meetings. Some of the aspects considered while appointing or reappointing a Director on the Board are skills and experience, age, conflict of interests, directorships in other Companies, independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner, outcome of the performance evaluation of Directors eligible for reappointment etc.

## 22. RISK MANAGEMENT

Your Company believes that periodical review of various risks associated with the business and operations is vital to proactively manage uncertainty and changes in the internal and external environment.





It has therefore institutionalized a strong risk management framework to identify, monitor, minimize and report risks. It has laid down robust and credible procedures to inform the Board members about the risk assessment and risk minimization measures.

The assessment of the risks covers business risks, operational risks, physical risks, regulatory risks, fraud risks, people risk, information risk, Information Technology risks and other risks which are identified and prioritized based on severity, likelihood and effectiveness of current detection. Such risks are reviewed by the Senior Management on a yearly basis. The Audit Committee of the Board of Directors of the Company assists the Board in overseeing that all the risks that the organization faces have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

### **23. COMPLAINTS RELATING SEXUAL HARASSMENT**

Your Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been constituted to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. During the year under review, no complaints were reported to the Board.

### **24. EXTRACT OF ANNUAL RETURN**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return as on March 31, 2018 in the prescribed Form No. MGT - 9 is appended as 'Annexure VI' to this report.

### **25. GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- a. Details relating to deposits covered under Chapter V of the Companies Act, 2013;
- b. No change in the nature of business of your Company during the financial year ended 31<sup>st</sup> March, 2018.
- c. No change in Key Managerial Personnel during the year;
- d. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations;
- e. No material changes and commitments occurred during April 1, 2017 till the date of this Report which would affect the financial position of your Company;

- f. No issue of any equity shares with differential rights as to dividend, voting or otherwise;
- g. No of Sweat Equity Shares or Bonus Shares during the year under review;
- h. No Employee Stock Option and Employee Stock Purchase Schemes were launched during the year under review

### **26. ACKNOWLEDGEMENT**

Your Directors wish to convey their appreciation to all of your Company's employees for their enormous personal efforts as well as their collective contribution to your Company's performance. Your Directors would also like to thank the shareholders, customers, dealers, suppliers, bankers, employee unions, regulatory & government authorities, stock exchanges and all the other business associates for the continuous support given by them to your Company and their confidence in its Management.

**For and on behalf of the Board of Directors  
For De Nora India Limited**

**M. A. Sundaram**  
**Chairman**  
**DIN: 00144607**

Place: Kundaim, Goa  
Date : August 06, 2018





**ANNEXURE-I**

**ANNUAL REPORT ON CSR ACTIVITIES**

**1. A Brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs**

De Nora India Limited strives to be a socially responsible Company and strongly believes in development which is beneficial to the society at large. As a corporate citizen receiving various benefits out of society, it is our co- extensive responsibility to pay back in return to the society in terms of helping needy and underprivileged people especially children by providing basic amenities for education, skill development and better living conditions, keeping the environment clean and safe for the society etc., by adhering to the best industrial practices and adopting best technologies, and so on. It is the Company's intent to make a positive contribution to the society in which Company lives and operates.

The objective of the policy is to set guiding principles for carrying out CSR activities by the Company and to set up the process of execution, implementation and monitoring of the CSR activities to be undertaken by the Company.

Weblink to CSR Policy: <http://www.denoraindia.com/Company/ShareholderInformation/PoliciesandCodesCSR Policy.pdf>.

**2. The composition of the CSR Committee**

The current members of the CSR Committee of the Board are:

- Mr. M. A. Sundaram - Chairman/Non-Executive Independent Director
- Mrs. Sarita D'Souza - Non Executive Independent Director
- Mr. Robert Scannell - Non-Executive Director
- Mr. Vinay Chopra - Managing Director

**3. Average Net Profit of the Company for last three financial years: ₹ 836.01 Lakhs**

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 16.72 Lakhs**

**5. Details of CSR spent during the financial year:**

- Total amount spent for the financial year: ₹ 18.00 Lakhs
- Amount unspent: Nil
- Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the activity covered (Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub heads: (1) Direct Expenditure on projects or programs (2) Over-heads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1.	Support to Schools/ Institutes for mentally & physically disabled children	Cl. (ii) – Promoting education & employment enhancing vocational skills among differently abled	Valpoi (North Goa); Honda (North Goa); Marcel (North Goa);	₹ 2,61,950	(1) Direct Expenditure – 100% (2) Over-heads – Nil	₹ 1,99,323	Direct
2.	Activities aimed at sponsoring vocational skill programs for girls of financially poor background	Cl. (iii) Promoting gender equality and empowering women	Siolim (North Goa); Old Goa (North Goa)	₹ 12,39,050	(1) Direct Expenditure – 100% (2) Over-heads – Nil	₹ 12,33,795	Direct



Sr. No.	CSR project or activity identified	Sector in which the activity covered (Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programs 1) Local area or other 2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or programs Sub heads: (1) Direct Expenditure on projects or programs (2) Over-heads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
3.	Initiatives of supplying water purifiers to Govt./private schools that are run for underprivileged children	Cl. (i) – Making available safe drinking water	Ponda (South Goa); Old Goa (North Goa)	₹ 2,99,000	(1) Direct Expenditure – 100% (2) Over-heads - Nil	₹ 3,67,107	Direct
	<b>TOTAL</b>			<b>₹ 18,00,000</b>		<b>₹ 18,00,225</b>	

**6. In case the Company has failed to spend the two percent of the average net profits of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report**

Not Applicable

**7. A responsibility statement of the CSR Policy is in compliance with CSR objectives and policy of the Company**

The CSR Committee of the Company's Board states that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

S/d  
Mr. Vinay Chopra  
Managing Director  
(DIN: 06543610)

S/d  
Mr. M. A. Sundaram  
Non-Executive, Independent  
Director (Chairman, CSR Committee)  
(DIN: 00144607)

Place: Kundaim, Goa  
Date : May 08, 2018



## ANNEXURE-II

### REPORT ON CORPORATE GOVERNANCE

#### 1. Company's Philosophy on Corporate Governance

Corporate Governance is a set of principles, processes and systems to be followed by the Directors, Management and all employees of the Company for enhancement of shareholder value, keeping in view the interests of other stakeholders of the Company. Integrity, transparency and compliance with regulations in all dealings with government, customers, suppliers, employees and other stakeholders are the objectives of good corporate governance.

Your Company is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. It pursues to carry its business operations in a fair, transparent and ethical manner and holds itself accountable and responsible to the society it belongs. Your Company is striving for excellence through adoption of best governance and disclosure practices which go beyond the statutory and regulatory requirements as it's endeavour is to follow the spirit of good governance than mere compliance with the conditions specified by regulatory authorities.

#### 2. Board of Directors

Your Company has a balanced mix of eminent Executive, Non-Executive, Independent and Women Directors on the Board having knowledge, wisdom, skills and varied industry experience to steer the Company in achieving its objectives in a consistent manner. It is fully compliant with the Corporate Governance norms in terms of the constitution of the Board of Directors.

##### Composition and category of Directors

As on the date of this Report, your Company has a six-member Board of Directors comprising of one Executive Director and five Non-Executive Directors. Out of these five Non-Executive Directors, two are Independent Directors and two are Women Directors. The Chairman of the Board is a Non-Executive Independent Director. The composition and category of the Directors on the Board of your Company is given below:

Name of the Director	Category of the Director	DIN of the Director	Committee Memberships <sup>#</sup>		No. of other Directorships <sup>*</sup>
			Member	Chairman	
Mr. M. A. Sundaram	Chairman/Non-Executive Independent Director	00144607	-	-	-
Mr. Vinay Chopra	Managing Director	06543610	-	-	-
Mr. Robert Scannell	Non-Executive Director	06818489	-	-	-
Mrs. Sarita D'Souza	Non-Executive Independent Director	06949439	-	-	-
Ms. Supriya Banerji	Non-Executive Director (Director appointed in casual vacancy)	05209284	-	-	-
Mr. Angelo Ferrari <sup>\$</sup>	Non-Executive Director	00436116	-	-	-
Mr. Francesco L'Abbate <sup>^</sup>	Non-Executive Director (Director appointed in casual vacancy)	08063332	-	-	-

<sup>\*</sup> Excludes directorships held in private limited companies, foreign companies and section 8 companies.

<sup>#</sup> Disclosure of Chairmanship & Membership includes only two committees viz. Audit Committee and Stakeholders' Relationship Committee of Indian Public Limited Companies whether listed or not excluding De Nora India Limited.

<sup>\$</sup> Resigned with effect from 15<sup>th</sup> January, 2018

<sup>^</sup> Appointed with effect from 29<sup>th</sup> January 2018

#### Board Meetings

Your Board of Directors met five times during the financial year 2017-18 and the period between any two meetings did not exceed 120 days. Board meetings are normally convened by giving appropriate notice to the Directors and are held at the Company's Registered Office at Kundaim, Goa. The necessary quorum was present for all the meetings.

Your Board periodically reviews the items required to be placed before it in terms of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and in particular reviews and approves quarterly/half yearly unaudited financial statements and the audited annual accounts, corporate strategies, business plans, annual budgets, projects, internal control systems, capital expenditure etc. It monitors the overall operating performance and reviews such other items which require Board's attention. It directs and guides the activities of the Management towards the set goals and seeks accountability.



#### Attendance Record of the Directors for Year 2017-18

Director	Board Meetings held on					AGM held on
	08.05.2017	08.08.2017	08.09.2017	22.11.2017	29.01.2018	27.09.2017
Mr. M. A. Sundaram*	√	√	√	√	√	√
Mrs. Sarita D'Souza#	√	√	√	√	√	√
Mr. Vinay Chopra	√	√	√	√	√	√
Mr. Robert Scannell	√	LOA	√	LOA	LOA	LOA
Ms. Supriya Banerji	√	√	√	√	√	√
Mr. Angelo Ferrari§	LOA	LOA	LOA	LOA	NA	LOA
Mr. Francesco L'Abbate^	NA	NA	NA	NA	NA	NA

\* Mr. M. A. Sundaram attended the AGM in the capacity as the Chairman of the Audit Committee, Stakeholder's Relationship Committee and Corporate Social Responsibility Committee.

# Mrs. Sarita D'Souza attended the AGM in the capacity as the Chairman of the Nomination & Remuneration Committee.

§ Resigned with effect from 15<sup>th</sup> January, 2018

^ Appointed with effect from 29<sup>th</sup> January 2018

√ Attended

LOA Leave of Absence

NA Not Applicable

#### Independent Directors

Independent Directors are Non-Executive Directors as defined under Section 149(6) of the Companies Act, 2013 read with Regulation 16(1)(b) of the Listing Regulations. In terms of the aforesaid provisions, the Independent Directors are appointed for a period of 5 years by the Members of the Company at the General Meetings.

Your Company has issued a formal letter of appointment to the Independent Directors in the manner as provided in the Companies Act, 2013. The terms and conditions of appointment are disclosed on the website of the Company. Further, the Independent Directors have confirmed that they meet the criteria of Independence as mandated by the Listing Regulations and the Companies Act, 2013.

During the financial year under review, the Independent Directors met on 05<sup>th</sup> May 2017, to discuss the following:

- Review the performance of the Non-Independent Directors and the Board as a whole.
- Review the performance of the Chairperson of the Company.

- Assess the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The said meeting was conducted without the attendance of Non-Independent Directors and members of Management. Further, all the Independent Directors of the Company were present at the meeting.

The details of the familiarization programmes imparted to the Independent Directors are available on the website of the Company <https://www.denoraindia.com/Investors/ShareholderInformation/OtherDisclosures/DetailsoffamiliarisationprogrammeimpartedtoIndependentDirectors.pdf>

#### Other Disclosures

The necessary disclosures regarding Directorships, Memberships and Chairmanships in various other Boards and Committees and shareholding in the Company have been made by all the Directors.

None of the Directors hold directorships in more than 20 Indian Companies including 10 Public Limited Companies. None of the Directors on your Board is a Member of more than 10 Committees and acts as a Chairman of more than 5 Committees across all Companies in which they are Directors.

Further, none of the Directors served as an Independent Director in more than 7 listed Companies and hold Directorship in more than 10 public companies.

Further, the Managing Director of the Company is not serving as Independent Director on the Board of any other listed entity.

There is no inter-se relationship between any of the Directors of the Company and none of the Directors hold any shares in your Company.

Other than the transactions entered in the normal course of business, your Company has not entered any materially significant related party transactions during the year, which could have a potential conflict of interest between the Company and its Promoters, Directors, Management and / or relatives. The Executive Director and Senior Management of the Company have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large.

#### 3. Board Committees

The Board has constituted various committees with specific terms of reference and scope. The details of the committees constituted by the Board are given below:

##### Audit Committee

The Audit Committee meets the criteria laid down under Section 177 of the Companies Act, 2013,



read with Regulation 18 of the Listing Regulations in terms of its composition, quorum for its meetings, functioning, role and powers etc. The primary objective of the Committee is to monitor and provide effective supervision of the Management's financial reporting process with a view to ensuring accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting.

The Committee consists of qualified and Independent Non-Executive Directors. All the three Members on the Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

The Committee members met five times during the financial year 2017-18:

Members	Audit Committee Meetings held on				
	08.05.2017	08.08.2017	08.09.2017	22.11.2017	29.01.2018
Mr. M. A. Sundaram - Chairperson	√	√	√	√	√
Mrs. Sarita D'Souza	√	√	√	√	√
Mr. Robert Scannell	√	LOA	√	LOA	LOA

√ *Attended*

*LOA Leave of Absence*

The Company Secretary is the Secretary of the Audit Committee. The Managing Director, the Chief Financial Officer as well as the representatives of the Internal and Statutory Auditors of the Company attend the Committee meetings to brief the Members of the Committee.

The terms of reference to the Audit Committee inter alia includes:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or preapproval or any subsequent modification of transactions of the Company with related parties.
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems;
- To review the functioning of the Whistle Blower mechanism.

All recommendations of the Committee during the year were accepted by the Board of Directors.

### Nomination & Remuneration Committee

Your Company has a Nomination and Remuneration Committee ("NRC") required as per the Listing Regulations and the Companies Act, 2013. The Committee consists of three Non-Executive Directors of whom two are Independent Directors. The Chairperson of the Committee is an Independent Director.

The Committee members met five times during the financial year 2017-18:

Members	NRC Meetings held on				
	05.04.2017	08.05.2017	08.08.2017	22.11.2017	29.01.2018
Mrs. Sarita D'Souza - Chairperson	√	√	√	√	√
Mr. M. A. Sundaram	√	√	√	√	√
Mr. Robert Scannell	LOA	√	LOA	LOA	LOA

√ *Attended*

*LOA Leave of Absence*

The broad terms of reference of the Committee inter alia, include the following:

- Succession planning of the Board of Directors and Senior Management Employees;
- Identify and select candidates for appointment as Directors/Independent Directors based on certain laid down criteria and recommend to the Board their appointment;
- Identify potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions and recommend to the Board their appointment and removal;
- Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Employees and their remuneration;
- Formulate the process for evaluation of the performance of the Board, its committees and individual Directors
- Devise a Policy on Board Diversity
- Review the performance of the Board of Directors and Senior Management Employees based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Senior Management, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

The Company Secretary acts as the Secretary to the Committee and she attends the Nomination and Remuneration Committee Meetings.





### Stakeholder's Relationship Committee

In pursuance to Regulation 20 of the Listing Regulations and Section 178 of the Companies Act, 2013, the Stakeholders Relationship Committee considers and resolves the grievances of security holders. It consists of three members of whom two are Non-Executive Independent Directors and one Executive Director as on the date of this report. The Chairperson of the Committee is an Independent Director. The brief terms of reference of the Committee include resolving grievances of all the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc. The Company Secretary acts as the Secretary to the Committee.

The Committee met four times during the financial year 2017-18:

Members	Stakeholder's Relationship Committee Meetings held on			
	05.04.2017	05.05.2017	08.08.2017	22.11.2017
Mrs. M. A. Sundaram - Chairperson	√	√	√	√
Mrs. Sarita D'Souza	√	√	√	√
Mr. Vinay Chopra	√	√	√	√

√ Attended

LOA Leave of Absence

The Company Secretary, Ms. Jyoti Bandodkar, also functions as the Compliance Officer.

There were 91 investor grievances received and resolved during the year under review. There were no pending complaints at the beginning or end of the year. There were no transfers pending at the end of the year. All the investor grievances have been resolved to the satisfaction of the investors.

### Corporate Social Responsibility Committee

Your Board of Directors has constituted a Corporate Social Responsibility Committee (CSR Committee) in terms of the requirements of Section 135 of the Companies Act, 2013 and rules framed thereunder. The CSR Committee consists of two Independent Directors, one Non-Executive Director and one Executive Director. Mr. M. A. Sundaram, Independent Director, is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

The broad terms of reference of the CSR Committee are as under:

- Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company

- Recommending the amount of expenditure to be incurred on the aforesaid activities and
- Reviewing and Monitoring the CSR Policy of the Company from time to time

The Committee met three times during the financial year 2017-18:

Members	CSR Committee Meetings held on		
	08.05.2017	08.09.2017	29.01.2018
Mrs. M. A. Sundaram - Chairperson	√	√	√
Mrs. Sarita D'Souza	√	√	√
Mr. Vinay Chopra	√	√	√
Mr. Robert Scannell	√	√	LOA

√ Attended

LOA Leave of Absence

### 4. Remuneration of Directors

#### a. Pecuniary relationship/transactions of Non-Executive Directors

There were no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company except the receipt of remuneration as Directors during the year under review.

