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MILITA RODRIGUES			
<b>REGISTRAR &amp; TRANSFER AGENT</b>		<b>REGISTERED OFFICE &amp; WORKS</b>	
Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Near Sakinaka Telephone Exchange, Andheri-Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072		PLOT NOS. 184,185 & 189 KUNDAIM INDUSTRIAL ESTATE KUNDAIM, GOA – 403 115 Tel.: 91-832-3981100 Fax.: 91-832-3981101 Email: denoraindia@denora.com Website: <a href="http://www.denoraindia.com">www.denoraindia.com</a>	
<b>BANKERS</b>			
BANK OF BARODA			
AXIS BANK LTD.			

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## NOTICE

Notice is hereby given that the twenty fourth Annual General Meeting of DE NORA INDIA LIMITED will be held on May 8, 2013 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, 2012 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 declare dividend on Equity Shares.
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 a Director in place of Mr. Giuseppe Cambareri who retires by rotation and being eligible offers himself for re-appointment.
5. 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

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof and all other statutory provisions, if any, the consent of the shareholders be and is hereby accorded to the appointment of Mr. Vinay Chopra, as Manager for a period of 3 (three) years with effect from July 16, 2013 on the terms and conditions and remuneration as set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, with a liberty to the Board of Directors (deemed to include the Remuneration Committee of the Board) to revise, amend, alter or otherwise vary the terms and conditions of this appointment including remuneration so as to comply with the provisions specified in Section I of Part II in case of Profits and Section II 1 (B) of Part II in case of inadequacy of Profits, of Schedule XIII to the Companies Act, 1956, or any amendments thereto as may be required from time to time, and agreed by the Board of Directors and Mr. Vinay Chopra.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all

such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board

Place: Kundaim – Goa  
Dated: February 21, 2013

**MILITA RODRIGUES**  
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. 6.
- d) The Register of Members and the Share Transfer Books of the Company will remain closed from May 6, 2013 to May 8, 2013 (both days inclusive) for determining the names of Members eligible for dividend, if approved, in the Annual General Meeting. In case of shares held in electronic form, dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories for this purpose.
- 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 – 403 001, Goa
- h) Pursuant to the provisions of Sec. 205A(5) of the Companies Act, 1956, dividend for the financial year ended December 31, 2005 which remain unclaimed till May 3, 2013 will be transferred by the Company to the “Investors Education & Protection Fund” (IEPF) established by the Central Government. The due date for transfer to IEPF is June 2, 2013.



Unclaimed and unpaid Dividend for the Financial Year 1996, 1997, 1998, 2003 and 2004 has already been transferred to "Investors Education and Protection Fund" on October 24, 2003, October 13, 2004, October 10, 2005, June 27, 2011 and April 20, 2012 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**  
**13 AB, Samhita Warehousing Complex**  
**2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange**  
**Andheri - Kurla Road, Sakinaka, Andheri (East)**  
**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. 5157822 number of Company's shares (97.15%) have been dematerialized as on 31-12-2012.

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.**

- l) The Company provides the facility of NECS to all Shareholders. Shareholders holding shares in the physical form who wish to avail this facility, may authorize the Company with their NECS mandate in the prescribed form, attached with this Annual Report. The duly filled in NECS mandate should be lodged with the Registrar & Transfer Agents, on or before May 3, 2013. Shareholders holding shares in electronic form should inform the same to their respective Depository Participants immediately.
- m) Members are also requested to register and update their e-mail address with the Company in order to receive various documents through electronic mode.

## INFORMATION TO BE FURNISHED UNDER THE LISTING AGREEMENT

- I. Name : Mr. M.A. Sundaram  
Age : 80 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 Goa University's Department of Management Studies as a Visiting Faculty.

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

- II. Name : Mr. Giuseppe Cambareri  
Age : 48 years

Qualification : He graduated magna cum laude from University of Rome, Faculty of Law, in 1988 and received post-graduate legal education at the British Institute of International and Comparative Law in London in 1990 and the International centre of Study of the European Community in Milan in 1994. Mr. Cambareri was admitted to the Milan Barristers Association in 1991 and qualified to plead before the Italian and the European High Courts in 2004. He is a member of the International Bar Association (IBA) and the London Court of International Arbitration (LCIA).

