

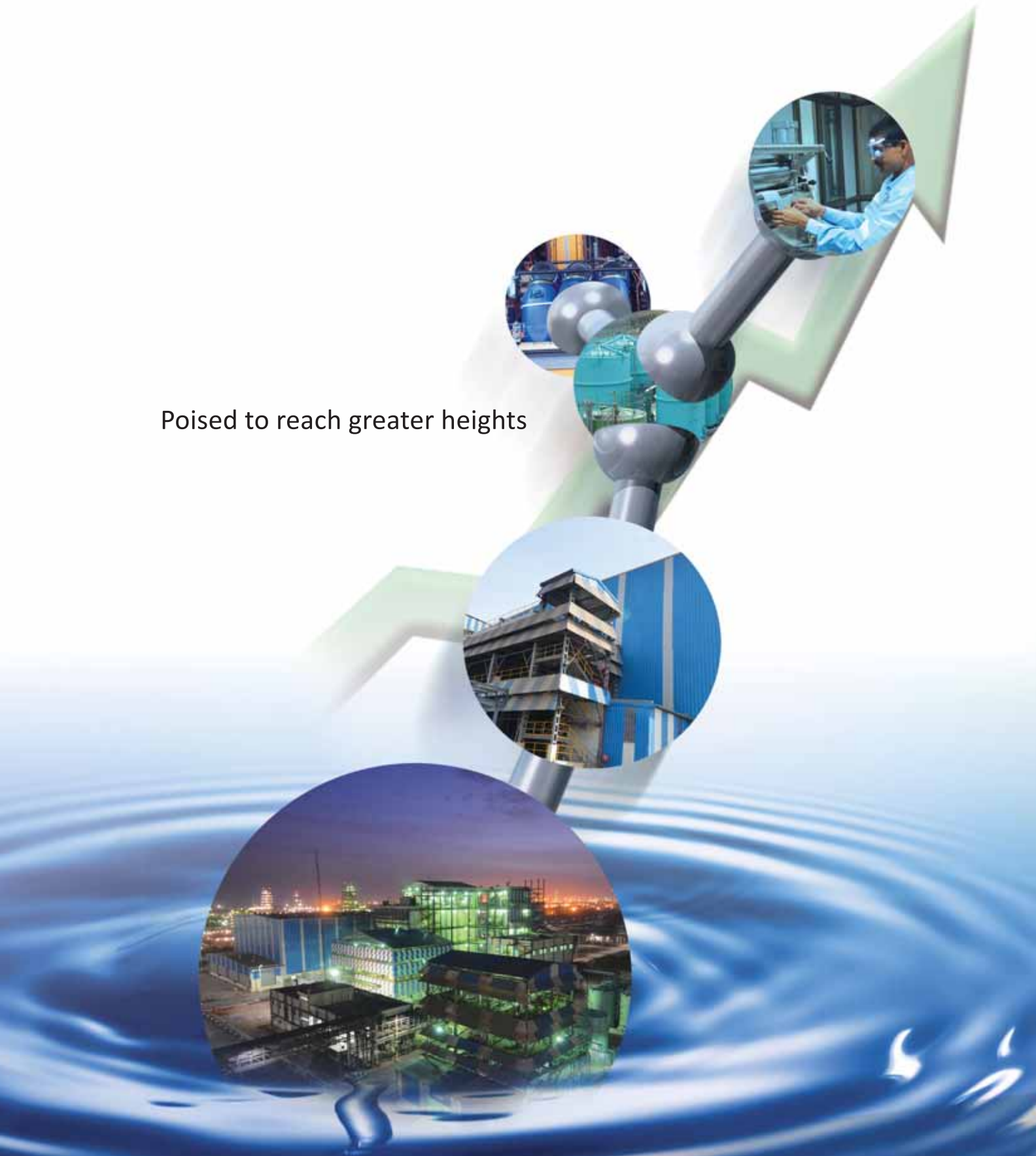


DEEPAK NITRITE LIMITED

Committed to 'Responsible Care'

42ND ANNUAL REPORT 2012-2013

Poised to reach greater heights



Blueprint for 'Responsible Care'

In the exciting world of chemicals and chemistry, there are two significant words which have now become a global mandate: '*Responsible Care*'.

