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REGISTRAR & TRANSFER AGENT

Sharepro Services (India) Private Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Near Sakinaka Telephone Exchange,
Andheri-Kurla Road,
Sakinaka, Andheri (E), Mumbai - 400 072

BANKERS

BANK OF BARODA
AXIS BANK LTD.

REGISTERED OFFICE & WORKS

PLOT NO. 184, 185 & 189
KUNDAIM INDUSTRIAL ESTATE
KUNDAIM, GOA - 403 115
Tel.:91-832-3981100
Fax.:91-832-3981101
Email.: denoraindia@denora.com
Website: www.denoraindia.com

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NOTICE

Notice is hereby given that the twentyfirst Annual General Meeting of DE NORA INDIA LIMITED will be held on 20th May, 2010 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. To receive, consider and adopt the Balance Sheet as at 31st December, 2009 and the Profit and Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Premal N. Kapadia who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. A. Sundaram who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT subsequent to the expression of opinion by the Central Government under Section 309(1) of the Companies Act, 1956 that Mr. R.V.N.P.R. Sardessai possesses the requisite qualification for the practice of his profession, approval of the Shareholders be and is hereby accorded for payment of Consultancy Fee to Mr. R.V.N.P.R. Sardessai, Non-Executive Director for the following services rendered by him as a Sales Tax Consultant:

1. Consultancy and Advising on Goa Sales Tax Act, Central Sales Tax Act, Entry Tax, Works Contract Tax and Service Tax. Interpretation and intimating any changes and amendments to abovementioned Acts.
2. Representing Company during assessments by the Department.
3. Preparation and filing of periodic returns for abovementioned indirect taxes.
4. Preparing written submissions for assessments.
5. Preparing appeal papers and representation of the facts appropriately in the hearings.

RESOLVED FURTHER THAT Mr. Sardessai will render the above services as and when required by the Company and he shall be paid on a case to case basis. The total payments for the same shall not exceed Rs.50,000/- per annum."

6. To consider and if thought fit to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION.

"RESOLVED THAT Mr. Luca Buonerba, who was appointed in casual vacancy in place of Mr. Fabio Esposito with effect from March 5, 2009 by the Board of Directors at their meeting held on March 5, 2009 and who ceases to hold office at this Annual General Meeting and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

By Order of the Board

Place: Kundaim - Goa
Dated: March 12, 2010

DHARMESH M. KUVALEKAR
Company Secretary



NOTES:

a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.**

b) The proxy form duly completed and signed should be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.

c) The relative Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 is annexed hereto in respect of item No. 5 and 6.

d) The Register of Members and the Share Transfer Books of the Company will remain closed from 28th April, 2010 to 30th April, 2010 (both days inclusive).

e) Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

f) Members/Proxies should bring the attendance slips duly filled-in for attending the meeting.

g) The amount of unclaimed dividend for and upto the year ended March 31, 1994 which remained unpaid or unclaimed have been transferred to the General Revenue Account of the Central Government. Any claim for payment of such unclaimed/unpaid Dividend should be made by an application in the prescribed form to the Registrar of Companies, Goa at the address given below:

The Registrar of Companies
Company Law Bhavan
EDC, Plot No.21, Patto
Panaji 403001, Goa

h) Unclaimed and unpaid Dividend for the Financial Year 1996, 1997 and 1998 has already been transferred to "Investors Education And Protection Fund" on October 24, 2003, October 13, 2004 and October 10, 2005 respectively and no claims shall lie against the Company or the said Fund in respect of such Dividend which remain unclaimed or unpaid for a period of 7 years from the date when they first became due.

i) Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. **Shareholders desirous of making nominations are requested to send their requests in Form 2B (enclosed) to our Registrar & Transfer Agent:**

Sharepro Services (India) Private Limited
13AB, Samhita Warehousing Complex,
2nd Floor, Near Sakinaka Telephone Exchange,
Andheri-Kurla Road,
Sakinaka, Andheri (E),
Mumbai - 400 072

j) Members are requested to notify immediately any change in their addresses to the Registrar & Transfer Agents at the above address.

k) As per SEBI's directive, w.e.f. June 26, 2000 all investors can offer delivery of Company's shares in dematerialized form only. 5387525 number of Company's shares (96.98%) have been dematerialized as on 31.12.2009.

Members are requested to take steps to dematerialize their shares held in physical form to have easy liquidity. **The Company's ISIN No. is INE244A01016.**

INFORMATION TO BE FURNISHED UNDER THE LISTING AGREEMENT

I. Name : Mr. Premal N. Kapadia
Age : 60 years.
Qualification: M.S. (Engineering)-USA

Expertise : Mr. Kapadia is a Chemical Engineer with 39 years experience in project execution, business development, general administration and overall corporate management. He has wide exposure in the project engineering activities comprising engineering, procurement, inspection, expediting, planning and scheduling, construction, etc. He has gathered experience in execution of projects in the fields of Oil and Gas Processing, Petrochemicals, Chemicals, Pharmaceuticals, Coal Washeries, Material Handling, Dyestuffs and Intermediates, Electrolytic Processes, Pulp and Paper, Food Stuffs.

Other Directorship/Committee Membership:

1. Tecnimont ICB Pvt. Ltd.
2. Harshadray Private Ltd.
3. Farm Chemicals Pvt. Ltd.
4. Dryden Private Limited
5. TUV India Pvt. Ltd.
6. Harshadray Investment Pvt. Ltd.
7. The West Coast Paper Mills Ltd.
8. Kaira Can Company Ltd.
9. Silicon Interfaces Pvt. Ltd.
10. Silicon Interfaces America Inc.
11. Protos Engineering Co. Pvt. Ltd.
12. Sortimat Protos Automation Pvt. Ltd.
13. Alkyl Amines Chemicals Ltd.
14. Thyssenkrupp Industries India Pvt. Ltd.
15. FirstService India Pvt. Ltd.
16. Integrated Industrial Quality Management



Consultants Pvt. Ltd.
 17. Jain International Trade Organisation
 18. Sujata Enterprises
 19. Rata Iron Ore & Minerals Exports Pvt. Ltd.
 20. Sujata Resources Pvt. Ltd.
 21. PUMA Properties Limited
 22. Virman Real Estate Pvt. Ltd.
 23. Virneesh Properties Developers Pvt. Ltd.

He is member of the Remuneration Committee of the Board of De Nora India Limited and Chairman of Share Transfer Committee of Kaira Can Co. Ltd. and Member of the Audit Committee of The West Coast Paper Mills Ltd. and Alkyl Amines Chemicals Ltd.

Details of shareholding: 57000 shares

II. Name : M.A. Sundaram
 Age : 77 years
 Qualification : IRAS (Retd.) Studied Modern Management Techniques in USA & Canada on a UN Fellowship. (1972-73)

Expertise : He joined Indian Railways Accounts Service in 1957 and served for 20 years at various Railway Divisions. He was selected as Finance Director of Bongaigaon Refineries & Petrochemicals Ltd. (BRPL 1977-1981) by Public Enterprises Selection Board. Acted as Vice-President (Finance) Zuari Industries 1981-1990 and Vice-President (Finance) Reliance Industries Ltd. from 1990-1992 where he was looking after Reliance Petrochemicals Ltd.'s Hazira Project. He was Consultant to Deepak Fertilizer & Petrochemicals Corp. Ltd. He is associated with Goa Institute of Management and The Dept. of Management Studies & Computer Science, Goa University as a Visiting Faculty. He is also Member of the Education Committee of the Goa Chamber of Commerce.

Other Directorship/Committee Membership

1. Goa Property and Financial Services Pvt. Ltd.
 He is a Chairman of the Audit, Remuneration & Shareholders' Grievance Committee of the Board of De Nora India Limited.

Details of shareholding: NIL

III. Name : Mr. Luca Buonerba
 Age : 47 years
 Qualification : Asian International Executive Programme C/O. INSEAD Singapore in 1997 Master Degree in Mechanical Engineering C/O. Università Di Boma LA SAPIENZA in 1988

Expertise : He is a motivated executive with several years of experience in management of medium private enterprises in Asia, North America and Europe. He has vast experience as Executive Officer and Managing Director of Asia operation. He has played important role in Merger & Acquisition,

formation of Joint Ventures and spin off of non core activities in China and Italy, start up of new company in USA and China, transfer of ownership, creation of holding company in Singapore, liquidation of Companies in China, Singapore & USA. He managed a Business Unit promoting non core products for the corporation doubling the turnover over a three year periods. He had several primary responsibilities of P/L and BS of Companies and of Business Unit profitability with direct reporting of personnel located worldwide or managing companies of about 100 employees. He has vast experience in Sales and Marketing in Asia, especially Japan, China, Singapore, Indonesia. Very deep knowledge of Chlorine industries and of surface finishing, electronic, water treatment; good knowledge of the following industries: Power and desalination, petrochemical, Fuel Cells Industry and mining industry. He was involved in Strategic Marketing and Business Development activities in the field of water treatment, both industrial and potable, disinfection and agriculture promoting innovative products and technologies; the role foresees a continuous contact with Venture Capital and R&D function for the screening of new technologies and the prioritization of promising projects, competitive analysis, Merger and Acquisition, Strategic thinking, Sales and marketing, J/V agreements, negotiation in multicultural environment, Joint Development Agreement, Toll Manufacturing Agreement.

Other Directorship/Committee Membership.

1. Permelec Electrode Ltd. (Japan)
2. De Nora Elettrodi Suzhou Co. Ltd. (PRC)
3. Uhdenora S.p.A. (Italy)
4. Severn Trent De Nora L.L.C. (USA)
5. Severn Trent De Nora S.r.l. (Italy)
6. Verdenora S.r.l. (Italy)
7. MedNora S.r.l. (Italy)

He is member of the Remuneration Committee of the Board of De Nora India Limited.

Details of shareholding: NIL

ANNEXURE TO NOTICE:

Explanatory statement pursuant to Sec. 173(2) of the Companies Act, 1956.

Item 5

Mr. R.V.N.P.R. Sardesai is a qualified Sales Tax Advocate & Consultant. Anticipating that the Company may require professional advice and services from Mr. R.V.N.P.R. Sardesai, from time to time, in the field of Sales Tax, the Company had acquired the expression of opinion by the Central Government to permit payment of professional fees in accordance with Section 309(1) of the Companies Act, 1956. As per the provisions of the Clause 49(B) of the Listing Agreement entered into by the



Company with National Stock Exchange all fees/compensation, if any, paid to non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the shareholders in General Meeting. Hence, the Ordinary Resolution seeking shareholder's approval is proposed.

None of the Directors other than Mr. R.V.N.P.R. Sardesai are interested in the resolution.

Item 6

Mr. Luca Buonerba was appointed in casual vacancy caused by the resignation of Mr. Fabio Esposito w.e.f March 5, 2009. Mr. Luca Buonerba ceases to hold office as Director at the forthcoming Annual General Meeting of the Company since Mr. Fabio

Esposito would have retired by rotation at that Annual General Meeting. The Company has received a notice in writing under Sec. 257 of the Companies Act, 1956 along with a deposit of Rs.500/- from a member proposing the candidature of Mr. Luca Buonerba for the office of a Director. The Board recommends his appointment.

None of the Directors other than Mr. Luca Buonerba are interested in the resolution.

By Order of the Board of Directors

Place: Kundaim - Goa
Dated: March 12, 2010

DHARMESH M. KUVALEKAR
Company Secretary



DIRECTORS' REPORT

TO
THE MEMBERS

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Accounts of your Company for the year ended 31st December, 2009.

FINANCIAL RESULTS

(RS. IN MILLION)

| | 2009 | 2008 |
|--|--------|---------|
| Sales and other Income (Net of duties) | 157.20 | 226.46 |
| Profit/(Loss) before Depreciation & Taxation | 19.06 | 37.44 |
| Provision for Depreciation | (6.49) | (7.67) |
| Provision for Taxation for current/prior years | (1.36) | (10.19) |
| Deferred Taxation (Liability)/Asset for current/prior years | (9.83) | (1.08) |
| Net Profit after Tax | 1.38 | 20.66 |
| Balance of Profit brought forward | 79.90 | 77.56 |
| Transfer To General Reserves | - | 2.06 |
| Proposed Dividend | - | 13.89 |
| Tax on Dividend | - | 2.37 |
| Balance of Profit carried forward to next year | 81.28 | 79.90 |

DIVIDEND

The Directors of the company recommend NIL dividend for the year ended 31st December, 2009 as against 25% dividend for the previous year 2008.

OPERATIONS

The Company continues to remain the market leader in the Chlor Alkali and Cathodic Protection Systems business. The main activity of the company is dependent on recoating of electrodes for membrane cell electrolyzers in chlor-alkali plant, which is cyclic in nature and was the main cause for reduced turnover during this year. The Mercury Cell Plants are gradually being converted into 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 Cell Elements and the recoating business in respect of these Anode/Cathodes will come to us after 8 years. The Electrochlorination business is witnessing severe price competition due to entry of various small competitors having significant influence in their limited area of operation

resulting in decrease in Electrochlorination business as compared to the previous year. In addition the distribution network of Electrochlorinators systems needs to be reinforced to cover all the opportunities and to respond to the challenges posed by the competitors.

OUTLOOK

The Company is looking forward to maintain its position of market leader in Membrane recoating activity and Cathodic Protection Systems. Company will continue to focus on increase of export of Lida® Anodes for cathodic protection system & improved sales of specialty Anodes. The company expects improvement in recoating cycle business of Chlor Alkali business in future.