Expertise : He has practiced law since 1988 with international and national law firms (Andersen Legal, Coudert Brothers, Studio Legale Cannata Pierallini). He founded in 2009 Cambareri – Studio di Avvocati, an independent law firm with offices in Milan and Rome. He is active in advising national and international clients on a broad range of legal matters, including corporate law and contracts, M&A transactions, investment arrangements, shareholders agreements, joint ventures and corporate alliances, securities and stock exchange regulations, competition law and merger control regulations. He advises clients on wide array of cross-borders contracts and commercial matters including international sales of goods, supply contracts and turn-key projects, IP licenses, agency, consumer and product law. He has been counsel or arbitrator in domestic and international litigations and expert witness on question of Italian law before foreign Courts.

Other Directorship/Committee Membership

1. Nuvera Fuel Cells Europe S.r.l.

He is a member of Audit, Remuneration and Shareholders Grievance Committee of the Board.

Details of shareholding: NIL



## ANNEXURE TO NOTICE

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

### Item 6

The Board of Directors at their Meeting held on February 21, 2013, subject to the approval of the Shareholders, have appointed Mr. Vinay Chopra as Manager for a period of three years w.e.f. July 16th, 2013 as per the terms and conditions set out hereunder, determined by the Remuneration Committee of the Board of Directors.

The information to be disclosed as per Schedule XIII to the Companies Act, 1956 is as under:

### I. GENERAL INFORMATION

1. The company is in the business of manufacture of products for Electrolytic processes.
2. Date of commencement of commercial production: 25-08-1993.
3. Financial performance based on given indicators:

The comparative profit after tax of the company is as under:

	December 31, 2010 (Rs.)	December 31, 2011 (Rs.)	December 31, 2012 (Rs.)
Profit/(Loss) after Tax	30,602,030	47,819,797	133,070,223

4. Export performance : Rs. 26,261,177
5. Foreign investments or Collaborators: The company has Financial and Technical Collaboration with Oronzio De Nora International B.V. The Netherlands which holds 53.67% equity in the Company. In addition it has technical collaboration with Oronzio De Nora S.A., Switzerland.
6. The company has not defaulted in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of 30 days in the preceding financial year before the date of appointment of such managerial person.

### II. INFORMATION ABOUT THE APPOINTEE

Mr. Vinay Chopra is a Post Graduate in Management, Graduate in Industrial Engineering and has a Diploma in Mechanical Engineering. He has over 20 years of experience in this industry and he has been with the Company since 1990.

Mr. Vinay Chopra joined De Nora India Limited (formerly known as Titanor Components Limited) at Rampur in the Production department. He was successful in the production department of the Company till the year 2007. In 2007, he moved to the Marketing department as head of Oxygen products of De Nora (Cathodic Protection, Surface Finishing, Electrochlorinators). In 2012, he has been appointed as Dy. General Manager in anticipation of progressive dis-engagement from operative matters of Mr. S. C. Jain and thereafter he has been appointed as General Manager.

As a Manager Mr. Vinay Chopra will be responsible for the overall management of the company. With his long standing experience he is ideally suitable for managing the day to day operations of the Company and to take the Company's business to higher level.

### **The present remuneration package of Mr. Vinay Chopra is as under:**

A) Basic Salary:  
Rs. 54,200/- p.m.

B) Perquisites:

In addition to the salary Mr. Vinay Chopra shall be entitled to the following perquisites, namely medical reimbursement at actuals and such other payments in the nature of perquisites and allowances in accordance with the Rules of the company and any other performance related incentives as may be agreed / determined by the Board of Directors. The total value of perquisites together with salary shall be restricted upto 5% of the Net Profits computed in the manner laid down in section 198(1) of the Companies Act, 1956 in case of profits and Rs. 3,000,000/- per annum in case of no profits or inadequacy of profits as per Part II Section II 1(B) of Schedule XIII of the Companies Act, 1956.

C) Other Payments and Provisions:

i) Contribution to Provident Fund and Superannuation Fund:

Contribution towards Provident Fund will be subject to a ceiling of 12% of Basic Salary. Contribution to Superannuation Fund together with Provident Fund shall not exceed 27% of the Salary as laid down in the Income Tax Rules, 1962. Provident Fund and Superannuation fund will not be included in the computation of the ceiling on the remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.