'Responsible Care' embodies the ethics and principles which compel companies to constantly innovate and deliver safer products through processes which are environment friendly and which eliminate harm through the entire product life cycle.

It is a matter of pride for us at Deepak Nitrite that safety and innovation are firmly embedded in your Company's DNA. This is demonstrated by the commitment to manage risks associated with manufacturing and operations. It is also built into the efforts to make continuous improvements in Health, Safety, Security and Environment parameters, and thus promote sustainable development.

As part of this commitment to 'Responsible Care', we follow a strong blueprint for '*Responsible Chemistry*'. This helps your Company to contribute to eco-friendly development even as it allows us to meet the world's growing need for essential chemicals and the products which those chemicals make possible.

In every part of our plants and operations, you will therefore see single-minded focus on key challenges like sustainable development, effective management of chemicals along the value chain and greater industry transparency – all adding up to improved harmonization and consistency of Responsible Care.





DEEPAK NITRITE LIMITED

Committed to 'Responsible Care'

Breaking new ground

At Deepak Nitrite, this year's showpiece of safety and innovation is our world class plant at Dahej. This far sighted and groundbreaking investment has catapulted India into a select band of countries which have the capability to develop world-class Optical Brightening Agents and thus create continuing value-driven growth.

Talking of growth, it is pertinent to examine the factors which help to fuel your Company's consistent growth. The first of these is the powerful footprint which your Company has created not only in India but also in key US and European markets. The second is the continuing effort to build a dedicated customer base nurtured by meaningful relationship marketing programs. The third is the catalytic force of well-defined processes, committed people and a very high caliber of professional and management skills. Deepak Nitrite is, in the true sense of the term, a 'learning organization'. It has shown consummate skill in anticipating the ever-changing demand-supply situation. It has, over the years, developed the resilience to step back occasionally, review the trends, take corrective actions and then surge forward again, in profitable and dynamic directions.



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GREEN INITIATIVE

Deepak Nitrite has made huge investments to become a truly environment friendly company. You can see this right from the manufacturing process to the way we communicate with our stakeholders.

Join this green drive by registering your Email address with your Depository Participant or with the Registrar and Transfer Agent of your Company and receive documents and notices in electronic form. Shareholders who hold shares in physical form are requested to send an Email to sharepro@shareproservices.com.

Forty Second Annual General Meeting

Day & Date : Friday, 2nd August, 2013

Time : 10.30 a.m.

Venue : Hotel Surya Palace,
Opposite Parsi Agyari, Sayajigunj,
Vadodara - 390 005



Envisioning the future

As global pressures and problems in the domestic market have increased, our response has multiplied. We have, therefore, created a new paradigm through better products, strategic market initiatives, best practices and better 'people' programs. These have served as a catalyst for added value creation.

The first stream for the commercial production of Optical Brightening Agent (OBA) facilities has been commissioned on March 15, 2013, representing a Capex cost of around ₹ 140 crore. Expansion of the salt section in Nandesari is also nearing completion; it will cater to a growing market in the US.

The R&D team meanwhile, continues to develop in-house high-value products. This has been one of the growth drivers for your Company.

Turnover crosses ₹ 1,000 crores

Revenue up 29%

Exports ₹ 451 crores up by 28%

45% of your Company's turnover through exports

₹ 196 crores sale of Fuel Additives

EBITDA up 38%

Profit After Tax up 37%

Dividend 80%

Living up to the Vision & Mission

Improving **life** through
innovative science

Our Vision is to

- Become a role model enterprise that commands global respect for excellence in quality and innovation
- Enhance stakeholder value while adhering to the code of 'Responsible Care' and ethical values
- Be an employer of choice and a preferred business partner worldwide

Our Mission

The purpose of all human activity is to make life better. Deepak Nitrite believes in improving life through innovative science.