DIRECTORS

Mr. Luca Buonerba was appointed in casual vacancy caused by resignation of Mr. Fabio Esposito w.e.f. March 5, 2009. The Board of Directors at its meeting held on March 5, 2009 appointed Mr. Luca Buonerba in casual vacancy caused by resignation of Mr. Fabio Esposito. Your Directors place on record their deep appreciation of the valuable services rendered by Mr. Fabio Esposito during his tenure as Director of the Company. Mr. Luca Buonerba will cease to hold office at the forthcoming Annual General Meeting and is eligible for appointment as the company has received a Notice under Section 257 of the Companies Act 1956 proposing his candidature for the office of Director.

In accordance with the Articles of Association of the Company, Mr. Premal N. Kapadia & Mr. M.A. Sundaram will retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Brief resumes of Directors seeking re-appointment, the nature of their expertise in specific functional areas, names of companies in which they hold directorships and the memberships of committees of the Board, their shareholdings, etc. are attached with the Notice of the Annual General Meeting of the Company.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the National Stock Exchange of India Ltd., Management Discussion and Analysis Report, Corporate Governance Report and Practicing Company Secretary's Certificate regarding Compliance with the Code of Corporate Governance are made part of the Annual Report.

CEO/CFO CERTIFICATION

A certificate from Managing Director and Finance Head on the financial statements of the Company, as required under Clause 49 of the Listing Agreement with the National Stock Exchange was placed before the Board.

**INFORMATION AS REQUIRED UNDER THE LISTING AGREEMENT**

The shares of the company are presently listed at The National Stock Exchange of India Limited, Mumbai under the Stock Code **DENORA EQ** and the company has paid listing fee upto March 31, 2010 in respect of above stock exchange.

ISO CERTIFICATION

The Company has maintained its continued endeavor in terms of quality and maintenance of International Standards. The Company has got the prestigious certification for ISO 9001:2000 for Quality Management System from JAS-ANZ through Verification New Zealand Limited on 29/05/2007 valid till 29/05/2010 for all its products & applications covered under the field of Electrolytic Processes, produced at its manufacturing base at Goa.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the accounts for the financial year ended December 31, 2009 the applicable accounting standards have been followed along with proper explanations relating to material departures;
2. That such accounting policies have been selected and consistently applied and judgements and estimates made, that are reasonable and prudent so as to give a fair and true view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
3. That proper and sufficient care has been taken for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the accounts for the financial year have been prepared on a 'going concern' basis.

AUDITORS

The Auditors M/s. B S R and Associates, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

PERSONNEL

The information required under Section 217(2A) of the Companies Act, 1956, and the Rules framed there under is annexed hereto as Annexure 'A' and forms part of the Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure 'B' forming part of this report.

ACKNOWLEDGMENT

Your Directors would like to express their sincere appreciation for the continued support and co-operation received from Bankers, Foreign Collaborators, Government Authorities and Shareholders. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives, Staff and Workers during the year under review.

For and On behalf of the Board of Directors

Place: Kundaim, Goa
Dated: March 12, 2010

P. N. KAPADIA
CHAIRMAN



ANNEXURE 'A' TO DIRECTORS' REPORT

Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forming part of the Directors' Report for the year ended 31st December, 2009.

| Sr. No. | Name | Designation | Qualification | Experience (Years) | Date of Commencement of Employment | Remuneration (Rs.) | Age (Years) | Last Employment |
|---------|----------------------|--------------------------|---------------|--------------------|------------------------------------|--------------------|-------------|--|
| 1. | Mr. S.C. Jain | Managing Director | M. Tech. | 34 | 01.12.1989 | 29,99,137 | 58 | Dy. GM Services & Business Development Wimco Ltd. |
| 2. | Mr. G.H.M. Jambunath | Exec. V.P.- Fin. & Accts | B.Com., C.A. | 21 | 24.09.1998 | 37,86,398 | 46 | Sr. Manager - Fin. & Accts – Finolex Essex Industries Ltd. |

NOTES:

1. Remuneration here has the meaning assigned to it in the *Explanation* to Section 198 of the Companies Act, 1956.
2. The above mentioned employee is not a relative of any Director of the Company.
3. The nature of employment is contractual.
4. The employee does not hold by himself or along with his dependants, two percent or more of the equity shares of the Company.

ANNEXURE 'B' TO DIRECTORS' REPORT

INFORMATION IN ACCORDANCE WITH SECTION 217 (1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

Though the manufacturing operations involve consumption of energy, it is not of major significance. The Company is not covered under the list of industries required to furnish information in Form 'A'.

B. TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT

Your Company has 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. Your Company did not incur any expenditure on R&D during the year under review.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

The company has successfully commissioned manufacturing of Platinized Titanium Anodes for Surface finish application.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

The information on foreign exchange earnings are detailed in **Note No. 20.10(a)** and foreign exchange outgo is detailed in **Note No. 20.10(b)** to the Accounts.

For and On behalf of the Board of Directors

Place: Kundaim, Goa
Dated: March 12, 2010

P. N. KAPADIA
CHAIRMAN



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

De Nora India Limited (DNIL) is engaged in the manufacture and coating of anode and cathode for electrolytic process for application in the chlor-alkali & chlorate plants, Lida® Anodes for cathodic protection systems, Electrochlorinators and Platinized Titanium Anodes for surface finish application. All these applications come under the field of Electrolytic Processes.

DNIL was set up with technical and financial collaboration of "Gruppo De Nora" of Italy, a world market leader in this segment. The company's core business lies in Chlor-alkali sector, which is highly cyclic in nature. So, the company expanded its market into high tech products such as cathodic protection systems, Electrochlorination systems, and Platinized Titanium Anodes for surface finish application. In India, DNIL is a recognized player with high standard of quality in all these products.

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 "Gruppo De Nora", the company has the authority to use these formulations and processes, giving it the prominent market share in India. DNIL not only provides support to all Gruppo De Nora & Krupp Uhde customers in India but is also equipped to give technical support to other technology suppliers in the Chlor-alkali sector.

OPPORTUNITIES AND THREATS

The Goa factory is equipped with all the necessary equipment and facilities to meet the demands of the Chlor-alkali industry. The company continues to remain the market leader in the Chlor Alkali and Cathodic Protection Systems business. The main activity of the company is dependent on recoating of electrode 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 company's total income and lesser demand for recoating business due to the cyclic nature was the main cause for reduced turnover during this year. The Mercury Cell Plants are gradually being converted into 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.

The Electrochlorination business is witnessing severe price competition due to entry of various small competitors having significant influence in their limited area of operation resulting in decrease in Electrochlorination business as compared to the previous year. The Central Government is paying a lot of attention for providing safe & pure water and several water purification schemes are expected to come up in future. DNIL is all geared up to make use of these opportunities.

ELECTROCHEMICAL PRODUCTS PERFORMANCE

The company registered turnover of Rs.157.20 million during the year from the sale of its products.

OUTLOOK

The company is looking forward to maintain its position of market leader in Membrane recoating activity and Cathodic Protection Systems. Special efforts are being made to recover lost market share in the Electrochlorination business. Your directors are hopeful that ongoing efforts made in the field of Chlorate Cells fabrication and Platinized Titanium Anodes for Surface Finishing would pave way for the future growth of the company.

RISKS & CONCERNS

Excessive dependency on Chlor-alkali business increases risks and the company is taking steps to minimize this risk by developing the market of its other products as well as introducing new products/technologies in the market. The Electrochlorination business is hampered by severe price competition due to entry of various small competitors having significant influence in their limited area of operation. The Electrochlorination business requires aggressive pricing and several distributors in the territory.

The major area of concern for the company is reduction in contribution due to increase in the raw material prices. The company tries to minimise the risk by incorporating Price Variance Clause in the Orders. In the event the company is not able to enforce the Price Variance Clause in the Orders, the secondary option is placing the order for full quantity of noble metals soon after signing of each big order, even if the project execution is of longer duration.

In the year 2005 the Company had been awarded a Rate Contract for the period from 01.02.2005 to 31.03.2006 by the Directorate General of Supplies and Disposals, Ministry of Commerce and Industry. This contract was short closed on 05.10.2005. The Government of India had initiated administrative proceedings alleging non-disclosure of



information and has passed an Order on 22.02.2010 forbidding all Departments/Ministries/Offices of the Government of India from commercial/business dealings in the Non-Statutory sphere with the company and its allied/subsidiary firms, if any, for a period of five years commencing from the date of the Order.

As per the Legal advice received from the solicitor of your company, the aforesaid Order is “illegal and arbitrary”. The company is taking with the utmost urgency all the necessary steps for impugning and setting aside the above Order since it could affect the present and future business.

INTERNAL CONTROLS

The company has an effective and adequate system of internal control, commensurate with the size and nature of the business of the company. Checks and balances are in place to ensure the reliability and accuracy of accounting data. The systems are aimed at ensuring adherence to policies. A system of validation, approval and authorization, physical safeguards and access restrictions are given utmost importance.

The internal control is supplemented by Internal Audit conducted by Independent Auditors on a quarterly basis. The reports of the Internal Auditors, their findings, recommendations and the compliance thereof, are reviewed by the Management and the Audit Committee of the Board of Directors. The adequacy of the internal control systems is also examined by the Statutory Auditors of the company.

FINANCIAL PERFORMANCE

During the financial year under review, the company achieved Sales of Rs. 157.20 million.

MATERIAL DEVELOPMENT IN HUMAN RESOURCE

Human resources continue to be a key thrust area. The company's relationship with the work force and the union continues to be very cordial indicating the prevalence of high degree of excellent relationship between employees and Management. The management has been able to develop a harmonious and cordial Industrial Relations environment in the company through regular, periodic meetings with the Employees' representatives. Issues of concerns of employees are resolved through mutual, collaborative and participative discussions.

The company had 79 employees as at the end of the financial year 2009.

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and Analysis may be “forward-looking” statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your company's operations include economic conditions affecting demand / supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, statutes and other incidental factors.



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

De Nora India Limited (DNIL) is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self desire, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process. Our governance philosophy rests on five basic tenets viz., Board accountability to the company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosure. DNIL is striving for excellence through adoption of best governance and disclosure practices which go beyond the statutory and regulatory requirements as its endeavor is to follow the spirit of good governance than mere compliance

with the conditions specified by regulatory authorities.

Compliance with Clause 49 of the Listing Agreement

The Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement formulated by the Securities and Exchange Board of India (SEBI).

1. Board of Directors

(A) Composition of the Board as on 31-12-2009

The present Board consists of one executive Director and five non-executive Directors, out of which three are Independent Directors. The Company has a non-executive Chairman and the number of Independent Directors is more than one-third of the total number of Directors. The number of non-executive Directors is more than 50% of the total number of Directors.

| Directors | Category | Attendance Particulars | | No. of Other Directorship | Committee Memberships in other companies | |
|----------------------------|---|------------------------|----------|---------------------------|--|------------|
| | | Board Meeting | Last AGM | | Chairman | Membership |
| Mr. P. N. Kapadia | Chairman, Non-executive and independent | 1 | No | 4 | 1 | 3 |
| Mr. Luca Buonerba | Non-executive Director | (0+2*) | No | - | - | - |
| Mr. Angelo Ferrari | Non-executive Director | 1 | No | - | - | - |
| Mr. Giuseppe Cambareri | Non-executive and independent Director | (0+4#) | No | - | - | - |
| Mr. M.A. Sundaram | Non-executive and independent Director | 5 | Yes | - | - | - |
| Mr. S. C. Jain | Managing Director | 5 | Yes | - | - | - |
| Mr. Fabio Esposito | Non-executive Director | 1 | No | - | - | - |
| Alternate Directors | | | | | | |
| Mr. Krishan Khanna* | Non-executive Director | 2 | Yes | - | - | - |
| Mr. R.V.N.P.R.Sardesai # | Non-executive and independent Director | 4 | Yes | - | - | - |

Mr. Angelo Ferrari joined via Video/teleconference for 3 Audit Committee and 3 Board Meetings

Mr. Giuseppe Cambareri joined via Video/teleconference for 1 Audit Committee and 1 Board Meeting.

Mr. Luca Buonerba was appointed as a Director in casual vacancy w.e.f., 05.03.2009 in place of Mr. Fabio Esposito.

Mr. Krishan Khanna was nominated by Mr. Luca Buonerba to act as his alternate during his absence effective from 05.03.2009.

* Meetings attended by Mr. Krishan Khanna as Alternate Director to Mr. Luca Buonerba

Meetings attended by Mr. R.V.N.P.R. Sardesai as Alternate Director to Mr. Giuseppe Cambareri.

**Note:**

- (a) Directorship and Committee Membership/ Chairmanship in foreign companies, private limited companies and companies registered under Section 25 of the Companies Act, 1956 are excluded.
- (b) The above information includes Chairmanship/ Membership in Audit Committee and Shareholders' Grievances Committee of public limited companies whether listed or not.
- (c) Membership of Committees includes Chairmanship also.