#### b. Criteria of payments to Non-Executive Directors

The Board has a Remuneration Policy for Directors, KMP and Senior Management Employees. The Policy envisages payment of remuneration according to qualification, experience and performance of the Executive Director/Senior Management Employees and such other responsibilities associated with their respective positions and considering the performance of the Company, the current trends in the industry etc.

Remuneration to Non-Executive Directors/Independent Directors is paid by way of sitting fee for attending the meetings of the Board and Committees in addition to reimbursement of expenses incurred for attending the Board/Committee meetings. The Non-Executive Directors/Independent Directors are not paid any commission on the Net Profits of the Company.



**c. Remuneration of Directors**

**i. Details of remuneration paid to the Directors during the financial year 2017-18 are given below:**

(₹ in lakhs)

Name of the Director	Sitting Fees	Salary & Perquisites	Pension/ PF/ Superannuation	Incentive	Total
Mr. Vinay Chopra (MD) <sup>1</sup>	-	24.87	3.52	16.62	<b>45.01</b>
Mr. M. A. Sundaram	1.15	-	-	-	<b>1.15</b>
Mr. Robert Scannell	0.35	-	-	-	<b>0.35</b>
Mrs. Sarita D'Souza	1.15	-	-	-	<b>1.15</b>
Mr. Angelo Ferrari <sup>2</sup>	0.00	-	-	-	<b>0.00</b>
Ms. Supriya Banerji	0.25	-	-	-	<b>0.25</b>
Mr. Francesco L'Abbate <sup>3</sup>	0.00	-	-	-	<b>0.00</b>

1. MD – Managing Director

2. Resigned as Non-Executive Director with effect from 15.01.2018

3. Appointed as Non-Executive Director in casual Vacancy with effect from 29.01.2018

**ii. Details of fixed component and incentives**

The remuneration payable to the Managing Director is governed by the Companies Act, 2013, Listing Regulations and the Nomination and Remuneration Policy of the Company and is subject to approval of the Board and the Members. Remuneration of the Managing Director consists of a fixed salary and a variable incentive. The incentive is based on the profits of the Company and individual performance of the Director which is payable to him as an employee of the Company as per Company Policy. The Board on the recommendation of the Nomination and Remuneration Committee determines the variable incentive every year. In addition, the Managing Director also receives benefits such as Company car and driver, telephone at home, mobile & internet connectivity, medical reimbursement etc. as per the Company Policy.

As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, these amounts pertaining to the Executive Director are not included above.

**iii. Service contracts, notice period & severance fees**

The appointment of the Managing Director is governed by resolution passed by the Members of the Company, which cover the terms and conditions of such appointment, read with the service rules of the Company. A separate Service Contract is not entered by the Company with the Managing Director. The notice period for the Managing Director is of three months. No severance fee is payable to the Managing Director.

**iv. Stock option details**

The Company does not have any Stock Options Scheme for its Directors or employees.

**d. Remuneration Policy and Performance evaluation criteria for Independent Directors**

The Board had adopted a Nomination cum Remuneration Policy in August, 2014 in accordance with Section 178 of the Companies Act, 2013, the rules made there under and the provisions of Regulation 19 of the Listing Regulations. The Policy provides for criteria and qualifications for appointment of Directors, Key Managerial Personnel (KMPs) and Senior Management Personnel, remuneration to them, Board diversity etc. The policy has been amended from time to time to align it in requirements with the provisions of applicable laws, rules and regulations. The Nomination cum Remuneration Policy is available on the website of the Company; [www.denoraindia.com](http://www.denoraindia.com).

The key areas of evaluation of individual directors, including Independent Directors are knowledge of business, diligence and preparedness, effective interaction with others, constructive contribution to discussion and strategy, concern for stakeholders, ethical conduct issues etc.

**5. General Body Meetings**

Year ended on	AGM	Date	Location	Time	Special Resolution passed
31.12.2014	26 <sup>th</sup>	Monday, June 29, 2015	Plot Nos. 184, 185 & 189, Kundaim Industrial Estate, Kundaim, Goa – 403 115	11.00 a.m.	Nil
31.03.2016*	27 <sup>th</sup>	Wednesday, September 21, 2016			
31.03.2017	28 <sup>th</sup>	Wednesday, September 27, 2017			

\*Financial year comprised of 15 months from January 1, 2015 to March 31, 2016.



### Extra-ordinary General Meetings (EGM)

During the year, no extra-ordinary general meeting was held.

### Postal Ballot

During the year, no resolutions were passed by means of Postal Ballot process.

As on the date of this report there is no proposal for passing any special resolution through postal ballot.

## 6. Means of Communication

Quarterly, half-yearly and annual results of the Company were published in leading English and vernacular newspapers viz. Business Standard and Lokmat. Additionally, the results and other important information are also periodically updated on the Company's website viz. [www.denoraindia.com](http://www.denoraindia.com).

Further, the Financial Results and various compliance reports/information in accordance with the provisions of the Listing Regulations as amended from time to time are made available on the websites of the Stock Exchanges i.e. BSE Limited ([www.bseindia.com](http://www.bseindia.com)) and the National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)).

The Annual Report containing inter alia the Audited Financial Statements, Directors' Report, Auditors' Report, Management Discussion and Analysis Report and other important information is circulated to the investors. Pursuant to the Green Initiative launched by the Ministry of Corporate Affairs, the Company also sends e-copies of the Annual Report to Members whose e-mail ids are registered with the Company. The Annual Reports are also available on the Company's website [www.denoraindia.com](http://www.denoraindia.com).

The Company has designated the email id [secretarial@denora.com](mailto:secretarial@denora.com) exclusively for investor servicing and the same is prominently displayed on the Company's website [www.denoraindia.com](http://www.denoraindia.com).

## 7. General Shareholder Information

### a. Annual General Meeting - day, date, time & venue

Wednesday, September 26, 2018 at 11.00 a.m. at Plot Nos. 184, 185 & 189, Kundaim Industrial Estate, Kundaim-Goa

### b. Financial Year

April 1, 2017 to March 31, 2018

### c. Book Closure & Dividend payment

Book closure for dividend will be from 20<sup>th</sup> September, 2018 to 26<sup>th</sup> September, 2018, both days inclusive and the dividend would be paid/dispatched after 15<sup>th</sup> October, 2018.

### d. Listing of Shares and Stock Code

The Company's equity shares are presently listed on the National Stock Exchange of India Ltd. (NSE), Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. The listing fees for the financial year 2017-18 has been paid by the Company within the stipulated time.

NSE Stock Code - **DENORA EQ**

Company ISIN - **INE244A01016**

### e. Market Price Data

Month	National Stock Exchange		Bombay Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-17	297.90	228.35	296.75	230.10
May-17	285.00	234.00	285.65	232.50
Jun-17	283.85	243.50	288.00	242.85
Jul-17	332.00	251.20	332.00	251.35
Aug-17	282.00	238.00	284.25	236.00
Sept-17	307.60	240.00	307.45	239.05
Oct-17	263.00	239.05	265.85	240.00
Nov-17	280.00	240.10	281.20	240.05
Dec-17	323.50	226.25	323.00	231.45
Jan-18	397.50	274.15	396.00	273.40
Feb-18	633.55	325.10	633.15	328.10
Mar-18	559.00	402.00	558.75	401.10



**f. Share price performance in comparison to broad based indices – BSE Sensex & NSE Nifty**

Month	De Nora India Limited		NSE Nifty		BSE Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-17	297.90	228.35	9367.15	9075.15	30184.22	29241.48
May-17	285.00	234.00	9649.60	9269.90	31255.28	29804.12
Jun-17	283.85	243.50	9709.30	9448.75	31522.87	30680.66
Jul-17	332.00	251.20	10114.85	9543.55	32672.66	31017.11
Aug-17	282.00	238.00	10137.85	9685.55	32686.48	31128.02
Sep-17	307.60	240.00	10178.95	9687.55	32524.11	31081.83
Oct-17	263.00	239.05	10384.50	9831.05	33340.17	31440.48
Nov-17	280.00	240.10	10490.45	10094.00	33865.95	32683.59
Dec-17	323.50	226.25	10552.40	10033.35	34137.97	32565.16
Jan-18	397.50	274.15	11171.55	10404.65	36443.98	33703.37
Feb-18	633.55	325.10	11117.35	10276.30	36256.83	33482.81
Mar-18	559.00	402.00	10525.50	9951.90	34278.63	32483.84

**g. Details of securities suspended**

Not applicable

**h. Registrar and Share Transfer Agent**

**M/s. Bigshare Services Private Limited**, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments, Makwana Road, Marol, Andheri East, Mumbai 400059. Ph. No.: 022 62638200/62638204 Fax No.: 022 62638299 email: [investors@bigshareonline.com](mailto:investors@bigshareonline.com); website: [www.bigshareonline.com](http://www.bigshareonline.com)

**i. Share Transfer System**

Share transfer is normally effected within a maximum period of 15 days from the date of receipt, provided the documents are complete in all respects. The Board has delegated the powers of share transfer to a Committee comprising of the Executive Director, the Chief Financial Officer and the Company Secretary. The Stakeholders Relationship Committee notes the approval of the same at its next meeting. The Share Transfer Committee meets for approval of share transfers, issue of duplicate share certificates, split, consolidation, etc. as per the request received. Grievances received from Members and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrar and/or the Company Secretary within 7 days. A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges.

**j. Distribution of shareholding as on 31.03.2018**

Range of Holding	No. of Shares	% to Capital	No. of Shareholders	% to Shareholders
LESS THAN 500	721817	13.60	7237	91.28
501-1000	284261	5.35	366	4.62
1001-2000	250128	4.71	168	2.12
2001-3000	152353	2.87	61	0.77
3001-4000	65631	1.24	19	0.24
4001-5000	79228	1.49	17	0.21
5001-10000	224088	4.22	32	0.40
10001-9999999999	3531128	66.52	28	0.35
<b>TOTAL</b>	<b>5308634</b>	<b>100.00</b>	<b>7928</b>	<b>100.00</b>

**k. Shareholding Pattern as on 31.03.2018**

Particulars	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Clearing Member	110	1.39	89672	1.69
Corporate Bodies	179	2.26	169160	3.19
Corporate Body – Non NBFC	1	0.01	3332	0.06
Corporate Body – NBFC	1	0.01	42	0.00
Foreign Portfolio Investor	1	0.01	4503	0.08
Foreign Promoter Company	1	0.01	2849500	53.68
Government Companies	1	0.01	15937	0.30
NRIs	90	1.14	161368	3.04
Public	7544	95.15	2015120	37.96
<b>TOTAL</b>	<b>7928</b>	<b>100.00</b>	<b>5308634</b>	<b>100.00</b>



**I. Dematerialisation of shares and liquidity**

As on March 31, 2018, 97.83% of the total paid up share capital of the Company representing equity shares is held in dematerialized mode. The balance 2.17% paid up share capital representing equity shares is held in physical mode and these shareholders are requested to dematerialize their shares. Majority of dematerialized shares are with National Securities Depository Limited.

Particulars	No. of Shares	% to Capital	No. of Accounts
NSDL	4375751	82.43	4275
CDSL	817696	15.40	2886
PHYSICAL	115187	2.17	767
<b>TOTAL</b>	<b>5308634</b>	<b>100.00</b>	<b>7928</b>

**m. Outstanding GDRs/Warrants/ADRs/Convertible Instruments, conversion dates and likely impact on equity**

None

**n. Commodity Price Risk or Foreign Exchange Risk & Hedging Activities**

Nil

**o. Plant location**

Plot Nos. 184, 185 & 189, Kundaim Industrial Area, Kundaim, Goa – 403115

**p. Investor Correspondence**

(a) For transfer/dematerialisation of shares, payment of dividend on shares, and any other query relating to the shares of the Company	<b>For Shares held in Physical Form:</b> M/s. Bigshare Services Private Limited: 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments, Makwana Road, Marol, Andheri East, Mumbai 400059. Ph. No.: 022 62638200/62638204 Fax No.: 022 62638299 email: <a href="mailto:investors@bigshareonline.com">investors@bigshareonline.com</a> ; website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> ; <b>For Shares held in Demat Form:</b> To the Depository Participant <b>secretarial@denora.com</b> ; 
(b) E-mail id designated by the Company for Investor Complaints	
(c) Any query on Annual Report	Company Secretary Plot Nos. 184, 185 & 189, Kundaim Industrial Area, Kundaim, Goa – 403115 Tel. No. 0832 3981100; Fax No. 0832 3981101; email: <a href="mailto:denoraindia@denora.com">denoraindia@denora.com</a>

**8. Other Disclosures**

i) During the year under review there were no materially significant related party transactions i.e. transactions material in nature, with its Promoters, Directors or Management or their relatives etc. having potential conflict with the interests of the Company. The details of general related party transactions which are in the normal course of business of the Company and on arm's length basis are given in the notes to accounts. The Board has formulated a policy on Materiality of Related Party Transactions and on dealing

with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Listing Regulations. The same is displayed on the website of the Company at <http://www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes/RelatedPartyTransactionsPolicy.pdf>.

- ii) The Company has complied with all the requirements of the Stock Exchanges, SEBI and other statutory authority(ies) on matters related to capital markets during the last three years and no penalties, strictures have been imposed against it by such authorities during such period.
- iii) The Senior Management of the Company makes timely disclosures to the Board of Directors relating to all material, financial and commercial transactions, where they have personal interest in any transaction or matter that may have a potential conflict with the interest of the Company.
- iv) The Company has a Whistle Blower Policy which provides a vigil mechanism for dealing with instances of fraud and mismanagement. The said policy can be accessed at: <http://www.denoraindia.com/Company/Investors/ShareholderInformation/Policies&Codes/Whistleblowerpolicy.pdf>. During the period under review, no person was denied access to the Audit Committee.
- v) The Company does not have any Subsidiary Company.

**9. Compliance with non-mandatory requirements**

The status of compliance with non-mandatory requirements of Regulation 27 of the Listing Regulations is provided below:

- a. **The Board** – The Chairman does not maintain any office at the expense of the Company.
  - b. **Shareholder Rights** - The Company does not send half-yearly financial results including summary of the significant events in the last six months to the household of each shareholder as the financial results are published in the newspapers and posted on the website of the Company and the websites of NSE and BSE.
  - c. **Modified opinion(s) in Audit Report** - For the financial year 2017-18, the Statutory Auditors have given an unmodified opinion on the Annual Audited Financial Results of the Company.
  - d. **Separate posts of Chairperson & CEO** – The Chairman of the Board is a Non-Executive Independent Director and his position is separate from that of the Managing Director.
  - e. **Reporting of Internal Auditor** – The Internal Auditors of the Company report directly to the Audit Committee of the Board.
- 10. Disclosure with respect to Demat Suspense Account/Unclaimed Suspense Account**  
Not Applicable





## **AUDITOR'S COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members of De Nora India Limited

I have examined the compliance of conditions of Corporate Governance by De Nora India Limited (the Company), for the financial year ended on 31<sup>st</sup> March, 2018, as stipulated under the relevant clauses of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors & the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Sadashiv V. Shet**  
PRACTISING COMPANY SECRETARY  
CP No.: 2540; Membership No.: 2477

Place: Panjim, Goa

Date: August 06, 2018

## **DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT**

The Board has formulated a code of conduct for the Board members and Senior Management of the Company, which has been posted on the website of the Company. It suitably incorporates the duties of the Independent Directors as laid down in the Companies Act, 2013.

It is hereby affirmed that all the Directors and Senior Management personnel have complied with the code of conduct framed by the Company for the Financial Year 2017-18 and a confirmation to that effect has been obtained from all the Directors and Senior Management.

For De Nora India Limited

**Vinay Chopra**  
Managing Director  
DIN: 06543610

Place: Kundaim, Goa

Date: May 08, 2018



## ANNEXURE-III

### MANAGEMENT DISCUSSION AND ANALYSIS

#### OVERVIEW

De Nora India Limited ('DNIL') started its operations in India in 1989 with technical and financial collaboration of 'Industrie De Nora' of Italy mainly catering to chlor-alkali industry for manufacture and coating of anode and cathode for electrolytic process and for several other industrial applications such as water, pulp & paper manufacturing, surface finishing and plating industries and cathodic protection systems of steel structure, electrochlorination systems, platinized titanium anodes for surface finish application. DNIL continues its market presence in India with sea water electro chlorination products. (Seaclor®).

Recoating of anode and cathode is a specialised process, formulation of which involves use of noble metals. These formulations and processes are proprietary and because of its affiliation to 'Industrie De Nora', your Company has the authority to use these formulations and processes, giving it the prominent market share in India. DNIL not only provides support to caustic soda industry customers in India but is also equipped to give technical support to electrolytic processes sector.

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

The chlor-alkali industry in India forms an important component of the basic chemicals industry. Caustic soda, soda ash, chlorine alongside hydrogen and hydrochloric acid comprise the chlor-alkali industry's components. These chemicals find their applications in several industries such as textiles, chemicals, paper, PVC, water treatment, alumina, soaps & detergents, glass, chlorinated paraffin wax, among others. The various technologies, which are being used in the chlor alkali industries, include mercury, membrane cell and diaphragm cells. In India, membrane cell technologies are widely used for caustic soda production.