Through innovations, we constantly endeavor to bring better products and processes that create greater value for society.





Corporate Information

BOARD OF DIRECTORS

Shri C. K. Mehta	- Chairman
Shri D. C. Mehta	- Vice Chairman & Managing Director
Shri A. C. Mehta	- Managing Director
Shri M. R. B. Punja	- Director
Shri A. K. Dasgupta	- Director
Shri Nimesh Kampani	- Director
Shri Sudhin Choksey	- Director
Dr. Richard H. Rupp	- Director
Shri Sudhir Mankad	- Director
Shri S. K. Anand	- Director
Dr. Swaminathan Sivaram	- Additional Director*
Shri Umesh Asaikar	- Executive Director*

* Appointed with effect from May 9, 2013

AUDIT COMMITTEE

Shri M. R. B. Punja	- Chairman
Shri A. K. Dasgupta	- Member
Shri Sudhin Choksey	- Member
Shri Sudhir Mankad	- Member

INVESTORS GRIEVANCE COMMITTEE

Shri A. K. Dasgupta	- Chairman
Shri D. C. Mehta	- Member
Shri A. C. Mehta	- Member

REMUNERATION COMMITTEE

Shri A. K. Dasgupta	- Chairman
Shri Sudhir Mankad	- Member
Shri S. K. Anand	- Member

COMPLIANCE OFFICER

Shri Sanjay Upadhyay

Senior Vice President (Finance) & Company Secretary

BANKERS

State Bank of India • Bank of Baroda
Dena Bank • ICICI Bank Ltd.
AXIS Bank Ltd. • ING Vysya Bank
Standard Chartered Bank • DBS Bank Ltd.
Hongkong and Shanghai Banking Corporation

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.
Investor Relation Centre: 912, Raheja Centre, Free Press Journal
Road, Nariman Point, Mumbai - 400021.
Tel: +91-022-22825163/22881569 • Fax: +91-022-22825484
Email: sharepro@shareproservices.com

AUDITORS

B. K. Khare & Company
Chartered Accountants, Mumbai

COST AUDITORS

B. M. Sharma & Company
Cost Accountants, Pune

INTERNAL AUDITORS

Deloitte Haskins & Sells
Pune

REGISTERED OFFICE

9/10, Kunj Society, Alkapuri, Vadodara - 390 007
Tel: +91-265-235 1013, 233 4481/82
Fax: +91-265-233 0994
Email: investor@deepaknitrite.com
Website: www.deepaknitrite.com

CORPORATE OFFICE

Aaditya-I, National Highway No.8,
Chhani Road, Vadodara - 390 024
Tel: +91-265-276 5200 • Fax: +91-265-234 0506

PLANTS

Dahej

Plant no.12/B, GIDC, Dahej
Dist. Bharuch - 392130

Nitrite & Nitroaromatics Division

4-12, GIDC Chemical Complex,
Nandesari, Dist. Vadodara - 391 340

Taloja Chemical Division

Plot nos. K/9-10, MIDC Taloja,
Dist. Raigad - 410 208

APL Division

Plot nos. 1, 2, 26 & 27,
MIDC Dhatav, Roha, Dist. Raigad - 402 116

Hyderabad Specialities Division

Plot nos. 90-F/70-A and B,
Phase II, Industrial Development Area,
Jeedimetla, Tal. Quthbullapur Madal,
Dist. Ranga Reddy, Hyderabad - 500 055



FROM THE DESK OF THE

VICE CHAIRMAN & MANAGING DIRECTOR

D. C. MEHTA

VICE CHAIRMAN
& MANAGING DIRECTOR

Dear Shareholders,

I am delighted to share a few critical insights after yet another successful year during which your Company reported aspirational growth despite the globally challenging environment; thus emerging as a powerful organization. We have made positive advancements in all business segments. With several strategic initiatives in place, we are poised for a strong growth trajectory, keeping in mind Deepak Nitrite's core value that has always been and continues to be: making safe and innovative products through Responsible Care. I would like to commend the dedication and hard work put in by every member of our team. This is one of the crucial driving forces behind your Company's consistent performance.