(B) Non-Executive Directors' compensation and disclosures

| Name of the Director | Sitting Fees (Rs.) | Consultancy Fees (Rs.) | Total (Rs.) |
|-------------------------|--------------------|------------------------|-------------|
| Mr. P. N. Kapadia | 10,000 | - | 10,000 |
| Mr. R.V.N.P.R. Sardesai | 30,000 | - | 30,000 |
| Mr. M.A. Sundaram | 60,000 | - | 60,000 |
| Mr. Fabio Esposito | 10,000 | - | 10,000 |
| Mr. Angelo Ferrari | 10,000 | - | 10,000 |
| Mr. Giuseppe Cambareri | 15,000 | - | 15,000 |
| Mr. Krishan Khanna | 5,000 | - | 5,000 |
| Mr. Luca Buonerba | - | - | - |

- The criteria for payment of Consultancy Fees to Mr. R.V.N.P.R. Sardesai towards Sales Tax Consultancy is as per the shareholders approval. The Company had acquired the expression of opinion by the Central Government to permit payment of professional fees to him, in accordance with Section 309(1) of the Companies Act, 1956.
- Sitting Fees constitute fees paid to Non-Executive Directors for attending Board and Committee Meetings.
- The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the year 2009, except as stated above.
- Except Mr. P. N. Kapadia who holds 57000 equity shares and Mr. S. C. Jain who holds 50 shares as at 31st December, 2009, no other Director of the Company is holding any shares of the Company.

Remuneration to Managing Director

| Particulars | Amount in Rs. |
|---------------------------------|------------------|
| Salary | 12,00,000 |
| Perquisites | |
| - Medical Reimbursement | 21,185 |
| - House Rent | 1,80,000 |
| - Insurance Premium | 9,952 |
| Performance related bonus | 12,64,000 |
| Company's contribution to funds | |
| - Provident Fund | 1,44,000 |
| - Superannuation Fund | 1,80,000 |
| Total | 29,99,137 |

(a) The Managing Director was reappointed w.e.f. 16.07.2007 for a period of 3 years in the 18th Annual General Meeting and his appointment is governed by the terms of the resolution passed by the Shareholders thereat. The tenure of the Managing Director has been extended for a further period of one year w.e.f. 16.07.2010 by resolution passed by the shareholders in the 20th Annual General Meeting.

(b) The performance related bonus is computed on the basis of the performance of the Managing Director, achievement of targets by the Company and the overall De Nora Group's performance during the year and is decided by the Board.

(c) The Company does not have any Stock Option Scheme.

(C) Other provisions as to Board and Committees

The Board held five meetings during the year 2009 on 23rd February 2009, 5th March 2009, 30th April 2009, 30th July 2009 and 30th October, 2009.

The agenda papers were circulated well in advance of each meeting and all the relevant information as required by Clause 49 of the Listing Agreement was made available to the Board of Directors.

No Director holds membership of more than 10 Committees of Boards nor is any Director, Chairman of more than 5 Committees of Boards.

(D) Code of Conduct

The Company has formulated the code of conduct for directors and senior management. The code has been circulated to all the board members and senior management and the same has also been posted on the website of the Company. All Board members and senior management personnel have affirmed their compliance with the code. The Annual Report contains a declaration to this effect signed by the Managing Director of the Company.



2. Audit Committee

Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 II (C) and (D) of the Listing Agreement and in compliance with Section 292A of the Companies Act, 1956. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. All the members of the Committee are financially literate and the Chairman Mr. M.A. Sundaram has vast experience on financial & business matters. The Audit Committee comprises of three Directors as under:-

- ▶ Mr. M.A. Sundaram - Independent, Non-Executive - Chairman
- ▶ Mr. Giuseppe Cambareri or his Alternate Director during his absence - Independent, Non-Executive – Member
- ▶ Mr. Angelo Ferrari - Non-Executive - Member

The Committee met 5 times during the year on 23-02-2009, 05-03-2009, 30-04-2009, 30-07-2009 and 30-10-2009.

Mr. Giuseppe Cambareri attended one meeting & in his absence his Alternate Director Mr. R.V.N.P.R. Sardesai, attended all the other 4 meetings. Mr. M.A. Sundaram attended all the 5 meetings during the year, while Mr. Angelo Ferrari attended one meeting & was granted leave of absence for all the other meetings. Mr.S.C.Jain, Managing Director is a permanent invitee who alongwith the representatives of Statutory and Internal Auditors of the Company also attended all the Audit Committee Meetings. Mr. Dharmesh M. Kuvalekar, Company Secretary, acts as the Secretary of the Committee.

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 II (C) and (D) of the Listing Agreement.

3. Remuneration Committee (Non-Mandatory)

The Company has a Remuneration Committee comprising of 4 Non-Executive Directors out of which three are Independent Directors. The composition of the Committee is as follows:

- ▶ Mr. M.A. Sundaram - Independent, Non-Executive - Chairman
- ▶ Mr. Giuseppe Cambareri or his Alternate Director during his absence - Independent, Non-Executive - Member
- ▶ Mr. P. N. Kapadia - Independent, Non-Executive – Member
- ▶ Mr. Luca Buonerba - Non-Executive-Member

The terms of reference of the Remuneration Committee are as under:

- To decide and approve the remuneration package of the Managing Director of the company.

The committee met once during the year on 5th March, 2009 which was attended by all the members except Mr. P.N. Kapadia & Mr. Luca Buonerba who were granted leave of absence.

4. Shareholders' Grievance Committee

The Board has constituted a Shareholders' Grievance Committee comprising of:

1. Mr. M.A.Sundaram -Chairman
2. Mr.S.C.Jain - Member
3. Mr. Giuseppe Cambareri or his Alternate Director during his absence - Member

The Committee monitors the redressal of grievance pertaining to:

- Transfer of Shares
- Dividends
- Dematerialisation of shares
- Replacement of lost/stolen/mutilated share certificates
- Other related issues

The Committee met once during the year on 23-02-2009 which was attended by all the members of the Committee except Mr. Giuseppe Cambareri on whose behalf his alternate Director Mr. R.V.N.P.R. Sardesai attended the meeting. There is a separate Share Transfer Committee for approval and registration of transfers and/ or transmissions of equity shares of the Company and to do all other acts and deeds as may be necessary or incidental thereto.

The Board has designated Mr. Dharmesh M. Kuvalekar, Company Secretary as the Compliance Officer. As per the guidelines of Securities & Exchange Board of India (SEBI) and in compliance with Clause 47(f) of the Listing Agreement, the following e-mail ID has been designated exclusively for the purpose of registering complaints by investors:

secretarial@denora.com

The total number of complaints received and replied to the satisfaction of shareholders during the year under review was ONE. There were no complaints pending as on 31st December, 2009.

7 requests for 660 equity shares were received for Share Transfers and 19 requests for 1760 equity shares for dematerialisation were received during the year. The number of pending Share Transfers and requests for dematerialisation as on 31.12.2009 were NIL.



5. General Body Meetings

Location and time where the last three Annual General Meetings were held :

| Year | Location | Date | Time | No. of Special Resolution | Special Resolutions |
|------|-------------------|------------|------------|---------------------------|--|
| 2006 | Registered office | 13.06.2007 | 11.00 a.m. | One | Appointment of Managing Director |
| 2007 | Registered office | 16.04.2008 | 11.00 a.m. | Nil | Nil |
| 2008 | Registered office | 20.05.2009 | 11.00 a.m. | One | Extension of tenure of Managing Director |

Extra Ordinary General Meeting

During the year the company did not hold any Extra Ordinary General Meeting.

No Special Resolution was put through postal ballot during the last year.

No Special Resolution on matters requiring postal ballot are placed for Shareholders approval at the forthcoming Annual General Meeting.

6. Subsidiary Companies

The Company does not have any subsidiary company.

7. Disclosures

Related Party Transactions:

There are no materially significant related party transactions i.e. transactions material in nature, with its promoters, the Directors or the Management or their relatives etc. having potential conflict with the interests of the Company. The details of general related party transactions are given in the Notes to Accounts. The details of all transactions with related parties are placed before the Audit Committee and at the Board Meeting on quarterly basis.

Disclosure of Accounting Treatment:

In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

Disclosures on Risk Management:

The Company has laid down Risk Management framework defining risk profiles involving strategic, technological, operational, financial, organizational, legal, natural and regulatory risks and the procedures to inform Board members about the risk assessment and minimisation procedures. A Risk Management Committee consisting of Managing Director and senior executives of the Company has been setup to

periodically review these procedures to ensure that executive management controls risk through means of a properly defined framework. The Board periodically reviews the risk assessment and minimisation procedures.

Proceeds from the public issues, rights issues, preferential issues etc.:

The Company did not raise any money through any issue during the year 2009.

No penalty or strictures:

The Company has complied with all rules and regulations prescribed by the Stock Exchanges, SEBI or any other statutory authority on any matter related to the capital markets. No penalties or strictures have been imposed on the Company during the last three years.

Management Discussion and Analysis Report

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49(IV) (F) of the Listing Agreement.

8. Means of Communication

All material information about the company was promptly sent through facsimile to the National Stock Exchange where the company's shares are listed. Quarterly and Half-Yearly Financial Results are sent to the exchange for the information of the shareholders and are normally published in Business Standard and Tarun Bharat. The financial results are also displayed on the Company's website www.denoraindia.com and on the official website of NSE (www.nseindia.com).

9. General Shareholder Information Annual General Meeting

- Date and time Thursday, May 20th, 2010
at 11:00 A.M.
- Venue Regd. Office – Plot Nos.
184, 185 & 189 Kundaim
Industrial Estate, Kundaim,
Goa.


Financial Calendar (tentative)

| | |
|---|--|
| Results for quarter ending March 31, 2010 | 1st January, 2010 - 31st December, 2010 End April, 2010 |
| Results for quarter ending June 30, 2010 | End July, 2010 |
| Results for quarter ending September 30, 2010 | End October, 2010 |
| Results for quarter ending December 31, 2010 | End January, 2010 |

Or

Audited Annual Results for year ending December 31, 2010
Feb.-March, 2011

Date of Book Closure : 28.04.10 – 30.04.10
(both days inclusive)

Dividend Payment Date: N.A.

Listing on Stock Exchanges

The National Stock Exchange of India Limited, Mumbai

Stock Code NSE Code DENORAEQ

Stock Market Data & Share Price performance in comparison with NSE Index

The reported high and low prices of the Company's scrip on the NSE as well as its performance as compared to NSE Index is as under:

| Month | De Nora India Limited | | NSE (S & P CNX Nifty) | |
|---------|-----------------------|-----------|-----------------------|---------|
| | High (Rs.) | Low (Rs.) | High | Low |
| Jan-09 | 49.15 | 37.00 | 3147.20 | 2661.65 |
| Feb-09 | 50.00 | 37.00 | 2969.75 | 2677.55 |
| Mar-09 | 44.40 | 34.00 | 3123.35 | 2539.45 |
| Apr-09 | 59.00 | 39.35 | 3517.25 | 2965.70 |
| May-09 | 74.25 | 41.55 | 4509.40 | 3478.70 |
| June-09 | 71.80 | 55.00 | 4693.20 | 4143.25 |
| Jul-09 | 57.60 | 50.00 | 4669.75 | 3918.75 |
| Aug-09 | 72.90 | 54.00 | 4743.75 | 4353.45 |
| Sept-09 | 69.95 | 61.05 | 5087.60 | 4576.60 |
| Oct-09 | 71.70 | 59.80 | 5181.95 | 4687.50 |
| Nov-09 | 62.85 | 55.25 | 5138.00 | 4538.50 |
| Dec-09 | 64.95 | 57.40 | 5221.85 | 4943.95 |

Registrar and Transfer Agent:

Sharepro Services (India) Private Limited
13 AB, Samhita Warehousing Complex
2nd Floor, Near Sakinaka Telephone Exchange
Andheri - Kurla Road
Sakinaka, Andheri (East)
Mumbai 400 072

Share Transfer System:

Shares lodged for transfer at the Registrar's address are normally processed and approved by the Share transfer Committee on a fortnight basis. Grievances received from Members and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrar within 7 days.

Distribution of Shareholding as on December 31, 2009

| Category (No of Shares) | No. of Shareholders | Per-centage | No. of Shares | Per-centage |
|-------------------------|---------------------|---------------|----------------|---------------|
| Less than 500 | 5842 | 90.085 | 784996 | 14.131 |
| 501-1000 | 341 | 5.258 | 266104 | 4.790 |
| 1001-2000 | 170 | 2.621 | 255938 | 4.607 |
| 2001-3000 | 45 | 0.694 | 116612 | 2.099 |
| 3001-4000 | 27 | 0.416 | 95091 | 1.712 |
| 4001-5000 | 12 | 0.185 | 55771 | 1.004 |
| 5001-10000 | 25 | 0.386 | 171117 | 3.080 |
| 10001 and above | 23 | 0.355 | 3809505 | 68.576 |
| TOTAL | 6485 | 100.00 | 5555134 | 100.00 |

Shareholding Pattern As On December 31, 2009

| CATEGORY | No. of Shares held | Percentage of Shareholding |
|---|--------------------|----------------------------|
| A. Shareholding of Promoter and Promoter Group | | |
| 1. Indian – Individuals | 247366 | 4.45 |
| 2. Foreign – Institutions | 2849500 | 51.29 |
| B. Public shareholding | | |
| 1. Institutions | | |
| a. Financial Institutions/ Banks | 1900 | 0.03 |
| b. Foreign Institutional Investors | 7460 | 0.13 |
| 2. Non-Institutions | | |
| a. Bodies Corporate | 191758 | 3.45 |
| b. Non-Resident individuals/ Foreign Individuals | 98856 | 1.79 |
| c. Individual shareholders/ Others | 2158294 | 38.86 |
| TOTAL | 5555134 | 100.00 |



Dematerialisation of Shares & Liquidity

96.98% of the total equity share capital has been dematerialized upto December 31, 2009. The Company's Equity Shares are actively traded in NSE.

Outstanding GDRs/ADRs/Warrants and Convertible Instruments, Conversion date and likely impact on equity.