## ii) Gratuity:

Gratuity shall be at the rate not exceeding half a month's salary for each completed year of service. Gratuity will not be included in the computation of the ceiling on the remuneration.

## iii) Leave and Leave Encashment:

a) Leave and Leave Encashment is allowed during the tenure of appointment in the company and leave encashment during the tenure shall be included in the computation of perquisites.

b) Leave Encashment at the end of the tenure will not be included in the computation of perquisites.

## iv) Car & Telephone :

The Company shall provide a car with driver for business use and telephone facility at his residence. The provision of car for the use on Company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance calls on telephone shall be billed by the company to Mr. Vinay Chopra.

### Proposed Remuneration Package to Mr. Vinay Chopra is as under:

The Remuneration Committee of the Board has approved a Basic Salary of Rs. 54,200/- p.m., with all the above mentioned terms and conditions.

### Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The company in relation to its size and the industry is not comparable. The remuneration of the Manager cannot be compared with any other corporate in the industry. However, taking into consideration the size of the company, the profile of the appointee, and the responsibilities shouldered by him, the remuneration proposed to be paid is commensurate with the remuneration packages given to similar senior level appointees.

Mr. Vinay Chopra is not related directly or indirectly with the company or with managerial personnel except in the manner described above.

## III. OTHER INFORMATION

### 1. Reasons of loss or inadequate profits:

The Mercury Cell Plants are gradually being converted into Membrane Cell Plants and at this stage the company doesn't get the business of Anode/Cathodes coating since these are inbuilt in the new Cells and the complete set of Cell Elements are imported by the customers. The company is not in the business of manufacturing Cell Elements and the recoating business in respect of these Anode/Cathodes will come 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.

### 2. Steps taken or proposed to be taken for improvement:

Company will look into new opportunities like Chlorate Cells & Electrochlorinators with improved models & introduction of Solar Mac® 7.

### 3. Expected increase in productivity and profits in measurable terms:

Particulars	2013	2014	2015
Sales (Rs.)	357,125,000	392,837,500	432,121,250
Profit after tax (Rs.)	63,779,913	70,157,904	77,173,695

## IV. DISCLOSURES

1. The remuneration package of the Manager shall be as indicated above under the heading information about the appointee.

2. The relevant disclosures have been made in the Corporate Governance Report attached to the Annual Report.

None of the Directors are interested in the resolution.

By Order of the Board of Directors

Place: Kundaim - Goa  
Dated: February 21, 2013

**MILITA RODRIGUES**  
COMPANY SECRETARY





## DIRECTORS' REPORT

TO

THE MEMBERS

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report together with the Audited Accounts of your Company for the year ended 31st December, 2012.

### FINANCIAL RESULTS

(RS. IN MILLION)

	2012	2011
Sales & Other Income (Net of duties)	656.63	352.59
Profit/(Loss) before Depreciation & Taxation	198.61	75.02
Provision for Depreciation	(5.98)	(6.05)
Provision for Taxation for current/prior years	(59.96)	(22.13)
Deferred Taxation (Liability)/Asset for current/prior years	0.40	0.98
Net Profit after Tax	133.07	47.82
Balance of Profit brought forward	81.40	76.33
Transfer To General Reserves	13.31	4.78
Proposed Dividend	37.16	32.66
Tax on Dividend	6.03	5.30
Balance of Profit carried forward to next year	157.98	81.40

### DIVIDEND

The Directors of the company recommend a Dividend of 70% of paid-up capital for the year ended 31<sup>st</sup> December, 2012 absorbing an amount of Rs. 43.19 Million of distributable profits, inclusive of tax on dividend as against 60% dividend for the previous year 2011.

### OPERATIONS

The Company continues to remain the market leader in the Chlor Alkali and Cathodic Protection Systems business. The Company has improved its performance in all its segments. The Company has achieved significant increase in sales of Cathodic Protection Systems during 2012.

### OUTLOOK

The Company is looking forward to maintain its position of market leader in Membrane recoating activity and Cathodic

Protection Systems. Your Directors are hopeful that ongoing efforts made in the field of Chlorate Cells fabrication would pave way for the future growth of the Company.