DNIL is the leading service provider of anode and cathode elements used in the membrane cell technology for electrolyzers. It performs recoating and mechanical repairs to the anode and cathode structures used in the membrane cell technology of the chlor-alkali industry. The dynamics of the chlor-alkali industry has a considerable effect on the overall performance of the Company.

DNIL is the industry leader in technology and in this challenging environment has made efforts to keep the cell technology competitive by reducing power consumption and has also set in motion initiatives to redefine its business model to maintain margins and to best deliver value to its stakeholders by ensuring continuous productivity and good financial performance.

#### OPPORTUNITIES AND THREATS

Your Goa factory is equipped with all the necessary equipment and facilities to meet the demands of the chlor-

alkali industry. Your Company continues to remain the market leader in the chlor-alkali and cathodic protection systems business. The main activity of your Company is dependent on recoating of electrodes for membrane cell electrolyzers in chlor-alkali plant, which is cyclic in nature because the life of the coating lasts for 6 to 8 years.

The income from recoating business contributes a major share in your Company's total income. The mercury cell plants have gradually been converted to membrane cell plants. Your Company does not get the business of Anode/Cathodes coating at this conversion stage since these are inbuilt in the new cells and the complete set of cell elements are imported by the customers. Your Company is not in the business of manufacturing membrane cell elements and the recoating business in respect of these anode/cathodes will happen only after 8 years.

Dependency on the chlor alkali business has made the Company to seek opportunities in sea water electro chlorination. However, this business operates in an environment which is long in tenure, volatile and fraught with uncertainties which may impact the business and financial performance of your Company.

#### SEGMENT WISE OR PRODUCT WISE PERFORMANCE

Your Company operates in a single segment of manufacturing of electrolytic products. An annual turnover of ₹ 2725.59 lakhs was registered by the Company during the year under review from the sale of its products.

#### OUTLOOK

Your Company is looking forward to maintain its position of market leader in membrane recoating activity and cathodic protection systems. Your Company also expects a steady growth in the manufacture and sales of De Nora Water Technology products during the current fiscal.

#### RISKS & CONCERNS

Your Board has established a robust risk management framework to identify, monitor and minimize risks. Risk evaluation and management is an ongoing process. During the normal course of its business operations, your Company has been subjected to several risks. As a process, risks associated with the business and operations of the Company are identified and prioritized based on the Company's overall risk appetite, strategy, severity and probability of occurrence. The risk function is supervised by the Managing Director of the Company. Process owners are identified for each risk and metrics are developed for continuous monitoring and minimization of risk.

Your Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. Your Company's Audit Committee is overseeing all the risks that your organization faces such as strategic, financial, market, IT, legal, regulatory, reputational



and other risks and recommends suitable action. Your Company monitors its major risks and concerns at regular intervals. Appropriate steps are taken in consultations with all concerned including the Audit Committee of the Board to mitigate such risks.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company's Internal Control framework is in place with documented procedures, guidelines and policies covering all corporate functions, designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations. The Management maintains a system of accounting and controls which is evaluated by the Internal Auditors in a timely manner and wherever necessary, they are modified or redesigned by the Audit Committee based on the audit findings and recommendations.

Your Company has a well-defined delegation of power with authority limits for approving revenue as well as capital expenditure. Further, processes for formulating and reviewing annual and long term business plans have been laid down to ensure adequacy of the control system, adherence to the management decisions and legal compliances. The Code of Conduct prevalent in your Company which covers aspects such as transparency in financial reports, ethical conduct, regulatory compliance, conflicts of interests review and reporting of concerns also provides for adequate checks of the internal controls on an ongoing basis. Anti-fraud programmes including whistle blower mechanisms are also operative across your Company.

#### **FINANCIAL PERFORMANCE**

The financial results of operations of your Company for the year under review are detailed in the Directors' Report. As per the same, your Company's operations have resulted in a pre-tax profit of ₹ 307.35 lakhs for the current year as against ₹ 444.46 lakhs for the previous financial year. The post-tax profit for the current year is ₹ 173.02 lakhs whereas it stood at ₹ 293.95 lakhs for 2016-17. The Earning per Share (EPS) (Basic & Diluted) of your Company for the financial year ended March 31, 2017 was at ₹ 3.18.

#### **MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS**

Your Company has been continuously working to improve human resources skills, competencies and capabilities which are critical to achieve desired results in line with your Company's strategic business ambitions. Some key initiatives have been undertaken during the year 2017-18 in this direction.

Your Company believes that competency development and enhanced education among its employees is the need of

the hour in the present competitive, volatile and technology driven business environment to retain talent and to improve the quality of service of its employees. In furtherance of this strategic focus, your Company has rolled out an educational policy to enable its employees to pursue additional formal education to enhance their knowledge & skills identified during their performance and competence assessments, thus giving them an opportunity for improving their on-job performance & potential for future growth opportunities in the Company. Further, your Company also offered to provide monetary assistance with course fees to certain eligible employees in deserving cases.

Your Company enjoys cordial relationships with its employees as it endeavours to provide them with a professionally rewarding and enriching work environment.

Industrial relations at your Company have been harmonious and peaceful with active involvement of the workmen in the collective bargaining process. An environment of mutual trust, understanding and faith has been nurtured in line with the progressive philosophy of the organisation to work in a collaborative way and build togetherness to achieve the larger goals of building a great business organization. Your Company has ensured that employees give their best and align themselves fully to the business and organizational goals of the Company to create a bright future for every stakeholder.

During the year, long term settlement with the Union has expired and discussions are underway to arrive at an amicable settlement. Your Company's employees have played a key role in contributing to the growth of your Company. Your Directors would like to record their appreciation of the efficient and loyal service rendered by the Company's employees.

#### **People employed**

As on March 31, 2018, there were 74 permanent employees on the rolls of the Company.

#### **CAUTIONARY STATEMENT**

Statements in this 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events are 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results, performance or achievements could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in government regulations, tax regimes, economic developments within the country and outside the country and other factors such as litigation and labour negotiations.



**ANNEXURE-IV**

**Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1. **Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the Financial Year 2017-18 and the percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the Financial Year 2017-18**

Median remuneration of all the employees of the Company for the financial year	<b>4.16 lacs</b>
Percentage increase in the median remuneration of employees in the financial year	<b>11.82%</b>
Number of permanent employees on the rolls of the Company as on March 31, 2018	<b>74</b>

Sr. No.	Name of Director	Designation	Remuneration (₹ in Lakhs)	Ratio of Directors remuneration to median remuneration	% increase in the remuneration in the FY 2017-18
<b>I</b>	<b>Executive Director</b>				
1.	Mr. Vinay Chopra	Managing Director	45.01**	10.81:1	95.73%
<b>II</b>	<b>Non-Executive Directors*</b>				
1.	Mr. Robert Scannell	Non – Executive Director	-	NA*	-
2.	Mr. Angelo Ferrari	Non – Executive Director	-	NA*	-
3.	Mr. M. A. Sundaram	Independent Director	-	NA*	-
4.	Mrs. Sarita D'Souza	Independent Director	-	NA*	-
5.	Ms. Supriya Banerji	Non – Executive Director	-	NA*	-
6.	Mr. Francesco L'Abbate	Non – Executive Director	-	NA*	-
<b>III</b>	<b>Key Managerial Personnel</b>				
1.	Mr. Deepak Nagvekar	Chief Financial Officer	21.00	5.04:1	1.01%
2.	Ms. Jyoti Bandodkar	Company Secretary	6.75	1.62:1	29%

\* The Independent Directors and the Non-Executive Directors do not receive any remuneration except sitting fees for attending Board/Committee Meetings.

\*\* Includes Rs. 16.62 lacs paid as incentives in 2017-18

2. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

The average increase was 11.82%. While considering remuneration, factors such as Indian Inflation, prevailing market rates and performance of the Company were considered. The Management also kept in mind increased competence & skills of some employees and acknowledged good performers.

3. **Affirmation that the remuneration is as per the remuneration policy of the Company**

The Company affirms that the remuneration is as per the remuneration policy of the Company.

**For and on behalf of the Board of Directors**  
**For De Nora India Limited**

Place: Kundaim, Goa  
Date : August 06, 2018

**M. A. Sundaram**  
**Chairman**  
**(DIN: 00144607)**



## SECRETARIAL AUDIT REPORT

### FORM MR - 3

Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

To,

The Members,

De Nora India Limited

PLOT NOS. 184, 185 & 189,

KUNDAIM INDUSTRIAL ESTATE

KUNDAIM – GOA, 403 115

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DE NORA INDIA LIMITED**, (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **DE NORA INDIA LIMITED'S** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 and according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

### ANNEXURE-V

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; .....**Not applicable during the period under review.**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities), 2008; .....**Not applicable during the period under review.**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; .....**Not applicable during the period under review.**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ; .....**Not applicable during the period under review.**

- (vi) Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016

The following other Laws as the case may be applicable specifically to the Company are:

1. The Water (Prevention and Control of Pollution) Act, 1974 & The Water (Prevention and Control of Pollution) Cess Rules, 1978
2. The Air (Prevention and Control of Pollution) Act, 1981
3. The Environment (Protection) Act, 1986 & the Environment (Protection) Rules, 1986
4. The Noise Pollution (Regulation and Control) Rules, 2000;
5. Legal Metrology Act, 2009;
6. Competition Act, 2002;
7. The Trademarks Act, 1999

**I further report that**, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit and also on the review of yearly compliance report by the respective departmental





heads / Company Secretary / Internal Auditor, taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor compliance with applicable general laws and other legislations.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Board duly recorded and signed by Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period there are no instances of major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc.

**Sadashiv V Shet**  
Practicing Company Secretary

Date: August 06, 2018  
Place : Panaji, Goa

FCS No. : 2477  
C P No. : 2540



**ANNEXURE- VI**

**FORM No. MGT-9  
EXTRACT OF ANNUAL RETURN**

**as on the financial year ended on March 31, 2018**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i	CIN:	L31200GA1993PLC001335
ii	Registration Date:	07.06.1989
iii	Name of the Company :	DE NORA INDIA LIMITED
iv	Category/Sub-Category of the Company:	Public Company limited by shares
v	Address of the Registered office and contact details:	Plot. Nos. 184, 185 & 189, Kundaim Industrial Estate, Kundaim-403115, Goa, India Ph No.:0832-3981100 Fax No.:0832-3981101 Email-id : <a href="mailto:denoraindia@denora.com">denoraindia@denora.com</a> Website: <a href="http://www.denoraindia.com">www.denoraindia.com</a>
vi	Whether listed Company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent (RTA)	M/s. Bigshare Services Private Limited 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments, Makwana Road, Marol, Andheri (East), Mumbai 400059 Ph. No.: 022 62638200/62638204 Fax No.: 022 62638299 Email ID: <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a> Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main Products/ Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Anode and Cathode Re-coating and Repair Services	998717	76%
2	Electrochlorinators and its spares	84212190	3%
3	Cathodic Protection (anti corrosion) Systems	81089090	21%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Oronzio De Nora International B. V. PrinsBernhardplein 200, 1097 JB Amsterdam, Netherlands	Not Applicable	Holding Company	53.68	2(46)



**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a. Individual/HUF	165759	0	165759	3.12	0	0	0	0.00	(3.12)
b. Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c. State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d. Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
e. Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
f. Any Other...	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A)(1):</b>	<b>165759</b>	<b>0</b>	<b>165759</b>	<b>3.12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>(3.12)</b>
(2) Foreign									
a. NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b. Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c. Bodies Corporate	2849500	0	2849500	53.68	2849500	0	2849500	53.68	0.00
d. Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e. Any Other...	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (A)(2):</b>	<b>2849500</b>	<b>0</b>	<b>2849500</b>	<b>53.68</b>	<b>2849500</b>	<b>0</b>	<b>2849500</b>	<b>53.68</b>	<b>0.00</b>
<b>Total Shareholding of Promoters (A) = (A)(1)+(A)(2)</b>	<b>3015259</b>	<b>0</b>	<b>3015259</b>	<b>56.80</b>	<b>2849500</b>	<b>0</b>	<b>2849500</b>	<b>53.68</b>	<b>(3.12)</b>
<b>B. Public Shareholding</b>									
(1) Institutions									
a. Mutual Funds/UTI	0	0	0.00	0.00	0	0	0	0.00	0.00
b. Banks/FI	3400	0	3400	0.06	0	0	0	0.00	(0.06)
c. Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d. State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e. Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f. Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g. FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h. Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i. Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Portfolio Investors	0	0	0	0.00	4503	0	4503	0.08	0.08
<b>Sub-Total (B)(1):</b>	<b>3400</b>	<b>0</b>	<b>3400</b>	<b>0.06</b>	<b>4503</b>	<b>0</b>	<b>4503</b>	<b>0.08</b>	<b>0.02</b>
(2) Non-Institutions									
a. Bodies Corporate									
i) Indian	144144	1357	145501	2.74	167904	1256	169160	3.18	0.44
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b. Individuals									
i) Individual Shareholders holding nominal share capital upto ₹ 2 lakh	1578601	125046	1703647	32.09	1553237	106471	1659708	31.26	(0.83)
ii) Individual Shareholders holding nominal share capital in excess of ₹ 2 lakh	331068	0	331068	6.24	355412	0	355412	6.69	(0.45)
c. NBFC	3332	0	3332	0.06	3374	0	3374	0.06	0.00



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d. Others									
i) Clearing Members	40583	0	40583	0.76	89672	0	89672	1.69	0.93
ii) Non Resident Indians (Non Repat)	42061	0	42061	0.79	58729	0	58729	1.11	0.32
iii) Non Resident Indians(NRI)	15520	7561	23081	0.43	95079	7460	102539	1.93	1.50
iv) Non Resident Indians(Repat)	202	0	202	0.00	100	0	100	0.00	0.00
v)Trusts	500	0	500	0.00	0	0	0	0.00	0.00
vi) Investor Education and Protection Fund	0	0	0	0.00	15937	0	15937	0.30	0.30
<b>Sub-Total (B) (2):</b>	<b>2156011</b>	<b>133964</b>	<b>2289975</b>	<b>43.11</b>	<b>2323506</b>	<b>115187</b>	<b>2438694</b>	<b>46.21</b>	<b>3.10</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>2159411</b>	<b>133964</b>	<b>2293375</b>	<b>43.17</b>	<b>2343947</b>	<b>115187</b>	<b>2459134</b>	<b>46.30</b>	<b>3.13</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>5174670</b>	<b>133964</b>	<b>5308634</b>	<b>100.00</b>	<b>5193447</b>	<b>115187</b>	<b>5308634</b>	<b>100.00</b>	<b>0.00</b>

**ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the period
		No. of Shares	%of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	%of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Oronzio De Nora International B. V.	2849500	53.68	0	2849500	53.68	0	0
2	Madhu Khanna*	26970	0.51	0	0	0	0	(0.51)
3	Devika Khanna*	138789	2.61	0.00	0	0	0	(2.61)
	<b>Total</b>	<b>3015259</b>	<b>56.80</b>	<b>0.00</b>	<b>2849500</b>	<b>53.68</b>	<b>0</b>	<b>(3.12)</b>

\*The Members of the Company in the 28<sup>th</sup> Annual General Meeting of the Company held on 27<sup>th</sup> September, 2017 have reclassified Ms. Madhu Khanna, Ms. Devika Khanna and Mrs. Bunty Khanna from the Promoter category to the Public category.

**iii) Change in Promoter's Shareholding**

Sr. No.	Shareholder's Name	No. of Shares at the beginning of the year	% of total Shares of the Company	Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shares during the year	% of total Shares of the Company during the year
1.	Oronzio De Nora International B. V.	2849500	53.68	No change			2849500	53.68
2.	Madhu Khanna	26970	0.51	14.07.2017	(6970)	Sale	20000	0.38
				15.09.2017	(20000)	Sale	0	0.00
	At the end of the year						0	0.00
3.	Devika Khanna	138789	2.61	07.04.2017	(10838)	Sale	127951	2.41
				14.04.2017	(35183)	Sale	92768	1.75
				21.04.2017	(92000)	Sale	768	0.01
				05.01.2018	(768)	Sale	0	0.00
	At the end of the year						0	0.00



**iv) Share holding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	Shareholder's Name	Date	Change in the shareholdings (-) denotes sale	Shareholding at the beginning of the financial year		Cumulative Shareholding at the end of the financial year	
	For Each of the Top 10 Shareholders			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	MADRAS PARAMESWARAN MANOJ MAHADEV	01/04/2017		0	0.00		
		23/02/2018	45403				
		02/03/2018	20172				
		09/03/2018	16508				
		31/03/2018				82803	1.56
2.	LALAN KAPADIA	01/04/2017		75000	1.41		
		31/03/2018				75000	1.41
3.	BHARAT AJAY KAPADIA	01/04/2017		75000	1.41		
		31/03/2018				75000	1.41
4.	VIJAY GUPTA (HUF)	01/04/2017		35829	0.67		
		14/04/2017	200				
		31/03/2018				36029	0.68
5.	AJITSINH GOKALDAS KHIMJI	01/04/2017		35000	0.66		
		31/03/2018				35000	0.66
6.	VIJAY PRAKASH GUPTA	01/04/2017		33037	0.62		
		31/03/2018				33037	0.62
7.	REKHA HARSHADRAY KAPADIA	01/04/2017		25000	0.47		
		08/12/2017	(25000)				
		31/03/2018				0	0.00
8.	DHRITI VIKRAM SHAH	01/04/2017		0	0.00		
		24/11/2017	25000				
		31/03/2018				25000	0.47
9.	PRITI UMESH KHIMJI	01/04/2017		23500	0.44		
		09/02/2018	(8500)				
		16/02/2018	(4700)				
		23/02/2018	(100)				
		31/03/2018				10200	0.19
10.	PHARMASYNTH FORMULATIONS LTD.	01/04/2017		20894	0.39		
		02/02/2018	1250				
		31/03/2018				22144	0.42
11.	KAMLESH RAMNIKLAL MEHTA	01/04/2017		21500	0.41		
		31/03/2018				21500	0.41
12.	JAIN PAL JAIN	01/04/2017		21202	0.40		
		15/12/2017	694				
		31/03/2018				21896	0.41
13.	NITIN KAPIL TANDON	01/04/2017		21000	0.40		
		31/03/2018				21000	0.40

**v) Share holding of Directors and Key Managerial Personnel:**

Sr. No.	Name of the Director/ Key Managerial Personnel	Shareholding at the beginning of the year		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Jyoti Bandodkar – Company Secretary	1	0.00	31.03.2018	At year end	0	0	1	0.00

Other than Ms. Jyoti Bandodkar, no other Director or Key Managerial Personnel holds any share in the Company during the year 2017-18.





## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year as on 01.04.2017</b>	0	0	0	0
a. Principal Amount	0	0	0	0
b. Interest due but not paid	0	0	0	0
c. Interest accrued but not due	0	0	0	0
Total (a+b+c)	0	0	0	0
<b>Change in Indebtedness during the financial year</b>	0	0	0	0
Addition	0	0	0	0
Reduction	0	0	0	0
<b>Net Change</b>	0	0	0	0
<b>Indebtedness at the end of the financial year as on 31.03.2018</b>	0	0	0	0
a. Principal Amount	0	0	0	0
b. Interest due but not paid	0	0	0	0
c. Interest accrued but not due	0	0	0	0
<b>Total (a+b+c)</b>	0	0	0	0

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Director and/or Manager:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WT/Manager
		Mr. Vinay Chopra – Managing Director
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	23.66
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	-
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961	1.20
2.	Stock Options	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify....	-
5.	Others - Incentives	16.62
	Pension/PF/Superannuation	3.52
	<b>Total</b>	<b>45.00</b>

### B. Remuneration to other Directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Mr. M. A. Sundaram	Mrs. Sarita D'Souza			
	□ Fee for attending Board/Committee meetings	1,15,000	1,15,000			2,30,000
	□ Commission	Nil	Nil			Nil
	□ Others, please specify	Nil	Nil			Nil
	<b>Total (1)</b>	<b>1,15,000</b>	<b>1,15,000</b>			<b>2,30,000</b>



Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
2.	Other Non-Executive Directors	Mr. Angelo Ferrari*	Mr. Robert Scannell	Mr. Francesco L'Abbate*	Ms. Supriya Banerji	
	□ Fee for attending Board/ Committee meetings	Nil	35,000	Nil	25,000	60,000
	□ Commission	Nil	Nil	Nil	Nil	Nil
	□ Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	<b>0</b>	<b>35,000</b>	<b>0</b>	<b>25,000</b>	<b>60,000</b>
	<b>Total (B) = (1+2)</b>					<b>2,90,000</b>
	<b>Total Managerial Remuneration</b>					<b>NIL</b>
	<b>Overall Ceiling as per the Act</b>	Not applicable as only sitting fees paid				

\*For the period 01.04.2017 till the date of resignation

# From the date of appointment till 31.03.2018

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WT-D**

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Deepak Nagvekar CFO	Ms. Jyoti Bandodkar CS	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	17.70	5.34	23.05
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	0.74	0.56	1.30
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify....	-	-	-
5.	Others, specify....	-	-	-
	Pension/PF/Superannuation	2.56	0.84	3.41
	<b>Total</b>	<b>21.00</b>	<b>6.74</b>	<b>27.76</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties/punishment/compounding of offences for the breach of any sections of the Companies Act against the Company or its Directors or other officers during the financial year ended 31<sup>st</sup> March, 2018.

**For and on behalf of the Board of Directors**

For De Nora India Limited

Place: Kundaim, Goa  
Date : August 06, 2018

**M. A. Sundaram**  
Chairman  
(DIN: 00144607)



## **Independent Auditor's Report**

To the Members of

De Nora India Limited

### **Report on the Audit of the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of De Nora India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information, (herein after referred to as "Ind AS financial statements").

### **Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the Directors as on 31 March 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2018 from being appointed as a Director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements; - Refer Note 32 to the Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No. 116231W/W-100024

**Shabbir Readymadewala**

*Partner*

Place: Mumbai

Date: 08 May 2018

Membership No. 100060

**Annexure A to the Independent Auditor's Report - 31 March 2018**

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme of physical verification, the Company has physically verified certain fixed assets during the year and we are informed that no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in Note 3 to the Ind AS financial statements are held in the name of the Company.
- (ii) The inventory, except goods in transit, have been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable. No discrepancies have been noticed on verification between the physical stocks and the book records.
- (iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loan, made any investments, given any guarantee or provided any security under Sections 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits covered under the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act, for any of the services provided by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.



- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Employees' State Insurance, Provident fund, Income-tax, Duty of excise, Duty of customs, Goods and Service Tax, Sales tax/ Value added tax, Service tax, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Employees' State Insurance, Provident fund, Income tax, Duty of excise, Duty of customs, Sales tax, Value added tax, Service tax, cess and any other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Duty of customs, Sales tax/ Value added tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute.

According to the information and explanations given to us, the following dues of Duty of excise have not been deposited as on 31 March 2018 by the Company on account of disputes.

Name of the Statute	Nature of the Dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty on assessable value consequent to the benefit availed under the Goa Value Added Tax Deferment-cum-net present value compulsory payment scheme, 2005	11,32,341	2003-2007	Appellate Tribunal Customs, Excise and Service Tax

- (viii) The Company does not have any loans or borrowings from any financial institution, bank or Government, nor has it issued any debentures as at the balance sheet date. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- (ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such cases by the Management.

- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company as specified in Nidhi Rules, 2014. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

- (xiii) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with relevant rules issued thereunder.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No. 116231W/W-100024

**Shabbir Readymadewala**

*Partner*

Place: Mumbai

Date: 08 May 2018

Membership No. 100060





**Annexure B to the Independent Auditor's Report - 31 March 2018**

(Referred to in our report of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of De Nora India Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment

of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No. 116231W/W-100024

**Shabbir Readymadewala**

*Partner*

Place: Mumbai

Date: 08 May 2018

Membership No. 100060



## BALANCE SHEET

As at 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

	Note	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	654.38	719.88	719.51
Intangible assets	4	725.45	5.57	2.88
Intangible assets under development	4	-	734.86	189.65
Financial assets				
(i) Investments	5(a)	14.23	17.30	14.71
(ii) Other financial asset	5(c)	80.07	-	1,000.00
Deferred tax assets	12	60.99	138.05	148.54
Non-current tax asset (Net)		281.55	199.39	130.23
Other non-current assets	6	-	11.95	3.23
<b>Total non-current assets</b>		<b>1,816.67</b>	<b>1,827.00</b>	<b>2,208.76</b>
<b>Current assets</b>				
Inventories	7	683.24	510.44	592.49
Financial assets				
(i) Investments	5(a)	2,013.25	2,027.63	1,921.80
(ii) Trade receivables	5(d)	475.03	597.68	1,044.15
(iii) Cash and cash equivalents	5(e)	82.81	260.29	124.83
(iv) Bank balances other than (iii) above	5(f)	1,016.91	1,015.19	13.49
(v) Loans	5(b)	13.34	9.35	20.91
(vi) Other financial assets	5(c)	-	-	-
Other current assets	6	206.63	126.77	119.79
<b>Total current assets</b>		<b>4,491.21</b>	<b>4,547.35</b>	<b>3,837.45</b>
<b>TOTAL ASSETS</b>		<b>6,307.88</b>	<b>6,374.35</b>	<b>6,046.21</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	8	530.86	530.86	530.86
Other equity	9 (a), 9 (b)	4,706.81	4,661.56	4,623.17
<b>Total Equity</b>		<b>5,237.67</b>	<b>5,192.42</b>	<b>5,154.03</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions	11	50.51	39.36	4.14
<b>Total non-current liabilities</b>		<b>50.51</b>	<b>39.36</b>	<b>4.14</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables	10[a]	451.85	292.72	363.51
(ii) Other financial liabilities	10[b]	317.41	579.19	287.82
Provisions	11	139.02	167.96	188.65
Other current liabilities	13	111.42	102.70	48.06
<b>Total current liabilities</b>		<b>1,019.70</b>	<b>1,142.57</b>	<b>888.04</b>
<b>Total liabilities</b>		<b>1,070.21</b>	<b>1,181.93</b>	<b>892.18</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,307.88</b>	<b>6,374.35</b>	<b>6,046.21</b>
<b>Significant Accounting Policies</b>				
The accompanying notes are an integral part of these financial statements				

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**

Partner

Membership No : 100060

Mumbai  
08 May 2018

For and on behalf of the Board of Directors of

**De Nora India Limited**

CIN : L31200GA1993PLC001335

**M. A. Sundaram**

Chairman

DIN: 00144607

**Deepak Nagvekar**

Chief Financial Officer

**Vinay Chopra**

Managing Director

DIN: 06543610

**Jyoti Bandodkar**

Company Secretary

Kundaim - Goa  
08 May 2018



## Statement of Profit and Loss

for the year ended 31 March 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>INCOME</b>			
Revenue from operations	14	2,725.59	2,756.47
Other income	15	325.93	331.11
<b>Total income</b>		<b>3,051.52</b>	<b>3,087.58</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	16	674.02	861.61
Purchase of stock-in-trade		2.63	41.60
Changes in inventories of finished goods, stock-in-trade and work-in-progress	17	(51.40)	37.87
Excise duty on sales		22.60	89.08
Employee benefits expense	18	637.09	571.05
Finance costs	20	0.02	0.00
Depreciation and amortisation expense	19	212.64	85.06
Other expenses	21	1,246.57	956.85
<b>Total expenses</b>		<b>2,744.17</b>	<b>2,643.12</b>
<b>Profit before tax</b>		<b>307.35</b>	<b>444.46</b>
<b>Tax expense</b>			
Current tax and Tax relating to prior years	22	63.95	132.63
Deferred tax	22	74.37	13.80
<b>Total tax expense</b>		<b>138.32</b>	<b>146.43</b>
<b>Profit for the year</b>		<b>169.03</b>	<b>298.03</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit obligations		9.74	(9.93)
- Changes in fair value of FVOCI equity instruments		(3.07)	2.59
- Income tax relating to the above items	22	(2.68)	3.28
<b>Other comprehensive income for the year, net of tax</b>		<b>3.99</b>	<b>(4.07)</b>
<b>Total comprehensive income for the year</b>		<b>173.02</b>	<b>293.95</b>
<b>Earnings per equity share</b>			
Basic (Face value of Rs.10 each)	23	3.18	5.61
Diluted (Face value of Rs.10 each)	23	3.18	5.61
See accompanying notes forming part of the financial statements			
<b>Significant Accounting Policies</b>			
The accompanying notes are an integral part of these financial statements			

For **B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**  
Partner  
Membership No : 100060

Mumbai  
08 May 2018

For and on behalf of the Board of Directors of  
**De Nora India Limited**  
CIN : L31200GA1993PLC001335

**M. A. Sundaram**  
Chairman  
DIN: 00144607

**Deepak Nagvekar**  
Chief Financial Officer

**Vinay Chopra**  
Managing Director  
DIN: 06543610

**Jyoti Bandodkar**  
Company Secretary  
Kundaim - Goa  
08 May 2018



## Statement of Changes in Equity

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### A. Equity Share Capital

	Notes	Amount
<b>As at April 1, 2016</b>		<b>530.86</b>
Changes in equity share capital during the year	8	-
<b>As at March 31, 2017</b>		<b>530.86</b>
Changes in equity share capital during the year	8	-
<b>As at March 31, 2018</b>		<b>530.86</b>

### B. Other Equity (refer note 9)

Particulars	Reserves and Surplus				Items of OCI	Total other equity
	Securities premium reserve	Capital redemption reserve	General reserve	Retained earnings	Equity instruments through OCI	
<b>Balance as at April 1, 2016</b>	736.08	24.65	706.76	3,142.67	13.01	4,623.17
Profit for the year	-	-	-	298.03		298.03
Other comprehensive income for the year	-	-	-	(6.65)	2.59	(4.06)
<b>Total comprehensive income for the year</b>	<b>736.08</b>	<b>24.65</b>	<b>706.76</b>	<b>291.38</b>	<b>2.59</b>	<b>293.98</b>
Dividend on equity shares for the year [refer note 12 (d)]	-	-	-	(212.35)	-	(212.35)
Dividend distribution tax	-	-	-	(43.23)	-	(43.23)
<b>Balance at March 31, 2017</b>	<b>736.08</b>	<b>24.65</b>	<b>706.76</b>	<b>3,178.47</b>	<b>15.60</b>	<b>4,661.57</b>
Profit for the year	-	-	-	169.03		169.03
Other comprehensive income for the year	-	-	-	7.06	(3.07)	3.99
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176.09</b>	<b>(3.07)</b>	<b>173.02</b>
Dividend on equity shares paid during the year	-	-	-	(106.17)	-	(106.17)
Dividend distribution tax	-	-	-	(21.61)	-	(21.61)
<b>Balance as at 31 March 2018</b>	<b>736.08</b>	<b>24.65</b>	<b>706.76</b>	<b>3,226.77</b>	<b>12.53</b>	<b>4,706.81</b>

Refer note 9(c) for nature and purpose of reserves

The accompanying notes are an integral part of these financial statements

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**

Partner

Membership No : 100060

Mumbai

08 May 2018

For and on behalf of the Board of Directors of  
**De Nora India Limited**

CIN : L31200GA1993PLC001335

**M. A. Sundaram**

Chairman

DIN: 00144607

**Deepak Nagvekar**

Chief Financial Officer

**Vinay Chopra**

Managing Director

DIN: 06543610

**Jyoti Bandodkar**

Company Secretary

Kundaim - Goa

08 May 2018



## STATEMENT OF CASH FLOW

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit before tax</b>	<b>307.35</b>	444.46
<b>Adjustments for:</b>		
Depreciation and amortization expense	212.64	85.06
Finance cost	0.02	0.00
Fair valuation of investments	(2.00)	1.02
Loss on sale of fixed assets	9.80	0.29
Net unrealised gain on foreign exchange	(3.38)	(4.78)
(Profit)/ Loss on sale of investment	-	(1.13)
Provision/ (Reversal) of Doubtful/ Bad Debts	(9.71)	15.35
Provision withdrawn for warranty (net)	(28.99)	(20.77)
Provision for obsolete stock	2.16	-
Interest income	(70.73)	(69.98)
Dividend income	(82.14)	(100.77)
<b>Operating profit before working capital changes</b>	<b>335.02</b>	348.74
<b>Movements in working capital:</b>		
(Increase)/Decrease in inventory	(174.96)	82.06
Decrease in trade receivables	132.36	431.11
(Increase)/Decrease in financial and other assets	(83.91)	6.90
Increase in trade payables and other liabilities	206.97	55.37
<b>Cash generated from operations</b>	<b>415.48</b>	924.18
Income tax paid	(146.11)	(201.79)
<b>Net cash from operating activities</b>	<b>269.37</b>	722.39
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(437.74)	(398.80)
Sale of property, plant and equipment	27.79	3.40
Interest income	70.73	69.98
Dividend income	82.14	100.77
Investment in bank fixed deposits	(80.07)	-
Movement in other bank balances	1.72	1.70
Proceeds from sale / redemption of investments	300.00	1,443.17
Investments in Mutual Funds	(283.62)	(1,548.90)
<b>Net cash (used in) investing activities</b>	<b>(319.05)</b>	(328.67)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividend and Distribution Tax paid	(127.79)	(258.26)
Interest and other finance cost	(0.02)	(0.00)





## STATEMENT OF CASH FLOW

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Net cash generated from/(used in) financing activities</b>	<b>(127.81)</b>	<b>(258.26)</b>
Net Increase/(Decrease) in cash and cash equivalents	<b>(177.48)</b>	135.46
Cash and cash equivalents as at the beginning of the year	<b>260.29</b>	124.83
<b>Cash and cash equivalents as at the end of the year</b>	<b>82.81</b>	<b>260.29</b>

**Note :** Cash flow statement has been prepared under the indirect method as set out in Ind AS - 7 specified under Section 133 of the Companies Act, 2013.