Global scenario

This year, the global economy is still recovering from the financial shocks of 2008 albeit, at a slow pace. Some economies are doing better than others, but the Eurozone Debt crisis has left European economies burdened with situations which are graver than envisaged. We expect ongoing measures to revive these economies, but these are not likely to have any immediate impact on your Company. A key positive is that the US economy is showing signs of growth but an overall return to normalcy is awaited. Analysts see mixed signals, but it is encouraging that manufacturing is returning to the US and this is a key enabler for a solid and sustained recovery.

In spite of this global environment that has challenged

**“Deepak Nitrite's core value
has always been and
continues to be: making safe
and innovative products
through Responsible Care”**

businesses the world over, your Company is well-positioned to take on new challenges as it is comfortably placed because of its strong presence in exports markets. The adverse circumstances which we have endured along with our customers have served to strengthen the customer relationships. The global showdown has affected the Indian economy during this fiscal year, but there are signs that the problems will bottom out. With inflation issues being addressed, RBI is taking steps to reduce rates – with a third rate cut in March – to increase liquidity in the financial system and bolster growth.

Growth despite challenges

At your Company, we are not deterred by these challenging environments – globally or in India. We believe that for a company which has a strong innovation quotient and distinctive competencies with broad-based management, there are abundant opportunities ahead. It is our unwavering commitment to process excellence and our adherence to stringent environmental norms that have ensured stability despite the headwinds of uncertainty. We have taken a successful leap by retracting



a step and then making a bigger impact. In this context, we are happy to report record turnover of ₹ 1004.09 crores and profits at an all-time high of ₹ 81.22 crores this fiscal. Most products have shown outstanding growth with revenue primarily driven by the organic segment. This growth is not just a result of high volumes, but also of progressively higher realizations. We are confident that the value we deliver is in tandem with the quality that our customers demand at competitive costs. This is reflected in our performance as exports to Europe have grown by 21% and the US by 10% this year. The US market has proved to be very rewarding for us and it has a strong potential for future growth of all our businesses. On the other hand, China is one of the most difficult markets to penetrate. However, with continuous efforts, increasing acceptance of our products in Chinese markets and our focus on quality that is unmatched by local competitors, operations even in Chinese markets have generated a sizeable revenue contribution.

Exploring new skies

You will notice that Fuel additives have now become an integral part of our business. Revenues from this segment alone have touched ₹ 196 crores this year – reaching a new high. This business is an eloquent testimony to our in-house capabilities for a global standard of Research & Development driven by our state-of-the-art research facilities and our dedicated research teams. These fuel additives not only increase efficiencies of diesel, petrol and aviation fuels but also help in improving their quality; in turn reducing emissions and helping us contribute to a sustainable environment.

With expansion plans close to completion, your Company has gained positive momentum to soar higher. The investment in the OBA business will be a game changer for Deepak Nitrite. While with its current products, your Company serves major B2B customers in Agrochemicals, Colors and Speciality business, the OBA business would take your Company many stages forward into offering performance solutions for major customers in countries such as US, Canada, South America, Europe and South-East Asia. Deepak Nitrite would be offering OBA at the door-step not only from the world's largest Brightener plant but it would also be offering equally matching logistic solutions and after-sale technical services. As the OBA plant comes into production, the capital investments in the project would be completed. Investments in marketing and logistics and various operational trials at customers' end would lay the foundation for major long-term supply agreements with downstream industries

“OBA business would take your Company many stages forward into offering performance solutions for major customers”

including paper, detergents and textiles. With the facility having a commercial outlook, we are also working towards making it one of the most environmental friendly facilities in the world.

Your Company is also at an advanced stage of commissioning a brownfield expansion at Nandesari which will manufacture advanced quality of Inorganic Salts. Trial runs have already commenced. Going forward, this will prove to be a sizeable new contributor to your Company's turnover as well as a thrust in international markets. To mitigate the short-term risk of dependence on the Solar Energy sector, we have initiated Research & Development to develop salts for other applications.