DNIL has successfully developed the new business of supplying of special electrodes for water treatment mainly for treating pharmaceutical waste water. This is new biz segment for DNIL and the management looks forward to consolidate this new business in the years to come. Company is also looking forward to consolidate its position as pioneer & leader of our premium electrochlorination system and especially develop the business of selling Solar Mac NGO™ specially meant for remote villages without electric power to cater to the poorest strata of society the opportunity of disinfecting the water with the minimum cost.

### DIRECTORS

In accordance with the Articles of Association of the Company, Mr. M. A. Sundaram & Mr. Giuseppe Cambareri 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, 2013 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 9001:2008 for Quality Management System from JAS-ANZ on 17-08-2010 valid till 16-08-2013 for the production and trading of Titanium Anodes/ Nickel Cathodes for Chlor-alkali Industry used for NaOH/ KOH/Cl<sub>2</sub>, Electro Chlorinators for On-site Hypo, Cathodic Protection Systems and Surface Finishing Products.

## 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, 2012 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 accounting 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 & Associates, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and M/s. BSR & Co., Chartered

Accountants shall be appointed up to the conclusion of the next Annual General Meeting. 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.

In anticipation of progressive dis-engagement from operative matters of Mr. S. C. Jain, Mr. Vinay Chopra has been appointed as General Manager w.e.f. January 1, 2013.

## 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.

## ACKNOWLEDGEMENT

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: February 21, 2013

**S. C. JAIN**  
MANAGING DIRECTOR





## 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, 2012.

There was no employee for year ended 31st December, 2012 who was in receipt of remuneration for that year which, in the aggregate was not less than Rs. 60,00,000 per annum.

## 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 is in the process of acquiring the technology for coating of the Membrane Cathode named as "Zerogap" from Industrie Denora S.p.A. Milan, Italy.

### C. FOREIGN EXCHANGE EARNINGS & OUTGO

The information on foreign exchange earnings are detailed in Note No. 35 (a) and foreign exchange outgo is detailed in Note No. 35 (b) to the Accounts.

For and On behalf of the Board of Directors

Place : Kundaim, Goa  
Dated: February 21, 2013

**S. C. JAIN**  
MANAGING DIRECTOR



## 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 several industrial applications like for instance in the Chlor-Alkali industry, water and waste water treatment, pulp and paper manufacturing, surface finishing and plating industries and Cathodic Protection Systems of steel structure and of cement. All these applications are developing starting from the expertise of it's main Shareholder in Electrolytic Processes and in catalytic coatings.

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. In order to reduce the fluctuation of turnover, the company expanded its activities in other markets, introducing and than manufacturing in it's factory important technologies such for instance Cathodic Protection Systems, Electrochlorination systems, and Platinized Titanium Anodes for surface finish application. Over the years DNIL established itself as a recognized leader of the industries it serves with high standard of quality of it's Products and Services.

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 Chlorine Engineers, Krupp Uhde and Severn Trent De Nora customers in India but is also equipped to give technical support to all other technology suppliers of electrolytic processes 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, now since plants have become older the cycle is flating resulting in lower risks.

As part of the diversification process to increase the stability of the Company's turnover. The Company has executed the supply of equipment and services for two chlorate projects in 2011 & 2012, recording a significant increase in turnover.

As on date there is no similar contract for execution in the year 2013 and company may not be able to maintain this turnover in 2013. The management is continuously looking for new opportunities.

### ELECTROCHEMICAL PRODUCTS PERFORMANCE

The company registered turnover of Rs.656.63 million during the year from the sale of it's products.

### OUTLOOK

The company is looking forward to maintain its position of market leader in Membrane recoating activity and Cathodic Protection Systems. Your directors are hopeful that ongoing efforts made in the field of Chlorate Cells fabrication would pave way for the future growth of the company.

DNIL has successfully developed the new business of supplying special electrodes for water treatment mainly for treating pharmaceutical waste water. This is new biz segment for DNIL and the management looks forward to consolidate this new business in the years to come. Company is also looking forward to consolidate it's position as pioneer & leader of our premium electrochlorination systems and especially develop the business of selling Solar Mac NGO™ specially meant for remote villages without electric power to cater to the poorest strata of society the opportunity of disinfecting the water with the minimum cost.

### 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 the impact in contribution caused by the uncontrollable changes in the raw material cost. 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.

### INTERNAL CONTROLS

The company has an effective and adequate system of internal control, commensurate with the size and nature of