### Cash and Cash equivalents comprise of the following:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash on Hand	<b>0.19</b>	0.08
Balances with Banks-Current Accounts	<b>82.62</b>	260.21
<b>Cash and Cash equivalents at the end of the year as per Balance Sheet</b>	<b>82.81</b>	<b>260.29</b>

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**

Partner

Membership No : 100060

Mumbai

08 May 2018

For and on behalf of the Board of Directors of  
**De Nora India Limited**

CIN : L31200GA1993PLC001335

**M. A. Sundaram**

Chairman

DIN: 00144607

**Deepak Nagvekar**

Chief Financial Officer

**Vinay Chopra**

Managing Director

DIN: 06543610

**Jyoti Bandodkar**

Company Secretary

Kundaim - Goa

08 May 2018



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 1 Company overview

De Nora India Limited ("the Company" or "De Nora") was incorporated in June 1989 as Titanor Components Limited ('Titanor') and commenced business in November 1989. The Company's name was changed to De Nora India Limited on 27 June 2007. The Company has been incorporated under the provisions of India Companies Act and its equity shares are listed on National Stock Exchange (NSE) in India. The Company has its manufacturing facilities at Kundaim, Goa which is also its principal place of business and is involved in the business of manufacturing and servicing of Electrolytic products.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

##### (i) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under Section 133 of the Companies Act, 2013 (the 'Act') read with Companies (Indian Accounting Standards Rules, 2015); and the other relevant provisions of the Act and Rules thereunder.

The financial statements up to year ended 31 March 2017 were prepared in accordance with the accounting standards as per Companies (Accounting Standard) Rules, 2006 (as amended) (referred to as "Indian GAAP" or "Previous GAAP"), notified under Section 133 of the Act and other relevant provisions of the Act.

These financial statements for the year ended 31 March 2018 are the first financial statements of the Company under Ind AS, hence Ind AS 101 First time adoption of Indian Accounting Standards has been applied. Refer note 34 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The financial statements were authorised for issue by the Company's Board of Directors on 8 May 2018.

##### (ii) Functional Currency

These financial statements are presented in Indian Rupees, which is the functional currency of the Company. All financial information presented in Indian Rupees has been rounded to the nearest lakhs, except otherwise indicated.

##### (iii) Basis of measurement

These Financial statements are prepared under the historical cost basis except for following items:

Items	Measurement Basis
Certain financial assets and liabilities (including derivative instruments)	Fair Value
Net defined benefit (asset)/liability	fair value of plan assets less present value of defined benefit obligations

##### (iv) Use of Estimates and Judgements

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized progressively.

Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

- Note 3 – Property, plant and equipment
- Note 22 – Income taxes
- Note 28 – Measurement of defined benefit obligations



## **NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 March, 2018*

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### **2 Significant accounting policies (Continued)**

#### **2.2 Current versus non-current classification**

The Company presents assets and liabilities in its Balance Sheet based on current versus non-current classification.

An asset is classified as current when it is:

- a) Expected to be realized or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realized within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### **2.3 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company operates in one reportable business segment i.e. "Electrolytic Products".

#### **2.4 Foreign Currency Transactions / Translations**

Transactions in foreign currencies are initially recorded by the Company in their functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting period. Exchange differences arising on the settlement of monetary items or on translating monetary items are recognized in the Statement of Profit and Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Foreign exchange difference on foreign currency borrowings, settlement gain/loss and fair value gain/loss on derivative contract relating to borrowings are accounted and disclosed under finance cost

#### **2.5 Revenue**

##### **(i) Sales of Goods**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if the payment extends beyond normal credit terms. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

##### **(ii) Rendering of services**

Income from recoating/repairs of electrolytic products is recognized in accordance with the terms of the contract with customers when the related performance obligation is completed. The Company recognizes revenue from such contracts in proportion to the stage of completion of the transaction at the reporting



## **NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 March, 2018*

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### **2 Significant accounting policies (Continued)**

date except in cases where the Company retains risk and rewards of ownership, which is in cases where installation is a significant part of the contract. In such cases revenue is recognized on installation. The stage of completion is assessed based on survey of the work performed.

Interest income is recognized with reference to the effective interest rate method.

Dividend from investments is recognized as revenue when right to receive is established

### **2.6 Income Tax**

Income tax expense comprises current tax and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates items recognized directly in equity or in OCI.

#### **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if, the Company:

- i) has a legally enforceable right to set off the recognized amounts; and
- ii) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### **Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profits may not be available. Therefore in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is determined using tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period and are expected to be apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

- i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Minimum Alternate Tax ('MAT') credit entitlement is generally recognized as a deferred tax asset if it is probable (more likely than not) that MAT credit can be used in future years to reduce the regular tax liability.



## **NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 March, 2018*

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### **2 Significant accounting policies (Continued)**

#### **2.7 Leases**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### **2.8 Impairment of assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized

#### **2.9 Inventories**

Inventories consist of raw materials, work-in-progress, finished goods and stock in trade etc. are valued at cost or net realizable value, whichever is lower.

'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to their present location and condition. Cost of raw material, packing material, stores and spares is determined on weighted average basis. Cost of work-in-progress and finished goods includes labor and manufacturing overheads, where applicable.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

The net realizable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw material, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.





## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 2 Significant accounting policies (Continued)

#### 2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### A. Financial Assets

###### Classification

On initial recognition, the Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

###### Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

###### Financial assets at amortized cost

A 'financial asset' is measured at the amortized cost if both the following conditions are met:

- i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

###### Financial Asset at FVTPL

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

###### Financial Asset at FVTOCI

A 'financial asset' is classified at FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial Assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 2 Significant accounting policies (Continued)

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value of financial assets at fair value through profit or loss are recognized in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### DE recognition

A financial asset (or, where applicable, a part of a financial asset ) is primarily derecognized (i.e. removed from the Company's financial statements) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - i) the Company has transferred substantially all the risks and rewards of the asset, or
  - ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

#### Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- i) financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, and bank balance.
- ii) trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 2 Significant accounting policies (Continued)

#### B. Financial Liabilities

##### Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value with changes in fair value being recognized in the Statement of Profit and Loss.

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortized cost (loans and borrowings, and payables), or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

##### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 2 Significant accounting policies (Continued)

#### 2.11 Property, plant and equipment

##### i Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

##### ii Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2017 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

##### iii Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefit associated with the expenditure will flow to the Company.

##### iv Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives based on technical assessment on a pro-rata basis using the straight line method and is generally recognised in statement of profit and loss. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership at the end of the lease term. Freehold land is not depreciated.

The estimated useful lives followed by the Company for depreciating such tangible assets are as under:

Asset	Useful Life followed by the Company (years)	Useful Life as prescribed in Schedule II to Companies Act, 2013 (years)
Buildings	30	30
Plant and Equipment(other than major components accounted for separately)	15	8-20 years
Furniture and Fixtures	10	10
Vehicles	5	8
Office Equipment	5	5
Computers	3	3

Leasehold lands are amortized on straight line basis, over the remaining lease term.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 2 Significant accounting policies (Continued)

The asset's residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Fully depreciated assets still in use are retained in financial statements.

#### 2.12 Intangible assets

##### Recognition and measurement

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises of its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use.

The Company has elected to continue with the carrying value of all its intangible assets as recognized in the standalone financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

##### Subsequent Expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

##### Amortization methods and periods

The Company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Class of asset	Life of the asset
Computer software	3 - 5 years

#### 2.13 Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

##### i. Warranties

**A provision for warranties is recognized when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighing of all possible outcomes by their associated probabilities.**

#### 2.14 Employee Benefits

##### Short-term obligations

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.





## **NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 March, 2018*

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### **2 Significant accounting policies (Continued)**

#### **Defined Benefit Plans**

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of a defined benefit obligation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). The Company determines Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in Statement of Profit and Loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### **Defined contribution plan**

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

#### Termination benefits

Termination benefits are expensed at the earlier when the Company can no longer withdraw the offer of those benefits and when the Company recognizes the cost of restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

#### Other long-term employee benefit obligations

The Company's current policies permit certain categories of its employees to accumulate and carry forward a portion of their unutilized compensated absences and utilize them in future periods or receive cash in lieu thereof in accordance with the terms of such policies.

The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company incurs as a result of the unused entitlement that has accumulated at the balance sheet date. Such measurement is based on actuarial valuation as at the balance sheet date carried out by a qualified actuary. Remeasurement gains and losses are recognized in the profit or loss in the period in which they arise.

### **2.15 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.



## **NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 March, 2018*

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### **2 Significant accounting policies (Continued)**

#### **2.16 Operating cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

#### **2.17 Borrowing Cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

### **3 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 21 - The effect of changes in Foreign Exchange rates

#### **Ind AS 115 – Revenue from Contracts with Customers**

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is evaluating the requirements of the new standard and the effect on its financial statements.

#### **Ind AS 21 – The effect of changes in Foreign Exchange rates**

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

The Company is evaluating the impact of this amendment on its financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 3. Property, Plant and Equipment

	Leasehold land	Office building	Factory building	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
<b>Gross Block</b>									
Cost as at 1 April 2016 (Deemed Cost)	10.84	17.31	225.37	398.34	20.75	22.21	19.83	4.86	719.51
Additions	-	-	14.97	47.45	0.80	-	13.04	9.95	86.21
Deletions / Disposals	-	-	-	(0.16)	-	(4.07)	-	-	(4.23)
<b>Balance as at 31 March 2017</b>	<b>10.84</b>	<b>17.31</b>	<b>240.34</b>	<b>445.63</b>	<b>21.55</b>	<b>18.14</b>	<b>32.87</b>	<b>14.81</b>	<b>801.50</b>
<b>Accumulated Depreciation</b>									
Balance as at 1 April 2016	-	-	-	-	-	-	-	-	-
Depreciation for the year	0.19	0.43	17.33	42.60	3.58	4.38	9.13	4.68	82.32
Accumulated depreciation on deletions / disposals	-	-	-	(0.01)	-	(0.69)	-	-	(0.70)
<b>Balance as at 31 March 2017</b>	<b>0.19</b>	<b>0.43</b>	<b>17.33</b>	<b>42.59</b>	<b>3.58</b>	<b>3.69</b>	<b>9.13</b>	<b>4.68</b>	<b>81.62</b>
<b>Net Block as at 31 March 2017</b>	<b>10.65</b>	<b>16.88</b>	<b>223.01</b>	<b>403.04</b>	<b>17.97</b>	<b>14.45</b>	<b>23.73</b>	<b>10.13</b>	<b>719.88</b>
<b>Gross Block</b>									
Carrying amount as at 1 April 2017	10.84	17.31	240.34	445.63	21.55	18.14	32.87	14.81	801.50
Additions	-	-	6.87	27.70	1.13	14.42	8.93	1.96	61.01
Deletions / Disposals	-	-	-	(39.57)	-	(7.61)	(1.03)	-	(48.21)
<b>Balance as at 31 March 2018</b>	<b>10.84</b>	<b>17.31</b>	<b>247.21</b>	<b>433.76</b>	<b>22.68</b>	<b>24.95</b>	<b>40.77</b>	<b>16.77</b>	<b>814.30</b>
<b>Accumulated Depreciation</b>									
Balance as at 1 April 2017	0.19	0.43	17.33	42.59	3.58	3.69	9.13	4.68	81.62
Depreciation for the year	0.20	0.43	18.44	47.32	2.74	3.49	11.40	4.91	88.92
Accumulated depreciation on deletions / disposals	-	-	-	(7.55)	-	(2.42)	(0.66)	-	(10.63)
<b>Balance as at 31 March 2018</b>	<b>0.39</b>	<b>0.86</b>	<b>35.77</b>	<b>82.36</b>	<b>6.32</b>	<b>4.76</b>	<b>19.87</b>	<b>9.59</b>	<b>159.92</b>
<b>Net Block as at 31 March 2018</b>	<b>10.46</b>	<b>16.45</b>	<b>211.44</b>	<b>351.40</b>	<b>16.36</b>	<b>20.19</b>	<b>20.89</b>	<b>7.18</b>	<b>654.38</b>

The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net carrying amount has been considered as the gross carrying amount on that date. Refer note below for the gross carrying value and accumulated depreciation on April 1, 2016 under the previous GAAP:

#### Deemed cost as on 1 April 2016

	Leasehold land	Office building	Factory building	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Computers	Total
Gross Carrying Value as on 1 April 2016 as per previous GAAP	18.57	26.15	497.20	1,170.66	87.58	40.34	72.84	55.67	1,969.02
Accumulated Depreciation till March 31, 2016 as per previous GAAP	7.72	8.83	271.84	772.32	66.83	18.13	53.00	50.81	1,249.48
Deemed cost upon transition 1 April 2016	10.85	17.32	225.36	398.34	20.75	22.21	19.84	4.86	719.54



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 4 Intangible Assets

	Computer software	Total	Intangible assets under development
<b>Balance as at 31 March 2017</b>			
<b>Gross Carrying Amount</b>			
Cost as at April 1 2016 (Deemed cost)	2.88	2.88	189.65
Additions	5.42	5.42	545.20
Disposals / adjustments	-	-	-
Capitalised	-	-	-
<b>At March 31 2017</b>	<b>8.30</b>	<b>8.30</b>	<b>734.86</b>
<b>Accumulated depreciation and impairment, if any</b>			
As at April 1 2016	-	-	-
Charge for the year	2.73	2.73	-
Disposals / adjustments	-	-	-
<b>At March 31 2017</b>	<b>2.73</b>	<b>2.73</b>	<b>-</b>
<b>Net Block at March 31 2017</b>	<b>5.57</b>	<b>5.57</b>	<b>734.86</b>
<b>Balance as at 31 March 2018</b>			
<b>Gross Carrying Amount</b>			
Carrying amount as at April 1 2017	8.30	8.30	734.86
Additions	843.59	843.59	-
Disposals / adjustments	-	-	-
Capitalised	-	-	(734.86)
<b>At March 31 2018</b>	<b>851.89</b>	<b>851.89</b>	<b>-</b>
<b>Accumulated depreciation and impairment, if any</b>			
As at April 1 2017	2.73	2.73	-
Charge for the year	123.71	123.71	-
Disposals / adjustments	-	-	-
<b>At March 31 2018</b>	<b>126.44</b>	<b>126.44</b>	<b>-</b>
<b>Net Block at March 31 2018</b>	<b>725.45</b>	<b>725.45</b>	<b>-</b>

The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net carrying amount has been considered as the gross carrying amount on that date. Refer note below for the gross carrying value and accumulated depreciation on April 1, 2016 under the previous GAAP:

#### Deemed cost as on 1 April 2016

	Computer software	Total	Intangible assets under development
Gross Carrying Value as on 1 April 2016 as per previous GAAP	16.84	16.84	189.65
Accumulated amortisation till March 31 2016 as per previous GAAP	(13.97)	(13.97)	-
<b>Net Block treated as Deemed cost upon transition 1 April 2016</b>	<b>2.87</b>	<b>2.87</b>	<b>189.65</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 5 Financial Assets

(a) Non-current investment (quoted)	31 March 2018	31 March 2017	1 April 2016
Investment in equity instruments fully paid up [refer note (i)] - Fair value through OCI	14.23	17.30	14.71
	14.23	17.30	14.71
<i>Note (i) Investment in equity shares (fully paid-up)</i>			
10,000 (31 March 2017 : 10,000, 1 April 2016 : 10,000) equity shares of Bank of Baroda of Rs 2 each, (31 March 2017 : Rs.2 each, 1 April 2016 : Rs.2 each) fully paid-up	14.23	17.30	14.71
	14.23	17.30	14.71
Investment in mutual funds [refer note (ii)] - Fair value through Profit or Loss	2,013.25	2,027.63	1,921.80
	2,013.25	2,027.63	1,921.80
<i>Note (ii) Investment in mutual funds</i>			
102,310 (31 March 2017: 1,00,960, 1 April 2016: 86,857 ) units of HDFC Cash Management Fund - Savings Plan - daily dividend reinvestment	1,088.21	1,073.85	923.85
NIL (31 March 2017: 8,740 , 1 April 2016: 3976 ) units of HDFC Cash Management Fund Savings Plan	-	92.97	42.29
NIL (31 March 2017: NIL , 1 April 2016: 9,52,349 ) units of HDFC Short Term Opportunities Fund- Dividend payout.	-	-	96.19
89,873 (31 March 2017: 83,702 , 1 April 2016: 84,939 ) units of Tata Floater Fund - Plan A - weekly dividend payout	907.79	845.62	859.47
649 (31 March 2017: 649 , 1 April 2016: NIL) units of Tata Floater Fund - Growth Plan	17.25	15.19	-
	2,013.25	2,027.63	1,921.80
(b) Loans Current Unsecured, Considered good	31 March 2018	31 March 2017	1 April 2016
Loans to staff	6.91	5.37	10.50
Security deposits	6.43	3.96	10.41
	13.34	9.35	20.91
(c) Other Financial Assets Non Current	31 March 2018	31 March 2017	1 April 2016
Fixed deposits with banks with more than 12 months maturity	80.07	-	1,000.00
	80.07	-	1,000.00
(d) Trade Receivables	31 March 2018	31 March 2017	1 April 2016
Trade receivables, Unsecured	591.36	724.38	1,173.66
Less: Allowance for doubtful debts	(116.33)	(126.70)	(129.51)
<b>Total receivables</b>	475.03	597.68	1,044.15
<b>Break-up of security details</b>			
<b>Trade receivables</b>			
Unsecured, considered good	475.04	597.68	1,044.15
Doubtful	116.32	126.70	129.51
<b>Sub-total</b>	591.36	724.38	1,173.66
Allowance for doubtful debts	(116.33)	(126.70)	(129.51)
<b>Total</b>	475.03	597.68	1,044.15