It is anticipated that post such business tie-ups, business would be significantly more resilient compared to any of our current businesses besides bringing a quantum jump of almost 50% on our current turnover when the business reaches full capacity.

Lastly, I must say that we have taken on the challenge of setting significantly higher targets for the year ahead. Our de-bottlenecking efforts have been making processes more efficient and our prudent foreign exchange policies have helped us to hedge our risk against an unpredictable and volatile global market. But these accomplishments would have been unattainable without the loyal support of all our stakeholders. I would also like to thank our employees for their passion and dedication and for helping us to achieve newer milestones every year. With the commencement of another year, we will capture newer opportunities and tame every challenge by working harmoniously and cohesively. We hope to positively exceed the expectations of our stakeholders.

D. C. MEHTA

VICE CHAIRMAN & MANAGING DIRECTOR



<
**Shri
C. K. Mehta**
Chairman



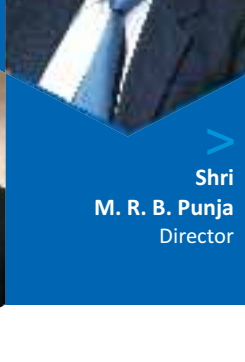
<
**Shri
A. C. Mehta**
Managing Director



<
**Shri
A. K. Dasgupta**
Director



>
**Shri
D. C. Mehta**
Vice Chairman &
Managing Director



>
**Shri
M. R. B. Punja**
Director



>
**Shri
Nimesh Kampani**
Director



Our Board of Directors

SHRI C. K. MEHTA, Chairman

A pioneer and a visionary, Shri C. K. Mehta is a first generation entrepreneur who founded Deepak Nitrite. Led by an able Board, he is credited with laying the foundation of a strong professionally driven organization on principles of deep-rooted values and the commitment to always excel. He has over five decades of versatile experience in the Chemical Trade and Industry. He provides the overall strategic business direction to your Company. It is his aspiration to usher social change that has enabled your Company to look beyond business needs. He has been instrumental in initiating many of the CSR initiatives in and around the communities and the setting up of Deepak Foundation.

SHRI D. C. MEHTA, Vice Chairman & Managing Director

A dynamic personality, Shri D. C. Mehta's business acumen has enabled your Company take swift strides forward and achieve new laurels year-after-year. At the helm of affairs at Deepak Nitrite for the last 34 years. He is currently the Vice Chairman & Managing Director of your Company. An active participant at industry forums, Shri D. C. Mehta has been the Chairman of the National Chemicals Committee at FICCI. He is a Science Graduate from the University of Bombay.

SHRI A. C. MEHTA, Managing Director

With extensive experience, a comprehensive approach and industry foresight, Shri A. C. Mehta has paved the way for innovation and excellence in your Company. He has been actively associated with your Company since 1984. He is a Science Graduate with Honors and Master of Science (Chemical Engineering) from the University of Texas, USA.

SHRI M. R. B. PUNJA

The former Chairman & Managing Director of the Industrial Development Bank of India (IDBI), a premier financial institution in the country, he possesses rich experience in the field of Finance and Management.



SHRI A. K. DASGUPTA

He brings to the table years of rich experience in the field of design, erection and operation of chemical, petrochemical and fertiliser plants and has been associated with your Company since 1972. Shri Dasgupta is associated with a number of medium and large scale chemical industries in India and abroad, and is credited with introducing and enabling the manufacturing of various resins and chemicals for the first time in India. He is associated with professional bodies like IICChE at various levels. Shri Dasgupta was also a member of the Board of Studies at Faculty of Technology, DDU, Nadiad. He is a Science Graduate and a Bachelor of Chemical Engineering.