Nil

Plant Location Plot Nos.184, 185 & 189
Kundaim Industrial Estate
Kundaim, Goa – 403 115

Address for Correspondence

The Company Secretary

De Nora India Limited
Plot Nos.184, 185 & 189, Kundaim Industrial Estate
Kundaim, Goa – 403 115.
Tel.: 91-832-3981151 Fax: 91-832-3981101
Email: denoraindia@denora.com
Website: www.denoraindia.com

Compliance with Non-mandatory requirements

1. The Board

The Company has not provided any Office to the non-executive Chairman or allowed any re-imbursement of expenses incurred in performance of his duties, apart from the payment of sitting fees for attending Board and Committee Meetings.

The tenure of Independent Directors on the Board of the Company may exceed, in the aggregate, a period of nine years.

2. Remuneration Committee

The Board has set up a Remuneration Committee details whereof are furnished at Item No.3 of this Report.

3. Shareholder Rights

The half-yearly financial results including summary of significant events of relevant period of six months are not sent to each household of shareholders. However, these results are displayed on the Company's website www.denoraindia.com and on the official website of NSE (www.nseindia.com).

4. Audit Qualifications

Strategic decisions were taken during the year resulting in unqualified financial statements of the Company.

5. Training of Board Members

Inputs are given to train Board members in the business model of the Company, risk profile of the business parameters and their responsibilities as directors.

6. Mechanism for evaluating non-executive Board Members

The key parameters for evaluating performance of non-executive members of the Board are contributions to the strategy for growth of the Company, setting directions for improvement in governance and participating in the relevant meetings on a regular basis. The appointment is done by the Shareholders in the Annual General Meeting of the Company.

7. Whistle Blower Policy

The Company had formulated a policy to provide adequate safeguards against victimization of employees who report any violation of the Code of Conduct or any unethical behaviour, actual or suspected fraud or improper practice to the Top Management and Audit Committee and to prohibit managerial personnel from taking adverse personal action against employees as a result of the employees' good faith disclosure of alleged wrongful conduct to Audit Committee on a matter of public concern. No personnel have been denied access to the Audit Committee.



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 year ended on 31st December, 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to 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:

- I) I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement;
- II) I state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee.

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

Place: Panjim, Goa
Date: March 12, 2010

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

For **De Nora India Limited**

S. C. Jain
Managing Director



Auditors' Report

To the Members of
De Nora India Limited

1. We have audited the attached Balance sheet of De Nora India Limited ('the Company') as at 31 December 2009 and the related Profit and Loss account and the Cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) we have 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 appears from our examination of those books;
 - c) the Balance sheet, Profit and Loss account and Cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance sheet, Profit and Loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Act;
 - e) on the basis of written representations received from the directors as at 31 December 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 December 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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:

- i) in the case of the Balance sheet, of the state of affairs of the Company as at 31 December 2009;
- ii) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
- iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

For **B S R and Associates**
Chartered Accountants

Place: Mumbai
Date: March 12, 2010

Vijay Mathur
Partner
Membership No: 046476

Annexure to the Auditors' Report 31 December 2009
(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 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 our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- ii a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 ('the Act').
- iv In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain items of



inventories sold are for the specialised requirements of the buyers for which suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, we have not observed any material weakness in internal control system during the course of the audit.

v a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.

b) In our opinion, and according to the information and explanations given to us, the transactions for purchase and sale of items of inventories, purchase and sales of services and purchase of fixed assets which are made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year are of a specialised nature for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.

vi According to the information and explanations given to us, the Company has not accepted any deposits from the public.

vii In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

viii According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the products manufactured / services rendered by the Company.

ix a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Customs Duty, Service Tax, Income Tax, Wealth Tax, Excise Duty, Sales Tax, and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of

Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax and other material statutory dues were in arrears as at 31 December 2009 for a period of more than six months from the date they became payable.

There were no dues on account of cess under section 441A of the Act since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax and Customs Duty, which have not been deposited with the appropriate authorities on account of disputes.

According to the information and explanations given to us, the following dues of Excise Duty have not been deposited 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 | Penalty | 300,868 | 2002-2003 | Customs, Excise and Service tax Appellate Tribunal |
| 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 | 1,261,980 | 2003-2006 | Joint Commissioner of Central Excise, Goa |
| 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 | 205,610 | 2006-2007 | Assistant Commissioner of Central Excise, Goa |

x The Company does not have any accumulated losses at the end of the financial period and has not incurred cash losses in the financial year and in the immediately preceding financial year.

xi In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debentureholders during the year.

xii According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii In our opinion and according to information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.

xiv According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.



xv According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi The Company did not have any term loans outstanding during the year.

xvii According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investment.

xviii The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.

xix The Company did not have any outstanding debentures during the year.

xx The Company has not raised any money by public issues.

xxi According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R and Associates**
Chartered Accountants

Place: Mumbai
Date: March 12, 2010

Vijay Mathur
Partner
Membership No: 046476



BALANCE SHEET

as at 31st December, 2009
(Currency : Indian Rupee)

| | Schedules | 31st Dec., 2009 | 31st Dec., 2008 |
|---|-----------|---------------------|---------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 55,551,340 | 55,551,340 |
| Reserves and surplus | 4 | 206,292,009 | 204,909,912 |
| | | <u>261,843,349</u> | <u>260,461,252</u> |
| Loan funds | | | |
| Secured loans | 5 | 12,955,557 | - |
| | | <u>274,798,906</u> | <u>260,461,252</u> |
| APPLICATION OF FUNDS | | | |
| Fixed assets | 6 | | |
| Gross block | | 149,279,312 | 148,696,491 |
| Accumulated depreciation | | (83,901,925) | (78,738,090) |
| Net block | | <u>65,377,387</u> | <u>69,958,401</u> |
| Capital work in progress | | - | 70,000 |
| | | <u>65,377,387</u> | <u>70,028,401</u> |
| Investments | 7 | 110,975,384 | 87,851,523 |
| Deferred tax asset (net) | 8 | - | 9,832,778 |
| Current assets, loans and advances | | | |
| Inventories | 9 | 48,398,351 | 54,037,700 |
| Sundry debtors | 10 | 33,225,604 | 42,935,343 |
| Cash and bank balances | 11 | 40,321,224 | 22,522,877 |
| Other current assets (Interest accrued on deposits) | | 379,854 | 1,480,720 |
| Loans and advances | 12 | 20,460,319 | 28,405,847 |
| | | <u>142,785,352</u> | <u>149,382,487</u> |
| Current liabilities and provisions | | | |
| Current liabilities | 13 | (31,861,753) | (33,586,711) |
| Provisions | 14 | (12,477,464) | (23,047,226) |
| | | <u>(44,339,217)</u> | <u>(56,633,937)</u> |
| Net current assets | | <u>98,446,135</u> | <u>92,748,550</u> |
| | | <u>274,798,906</u> | <u>260,461,252</u> |
| Significant accounting policies | 2 | | |
| Notes to accounts | 20 | | |

The Schedules referred to above form an integral part of the balance sheet.
As per our report of even date attached

For **B S R and Associates**
Chartered Accountants

Vijay Mathur
Partner
Membership No. 046476
Mumbai
March 12, 2010

For and on behalf of the Board of Directors

S. C. Jain
Managing Director

M. A. Sundaram
Director

Dharmesh M. Kuvalekar
Company Secretary
Kundaim, Goa
March 12, 2010



PROFIT AND LOSS ACCOUNT

for the year 31st December, 2009
(Currency : Indian Rupee)

| | Schedules | Year ended 31st Dec., 2009 | Year ended 31st Dec., 2008 |
|---|-----------|-------------------------------|-------------------------------|
| Income | | | |
| Manufactured sales | | 52,842,145 | 113,788,148 |
| Less : Excise duty | | (2,288,465) | (11,104,034) |
| Net sales | | 50,553,680 | 102,684,114 |
| Trading income | | 3,267,344 | 5,675,584 |
| Service Income | | | |
| Recoating | | 72,139,042 | 77,616,510 |
| Annual Maintenance charges | | 6,269,884 | 7,866,509 |
| | | 78,408,926 | 85,483,019 |
| Other income | 15 | 23,101,107 | 32,614,782 |
| | | 155,331,057 | 226,457,499 |
| Expenditure | | | |
| Cost of sales and services | 16 | 43,680,916 | 101,021,962 |
| Excise duty on intermediate product and Finished goods | | (828,729) | 1,255,986 |
| Personnel costs | 17 | 32,152,187 | 33,462,300 |
| Other costs | 18 | 61,243,923 | 53,168,315 |
| Interest expense | 19 | 19,847 | 113,141 |
| Depreciation and amortisation | 6 | 6,486,596 | 7,674,628 |
| | | 142,754,740 | 196,696,332 |
| Profit before tax | | 12,576,317 | 29,761,167 |
| Provision for tax | | | |
| - Current | | (1,756,812) | (7,573,444) |
| - Prior years (charge) / write back | | | |
| - Charge (net of refund Rs. Nil, previous year Rs. 1,173,782) | | - | (1,880,818) |
| - Write back (net of charge Rs. 144,289, previous year Rs. Nil) | | 555,849 | - |
| - Deferred | | (9,832,778) | 1,079,506 |
| - Fringe benefit tax (net of refund Rs. 680, previous year Rs. Nil) | | (160,479) | (562,557) |
| - Prior years | | - | (170,199) |
| Net Profit after tax | | 1,382,097 | 20,653,655 |
| Accumulated Profit brought forward | | 79,899,452 | 77,559,236 |
| Transfer to general reserve | | - | 2,065,366 |
| Proposed dividend for the year | | - | 13,887,835 |
| Provision for tax on proposed dividend | | - | 2,360,238 |
| Accumulated profit carried forward | | 81,281,549 | 79,899,452 |
| Basic and diluted earnings per share of face value of Rs.10 each | 20.5 | 0.25 | 3.72 |
| Significant accounting policies | 2 | | |
| Notes to accounts | 20 | | |

The Schedules referred to above form an integral part of the Profit & Loss account. As per our report of even date attached

For **B S R and Associates**
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No. 046476
Mumbai
12 March 2010

M. A. Sundaram
Director

S. C. Jain
Managing Director

Dharmesh M. Kuvalekar
Company Secretary
Kundaim, Goa
12 March 2010



Cash Flow Statement

for the year ended 31st December 2009

(Currency: Indian Rupee)

| | Year ended 31 Dec., 2009 | Year ended 31 Dec., 2008 |
|---|-----------------------------|-----------------------------|
| A Cash flow from operating activities | | |
| Net Profit for the year | 12,576,317 | 29,761,167 |
| Adjustments for non-cash and other items | | |
| Interest expense | 19,847 | 113,141 |
| Interest income | (3,382,139) | (2,124,389) |
| (Profit) / Loss on sale / scrapping of fixed assets | (74,705) | 359,952 |
| Depreciation and amortisation | 6,486,596 | 7,674,628 |
| Unrealised foreign exchange loss / (gain) | 142,740 | (40,433) |
| Provision for doubtful debts / advances written back | (6,001,069) | (804,012) |
| Bad debts / Advances written off | 4,078,278 | - |
| Dividends | (4,496,110) | (4,729,619) |
| Profit on redemption of mutual funds | (42,414) | (36,675) |
| Provision for Stores / stock (write-back) / write-off | (6,209,031) | 13,194,903 |
| Warranty provisions written back | 4,521,608 | (9,777,813) |
| | (4,956,399) | 3,829,683 |
| Operating profit before working capital changes | 7,619,919 | 33,590,850 |
| Changes in working capital | | |
| Decrease in Sundry debtors | 11,534,051 | 7,231,794 |
| Decrease in inventories | 11,848,380 | 30,803,359 |
| Decrease in loans and advances | 2,856,538 | 17,247,449 |
| (Decrease) in trade payables and other liabilities | (1,769,219) | (5,143,843) |
| Increase in provisions | 2,183,721 | 1,040,030 |
| | 26,653,471 | 51,178,789 |
| Cash generated from operations | 34,273,390 | 84,769,639 |
| Income tax refunds / (payments) | 2,700,530 | (12,721,725) |
| Net cash from operating activities [A] | 36,973,920 | 72,047,914 |
| B Cash flow from investing activities | | |
| Purchase of fixed assets and change in capital work in progress | (1,887,324) | (5,242,515) |
| Proceeds from sale of fixed assets | 126,447 | 191,320 |
| Interest received | 4,483,004 | 2,502,571 |
| Dividend received | 4,496,110 | 4,729,619 |
| Proceeds from redemption of mutual funds | 139,121,944 | 88,102,885 |
| Purchase of investments | (162,203,391) | (122,316,504) |
| Net cash (used in) investing activities [B] | (15,863,210) | (32,032,624) |



Cash Flow Statement

for the year ended 31st December 2009

(Currency: Indian Rupee)

| | Year ended 31 Dec., 2009 | Year ended 31 Dec., 2008 |
|---|-----------------------------|-----------------------------|
| C Cash flow from financing activities | | |
| Increase / (Decrease) in short term borrowings | 12,955,557 | (18,855,234) |
| Dividend and distribution tax paid | (16,248,073) | (37,697,139) |
| Interest paid | (19,847) | (113,141) |
| Net cash (used in) financing activities [C] | (3,312,363) | (56,665,514) |
| Net increase / (decrease) in cash and cash equivalents [A]+[B]+[C] | 17,798,347 | (16,650,224) |
| Cash and cash equivalents at the beginning of the year | 22,522,877 | 39,173,101 |
| Cash and cash equivalents at the end of the year | 40,321,224 | 22,522,877 |

Notes:

- Cash and cash equivalents comprise of

| | | |
|--------------------------|-------------------|-------------------|
| Cash and cheques on hand | 44,319 | 68,634 |
| With Scheduled Banks | | |
| On Current accounts | 13,646,905 | 9,534,700 |
| On Deposit accounts | 26,630,000 | 12,919,543 |
| | <u>40,321,224</u> | <u>22,522,877</u> |
- The above includes an amount of Rs. 2,162,761 (previous year Rs 2,031,831) restricted in use on account of unpaid dividend and lien against Bank guarantees.