(i) Trade and other receivable includes Rs. Nil (31 March 2017 - Rs. 7.58 lakhs and 1 April 2016 - Rs. 9.82 lakhs) due from foreign company in which the Company's Director is a Director/Member

(ii) Details of trade receivables from related parties are disclosed as part of note 29 - Related party disclosures





## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

(e) <b>Cash And Cash Equivalents</b>	<b>31 March 2018</b>	31 March 2017	1 April 2016
Cash on hand	0.19	0.08	0.47
Balances with banks			
- Current accounts	76.94	243.94	116.62
- In exchange earner's foreign currency account	5.68	16.27	7.74
	<b>82.81</b>	<b>260.29</b>	<b>124.83</b>

(f) <b>Bank Balances Other Than Cash And Cash Equivalent</b>	<b>31 March 2018</b>	31 March 2017	1 April 2016
Fixed deposit with more than 3 months and less than 12 months*	1,000.00	1,000.00	-
Earmarked Balances - Unpaid dividend #	16.91	15.19	13.49
* Lien on FDR for credit line of Rs. 150 lakhs (31 March 2017 - Rs. 150 lakhs and 1 April 2016 - Rs.150 lakhs)	<b>1,016.91</b>	<b>1,015.19</b>	<b>13.49</b>

# Amount restricted in use on account of unpaid dividend.

### 6 Other Assets

	<b>31 March 2018</b>	31 March 2017	1 April 2016
<b>Non-current</b>			
Capital Advances	-	11.95	-
Balance in Gratuity fund	-	-	3.23
<b>Total</b>	<b>-</b>	<b>11.95</b>	<b>3.23</b>
<b>Current</b>			
Advances to staff	-	0.26	0.55
Advance for supply of goods and services	71.58	40.45	52.19
Prepaid expenses	7.66	28.50	16.33
Revenue deposit with Customs authorities	2.28	15.07	15.07
Balance with government authorities	77.56	42.49	35.65
Other receivables	47.55	-	-
<b>Total</b>	<b>206.63</b>	<b>126.77</b>	<b>119.79</b>

### 7 Inventories

	<b>31 March 2018</b>	31 March 2017	1 April 2016
Raw materials	476.94	355.54	378.41
Work-in-progress	133.92	58.53	144.45
Finished goods and stock in trade	72.38	96.38	48.32
Stores and spares	-	-	21.31
<b>Total</b>	<b>683.24</b>	<b>510.44</b>	<b>592.49</b>
Inventory include in transit inventory of Raw materials	6.23	3.72	31.60
<b>Total</b>	<b>6.23</b>	<b>3.72</b>	<b>31.60</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 8 Share Capital

#### (a) Equity share capital

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Authorised</b>						
Equity shares of Rs. 10 each	1,00,00,000	1,000.00	1,00,00,000	1,000.00	1,00,00,000	1,000.00
<b>Issued, Subscribed and Paid up</b>						
Equity Shares of Rs. 10 each fully paid	53,08,634	530.86	53,08,634	530.86	53,08,634	530.86
<b>Total</b>	<b>53,08,634</b>	<b>530.86</b>	<b>53,08,634</b>	<b>530.86</b>	<b>53,08,634</b>	<b>530.86</b>

#### Terms / rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (b) Equity shares held by the Holding Company

	31 March 2018	31 March 2017	1 April 2016
Oronzio De Nora International B. V.	28,49,500	28,49,500	28,49,500

#### (c) Details of shareholders holding more than 5% of the aggregate shares in the Company:

##### Equity shares of (face value: 10 each)

	31 March 2018		31 March 2017		1 April 2016	
	No. of shares	% of total equity shares	No. of shares	% of total equity shares	No. of shares	% of total equity shares
Oronzio De Nora International B. V.	28,49,500	53.68%	28,49,500	53.68%	28,49,500	53.68%

### 9 (a) Reserves and Surplus

	31 March 2018	31 March 2017	1 April 2016
Securities premium reserve	736.08	736.08	736.08
Capital redemption reserve	24.65	24.65	24.65
Retained earnings	3,226.79	3,178.47	3,142.67
General Reserve	706.77	706.76	706.76
	<b>4,694.28</b>	<b>4,645.96</b>	<b>4,610.16</b>

#### (i) Retained earnings

	31 March 2018	31 March 2017
Balance at the beginning of the year	3,178.47	3,142.67
Profit for the year	169.03	298.03
<i>Items of other comprehensive income recognized directly in retained earnings</i>		
- Remeasurements of post-employment benefit obligation, net of tax	7.06	(6.65)
Dividend on Equity Shares	(106.17)	(212.35)
Corporate Tax paid on Dividend	(21.61)	(43.23)
<b>Balance at the end of the year</b>	<b>3,226.79</b>	<b>3,178.47</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 9 (b) Other Comprehensive Income

	FVOCI - equity instruments
<b>As at 1 April 2016*</b>	<b>13.01</b>
Change in fair value of FVOCI equity instruments	2.59
<b>As at 31 March 2017</b>	<b>15.60</b>
Change in fair value of FVOCI equity instruments	(3.07)
<b>As at 31 March 2018</b>	<b>12.53</b>

\* Remeasurements of post-employment benefit obligation have been adjusted with retained earnings

### 9 (c) Nature and Purpose of Reserves:

#### a) Securities premium reserve

Securities premium account comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

#### b) General reserve

The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the statement of profit and loss.

#### c) Capital redemption reserve

Capital redemption reserve up to the nominal value of shares is created out of distributable profit for buy-back of shares as per Section 69 of the Companies Act 2013.

### 9 (d) Dividend on Equity Shares

	31 March 2018	31 March 2017
<b>Dividend on equity shares declared and paid during the year</b>		
Final dividend of Rs.2 per share for the year ended 31 March 2017 (2015-16: Rs.4 per share)	106.17	212.35
Dividend distribution tax on final dividend	21.61	43.23
	<b>127.78</b>	<b>255.58</b>
<b>Proposed dividend on equity shares not recognised as liability</b>		
Final dividend of Rs.1 per share for the year ended 31 March 2018 (2016-17: Rs.2 per share)	53.09	106.17
Dividend distribution tax on final dividend	10.81	21.61
	<b>63.90</b>	<b>127.78</b>

Proposed dividend on equity shares is subject to the approval of the shareholders of the Company at the Annual General Meeting and not recognised as liability as at the Balance Sheet date.

## 10 Financial Liabilities

### [a] Trade Payables

	31 March 2018	31 March 2017	1 April 2016
<b>Current</b>			
<b>Trade payables</b>			
Payables to Micro, Small and Medium Enterprises*	-	-	-
Payables to others	451.85	292.72	363.51
	<b>451.85</b>	<b>292.72</b>	<b>363.51</b>

\*There are no amounts due to the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### [b] Other Financial Liabilities

	31 March 2018	31 March 2017	1 April 2016
<b>Current</b>			
Employee Payables	47.47	84.83	73.04
Capital creditors	-	279.95	29.96
Accrual of expenses	253.03	199.21	171.34
Unpaid dividend	16.91	15.19	13.48
	<b>317.41</b>	<b>579.19</b>	<b>287.82</b>

### 11 Provisions

	31 March 2018	31 March 2017	1 April 2016
<b>Non-current</b>			
Provision for gratuity	18.55	17.53	-
Provision for leave encashment	31.96	21.82	4.14
	<b>50.51</b>	<b>39.36</b>	<b>4.14</b>
<b>Current</b>			
Provision for gratuity	-	-	-
Provision for leave encashment	0.83	0.78	0.71
Provision for warranties	138.19	167.18	187.94
	<b>139.02</b>	<b>167.96</b>	<b>188.65</b>

### 12 Deferred tax asset (Net)

	31 March 2018	31 March 2017	1 April 2016
<b>Deferred tax asset/ (liability)</b>			
Provision for warranty	38.07	55.27	65.05
Provision for doubtful receivables	21.10	41.89	44.81
Provision for inventory obsolescence	61.04	68.65	94.56
Employee benefits	14.15	13.27	1.68
Others deferred tax asset	10.97	29.94	15.55
Property, plant and equipment	(106.37)	(70.45)	(72.20)
Investment in mutual funds	(0.99)	(0.53)	(0.91)
MAT credit entitlement	23.02	-	-
<b>Deferred tax asset/ (liability) net</b>	<b>60.99</b>	<b>138.05</b>	<b>148.54</b>

#### (i) Movement in deferred tax assets / (liabilities)

	1 April 2016	Recognized in			31 March 2017
		Profit or loss	OCI	Equity	
Provision for warranty	65.05	(9.78)	-	-	55.27
Provision for doubtful receivables	44.81	(2.91)	-	-	41.90
Provision for inventory obsolescence	94.56	(25.91)	-	-	68.65
Employee benefits	1.68	8.31	3.28	-	13.27
Others	15.55	14.39	-	-	29.94
Property, plant and equipment	(72.20)	1.75	-	-	(70.45)
Investment in mutual funds	(0.91)	0.38	-	-	(0.53)
	<b>148.54</b>	<b>(13.77)</b>	<b>3.28</b>	<b>-</b>	<b>138.05</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

	31 March 2017	Recognized in			31 March 2018
		Profit or loss	OCI	Equity	
Provision for warranty	55.27	(17.20)	-	-	38.07
Provision for doubtful receivables	41.90	(20.80)	-	-	21.10
Provision for inventory obsolescence	68.65	(7.61)	-	-	61.04
Employee benefits	13.27	3.56	(2.68)	-	14.15
Others	29.94	(18.97)	-	-	10.97
Property, plant and equipment	(70.45)	(35.92)	-	-	(106.37)
Investment in mutual funds	(0.53)	(0.46)	-	-	(0.99)
MAT		23.02	-	-	23.02
	138.04	(74.38)	(2.68)	-	60.99

### 13 Other Liabilities

	31 March 2018	31 March 2017	1 April 2016
<b>Current</b>			
Advance from customer	32.36	18.21	6.72
Statutory dues	79.06	84.49	41.34
	111.42	102.70	48.06

### 14 Revenue from Operations

	For the year ended as on	
	31 March 2018	31 March 2017
<b>Revenue from sale of products (Gross)</b>		
Finished goods	577.86	1,217.29
Traded goods	75.55	61.71
	653.41	1,279.00
<b>Revenue from rendering services</b>		
Recoating	2,060.33	1,446.55
Annual maintenance charges	8.70	29.73
	2,069.03	1,476.28
<b>Other operating income</b>		
Sale of scrap	3.15	1.19
	3.15	1.19
	2,725.59	2,756.47

### 15 Other Income

	For the year ended as on	
	31 March 2018	31 March 2017
Dividend income from current investments	82.02	100.77
Dividend income from non-current investments	0.12	-
Interest income on others	70.73	69.98
<u>Net gains (losses) on fair value changes</u>		
Investments classified at FVTPL	2.00	(1.02)
Profit from sale of investment	-	1.13
Income from deputations services	115.56	133.59
Warranty provision written back	28.99	20.77
Writeback of provision for doubtful debts	9.71	-
Miscellaneous income	16.80	5.90
	325.93	331.11





## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 16 Cost of Raw Materials Consumed

	For the year ended as on	
	31 March 2018	31 March 2017
Raw materials at the beginning of the year	355.54	378.41
Add: Purchases	795.41	838.74
Less: Raw material at the end of the year	476.94	355.54
	<b>674.02</b>	<b>861.61</b>

### 17 Change in Inventory of Finished Goods and Work in Progress

	For the year ended as on	
	31 March 2018	31 March 2017
Opening stock		
Work in progress	58.53	144.45
Finished goods	96.38	48.32
	<b>154.91</b>	<b>192.77</b>
Less: Closing stock	133.92	58.53
Work in progress	72.38	96.38
Finished goods and stock in trade	206.30	154.91
	<b>(51.40)</b>	<b>37.87</b>

### 18 Employee Benefits Expense

	For the year ended as on	
	31 March 2018	31 March 2017
Salaries, wages and bonus	522.58	449.43
Gratuity	13.63	10.83
Contribution to provident and other funds	49.35	46.96
Compensated absences	11.10	18.64
Staff welfare expenses	40.42	45.18
	<b>637.09</b>	<b>571.05</b>

### 19 Depreciation and Amortisation Expense

	For the year ended as on	
	31 March 2018	31 March 2017
Depreciation on property, plant and equipment	88.93	82.34
Amortisation of intangible assets	123.71	2.73
	<b>212.64</b>	<b>85.06</b>

### 20 Finance Costs

	For the year ended as on	
	31 March 2018	31 March 2017
Finance cost	0.02	0.00
	<b>0.02</b>	<b>0.00</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 21 Other Expenses

	For the year ended as on	
	31 March 2018	31 March 2017
Consumption of stores and spare parts	103.64	89.57
Consumption of packing material	1.10	1.22
Job work charges	11.56	5.65
Labour charges	121.12	103.73
Installation, commissioning and repair cost of electrochlorinators	-	6.67
Power, fuel and water	68.04	60.17
Rent	0.18	0.54
Rates and taxes	12.22	5.41
Repairs and maintenance		
- Building	15.49	8.22
- Machinery	18.57	19.83
- Others	134.45	7.93
Insurance	17.46	22.67
Provision for Obsolete stock	2.16	-
Bad Debts written off	-	15.35
Net loss on account of foreign exchange fluctuations	25.37	1.09
Travelling expenses	168.77	151.30
Freight and forwarding	12.43	13.47
Telephone and other communication expenses	14.10	17.79
Loss on sale of fixed assets	9.80	0.29
Corporate Social Responsibility 'CSR' expenses	18.00	20.62
Printing and stationery	6.77	6.94
Advertising and sales promotion	7.94	10.41
Legal and professional fees	319.67	245.24
Auditors' remuneration (refer note below)	31.58	29.63
Commission	0.30	7.41
Bank charges	0.79	6.37
Donation	0.11	0.13
Royalty	84.99	62.36
Miscellaneous expenses	39.99	36.84
	<b>1,246.57</b>	<b>956.85</b>

#### A Auditors remuneration

	31 March 2018	31 March 2017
Audit fees (including Quarterly Limited Review)	26.50	24.18
Fees for other services	0.55	2.00
Reimbursement of expenses	4.53	3.45
	<b>31.58</b>	<b>29.63</b>

\* The amounts presented are net of GST / service tax / other applicable taxes



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### B Expenditure incurred on corporate social responsibility activities

The Expenditure incurred for complying with provisions for the CSR expenditure required under Section 135 of Companies Act, 2013 has been done through contribution to Prime Minister's National Relief Fund and various NGO's (Non Government Organisation).

	31 March 2018	31 March 2017
Gross amount required to be spent by the Company during the year	16.72	20.62
Amount spent during the year on :		
- Promotion of education	12.01	3.99
- Promoting gender equality and empowering women	3.00	-
- Making available safe drinking water	2.99	-
- Promoting health care including preventive health care and sanitation	-	16.63
	18.00	20.62

### 22 Income Tax

	For the year ended as on	
	31 March 2018	31 March 2017
<b>[a] Income tax expense is as follows:</b>		
<b>Statement of profit and loss</b>		
<b>Current tax:</b>		
Current tax on profits for the year	41.00	108.53
Adjustments for current tax of prior period items	22.95	24.10
<b>Total current tax expense</b>	<b>63.95</b>	<b>132.63</b>
<b>Deferred tax:</b>		
Deferred tax expense / (income)	74.37	13.80
<b>Total deferred tax expense / (benefit)</b>	<b>74.37</b>	<b>13.80</b>
<b>Income tax expense</b>	<b>138.32</b>	<b>146.43</b>
<b>Other comprehensive income</b>		
<b>Deferred tax related to OCI items:</b>		
- On loss / (gain) on remeasurements of defined benefit plans	(2.68)	3.28
	<b>(2.68)</b>	<b>3.28</b>
<b>[b] Reconciliation of effective tax rate</b>		
Profit/(loss) before tax	307.35	444.46
Tax at the rate of 27.55% (2016-17: 33.06%, 2015-16 : 34.61%)	84.68	146.94
Change in tax rates	23.00	(0.46)
Tax effects on amounts which are not deductible / (taxable)	20.75	9.17
Tax effect on items exempt from tax	(22.63)	(33.31)
Adjustment of current tax relating to previous years	22.95	24.09
Reversal of deductible temporary difference	9.57	-
<b>Income tax expense</b>	<b>138.32</b>	<b>146.43</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### 23 Earning Per Share

	For the year ended as on	
	31 March 2018	31 March 2017
<b>Basic and diluted earning per share (face value of Rs. 10 each)</b>		
- Profit attributable to the equity share holders of the Company	<b>169.03</b>	298.03
- Weighted average number of shares (Nos)	<b>5,308,634</b>	5,308,634
<b>Basic earnings per share</b>	<b>3.18</b>	5.61
<b>Diluted earnings per share</b>	<b>3.18</b>	5.61

### 24 Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Market risk; and
- Liquidity risk

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors along with the top Management are responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are monitored & reviewed periodically to reflect changes in market conditions and the Company's activities. The Company, through its training, standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The key risks and mitigating actions are placed before Management of the Company who then evaluates and takes the necessary corrective action.

#### [A] Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, cash and cash equivalents and deposits with banks, investment in securities and other financial instruments measured at amortized cost.

The carrying amounts of financial assets represents maximum credit risk exposure.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

However, the credit risk arising on cash and cash equivalents is limited as the Company invest in deposits with banks and financial institution with credit ratings and strong repayment capacity. Investment in securities primarily include investment in liquid mutual funds units and equity shares.

#### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

	31 March 2018	31 March 2017	1 April 2016
Not due	307.29	436.93	1,062.20
Past due 1-180 days	104.17	184.17	61.15
Past due for more than 180 days	179.91	103.29	50.31
	<b>591.37</b>	<b>724.39</b>	<b>1,173.66</b>

### Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

Movement of provision for doubtful debts:

	31 March 2018	31 March 2017
Balance at the beginning of the year	126.70	129.51
Amount provided during the year (net of reversal)	30.02	15.35
Amounts written off	(40.40)	(18.16)
<b>Balance at the end of the year</b>	<b>116.32</b>	<b>126.70</b>

### Cash and cash equivalent

As at the year end, the Company held cash and cash equivalents of Rs. 82.62 lakhs (31 March 2017 - Rs. 260.21 lakhs, 1 April 2016 - Rs. 124.36 lakhs). The cash and cash equivalents are held with banks with good credit rating.

### Other bank balances

Other bank balances are held with banks with good credit rating.

### Investments

The Company limits its exposure to credit risk by generally investing in liquid mutual funds and securities of counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties.

### Other financial assets

Other financial assets are neither past due nor impaired.

## [B] Liquidity risk

'Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company regularly monitors the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest bearing term deposits and liquid mutual funds with appropriate maturities to optimize the cash returns on investments while ensuring sufficient liquidity to meet its liabilities





## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### Maturities of financial liabilities

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows along with its carrying value as at the Balance Sheet date.

	Carrying amount	Upto 1 year	Between 1 and 5 years	More than 5 years	Total
<b>31 March 2018</b>					
<b>Non-derivatives</b>					
Trade payables	451.85	451.85	-	-	451.85
Capital creditors	-	-	-	-	-
Other financial liabilities	317.40	317.40	-	-	317.40
<b>Total</b>	<b>769.25</b>	<b>769.25</b>	<b>-</b>	<b>-</b>	<b>769.25</b>
<b>31 March 2017</b>					
<b>Non-derivatives</b>					
Trade payables	292.72	292.72	-	-	292.72
Capital creditors	279.95	279.95	-	-	-
Other financial liabilities	299.23	299.23	-	-	299.23
<b>Total</b>	<b>871.90</b>	<b>871.90</b>	<b>-</b>	<b>-</b>	<b>591.95</b>
<b>1 April 2016</b>					
<b>Non-derivatives</b>					
Trade payables	363.51	363.51	-	-	363.51
Capital creditors	29.96	29.96	-	-	29.96
Other financial liabilities	257.85	257.85	-	-	257.85
<b>Total</b>	<b>651.32</b>	<b>651.32</b>	<b>-</b>	<b>-</b>	<b>651.32</b>

### [C] Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

#### (i) Foreign currency risk

The Company is subject to the risk that changes in foreign currency values impact the Company's exports revenue and imports of raw material. The risk exposure is with respect to various currencies viz. USD, GBP and EURO. The risk is measured through monitoring the net exposure to various foreign currencies and the same is minimized to the extent possible.

#### (a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	31 March 2018		31 March 2017		1 April 2016		
	USD	EUR	USD	EUR	USD	EUR	GBP
<b>Financial assets</b>							
Trade receivables	0.63	0.72	0.37	0.57	0.26	0.40	-
	0.63	0.72	0.37	0.57	0.26	0.40	-
<b>Financial liabilities</b>							
Trade payables	1.88	4.12	2.46	2.84	0.83	2.77	0.27
	1.88	4.12	2.46	2.84	0.83	2.77	0.27
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>(1.25)</b>	<b>(3.40)</b>	<b>(2.09)</b>	<b>(2.27)</b>	<b>(0.57)</b>	<b>(2.37)</b>	<b>(0.27)</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### (b) Foreign currency sensitivity analysis

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The following tables demonstrate the sensitivity to a reasonably possible change in USD, EUR and GBP exchange rates, with all other variables held constant:

	Impact on profit before tax		Equity, net of tax	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
USD				
- Increase by 1%	(0.81)	(1.36)	-	-
- Decrease by 1%	0.81	1.36	-	-
EUR				
- Increase by 1%	(2.77)	(1.58)	-	-
- Decrease by 1%	2.77	1.58	-	-

### (ii) Price risk

The Company is mainly exposed to the price risk due to its investment in mutual funds and equity shares. The price risk arises due to uncertainties about the future market values of these investments.

At 31 March 2018, the investments in mutual funds amounts to Rs. 2,013.25 lakhs (31 March 2017: Rs. 2,027.63 lakhs and 1 April 2016: Rs. 1,921.80 lakhs ). These are exposed to price risk.

The Company has laid policies and guidelines which it adheres to in order to minimize price risk arising from investments in equity mutual funds.

1% increase in prices would have led to approximately an additional Rs. 20.13 lakhs gain in the Statement of Profit and Loss (2015-16: Rs. 20.28 lakhs gain). 1% decrease in prices would have led to an equal but opposite effect.

## 25 Fair Value Measurements

### Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities if the carrying amount is a reasonable approximation of fair value.

### (A) Financial instruments by category

As at 31 March 2018	Carrying amount			Fair value		
	FVTPL	Amortized Cost	FVTOCI	Level 1	Level 2	Level 3
<b>Financial assets</b>						
<b>Non Current</b>						
<b>Investment</b>						
Investment in equity instruments*	-	-	14.23	14.23	-	-
Other financial assets	-	80.07	-	-	-	-
<b>Current</b>						
Investment in mutual funds	2,013.25	-	-	2,013.25	-	-
Trade receivables	-	475.03	-	-	-	-
Cash and cash equivalents	-	82.81	-	-	-	-
Bank balance other than cash and cash equivalents	-	1,016.91	-	-	-	-
Loans	-	13.34	-	-	-	-
	<u>2,013.25</u>	<u>1,668.16</u>	<u>14.23</u>	<u>2,027.48</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>						
<b>Current</b>						
Trade payables	-	451.85	-	-	-	-
Other financial liabilities	-	317.40	-	-	-	-
	<u>-</u>	<u>769.25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

As at 31 March 2017	Carrying amount			Fair value		
	FVTPL	Amortized Cost	FVTOCI	Level 1	Level 2	Level 3
<b>Financial assets</b>						
<b>Non Current</b>						
<b>Investment</b>						
Investment in equity instruments*	-	-	17.30	17.30	-	-
<b>Current</b>						
Investment in mutual funds	2,027.63	-	-	2,027.63	-	-
Trade receivables	-	597.68	-	-	-	-
Cash and cash equivalents	-	260.29	-	-	-	-
Bank balance other than cash and cash equivalents	-	1,015.19	-	-	-	-
Loans	-	9.35	-	-	-	-
	<u>2,027.63</u>	<u>1,882.51</u>	<u>17.30</u>	<u>2,044.93</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>						
<b>Current</b>						
Trade payables	-	292.72	-	-	-	-
Capital creditor	-	279.95	-	-	-	-
Other financial liabilities	-	299.23	-	-	-	-
	<u>-</u>	<u>871.90</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 1 April 2016	Carrying amount			Fair value		
	FVTPL	Amortized Cost	FVTOCI	Level 1	Level 2	Level 3
<b>Financial assets</b>						
<b>Non Current</b>						
<b>Investment</b>						
Investment in equity instruments*	-	-	14.71	14.71	-	-
Other financial assets	-	1,000.00	-	-	-	-
<b>Current</b>						
Investment in mutual funds	1,921.80	-	-	-	-	-
Trade receivables	-	1,044.15	-	-	-	-
Cash and cash equivalents	-	124.83	-	-	-	-
Bank balance other than cash and cash equivalents	-	13.49	-	-	-	-
Loans	-	20.91	-	-	-	-
	<u>1,921.80</u>	<u>2,203.38</u>	<u>14.71</u>	<u>14.71</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>						
<b>Current</b>						
Trade payables	-	363.51	-	-	-	-
Capital creditor	-	29.96	-	-	-	-
Other financial liabilities	-	257.85	-	-	-	-
	<u>-</u>	<u>651.32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

\*The equity instruments which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value through OCI rather than profit or loss are strategic investments and the Company has considered this to be more relevant.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### (B) FAIR VALUE HEIRARCHY

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. The Company has made certain judgements and estimates in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified the financial instruments into three levels prescribed under the accounting standard. An explanation of each level is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. This includes mutual funds and listed equity instruments that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: Level 2 hierarchy includes financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates.

Level 3: If one or more of the significant inputs is not based on the observable market data, the instrument is included in Level 3 hierarchy.

### (C) VALUATION TECHNIQUES

Specific valuation techniques used to value financial instruments include

- the use of quoted market prices for mutual funds
- the use of quoted market prices for equity instruments

There are no items in the financial instruments, which required level 3 valuation.

## 26. Capital Management

Equity share capital and other equity are considered for the purpose of Company's capital management.

The Company manages its capital so as to safeguard its ability to continue as a going concern. The capital structure of the Company is based on Management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence.

The Management and the Board of Directors monitor the return on capital as well as the level of dividends to shareholders. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

## 27. Segment Information

### A. Basis for segmentation

The Company operates only in one segment namely manufacturing and servicing of Electrolytic products. The products being sold under this segment are of similar nature. The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on an aggregation of financial information for the Company on a periodic basis.

### B. Geographical information

#### Revenue from external customers

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table.

	31 March 2018	31 March 2017
India	2,597.65	2,630.18
Outside India	127.94	126.30
<b>Total</b>	<b>2,725.59</b>	<b>2,756.47</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### C. Major customers

Revenue from customers that individually constituted more than 10% of the Company's revenue are as follows:

	31 March 2018	31 March 2017
Customer A	477.90	426.02
Customer B	410.93	280.90
Customer C	317.75	244.12
Customer D	300.10	-
Customer E	247.74	-
<b>Total</b>	<b>1,754.41</b>	<b>951.04</b>

### 28 Employee Benefit Obligations

#### (a) Defined Contribution plans

The Company offers its employees defined contribution plan in the form of provident fund, family pension fund and superannuation fund. Provident fund and family pension fund cover substantially all regular employees while the superannuation fund covers certain executives. The Company makes specified monthly contributions towards employees provident fund to government administrative provident fund scheme which is a defined contribution plan. Contributions are paid during the period into separate funds under certain approved securities. While both the employees and the Company pay predetermined contributions into the provident fund, contributions into the family pension fund and the superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. The Company does not have any obligation beyond the amounts already contributed.

A sum of Rs. 49.35 lakhs (previous year Rs. 46.96 lakhs ) has been charged to the Statement of profit and loss in this respect, comprising of the following:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Provident fund	30.96	18.63
Family Pension Fund	0.36	11.19
Superannuation Fund and others	18.03	17.15
<b>Total</b>	<b>49.35</b>	<b>46.97</b>

#### (b) Defined Benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. The fair value of the plan assets of the trust administered by the Company, is deducted from the gross obligation.





## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### (i) Movement of defined benefit obligation and plan assets

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net Amount
<b>1 April 2016</b>	155.50	158.73	(3.23)
Current service cost	11.65	-	11.65
Interest expense/ income	11.70	12.52	(0.82)
<b>Total amount recognized in profit and loss</b>	23.35	12.52	10.83
<b>Remeasurements</b>			
Gain/loss from change in demographic assumption	-	-	-
Gain/loss from change in financial assumption	9.47	2.52	6.96
Experience gain / loss	2.99	-	2.99
<b>Total amount recognized in other comprehensive income</b>	12.46	2.52	9.95
Employer contributions			-
Benefit payments	(14.41)	(14.41)	-
<b>31 March 2017</b>	176.90	159.36	17.55
Current service cost	13.27	-	13.27
Interest expenses / income	11.84	11.47	0.37
<b>Total amount recognized in profit and loss</b>	25.10	11.47	13.64
<b>Remeasurements</b>			
Gain / loss from change in demographic assumption	-	-	-
Gain / loss from change in financial assumption	(6.21)	(0.20)	(6.01)
Experience gain / loss	(3.73)	-	(3.73)
<b>Total amount recognized in other comprehensive income</b>	(9.94)	(0.20)	(9.74)
Employer contributions	-	2.87	(2.87)
Benefit payments	(20.58)	(20.58)	-
Mortality charges and taxes	-	-	-
<b>31 March 2018</b>	171.48	152.92	18.58

### (ii) Net assets / liabilities

An analysis of net (deficit)/assets is provided below for the Company's principal defined benefit gratuity scheme.

	31 March 2018	31 March 2017
Present value of funded obligations	171	177
Fair value of plan assets	153	159
<b>Net deficit for funded schemes</b>	<b>(18)</b>	<b>(18)</b>

### (iii) Analysis of plan assets is as follows:

	31 March 2018	31 March 2017
Insurer Managed Funds (100%) (Fund is Managed by LIC as per Insurance Regulatory and Development Authority guidelines, category-wise composition of the plan assets is not available)	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### (iv) Actuarial assumptions and sensitivity analysis

Mortality table	31 March 2018	31 March 2017
	IALM (2006-08) ult	IALM (2006-08) ult
Discount rate	7.65%	7.20%
Rate of increase in compensation levels	8%	8%
Expected rate of return on plan assets	7.65%	7.20%
Expected average remaining working lives of employees (in years)	10.81	10.91
Withdrawal Rate	3.00%	3.00%

#### Notes:

- Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities for the estimated term of the obligations.
- Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- Assumptions regarding future mortality experience are set in accordance with the statistics published by the Life Insurance Corporation of India.

Sensitivity of the defined benefit obligation to changes in weighted principal assumptions is

	Impact on present benefit obligation	
	31 March 2018	31 March 2017
Discount rate - Increase by 1%	158.85	163.45
Discount rate- Decrease by 1%	(185.78)	(192.24)
Salary increment rate - Increase by 1%	185.59	191.97
Salary increment rate- Decrease by 1%	(158.78)	(163.43)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice it is unlikely to occur, and changes in some of the assumptions may be correlated. The methods and types of assumption used in preparing the sensitivity analysis did not change compared to previous period.

### (v) Expected future benefits payments

The Company monitors the funding levels on annual basis and accordingly decides upon the contribution to the fund. Expected contributions to post-employment benefit plans for the year ending 31 March 2018 are Rs. 18.67 lakhs (31 March 2017 Rs. 25.05 lakhs ). The expected maturity analysis of undiscounted pension, gratuity and post-employment medical benefits is as follows:

	Less than a year	1 to 2 years	2-5 Years	More than 5 years
<b>As at 31-Mar-2018</b>				
Defined benefit obligation - Gratuity	18.67	8.44	46.37	90.05
<b>As at 31-Mar-2017</b>				
Defined benefit obligation - Gratuity	25.05	9.39	32.43	69.52

Weighted average duration of the fund is 10.81 years (31 March 2017- 10.91 years)

## 29 Related Party Disclosures (IND AS 24):

### a) Parent and Ultimate Holding Company ('UHC')

**Ultimate Holding Company ('UHC')**

Industry De Nora S.p.A.

**Holding Company**

Oronzio De Nora International B.V.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### Key Management Personnel (KMP)

Mr. Manjeri Anantaraman Sundaram	Chairman/Independent Director
Mr. Vinay Chopra	Managing Director
Mr. Robert Scannell	Non-Executive Director
Mrs. Sarita D'Souza	Non-Executive/ Independent Director
Ms. Supriya Banerji (w.e.f 27 October 2016)	Non-Executive Director
Mr. Krishan Khanna (till 02 August 2016)	
Mr. Francesco L'Abbate (w.e.f. 29 January 2018)	Non-Executive Director
Mr. Angelo Ferrari (till 15 January 2018)	Non-Executive Director
Mrs. Jyoti Bandodkar	Company Secretary
Mr. Deepak Nagvekar	Chief Financial Officer

### b) Other related parties with whom transactions have taken place during the year

#### Fellow subsidiaries

De Nora Deutschland GmbH  
De Nora Tech Inc.  
De Nora Water Technologies Texas, LLC  
De Nora Water Technologies, LLC - Singapore Branch  
De Nora Water Technologies Milan Srl.  
De Nora Water Technologies Inc, Colmar  
Thyssenkrupp Uhde Chlorine, Germany  
Denora Permelec Limited  
Industrie De Nora S.p.A., Singapore Branch  
De Nora Elettrodi (Suzhou) Ltd.