The accompanying Schedules form an integral part of the cash flow statement.
As per our report of even date attached

For B S R and Associates
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Mathur
Partner
Membership No. 046476

S. C. Jain
Managing Director

M. A. Sundaram
Director

Dharmesh M. Kuvalekar
Company Secretary

Mumbai
March 12 2010

Kundaim, Goa
March 12 2010



Schedule to the Accounts

for the year ended 31st December 2009

1 Background

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 from Titanor to De Nora on 27th June 2007. The Company has its manufacturing facilities at Kundaim, Goa and is involved in the business of manufacturing and servicing of Electrolytic products.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India ("Indian GAAP") and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods.

2.3 Tangible assets and depreciation

Tangible assets are stated at acquisition cost less accumulated depreciation and impairment loss, if any. The acquisition cost of fixed assets includes taxes, duties, freight and other incidental expenses related to bringing the asset to its working condition for its intended use.

The Company depreciates its fixed assets on Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Act, except for existing assets of plant and machinery procured until 31 December 2005 and leasehold land. For additions and disposals, depreciation is provided pro-rata for the period of use. Fixed assets individually costing up to Rs. 5,000 are depreciated fully in the year of purchase.

In respect of the existing assets of plant and machinery procured until 31 December 2005, depreciation is charged on SLM over management's estimate of the residual useful life of the respective asset which varies from 1 to 10 years. However in respect of these assets, the depreciation rates prescribed in Schedule XIV to the Act, are considered as the minimum rates.

Premium on leasehold land is amortised over the unexpired period of the lease.

Capital work-in-progress includes the cost of fixed assets that are not ready to use at the balance sheet date and advances paid to acquire capital assets before the balance sheet date.

2.4 Intangible assets and amortisation

Intangible assets includes system and application software. These intangible assets are recognised only where future economic benefits attributable to such assets are expected to flow to the Company and the cost of such assets can be reasonably measured. Software is initially recognised at cost and carried to subsequent years at cost less accumulated amortisation and accumulated impairment losses, if any.

The computer software is amortised over an expected benefit period of 6 years on a straight line basis.

Intangible assets are derecognised when no future economic benefits are expected from their use and subsequent disposal.

2.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets



Schedule to the Accounts

for the year ended 31st December 2009

(Cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.6 Leases

Lease payments under operating lease are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

2.7 Investments

Long term investments are stated at cost, less any other than temporary diminution in value.

Current investments are carried at lower of cost and fair value, computed separately in respect of each category of investment.

2.8 Inventories

Inventories include raw materials and components, work in progress, manufactured and traded finished goods inventory. Inventory is valued at the lower of cost and net realisable value.

Cost comprises the purchase price, costs of conversion and other related costs incurred in bringing the inventories to their present location and condition. Costs of raw materials and consumable stores and spares are determined on the basis of the weighted average method. Cost of finished goods and work in progress include appropriate proportion of costs of conversion which include variable and fixed overheads. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty on unsold manufactured goods is included in the value of the finished goods inventory.

Obsolete, defective and unserviceable inventories are duly provided for. The comparison of cost and net realisable value is made on an item to item basis.

2.9 Revenue recognition

Revenue from sale of products is recognised on transfer of all significant risks and rewards of ownership of the products on to the customers, which is generally on dispatch of goods.

Service income comprising mainly recoating/ repair of electrolytic products is recognised as per the terms of the contract with the customer when the related services are performed and the products are dispatched to the customer. Income from annual maintenance service contracts is recognised pro-rata over the period of the contract. Commission income is recognised when proof of shipment is received from the supplier.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on the time proportion basis.

2.10 Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the period are recognized in the Profit and Loss account of the period.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the Profit and Loss Account.



Schedule to the Accounts

for the year ended 31st December 2009

2.11 Employee benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include compensated absences such as paid annual leave and sickness leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

(b) Post-employment benefits

The Company's approved superannuation scheme is a defined contribution plan. The Company also makes specified monthly contributions towards employee provident fund which is also a defined contribution plan. The Company's contribution paid/ payable under these schemes is recognised as an expense in the Profit and Loss account during the year in which the employee renders the related service.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation at the balance sheet date by an independent actuary using the Projected Unit Credit Method. Actuarial gains and losses are recognised immediately in the Profit and Loss account.

(c) Other Long-term employment benefits

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation which is determined at each balance sheet date based on an actuarial valuation by an independent actuary using the Projected Unit Credit Method. Actuarial gains and losses are recognized immediately in the Profit and Loss account.

2.12 Taxation

Income tax expense comprises current tax, deferred tax charge or credit and fringe benefit tax. Provision for current tax is determined as the amount of tax payable in respect of taxable income for the period in accordance with the provisions of the Income Tax Act, 1961. The final tax liability will be determined on the basis of the results for the period 1 April 2009 to 31 March 2010, being the tax year of the Company.

The deferred tax charge or credit is recognised using enacted or substantively enacted rates. In the case of unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed as at each Balance Sheet date to reassess realisation.

Provision for Fringe Benefits Tax is made on the basis of the applicable rates on the taxable value of eligible expenses of the Company as prescribed under the Income-tax Act, 1961

2.13 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



Schedule to the Accounts
as at 31st December 2009
(Currency: Indian Rupee)

| 3 Share capital | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|---|--------------------------------|--------------------------------|
| Authorised | | |
| 10,000,000 (previous year: 10,000,000) equity shares of Rs 10 each | 100,000,000 | 100,000,000 |
| Issued, subscribed and paid -up | | |
| 5,555,134 (previous year: 5,555,134) equity shares of Rs. 10 each, fully paid up | 55,551,340 | 55,551,340 |
| | 55,551,340 | 55,551,340 |

Of the above 2,849,500 (previous year 2,849,500) equity shares of Rs. 10 each are held by Oronzio De Nora International B.V., the holding company.

| 4 Reserves and surplus | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|---|--------------------------------|--------------------------------|
| Share premium account | 94,022,630 | 94,022,630 |
| General reserve | | |
| Balance at the commencement of the year | 30,987,830 | 28,922,464 |
| Additions during the year | - | 2,065,366 |
| Balance at the end of the year | 30,987,830 | 30,987,830 |
| Profit and loss account | 81,281,549 | 79,899,452 |
| | 206,292,009 | 204,909,912 |

| 5 Secured Loans | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|------------------------|--------------------------------|--------------------------------|
| From banks: | | |
| Cash credit facilities | 12,955,557 | - |
| | 12,955,557 | - |

The cash credit facilities are secured by a first charge on movable and immovable properties of the Company and the hypothecation of cash, inventories, outstanding monies and book debts.

Schedule to the Accounts
as at 31st December 2009
(Currency: Indian Rupee)

6. Fixed Assets

| Description of Assets | Gross Block | | | Accumulated Depreciation / Amortisation | | | Net Block | |
|------------------------|------------------------|---------------------------------|---------------------------------|---|--|---------------------------------|------------------------|------------------------|
| | As at 01 Jan., 2009 | Additions during the year | Deletions during the year | As at 31 Dec., 2009 | Depreciation & amortisation for the year | Deletions during the year | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
| Intangible assets | | | | | | | | |
| Software | 1,945,331 | - | 802,453 | 1,142,878 | 197,161 | 802,453 | 328,108 | 525,269 |
| Tangible assets | | | | | | | | |
| Leasehold land | 1,856,520 | - | - | 1,856,520 | 19,542 | - | 1,206,438 | 1,225,980 |
| Office building | 2,614,836 | - | - | 2,614,836 | 42,244 | - | 1,994,178 | 2,036,422 |
| Factory building | 45,031,427 | - | - | 45,031,427 | 1,503,151 | - | 27,535,564 | 29,038,715 |
| Plant and machinery | 83,858,935 | 1,797,134 | 14,690 | 85,641,379 | 3,503,333 | 5,126 | 30,312,574 | 32,028,337 |
| Furniture and fixtures | 6,691,204 | - | 126,733 | 6,564,471 | 272,875 | 126,023 | 1,352,067 | 1,625,652 |
| Motor cars | 3,145,721 | - | 356,635 | 2,789,086 | 418,506 | 339,145 | 1,379,495 | 1,815,491 |
| Computers | 3,552,517 | 160,190 | 73,992 | 3,638,715 | 529,784 | 50,014 | 1,268,963 | 1,662,535 |
| Total | 148,696,491 | 1,957,324 | 1,374,503 | 149,279,312 | 6,486,596 | 1,322,761 | 65,377,387 | 69,958,401 |
| Previous year | 134,154,138 | 16,289,361 | 1,747,008 | 148,696,491 | 7,674,628 | 1,195,736 | 69,958,401 | |

| | | |
|--------------------------|---------------------|---------------------|
| | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
| Capital work in progress | - | 70,000 |

Notes:

- a) Capital work in progress including capital advances Rs. Nil (previous year Rs. 70,000).
b) Depreciation charge for the year includes Rs. Nil (previous year Rs. 775,713) in respect of previous years.



**Schedule to the Accounts**

as at 31st December 2009

(Currency: Indian Rupee)

| 7 | Investments (Non trade) | As at | As at |
|---|---|--------------------|-------------------|
| | | 31 Dec., 2009 | 31 Dec., 2008 |
| | Long term investments | | |
| | - in shares of other companies (quoted) | | |
| | 2,000 (previous year 2,000) fully paid-up equity shares of Rs. 10 each of Bank of Baroda | 170,000 | 170,000 |
| | Current investments | | |
| | - in units of mutual funds (unquoted) | | |
| | Nil (previous year 3,986,712.672) units of HDFC Liquid Fund - Dividend reinvestment option. | - | 41,135,957 |
| | 3,313,073.182 (previous year Nil) units of HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily dividend reinvestment option | 33,235,094 | - |
| | 2,596,764.900 (previous year Nil) units of HDFC High Interest Fund - Short Term Plan - Dividend payout option | 27,500,000 | - |
| | 790,750.368 (previous year Nil) units of HDFC High Interest Fund - Short term growth plan | 14,327,685 | - |
| | Nil (previous year 979,138.248) units of Prudential ICICI Flexi Income Plan - Dividend reinvestment option | - | 10,322,572 |
| | 110,595.847 (previous year 1,234,375.357) units of Prudential ICICI Liquid Fund - Dividend reinvestment option | 13,143,089 | 14,623,138 |
| | 2,241,237.322 (previous year 2,141,373.737) units in Tata Floater Fund - Dividend reinvestment option | 22,599,516 | 21,599,856 |
| | | 110,975,384 | 87,851,523 |

Notes:

- a) The aggregate book value and market value of quoted investment and the book value of unquoted investments are as follows:

Quoted investment

| | | |
|--|-------------|------------|
| Aggregate book value of quoted investments | 170,000 | 170,000 |
| Aggregate market value of quoted investments | 1,027,900 | 560,900 |
| Aggregate book value of unquoted investment | 110,805,384 | 87,681,523 |

- b) The following investments were acquired and sold during the year:

| | Face value | Number | Cost |
|---|------------|-----------------|-----------------|
| HDFC - Liquid Fund - Dividend reinvestment option | 10.000 | 3,283,606.584 | 33,891,117.20 |
| (Previous year) | 10.000 | (1,885,436.333) | (19,469,045.29) |
| HDFC - Fixed Maturity Plan - Series VI | 10.000 | (-) | (-) |
| (Previous year) | | (42,399.735) | (476,400.00) |
| HDFC - Cash Management Plus - Dividend reinvestment option | 10.000 | 4,112,047.045 | 41,250,000.00 |
| (Previous year) | | (1,157,151.452) | (11,607,964.77) |
| Prudential ICICI - Liquid Plan - Dividend reinvestment option | 10.000 | 918,197.505 | 10,914,260.00 |
| (Previous year) | | (855,495.574) | (10,138,820.22) |
| Prudential ICICI - Flexi Income Plan - Dividend reinvestment option | 10.000 | 6,332.192 | 66,753.00 |
| (Previous year) | | (979,138.248) | (10,322,572.46) |



Schedule to the Accounts
as at 31st December 2009
(Currency: Indian Rupee)

| | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|---|------------------------|------------------------|
| 8. Deferred tax asset (net) | | |
| Deferred tax assets | | |
| - in respect of provision for warranty / recoating | 2,571,650 | 1,252,023 |
| - in respect of provision for doubtful debts, advances and stocks | 3,084,909 | 14,449,802 |
| - in respect of technical know how amortisation | 31,804 | 35,656 |
| - in respect of provision for gratuity allowance | 458,485 | 280,385 |
| - in respect of provision for services | 622,196 | - |
| - in respect of provision for leave encashment / availment | 993,687 | 429,540 |
| | <u>7,762,731</u> | <u>16,447,406</u> |
| Deferred tax liabilities | | |
| on temporary timing differences | | |
| - in respect of depreciation allowance | 7,762,731 | 6,614,628 |
| | <u>-</u> | <u>9,832,778</u> |

Note: On consideration of prudence, the deferred tax asset is recognised only to the extent of deferred tax liability, as this amount is considered to be virtually certain of realisation. The remaining deferred tax asset is not recognised as it is not considered to be virtually certain of realisation.

| | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|---|------------------------|------------------------|
| 9. Inventories | | |
| Raw materials | 34,415,508 | 38,935,197 |
| <i>[Including goods in transit Rs.205,645 (Previous year Rs.118,258)]</i> | | |
| Consumable stores and spares | 2,063,460 | 1,975,246 |
| <i>[including loose tools Rs.398,864 (previous year Rs. 334,768)]</i> | | |
| Work-in-progress | 6,404,789 | 4,021,594 |
| Finished goods | 5,514,594 | 9,105,663 |
| | <u>48,398,351</u> | <u>54,037,700</u> |

**Schedule to the Accounts**

as at 31st December 2009

(Currency: Indian Rupee)

| 10 Sundry debtors (Unsecured) | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|---|--------------------------------|--------------------------------|
| Debts outstanding for more than six months | | |
| (a) considered good | 241,128 | - |
| (b) considered doubtful | 8,511,591 | 10,497,213 |
| | <u>8,752,719</u> | <u>10,497,213</u> |
| Other debts | | |
| a) considered good * | 32,984,476 | 42,935,343 |
| b) considered doubtful | - | 473,312 |
| | <u>32,984,476</u> | <u>43,408,655</u> |
| | 41,737,195 | 53,905,868 |
| Provision for doubtful debts | (8,511,591) | (10,970,525) |
| | <u>33,225,604</u> | <u>42,935,343</u> |
| * Includes the following sums receivable from companies under the same management within the meaning of section 370 (1B): | | |
| De Nora Deutschland GmbH | 30,305 | 1,062,812 |
| De Nora Elettrodi (Suzhou) Ltd. | 241,071 | 1,120,098 |
| De Nora Tech Inc. | 583,915 | 3,199,420 |
| Uhdenora S.p.A. | - | 70,914 |

| 11 Cash and bank balances | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|--|--------------------------------|--------------------------------|
| Cash in hand | 44,319 | 68,634 |
| Balances with scheduled banks | | |
| - in current accounts | 13,646,905 | 9,534,700 |
| - in deposit accounts | 26,630,000 | 12,919,543 |
| [of which under lien against Bank Guarantees Rs. 646,938 (Previous year Rs. 646,938)] | | |
| | <u>40,321,224</u> | <u>22,522,877</u> |

**Schedule to the Accounts**

as at 31st December 2009

(Currency: Indian Rupee)

| | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|--|------------------------|------------------------|
| 12 Loans and advances | | |
| <i>(Unsecured)</i> | | |
| Considered good | | |
| Advances recoverable in cash or in kind or for value to be received [^] | 4,295,815 | 7,335,802 |
| Taxes paid in advance | 14,442,027 | 19,531,017 |
| (net of provision Rs. 20,292,341 (previous year Rs. 90,181,179)) | | |
| Fringe benefit tax paid in advance | 221,611 | - |
| (net of provision Rs. Nil (previous year Rs. Nil)) | | |
| Deposits | 1,500,866 | 1,539,028 |
| | <u>20,460,319</u> | <u>28,405,847</u> |
| Considered doubtful | | |
| Advances recoverable in cash or in kind or for value to be received | 564,341 | 3,872,446 |
| Deposits | - | 234,030 |
| | <u>564,341</u> | <u>4,106,476</u> |
| | <u>21,024,660</u> | <u>32,512,323</u> |
| Provision for doubtful deposits / advances | (564,341) | (4,106,476) |
| | <u>20,460,319</u> | <u>28,405,847</u> |

[^] Includes amount receivable from a director of Rs. Nil (previous year Rs. 3,643). The maximum balance outstanding during the year amounted to Rs. 100,228 (previous year Rs. 365,177).

| | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|----------------------------------|------------------------|------------------------|
| 13 Current liabilities | | |
| Sundry creditors ** | 25,191,735 | 26,830,019 |
| Advances received from customers | 2,013,340 | 679,546 |
| Unclaimed dividend *** | 1,515,823 | 1,373,411 |
| Other liabilities | 3,140,855 | 4,703,735 |
| | <u>31,861,753</u> | <u>33,586,711</u> |

** Based on the information and record available with the Company, there are no dues outstanding as at 31 December 2009, in respect of micro enterprises and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (Previous year Rs. Nil).

*** There is no amount due for deposit into the Investor Education and Protection Fund.

| | As at 31 Dec., 2009 | As at 31 Dec., 2008 |
|---|------------------------|------------------------|
| 14 Provisions | | |
| Income tax [net of advance tax Rs. Nil (previous year Rs. Nil)] | - | 899,589 |
| Fringe Benefits tax [net of taxes paid Rs. Nil (previous year Rs. 580,000)] | - | 127,429 |
| Proposed dividend | - | 13,887,835 |
| Tax on proposed dividend | - | 2,360,238 |
| Gratuity | 1,348,882 | 824,905 |
| Leave encashment / Sick leave | 2,923,470 | 1,263,726 |
| Recoating / warranty | 8,205,112 | 3,683,504 |
| | <u>12,477,464</u> | <u>23,047,226</u> |



Schedule to the Accounts
for the year ended 31st December 2009
(Currency: Indian Rupee)

| 15 Other income | Year ended 31 Dec., 2009 | Year ended 31 Dec., 2008 |
|---|-------------------------------------|-------------------------------------|
| Profit on switch/redemption of current investments [net of loss on redemption Rs. 62,945 (previous year Rs. Nil)] | 42,414 | 36,675 |
| Profit on sale of assets [net of loss Rs. 33,542 (previous year Rs. Nil)] | 74,705 | - |
| Dividend on current investments - non trade | 4,496,110 | 4,729,619 |
| Writeback of warranty provision | - | 9,777,813 |
| Writeback of provision for bad debts / advances | 6,001,069 | - |
| Interest income | | |
| - On bank deposits (tax deducted at source Rs. 130,204 (previous year Rs. 57,409)) | 694,006 | 1,113,445 |
| - Interest on income tax refunds | 2,666,763 | 983,302 |
| - On employee loans | 21,370 | 27,642 |
| Exchange gain [net of loss Rs. Nil (previous year Rs. 650,438)] | - | 659,326 |
| Deputation Charges | 6,620,661 | 10,524,849 |
| Commission | 1,107,734 | 4,077,376 |
| Other miscellaneous income | 1,376,275 | 684,735 |
| | 23,101,107 | 32,614,782 |

| 16 Cost of sales and services | Year ended 31 Dec., 2009 | Year ended 31 Dec., 2008 |
|--|-------------------------------------|-------------------------------------|
| Purchases of raw materials and consumables | 30,284,718 | 42,993,212 |
| Installation, commissioning and repairs costs of electrochlorinators | 7,007,217 | 10,295,291 |
| Jobwork charges | 171,775 | 2,726,536 |
| Packing charges | 577,857 | 1,008,661 |
| | 38,041,567 | 57,023,700 |
| Add : Opening inventories | | |
| - Raw materials | 38,935,197 | 76,196,072 |
| - Consumable stores and spares | 1,975,246 | 2,093,252 |
| - Work-in-progress | 4,021,594 | 13,390,485 |
| - Finished goods | 9,105,663 | 6,356,153 |
| | 54,037,700 | 98,035,962 |
| Less : Closing inventories | | |
| - Raw materials | 34,415,508 | 38,935,197 |
| - Consumable stores and spares | 2,063,460 | 1,975,246 |
| - Work-in-progress | 6,404,789 | 4,021,594 |
| - Finished goods | 5,514,594 | 9,105,663 |
| | 48,398,351 | 54,037,700 |
| Decrease in inventories | 5,639,349 | 43,998,262 |
| | 43,680,916 | 101,021,962 |



Schedule to the Accounts
for the year ended 31st December 2009
(Currency: Indian Rupee)

| | Year ended 31 Dec., 2009 | Year ended 31 Dec., 2008 |
|--|-----------------------------|-----------------------------|
| 17 Personnel costs | | |
| Salaries, wages and bonus (includes Rs. Nil (previous year Rs. 958,000) in respect of previous years) | 27,084,086 | 28,790,896 |
| Gratuity | 857,290 | 714,983 |
| Contribution to provident and other funds | 2,159,788 | 1,998,108 |
| Staff welfare | 2,051,023 | 1,958,313 |
| | <u>32,152,187</u> | <u>33,462,300</u> |
| 18 Other costs | | |
| Travelling and conveyance | 8,487,375 | 8,793,957 |
| Power, fuel and water | 3,581,125 | 3,482,615 |
| Commission | 3,641,647 | 2,502,418 |
| Business development / promotion expenses & discount | 1,018,494 | 639,259 |
| Royalty/ technical know-how fees | 4,710,880 | 4,107,818 |
| Professional and legal consultancy | 18,414,587 | 17,017,851 |
| Freight | 1,098,488 | 1,089,637 |
| Write off /provision for bad and doubtful debts/advances | 4,078,278 | 1,198,685 |
| Provision for warranty | 4,521,608 | - |
| Communications | 975,172 | 1,162,357 |
| Bank charges | 1,068,804 | 781,784 |
| Repairs and maintenance : | | |
| - on plant and machinery | 325,558 | 649,997 |
| - on building | 635,048 | 851,433 |
| - others | 935,189 | 1,238,691 |
| Office maintenance and housekeeping charges | 1,464,498 | 2,543,377 |
| Audit fees (Refer Schedule 20.6) | 634,801 | 455,000 |
| [Excluding service tax Rs. 39,088 (previous year Rs. 39,486)] | | |
| Exchange loss [net of gain Rs. 1,065,815 (previous year Rs. Nil)] | 170,519 | - |
| Donations | 46,600 | 516,550 |
| Insurance | 894,863 | 1,057,547 |
| Rent | 218,500 | 237,750 |
| Rates and taxes | 629,202 | 501,450 |
| Loss on sale/scrapping of assets [net of profit of Rs. Nil (previous year Rs. 13,861)] | - | 359,952 |
| Miscellaneous expenses | 3,692,687 | 3,980,187 |
| | <u>61,243,923</u> | <u>53,168,315</u> |



Schedule to the Accounts
for the year ended 31st December 2009
(Currency: Indian Rupee)

| 19 Interest expense | Year ended 31 Dec., 2009 | Year ended 31 Dec., 2008 |
|----------------------------------|-------------------------------------|-----------------------------|
| Interest on cash credit facility | 19,518 | 97,525 |
| Others | 329 | 15,616 |
| | <u>19,847</u> | <u>113,141</u> |

| 20 Notes to the Accounts | Year ended 31 Dec., 2009 | Year ended 31 Dec., 2008 |
|------------------------------------|-------------------------------------|-----------------------------|
| 20.1 Contingent liabilities | | |
| Claims in respect of: | | |
| Excise matters | 1,868,748 | 1,868,748 |

| 20.2 Capital and other commitments | Year ended 31 Dec., 2009 | Year ended 31 Dec., 2008 |
|--|-------------------------------------|-----------------------------|
| a) Bank guarantees given by Company comprise of the following: | | |
| - Against product performance | 13,384,175 | 22,967,874 |
| - Against export commitments to customs authorities | 4,248,673 | 868,371 |

Estimated amounts of contracts remaining to be executed on capital account and not provided for as on 31 December, 2009 aggregate Rs. Nil net of capital advances Rs. Nil (previous year Rs. 90,000 net of capital advances Rs. 70,000)

| 20.3 Managerial remuneration | Year ended 31 Dec., 2009 | Year ended 31 Dec., 2008 |
|---|-------------------------------------|-----------------------------|
| Salaries, incentives and other allowances | 1,200,000 | 1,430,769 |
| Contribution to provident and family pension fund | 144,000 | 171,692 |
| Contribution to Superannuation fund | 180,000 | 180,000 |
| Perquisites | 211,137 | 194,984 |
| Performance based incentive | 1,264,000 | 1,020,000 |
| | <u>2,999,137</u> | <u>2,997,445</u> |

The above amount does not include gratuity and leave avilment benefits which is actuarially determined on an overall basis for the Company and individual information in respect of the directors is not available.

Computation of net profit in accordance with section 198 and section 349 of the Companies Act, 1956 has not been disclosed, as commission by way of percentage of profit is not payable to any Director.



Schedule to the Accounts
for the year ended 31st December 2009
(Currency: Indian Rupee)

20.4 Related party transactions

a) Parties where control exists

| Name of related party | Relationship |
|------------------------------------|---|
| Oronzio De Nora International B.V. | Holding Company (holds 51.29% of the equity share capital as at 31 December 2009) |
| Industrie De Nora S.p.A. | Ultimate Holding Company ('UHC') |

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

| Relationship | Name of related party |
|---|---|
| i. Entities under common control ('EUCC') | Uhdenora S.p.A. Industrie De Nora S.p.A., Singapore Branch De Nora Elettrodi (Suzhou) Ltd. De Nora Tech Inc. |
| ii. Fellow Subsidiaries ('FS') | De Nora Deutschland GmbH De Nora Do Brasil Ltda. |
| iii. Key Management personnel ('KMP') | S .C. Jain (Managing Director) |

c) Transactions with related parties have been set out below

| Transactions | UHC | EUCC | FS | KMP | Total |
|---|----------------------------|--------------------------|--------------------------|--------------------------|----------------------------|
| Purchase of raw materials, trading goods and spares | 3,322,726 (4,338,015) | 443,518 (118,258) | 483,864 (4,512,057) | - (-) | 4,250,108 (8,968,330) |
| Commission paid | 123,785 (-) | - (662,347) | - (-) | - (-) | 123,785 (662,347) |
| Purchase of capital Goods | 868,450 (1,690,078) | - (-) | - (-) | - (-) | 868,450 (1,690,078) |
| Purchase of services | 15,713,442 (14,487,355) | 876,029 (-) | - (-) | - (-) | 16,589,471 (14,487,355) |
| Payment of Royalty | 4,710,880 (4,107,818) | - (-) | - (-) | - (-) | 4,710,880 (4,107,818) |
| Reimbursement of expenses | 107,599 (220,582) | - (-) | - (-) | - (-) | 107,599 (220,582) |
| Sale of goods and services | - (62,370) | 367,631 (2,279,447) | 7,567,681 (2,823,164) | - (-) | 7,935,312 (5,164,981) |
| Commission received | - (-) | 1,093,767 (3,858,905) | 13,967 (218,471) | - (-) | 1,107,734 (4,077,376) |
| Recovery of expenses | 4,418,251 (8,070,648) | 37,165 (2,454,201) | 2,266,304 (-) | - (-) | 6,721,720 (10,524,849) |
| Dividends paid | 7,123,750 (16,527,100) | - (-) | - (-) | - (-) | 7,123,750 (16,527,100) |
| Remuneration | - (-) | - (-) | - (-) | 2,999,137 (2,997,445) | 2,999,137 (2,997,445) |
| Balance outstanding as on 31 December 2009 | | | | | |
| - Receivables | 152,387 (7,260,461) | 824,986 (4,390,432) | 30,305 (1,062,812) | - (-) | |
| - Payables | 10,989,414 (11,663,618) | 876,029 (780,605) | 12,245 (58,082) | - (-) | |

Figures in brackets relate to the previous year transactions/ balances.