### Transactions with the related parties

#### (c) Key managerial personnel compensation

	31 March 2018	31 March 2017
a. Short term employee benefits	65.80	43.25
b. Post-employment benefits	6.93	5.71

#### (d) The following transactions were carried out with the related parties in the ordinary course of business:

	For the year ended	
	31 March 2018	31 March 2017
<b>Purchase of raw material, trading goods and spares</b>		
Ultimate Holding Company	2.25	13.84
Fellow subsidiaries	55.28	153.02
<b>Commission paid</b>		
Ultimate Holding Company	0.30	0.12
<b>Purchase of services</b>		
Ultimate Holding Company	364.49	180.30
Fellow subsidiaries	125.61	59.55
<b>Purchase of intangible assets</b>		
Ultimate Holding Company	-	474.65
Fellow subsidiaries	-	21.17



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

	For the year ended	
	31 March 2018	31 March 2017
<b>Payment of royalty</b>		
Ultimate Holding Company	84.99	62.36
<b>Sale of goods and services</b>		
Ultimate Holding Company	0.57	19.59
Fellow subsidiaries	89.41	31.08
<b>Recovery of expenses</b>		
Fellow subsidiaries	115.56	133.59
<b>Dividends paid</b>		
Holding Company	56.99	113.99
<b>Commission &amp; Sitting Fees to Non-Executive Directors</b>		
Key Management Personnel	2.90	2.45

### Outstanding balances

	31 March 2018	31 March 2017	1 April 2016
<b>Receivables</b>			
Ultimate Holding Company	-	6.49	-
Fellow subsidiaries	65.68	49.04	31.64
<b>Payables</b>			
Ultimate Holding Company	(191.36)	(176.57)	(111.45)
Fellow Subsidiaries	(159.34)	(181.86)	(61.05)

### Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017 - Rs. Nil, 01.04.2016 - Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## 30 Provisions

### Warranties/ recoating

The Company offers warranties for one of the critical parts of certain electro chlorinators and for some of its coating / recoating services for an initial period of two years followed by support contracts for a period of four years in the case of electro chlorinators and for a period of six years in the case of coating, eight years in case of recoating services during which period amounts are recoverable from the customers based on pre-defined terms. Estimated costs from warranty terms standard to the deliverable are recognised when revenue is recorded for the related deliverable. The Company estimates its warranty costs standard to the deliverable based on historical warranty claim experience and applies this estimate to the revenue stream for deliverables under warranty. Future costs for warranties applicable to revenue recognised in the current period are charged to the revenue account.

The warranty accrual is reviewed periodically to verify that it properly reflects the remaining obligation based on the anticipated expenditures over the balance of the obligation period. Adjustments are made when the actual warranty claim experience differs from estimates. Provisions include estimated costs of support maintenance contracts to the extent such estimated costs are expected to exceed the expected recovery during the obligation period. No assets are recognised in respect of the expected recovery on support contracts.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

Factors that could impact the estimated claim information include the Company's productivity, costs of materials, power and labour and the actual recoveries on support contracts.

The movement in the provision for warranties/ recoating are summarised as under :

	31 March 2018	31 March 2017	1 April 2016
Opening carrying amount	167.18	187.95	171.41
Additional provision during the year	-	39.73	96.62
Unused amounts reversed during the year	28.99	60.50	80.08
Closing carrying amount	138.19	167.18	187.95

Most of the outflows are expected to take place within 1 year from the balance sheet date and the remaining are expected to be incurred over 5-7 years from the balance sheet date.

### 31. Disclosure in Accordance with Ind AS- 11

	31 March 2018	31 March 2017	1 April 2016
A. Contract revenue (net of excise)	-	-	-
B. Disclosure for contracts in progress:			
i. Aggregate amount of costs incurred	-	-	-
ii. Recognized profits (net of recognized losses)	-	-	-
iii. Retention money	-	-	-
C. Gross amount due from customers for contract work	-	-	-
D. Gross amount due to vendors for contract work	23.00	23.00	23.00

### 32 Contingencies and Commitments

	31 March 2018	31 March 2017	1 April 2016
a. Claims in respect of excise matters*	11.32	11.32	11.32

\* Excise duty on assessable value consequent to the benefit availed under Goa Value Added Tax Deferment-cum-net present value compulsory payment scheme, 2005

#### b Commitments

	31 March 2018	31 March 2017	1 April 2016
Estimated amount of contracts remaining to be executed on capital account (net of advances), not provided for	-	7.65	-

### 33 First time adoption of Ind AS

#### Transition to Ind AS:

For the purposes of reporting as set out in Note 1, the Company has transitioned its basis of accounting from accounting standards specified in the Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act IGAAP (hereinafter referred to as "IGAAP") to accounting standards notified as per Companies (Indian Accounting Standards) Rules, 2014 as amended (hereinafter referred to as "Ind AS"). The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the "transition date").

In preparing the opening Ind AS balance sheet, the amounts reported in financial statements prepared in accordance with previous GAAP have been adjusted for the transition to Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates made under previous GAAP were not required except where required by Ind AS.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### A. Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	Footnote ref.	31 March 2017	1 April 2016
Total equity as per previous GAAP		5,154.17	4,865.78
<b>Summary of Ind AS adjustments</b>			
Fair valuation of investments in equity shares	2	15.60	13.01
Fair valuation of investments in mutual funds	1	1.60	2.62
Proposed dividend	3	-	212.35
Tax on proposed dividend		-	43.23
Deferred tax on above adjustments	6	(11.20)	(10.41)
Rectification of Employee Benefit Provision (net of tax)	5	32.26	27.47
<b>Total Ind AS adjustments</b>		38.26	288.27
<b>Total equity as per Ind AS</b>		5,192.43	5,154.04

### B. Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Footnote ref.	31 March 2017
Profit after tax as per previous GAAP		288.39
<b>Summary of Ind AS adjustments</b>		
Fair valuation of investments in mutual funds	2	(1.02)
Remeasurements of post-employment benefit obligation	4	14.73
Deferred tax on above adjustments	5	(4.07)
<b>Total Ind AS adjustments</b>		9.64
<b>Other comprehensive income</b>		
Fair valuation of equity instruments at FVOCI	1	2.59
Remeasurements of post-employment benefit obligation	4	(9.93)
Deferred tax on above adjustments	5	3.28
		(4.06)
		293.97

### C. Reconciliation of Statement of Cash Flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and under IGAAP.

#### Notes to the reconciliation:

#### 1 Fair valuation of investments in mutual funds

Under previous GAAP, investments in mutual funds were measured at lower of cost or market price as of each reporting date.

Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated at FVOCI) have been recognised in the retained earnings at the date of transition and subsequently in profit or loss for the year ended 31 March 2017.

#### 2 Fair valuation of investments in equity instruments

Under previous GAAP, investments in equity shares were measured at cost less provision for other than temporary decline in the value of such investments.

Under Ind AS, these investments are required to be measured at fair value. Fair value changes with respect to investments in equity instruments have been recognized in FVOCI - Equity investments reserve.





## **NOTES TO THE FINANCIAL STATEMENTS**

*for the year ended 31 March, 2018*

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### **3 Proposed dividend**

Under Indian GAAP, proposed dividends are recognized as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Company (usually when approved by shareholders in a general meeting) or paid.

In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability recorded for this dividend and tax thereon, has been derecognised against retained earnings.

### **4 Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in Other Comprehensive Income (OCI) instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

### **5 Rectification of Employee Benefit Provision**

It represents adjustment in respect of capped sick leave benefits as per Company policy which were considered as uncapped by the actuary in prior years.

### **6 Deferred tax adjustments :**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### B. Reconciliations between Previous GAAP and Ind AS

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables.

#### Reconciliation of equity as at 1 April 2016

	Footnote ref.	Amount as per Previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		719.53	-	719.53
Intangible assets		2.88	-	2.88
Intangible assets under development		189.65	-	189.65
Financial assets				
(i) Investments		1.70	13.01	14.71
(ii) Other financial assets		1,000.00	-	1,000.00
Deferred tax assets		158.97	(10.41)	148.56
Non-Current tax assets		130.23	-	130.23
Other non-current assets		3.23	-	3.23
<b>Total non-current assets</b>		<u>2,206.19</u>	<u>2.60</u>	<u>2,208.79</u>
<b>Current assets</b>				
Inventories		592.50	-	592.50
Financial assets				
(i) Current investments		1,919.18	2.62	1,921.80
(ii) Trade receivables		1,044.15	-	1,044.15
(iv) Cash and cash equivalents		124.83	-	124.83
(v) Balances with bank other than iii above		13.48	-	13.48
(vi) Loans		20.91	-	20.91
Other current assets		119.80	-	119.80
<b>Total current assets</b>		<u>3,834.83</u>	<u>2.62</u>	<u>3,837.45</u>
<b>TOTAL ASSETS</b>		<u>6,041.02</u>	<u>5.22</u>	<u>6,046.24</u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital		530.86	-	530.86
Other equity		4,334.91	288.26	4,623.17
<b>Total Equity</b>		<u>4,865.78</u>	<u>288.26</u>	<u>5,154.03</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions		24.04	(19.89)	4.15
<b>Total non-current liabilities</b>		<u>24.04</u>	<u>(19.89)</u>	<u>4.15</u>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables		363.51	-	363.51
(ii) Other financial liabilities		287.82	-	287.82
Provisions		451.81	(263.15)	188.66
Other current liabilities		48.07	-	48.07
<b>Total current liabilities</b>		<u>1,151.21</u>	<u>(263.15)</u>	<u>888.06</u>
<b>Total liabilities</b>		<u>1,175.26</u>	<u>(283.04)</u>	<u>892.21</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>6,041.03</u>	<u>5.22</u>	<u>6,046.24</u>

\* The previous GAAP figures have been reclassified to conform to Ind AS Presentation requirements for the purposes of this note.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### Reconciliation of equity as at 31 March 2017

	Footnote ref.	Amount as per Previous GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		719.88	-	719.88
Intangible assets		5.57	-	5.57
Intangible assets under development		734.86	-	734.86
Financial assets				-
(i) Investments		1.70	15.60	17.30
(ii) Other financial assets		-	-	-
Deferred tax assets		149.24	(11.20)	138.05
Non-Current tax assets		199.39	-	199.39
Other non-current assets		11.95	-	11.95
<b>Total non-current assets</b>		<b>1,822.59</b>	<b>4.40</b>	<b>1,827.00</b>
<b>Current assets</b>				
Inventories		510.44	-	510.44
Financial assets				-
(i) Current investments		2,026.03	1.60	2,027.63
(ii) Trade receivables		597.68	-	597.68
(iv) Cash and cash equivalents		260.29	-	260.29
(v) Balances with bank other than iii above		1,015.19	-	1,015.19
(vi) Loans		9.35	-	9.35
Other current assets		126.77	-	126.77
<b>Total current assets</b>		<b>4,545.76</b>	<b>1.60</b>	<b>4,547.35</b>
<b>TOTAL ASSETS</b>		<b>6,368.35</b>	<b>6.00</b>	<b>6,374.35</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital		530.86	-	530.86
Other equity		4,623.30	38.26	4,661.56
<b>Total Equity</b>		<b>5,154.16</b>	<b>38.26</b>	<b>5,192.42</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Provisions		63.27	(23.92)	39.36
<b>Total non-current liabilities</b>		<b>63.27</b>	<b>(23.92)</b>	<b>39.36</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Trade payables		292.72	-	292.72
(ii) Other financial liabilities		579.19	-	579.19
Provisions		176.30	(8.35)	167.96
Other current liabilities		102.70	-	102.70
<b>Total current liabilities</b>		<b>1,150.91</b>	<b>(8.35)</b>	<b>1,142.57</b>
<b>Total liabilities</b>		<b>1,214.18</b>	<b>(32.26)</b>	<b>1,181.92</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,368.34</b>	<b>6.00</b>	<b>6,374.35</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS Presentation requirements for the purposes of this note.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March, 2018

[All amount in Lakhs Rupees (Rs), unless otherwise stated]

### Reconciliation of Other Comprehensive Income as on 31 March 2017

	Footnote ref.	Amount as per IGAAP	Effects of transition to Ind AS	Amount as per Ind AS
Revenue from operations		2,707.12	49.36	2,756.47
Other income		332.13	(1.02)	331.11
<b>Total Income</b>		<b>3,039.25</b>	<b>48.33</b>	<b>3,087.58</b>
<b>EXPENSES</b>				
Cost of raw material consumed		861.61	-	861.61
Purchase of stock in trade		41.60	-	41.60
Changes in inventories of finished goods, stock-in-trade and work-in-progress		37.87	-	37.87
Excise duty on sale		-	89.08	89.08
Employee benefits expense		585.77	(14.73)	571.05
Depreciation and amortisation expense		85.06	-	85.06
Finance costs		0.00	-	0.00
Other expenses		996.58	(39.73)	956.85
<b>Total expenses</b>		<b>2,608.49</b>	<b>34.63</b>	<b>2,643.12</b>
<b>Profit/(loss) before tax</b>		<b>430.76</b>	<b>13.70</b>	<b>444.46</b>
<b>Tax expense</b>				
- Current tax and Tax relating to prior years		132.63		132.63
- Deferred tax		9.74	4.06	13.80
<b>Total tax expense</b>		<b>142.37</b>	<b>4.06</b>	<b>146.43</b>
<b>Profit/(loss) for the year</b>		<b>288.39</b>	<b>9.64</b>	<b>298.03</b>
<b>Other comprehensive income</b>				
(i) Items that will not be reclassified to profit or loss				
- Remeasurements of defined benefit obligations		-	(9.93)	(9.93)
- Fair valuation of equity instruments at FVOCI		-	2.59	2.59
- Income tax relating to the above items		-	3.28	3.28
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>(4.07)</b>	<b>(4.07)</b>
<b>Total comprehensive income for the year</b>		<b>288.39</b>	<b>5.56</b>	<b>293.96</b>

\* The previous GAAP figures have been reclassified to conform to Ind AS Presentation requirements for the purposes of this note.

#### Significant Accounting Policies

The accompanying notes are an integral part of these financial statements

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

**Shabbir Readymadewala**

Partner

Membership No : 100060

For and on behalf of the Board of Directors of

**De Nora India Limited**

CIN : L31200GA1993PLC001335

**M. A. Sundaram**

Chairman

DIN: 00144607

**Deepak Nagvekar**

Chief Financial Officer

**Vinay Chopra**

Managing Director

DIN: 06543610

**Jyoti Bandonkar**

Company Secretary

Mumbai  
08 May 2018

Kundaim - Goa  
08 May 2018

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## This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings present.



## SH- 13

**Please fill this Nomination form in Duplicate after carefully reading the instructions given below:**

### NOMINATION FORM

[Pursuant to Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies  
(Share Capital and Debentures) Rules, 2014]

To,  
De Nora India Limited  
Plot Nos. 184, 185 & 189, Kundaim Industrial Estate,  
Kundaim, Goa – 403 115

I/We \_\_\_\_\_  
residing at \_\_\_\_\_

the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following person in whom shall vest, all the rights in respect of such securities in the event of my/our death.

#### 1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of Securities	Folio No.	No. of securities	Certificate No.	Distinctive No.	
				From	To

#### 2) PARTICULARS OF NOMINEE

Name: _____		Date of Birth: ____/____/____		Signature of the Nominee
Father's/ Mother's/ Spouse's name: _____		Occupation: _____	Nationality: _____	
E-mail id: _____				
Phone No : _____	Relationship with the security holder: _____	_____		
Address: _____ _____ _____ Pin code _____				

#### 3) IN CASE NOMINEE IS A MINOR

Date of birth: ____/____/____	Date of attaining Majority: ____/____/____	Name of guardian: _____
Address of guardian: _____		Pincode : _____

Name of the Security Holder(s)	Signature
1. _____	_____
2. _____	_____
3. _____	_____
<b>Name of witness</b> Address: _____ Pincode _____ Place: _____	<b>Signature of Witness with date</b> _____ _____
Date: ____/____/____	



1. The Nomination can be made by individuals only holding shares singly or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership firm, Karta of Hindu Undivided Family and Power of Attorney holder cannot nominate.
2. The nominee shall not be a Trust, Society, Body Corporate, Partnership firm, Karta of Hindu Undivided Family and power of attorney holder.
3. The Member[s] can nominate a minor as a nominee and in that event the name and address of the guardian shall be provided.
4. As per section 72 of the Companies Act 2013, if the shares are held by more than one person jointly, then the jointholders may together nominate a person to whom all the rights in the shares of the Company shall vest, in the event of death of all the joint holders.
5. If the shares are held jointly, subsequent to the death of any one of the holders, the shares would not be registered in favour of the nominee but would be transferred in the name of the surviving Members.
6. The nomination form filled in “**duplicate**” should be lodged with the Registrar and Share transfer Agent of the Company i.e. **M/s. Bigshare Services Private Limited, (Unit: De Nora India Limited), 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments, Makwana Road, Marol, Andheri East, Mumbai 400059 Ph. No.: 022 62638200/62638204 Fax No.: 022 62638299.** The Registrar will return one copy of the nomination form to the Member after registering the nomination. The registration number allotted will be furnished in the said form.
7. The Member[s] can delete or change an earlier nomination by executing Form No. SH-14 (Cancellation or Variation of Nomination form)
8. Nomination stands cancelled whenever the shares in the given folio are transferred/dematerialized. Also in case of change in folio due to consolidation/ transmission a new nomination has to be filed.
9. The nomination made through Form No. SH-13 will be considered valid if the nomination made by the holder[s] of the shares is registered with the Company before the death of the registered holder[s] of the shares.
10. Kindly note that the nomination being a legal document should be dated by the nominator and the witness should certify that the nominator has signed the form in their presence. Furthermore, the date of execution on the Nomination Form should match with the date of witness, witnessing the document.
11. A copy of photo identity proof (like PAN/Passport) of nominee is required.

FOR OFFICE USE ONLY		
Nomination Registration No.	Date of Registration	Signature of Employee with Code No.

*If undelivered, please return to :*

**DE NORA INDIA LIMITED**

Registered Office and Works:

Plot Nos. 184, 185 & 189, Kundaim Industrial Estate  
Kundaim, Goa - 403 115.