Schedule to the Accounts
for the year ended 31st December 2009
(Currency: Indian Rupee)

d) Name of the parties having related party transactions in excess of 10% in line transactions.

| Name of the related party | Transactions | 2009 | 2008 |
|---|--|------------|------------|
| Industrie De Nora S.p.A., Italy | Purchase of raw materials trading goods and spares | 3,322,726 | 4,338,015 |
| De Nora Tech Inc. USA | Purchase of raw materials trading goods and spares | - | 118,258 |
| De Nora Deutschland GmbH, Germany | Purchase of raw materials trading goods and spares | 483,864 | 4,453,018 |
| De Nora Do Brasil Ltda., Brasil | Purchase of raw materials trading goods and spares | - | 59,039 |
| De Nora Elettrodi (Suzhou) Co. Ltd., China | Purchase of raw materials trading goods and spares | 443,518 | - |
| Industrie De Nora S.p.A., Italy | Purchase of capital goods | 868,450 | 1,690,078 |
| Industrie De Nora S.p.A., Italy | Purchase of services | 15,713,442 | 14,487,355 |
| De Nora Tech Inc. USA | Purchase of services | 876,029 | - |
| Industrie De Nora S.p.A., Italy | Payment of Commission | 123,785 | - |
| De Nora Tech Inc. USA | Payment of Commission | - | 662,347 |
| Industrie De Nora S.p.A., Italy | Reimbursement of expenses | 107,599 | 220,582 |
| Industrie De Nora S.p.A., Italy | Payment of Royalty | 4,710,880 | 4,107,818 |
| Oronzio De Nora International B.V., Netherlands | Dividends paid | 7,123,750 | 16,527,100 |
| Industrie De Nora S.p.A., Italy | Sale of goods and services | - | 2,325,884 |
| Industrie De Nora S.p.A., Singapore branch | Sale of goods and services | - | 2,263,514 |
| De Nora Deutschland GmbH, Germany | Sale of goods and services | 7,567,681 | 2,823,164 |
| Uhdenora S.p.A., Italy | Sale of goods and services | 367,631 | 15,933 |
| Industrie De Nora S.p.A., Italy | Recovery of expenses incurred on behalf of group companies | 4,418,251 | 8,070,648 |
| De Nora Elettrodi (Suzhou) Ltd. | Recovery of expenses incurred on behalf of group companies | 2,266,304 | 2,454,201 |
| De Nora Deutschland GmbH, Germany | Recovery of expenses incurred on behalf of group companies | 37,165 | - |
| De Nora Deutschland GmbH, Germany | Commission received | 13,967 | 218,471 |
| De Nora Tech Inc., USA | Commission received | 1,093,767 | 3,858,905 |

**Schedule to the Accounts**

for the year ended 31st December 2009
(Currency: Indian Rupee)

20.5 Earnings per share

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

| | 2009 | 2008 |
|--|-----------|------------|
| Weighted average number of equity shares outstanding during the year | 5,555,134 | 5,555,134 |
| Net profit after tax available for equity shareholders | 1,382,097 | 20,653,655 |
| Basic and diluted earnings per equity share of Rs.10 each | 0.25 | 3.72 |

20.6 Auditors remuneration

| | 2009 | 2008 |
|--|----------------|----------------|
| As auditors | | |
| a) audit fees * | 450,000 | 355,000 |
| b) other matters | 100,000 | 100,000 |
| c) out of pocket expenses (includes Rs. 24,121 (previous year Nil) in respect of previous years) | 84,801 | - |
| | 634,801 | 455,000 |

[Excluding Service Tax Rs. 39,088 (previous year Rs. 39,486)]

* audit fees does not include Rs. 650,000 (Previous year Rs. 650,000) in respect of statutory audit, group audit under IFRS, etc. to be borne by Ultimate Holding Company.

20.7 Segment information

The Company's primary (business) segment is singular viz. "Electrolytic Products". Further, in the previous year the Company catered mainly to the needs of the domestic market. Since the export turnover was not significant in proportion to the total turnover in the previous year, there were no reportable geographic segments. However, during the current year, there are two reportable geographical segments. The disclosures in respect of the secondary (geographical) segment is as follows:

| Revenue | Local | Export | Unallocable | Total |
|---|-------------|------------|-------------|-------------|
| Carrying amount of segment assets | 103,083,195 | 36,875,150 | - | 139,958,345 |
| Cost incurred to acquire segment assets | 191,891,219 | 1,607,882 | 125,639,022 | 319,138,123 |

20.8 Disclosure relating to provisions.**Warranties/ recoating**

The Company offers warranties for one of the critical parts of certain electrochlorinators 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 electrochlorinators 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


Schedule to the Accounts

for the year ended 31st December 2009
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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.

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 :

| | 2009 | 2008 |
|--|-----------|------------|
| Opening carrying amount | 3,683,504 | 14,399,996 |
| Additional provisions made during the year | 4,521,608 | - |
| Unused amounts reversed during the year | - | 9,777,813 |
| Closing carrying amount | 8,205,112 | 3,683,504 |

Most of the outflows are expected to take place between year 1 and 2 after the balance sheet date and all will be incurred within a period of 8 years from the balance sheet date.

20.9 Employee benefits
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. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. 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 by only the Company. The contributions are normally based on a certain proportion of the employee's salary.

A sum of Rs. 2,159,788 (previous year Rs. 1,998,108) has been charged to the revenue account in this respect, comprising of the following:

| | 2009 | 2008 |
|---------------------|-----------|-----------|
| Provident Fund | 827,791 | 775,381 |
| Family Pension Fund | 520,477 | 466,978 |
| Superannuation Fund | 811,520 | 755,749 |
| Total | 2,159,788 | 1,998,108 |

b) Defined-Benefit Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme. Benefits under the defined benefit plan is typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. The Company contributes funds to Life Insurance Corporation of India, which is irrevocable. Commitments are actuarially determined at year-end. The actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to the profit and loss account.

**Schedule to the Accounts**

for the year ended 31st December 2009
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i. Reconciliation of opening and closing balance of obligation

| | 2009 | 2008 |
|--|-----------|-----------|
| Liability at the beginning of the year | 4,650,726 | 3,638,134 |
| Current service cost | 298,305 | 291,050 |
| Interest cost | 334,827 | 374,774 |
| Benefits paid | (331,568) | (36,260) |
| Actuarial (gain) / loss on obligations | 583,872 | 383,028 |
| Liability at the end of the year | 5,536,162 | 4,650,726 |

ii. Reconciliation of opening and closing balance of fair value of plan assets

| | 2009 | 2008 |
|--|-----------|-----------|
| Fair value of plan assets at the beginning of the year | 3,825,821 | 3,528,212 |
| Expected return on plan assets | 359,714 | 333,869 |
| Contributions by the employer | 333,313 | - |
| Benefits paid | (331,568) | (36,260) |
| Actuarial (gain) / loss on plan assets | - | - |
| Fair value of plan assets at the end of the year | 4,187,280 | 3,825,821 |

The plan assets of the Company are managed by the Life Insurance Corporation of India and the composition of investments relating to these assets are not available with the Company.

iii. Expenses recognised on defined benefit plan in the profit and loss account

| | 2009 | 2008 |
|--|-----------|-----------|
| Current service cost | 298,305 | 291,050 |
| Past service cost | - | - |
| Interest expense | 334,827 | 374,774 |
| Expected return on investment | (359,714) | (333,869) |
| Net actuarial (gain) / loss | 583,872 | 383,028 |
| Expenses/ (income) recognised in the profit and loss account | 857,290 | 714,983 |

iv. Amount recognised on defined benefit plan in the Balance sheet

| | 2009 | 2008 |
|---|-----------|-----------|
| Present value of the commitment | 5,536,162 | 4,650,726 |
| Fair value of plan assets | 4,187,280 | 3,825,821 |
| Net liability/(asset) recognised in the balance sheet | 1,348,882 | 824,905 |

v. Actual return on plan assets

| | 2009 | 2008 |
|--|---------|---------|
| Expected return on plan assets | 359,714 | 333,869 |
| Actuarial gain / (loss) on plan assets | - | - |
| Actual return on plan assets | 359,714 | 333,869 |

**Schedule to the Accounts**

for the year ended 31st December 2009
(Currency: Indian Rupee)

vi. Principal actuarial assumptions

| | 2009 | 2008 |
|--|-------------------------------|-------------------------------|
| Discount rate | 7.50% | 7.00% |
| Expected rate of return on plan assets | 9.15% | 9.46% |
| Salary increment rate | 5.00% | 5.00% |
| Mortality rates | LIC 1994-96 Ultimate table | LIC 1994-96 Ultimate table |

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors such as demand and supply in the employment market.

20.10 Transactions in foreign currency

a) Earnings in foreign currency (on accrual basis)

| | 2009 | 2008 |
|---|-------------------|-------------------|
| Value of exports on a Free On Board ('FOB') basis | 29,146,755 | 16,471,168 |
| Income from services | 94,414 | 236,635 |
| Recovery of charges | 6,620,661 | 10,524,849 |
| Commission received | 1,107,734 | 4,077,376 |
| | <u>36,969,564</u> | <u>31,310,028</u> |

b) Expenditure in foreign currency (on accrual basis)

| | 2009 | 2008 |
|---------------------------|-------------------|-------------------|
| Travelling expenses | 484,246 | 501,118 |
| Purchase of services | 16,690,170 | 14,487,355 |
| Royalty | 4,710,880 | 4,107,818 |
| Reimbursement of expenses | 107,599 | 220,582 |
| Commission | 726,929 | 662,347 |
| | <u>22,719,824</u> | <u>19,979,220</u> |

c) Remittance of dividend in foreign currency

| | 2009 | 2008 |
|--------------------------------------|-----------|------------|
| Amount remitted in foreign currency | 7,123,750 | 16,527,100 |
| Dividend for the year ended | 31-Dec-08 | 31-Dec-07 |
| Number of non-resident share holders | 1 | 1 |
| Number of shares held | 2,849,500 | 2,849,500 |

**Schedule to the Accounts**

for the year ended 31st December 2009
(Currency: Indian Rupee)

d) Value of imports on Cost, Insurance and Freight ('CIF') basis

| | 2009 | 2008 |
|---------------|-------------------|-------------------|
| Raw material | 15,464,353 | 20,314,265 |
| Capital goods | 1,404,640 | 1,799,047 |
| Stores | 64,019 | 27,149 |
| | 16,933,012 | 22,140,461 |

e) Foreign currency exposures

The Company does not enter into any derivative contracts to hedge its risk associated with foreign currency fluctuations. The unhedged foreign currency exposure on the receivables and payables at the year end is given below:

| | 2009 | | 2008 | |
|---|-----------|-----------|------------|-----------|
| i. Amounts denominated in Euros | Rs. | Euros (€) | Rs. | Euros (€) |
| Receivable towards export of goods and services | 844,944 | 12,607 | 9,795,984 | 145,045 |
| Receivable towards advances for imports | - | - | 415,977 | 6,159 |
| Payable towards import of goods and service | 6,942,361 | 103,587 | 11,961,526 | 177,109 |
| Royalty payable | 4,710,880 | 70,291 | 4,107,818 | 60,823 |

| | 2009 | | 2008 | |
|---|---------|----------|-----------|----------|
| ii. Amounts denominated in US Dollars ('USD') | Rs. | USD (\$) | Rs. | USD (\$) |
| Receivable towards export of goods and services | 583,916 | 12,488 | 3,199,420 | 65,945 |
| Advances for imports | - | - | 438,298 | 9,034 |
| Payable towards import of goods and service | 876,029 | 18,735 | - | - |
| Payable in respect of commission accrued | - | - | 662,347 | 13,653 |

| | 2009 | | 2008 | |
|--|---------|----------|------|----------|
| iii. Amounts denominated Singapore Dollars ('SGD') | Rs. | SGD (\$) | Rs. | SGD (\$) |
| Receivable towards export of goods and services | 179,022 | 5,386 | - | - |

20.11 Quantitative information

a) Details of capacity and production

| Unit of measure | | 2009 | 2008 |
|---|----------|--------|--------|
| i. Licensed capacity | | | |
| Coated metal electrodes (anodes and cathodes) | Sq. Mtr. | 10,000 | 10,000 |
| Electrochlorinators | Nos. | 600 | 600 |



Schedule to the Accounts
for the year ended 31st December 2009
(Currency: Indian Rupee)

| | | | |
|---|---------------------|---------|---------|
| Water electrolyzers | Cubic Mtr. | 500 | 500 |
| Chlor-alkali cells and ion exchange equipment | TPD of caustic soda | 270 | 270 |
| Components for chlor-alkali cells/ion exchange membrane electrolyzers | Rs | 6 crore | 6 crore |
| Cathodic Protection (anti corrosion) system | Sq. Mtr. | 600 | 600 |
| Electro metal winning | Nos. | 2,525 | 2,525 |

| | Unit of measure | 2009 | 2008 |
|---|-----------------|--------|--------|
| ii. Annual installed capacity * | | | |
| Coated metal electrodes (anodes and cathodes) | Sq. Mtr. | 10,000 | 10,000 |
| Electrochlorinators | Nos. | 600 | 600 |
| Cathodic Protection (anti corrosion) system | Sq. Mtr. | 600 | 600 |

* As certified by management and accepted by the Auditors without verification, this being a technical matter.

| | Unit of measure | 2009 | 2008 |
|---|-----------------|--------|----------|
| iii.Details of actual production | | | |
| Coated metal electrodes (anodes and cathodes) * | Sq. Mtr. | 132.20 | 1,012.47 |
| Electrochlorinators | Nos. | 51 | 102 |
| Cathodic Protection (anti corrosion) systems | Sq. Mtr. | 192.92 | 200.56 |
| Electro metal winning | Nos. | - | - |

* Production of coated metal electrodes excludes recoating of customers' anodes 2,746.90 sq. mtrs. (previous year 3,369.82 sq. Mtrs.)

b) Opening and closing stock of finished goods

| | Unit of Measure | YEAR ENDED 2009 | | YEAR ENDED 2008 | |
|---|-----------------|-----------------|------------------|-----------------|------------------|
| | | Qty. | Value (Rs.) | Qty. | Value (Rs.) |
| Opening stock | | | | | |
| Coated metal electrodes (anodes and cathodes) | Sq.Mtr. | 209.90 | 6,975,845 | 150.19 | 1,681,269 |
| Cathodic Protection systems | Sq.Mtr. | @38.12 | 1,348,849 | @64.86 | 1,992,269 |
| Electrochlorinators | Nos. | 11 | 694,058 | 28 | 1,719,023 |
| Electro metal winning | Nos. | 1 | 86,911 | 1 | 963,592 |
| | | | <u>9,105,663</u> | | <u>6,356,153</u> |
| Closing stock | | | | | |
| Coated metal electrodes (anodes and cathodes) | Sq.Mtr. | 233.31 | 2,498,210 | 209.90 | 6,975,845 |
| Cathodic Protection system | Sq.Mtr. | @11.87 | 27,605 | @38.12 | 1,348,849 |
| Electrochlorinators | Nos. | 38 | 2,988,778 | 11 | 694,058 |
| Electro metal winning | Nos. | 1 | - | 1 | 86,911 |
| | | | <u>5,514,594</u> | | <u>9,105,663</u> |

**Schedule to the Accounts**

for the year ended 31st December 2009
(Currency: Indian Rupee)

@ Cathodic protection (anti corrosion) systems include bought out components which are affixed to the electrolytic products manufactured by the Company. While the value corresponds to the aggregate cost of such assemblies in inventory as at the year end, the quantities reported relate to elements manufactured and held in inventory as at the year end.

c) Sales of goods and services rendered

| | Unit of Measure | YEAR ENDED 2009 | | YEAR ENDED 2008 | |
|---|-----------------|-----------------|-------------|-----------------|-------------|
| | | Qty. | Value (Rs.) | Qty. | Value (Rs.) |
| i. <i>Sales of manufactured and traded products</i> | | | | | |
| Coated metal anodes | Sq. Mtr. | 108.80 | 12,745,246 | 952.76 | 62,234,100 |
| Electrochlorinators | Nos. | 24 | 7,723,196 | 119 | 15,914,358 |
| Cathodic Protection (anti corrosion) systems | Sq. Mtr. | @219.17 | 33,352,582 | @227.30 | 29,311,440 |
| Electro metal winning | Nos. | - | - | - | 899,800 |
| | | | 53,821,024 | | 108,359,698 |

@ Cathodic Protection (anti corrosion) systems include diverse bought out components which are affixed to the electrolytic products manufactured by the Company. While the value corresponds to the aggregate amounts invoiced for such assemblies by the Company, the quantities reported relate to the aggregate quantities of elements manufactured and invoiced during the year.

| | Unit of Measure | YEAR ENDED 2009 | | YEAR ENDED 2008 | |
|---|-----------------|-----------------|-------------|-----------------|-------------|
| | | Qty. | Value (Rs.) | Qty. | Value (Rs.) |
| ii. <i>Services</i> | | | | | |
| Recoating and repair of customers' anodes | Sq. Mtr. | 2663.81 | 72,139,042 | 3,427.07 | 77,616,510 |
| iii. <i>Others</i> | | * | 6,269,884 | * | 7,866,509 |

* Comprise dissimilar items, which cannot be practicably aggregated, and therefore quantitative information in respect thereof is not furnished.

d) Consumption of materials, stores and components**i. Raw materials consumed during the year**

| | Unit | YEAR ENDED 2009 | | YEAR ENDED 2008 | |
|-------------------------------------|------|-----------------|-------------|-----------------|-------------|
| | | Qty. | Value (Rs.) | Qty. | Value (Rs.) |
| Chemicals | Kg | 12,614 | 9,877,743 | 19,056 | 26,104,900 |
| Titanium metal | Kg | 1,684 | 5,291,200 | 4,434 | 9,357,539 |
| Titanium structure including meshes | Nos. | 40 | 1,444,187 | 63 | 5,973,606 |
| Canisters/ strings/ strips/ cables | | * | 5,493,372 | * | 5,731,785 |
| Components for Electro chlorinators | | * | 7,430,192 | * | 7,156,149 |
| Others | | | 4,496,597 | * | 21,231,423 |
| | | | 34,033,291 | | 75,555,402 |

* Comprise dissimilar items, which cannot be practicably aggregated, and therefore quantitative information in respect thereof is not furnished.

**Schedule to the Accounts**

for the year ended 31st December 2009
(Currency: Indian Rupee)

ii. Consumption of imported and indigenous raw material and components

| | YEAR ENDED 2009 | | YEAR ENDED 2008 | |
|-------------------|--------------------|---------------------------|--------------------|---------------------------|
| | Value (Rs.) | % of total consumption | Value (Rs.) | % of total consumption |
| Raw material | | | | |
| Imported | 21,836,828 | 64 | 51,945,894 | 69 |
| Indigenous | 12,196,463 | 36 | 23,609,508 | 31 |
| | 34,033,291 | 100 | 75,555,402 | 100 |
| Stores and spares | | | | |
| Imported | - | - | 8,659 | 0 |
| Indigenous | 2,626,412 | 100 | 4,808,031 | 100 |
| | 2,626,412 | 100 | 4,816,690 | 100 |

20.12 Transfer pricing

The Company's international transactions with associated enterprises are at arm's length as per the independent accountant's report for the year ended 31 March 2009. The Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the period subsequent to 31 March 2009. Management believes that the company's international transactions with associated enterprises post 31 March 2009 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements particularly on the amount of the tax expense for the year and the amount of the provision for taxation at the year end.

20.13 Prior year figures

Previous year's figures have been regrouped / reclassified to conform to the current year's presentation.

For and on behalf of the Board of Directors

S. C. Jain
Managing Director
Kundaim, Goa
March 12, 2010

M. A. Sundaram
Director

Dharmesh M. Kuvalekar
Company Secretary

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31st December 2009

(Currency: Indian Rupee)

Balance sheet abstract and general business profile**I Registration details**

Registration No.

0 1 3 3 5

State code

2 4

Balance sheet date

3 1

1 2

2 0 0 9

II Capital raised during the year (Amount rupees in thousands)

Public issue

N I L

Rights issue

N I L

Bonus issue

N I L

Private placement

N I L

III Position of mobilisation and deployment of funds (Amount rupees in thousands)

Total liabilities

3 1 9 1 3 8

Total assets

3 1 9 1 3 8

Sources of funds

Paid up capital

5 5 5 5 1

Reserves and surplus

2 0 6 2 9 2

Secured loans

N I L

Unsecured loans

N I L

Application of funds

Net fixed assets

6 5 3 7 7

Investments

1 1 0 9 7 5

Net current assets

9 8 4 4 6

Miscellaneous expenditure

N I L

Deferred tax asset

- - - -

Accumulated loss

N I L

IV Performance of the Company (Amount rupees in thousands)

Turnover

1 5 5 3 3 1

Total expenditure

1 4 2 7 5 5

Profit/ (loss) before tax

1 2 5 7 6

Profit/ (loss) after tax

1 3 8 2

Earnings per share

0 . 2 5

Dividend rate

N I L

V Generic names of principal product of the Company (as per monetary terms)

Item code no. (ITC code)

8 1 0 8 9 0 9 0

Product description

Coated electrodes

Item code no. (ITC code)

8 4 2 1 2 1 0 9

Product description

Electrochlorinators

Item code no. (ITC code)

8 1 0 8 9 0 9 0

Product description

Cathodic Protection systems

Item code no. (ITC code)

8 5 4 3 3 0 0 0

Product description

EMEW Cells and Skids

For and on behalf of the Board of Directors

S. C. Jain
Managing Director
Kundaim-Goa.
March 12, 2010

M. A. Sundaram
Director

Dharmesh M. Kuvalekar
Company Secretary



DE NORA INDIA LIMITED

ATTENDANCE SLIP

(To be presented at the entrance)

21st ANNUAL GENERAL MEETING on 20th May, 2010 at 11.00 A.M.

at Plot Nos.184, 185 & 189, Kundaim Industrial Estate, Kundaim - 403 115, Goa

Folio No. _____ DP ID No. _____ Client ID No. _____

Name of the Shareholder : _____

Signature : _____

Only Shareholders / proxies / representatives are allowed to attend the meeting.



DE NORA INDIA LIMITED PROXY FORM

I/We _____ of _____ in the district of _____

being the member(s) of the above named Company, hereby appoint _____ of _____

in the district of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 21st

Annual General Meeting of DE NORA INDIA LIMITED to be held on Thursday, 20th May, 2010 at 11.00 A.M. and at any adjournment thereof.

Ledger Folio _____ Client ID _____ DP ID No. _____

No. of shares held _____

Signed this _____ day of _____ 2010 Signature : _____

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Revenue
Stamp

**FORM 2B
NOMINATION FORM**

(Nomination under Section 109A of the Companies Act, 1956)

De Nora India Limited

Plot Nos. 184, 185 & 189, Kundaim Industrial Estate, Kundaim – 403 115, Goa

Date _____

Dear Sirs

Nomination

I/We _____ and _____ the holder(s) of shares under Ledger Folio number _____ of De Nora India Limited, wish to make a nomination and do hereby nominate the following person in whom all rights of shares and/or amount payable in respect of share(s) registered under the said folio shall vest in the event of my/our death. This nomination automatically supercedes the nomination, if any, given by me/us prior to the date herein above mentioned.

Name and address of Nominee

Name: _____

Address: _____

Date of Birth* : (* to be furnished in case the nominee is a minor)

**The Nominee is a minor. I/We appoint _____

_____ (Name and address of the guardian), to receive the shares and/or the amount payable in respect of share(s) in the event of my/our/minor's death during the minority of the nominee.

(* To be deleted if not applicable)

Name of the First Holder _____

Address _____

Date _____ Signature _____

Name of the Second Holder _____

Address _____

Date _____ Signature _____

Specimen signature of the Nominee _____

(to be attested by the shareholder(s) _____ [signature of shareholder(s)]

Signatures of Witnesses:

1. Name and Address _____

Date _____ Signature _____

2. Name and Address _____

Date _____ Signature _____

Instructions:

1. Please use separate form for each folio. Nomination is applicable to the folio, irrespective of the number of shares registered under the folio. Only one nomination per folio per instance would be entertained.
2. The nomination can be made by individuals only applying/holding share(s) on their own behalf singly or jointly by all the joint holders. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of a power of attorney cannot nominate.
3. If the share(s) are held jointly, all the joint holders should sign the Nomination Form. Nomination forms will be valid only if it is signed by all the holders.
4. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on a re-patriation basis (subject to Reserve Bank of India's approval as applicable).
5. Nomination stands rescinded upon transfer of all share(s) in a folio or on receipt of a subsequent Nomination Form.
6. Transfer of share(s) in favour of the nominee, on the death of the shareholder(s), shall be a valid discharge by the Company against the legal heirs.
7. The form must be completed in all respects and duly witnessed by two witnesses. Incomplete form is not a valid nomination.
8. Subject to rules and regulations as applicable from time to time.



DE NORA INDIA LIMITED

Registered Office: Plot Nos. 184, 185 and 189, Kundaim Industrial Estate, Kundaim – 403 115, Goa

To: _____
Shri/Smt./Kum. _____ (Name and Address)

Dear Sir/Madam,

NOMINATION FACILITY

We acknowledge receipt of nomination made by you on _____ (date) in favour of Shri/Smt./Kum. _____
aged _____ years in respect of your equity shares registered under Folio No. _____

Yours faithfully,

Date:

Authorised Signatory