SHRI NIMESH KAMPANI

He is the Founder and Chairman of the JM Financial Group, one of India's leading financial services groups. In his career spanning more than three and a half decades, Shri Kampani has made invaluable contributions to the development of Indian capital markets. He has advised several corporates on their strategic and financial needs, especially capital raising as well as mergers and acquisitions. He has served on various committees constituted by BSE, NSE, SEBI and ICAI. He is a Commerce Graduate from Sydenham College and a Chartered Accountant.

SHRI SUDHIN CHOKSEY

He has working experience of handling functional areas of finance, commerce and general management, both in India and abroad. He is the Managing Director of GRUH Finance Ltd. Shri Sudhin Choksey is a Fellow Member of the Institute of Chartered Accountants of India.

DR. RICHARD H. RUPP

Dr. Rupp holds a Ph.D. in Chemistry from the University of Karlsruhe, Germany, and has completed a program for Executive Development, IMD at Lausanne, Switzerland. Dr. Rupp has held various top level positions in leading multinational companies such as Hoechst AG (Germany), Lonza (Switzerland) and Allessachemie (Germany). His focus is in the field of pharmaceuticals and fine chemicals. Dr. Rupp's experience encompasses a mix of scientific, technical as well as managerial roles. He is well-acquainted with the US, European and Asian markets, especially the Indian sub-continent.

SHRISUDHIR MANKAD

Shri Mankad, IAS (Retd.) holds a Masters degree in History from the University of Delhi. He has served in senior positions, both with the Government of India and the Government of Gujarat. His last assignment was Chief Secretary, Government of Gujarat. He has served as a Director/Chairman on the Board of several cement, power, fertilizer and finance companies. He is the Chairman of Bhavnagar Energy Co. Ltd., Gujarat International Finance Tec-City Ltd. and a member of the High Power Expert Committee on Urban Development, Government of India. He is also the Chairman of the Gujarat Institute of Desert Ecology (GUIDE) and is associated with several educational institutions.

SHRIS. K. ANAND

He is a Bachelor of Engineering (Chemical) from Delhi University and has done a Petrochemical Course at I.I.P., Dehradun. He has also done an advanced course on Management at the Indian Institute of Management, Ahmedabad. He has a rich experience of around 41 years in the field of Project Management, Operations, Corporate Planning, Quality Management, Health, Safety and Environment Management, Energy Management, Strategic Planning etc. Shri Anand held various important positions in Indian Petrochemicals Corporation Limited (1995 to 2002) and retired as a Whole-time Director – Member on Board from June 2002 to December 2008.

He is a member of various committees and institutions like ICMA, IICChE and Advisor to the Government of India on Health, Safety and Environment aspects on the organization for prevention of chemical weapons convention.

DR. SWAMINATHAN SIVARAM

Dr. Swaminathan Sivaram has done M.Sc. from the Indian Institute of Technology, Kanpur, and Ph.D. from Purdue University, W. Lafayette, Indiana, US. He is also the Research Associate from The Institute of Polymer Science, University of Akron, Ohio, US.

He was associated with the National Chemical Laboratory, Pune, as a Director during 2002-10; Head, Polymer Chemistry Division and Scientist in the Director's Grade with National Chemical Laboratory, Pune, during 1988-02.

His professional affiliations are – President, Society of Polymer Science, India; Life Member, Chemical Research Society of India; Life Member, Material Research Society of India and Member, American Chemical Society. Dr. Sivaram has been cited as an Inventor in more than fifty US Patents.

SHRI UMESH ASAIKAR

Shri Umesh Asaikar holds a Bachelor's degree in Mechanical Engineering from The Indian Institute of Technology, Mumbai, and Master's degree in Management Science from Jamnalal Bajaj Institute of Management Studies. He is also the member of The Institute of Cost Accountants of India.

Shri Asaikar has around 34 years of varied experience in the areas of Sales, Commercial and Business Management. During the span of his career, he has held various leadership positions in companies such as Parke Davis, Nicholas Piramal, Piramal Glass, etc.

He has been associated with your Company as a Chief Executive Officer since September 2008. Prior to this assignment, he was associated with Defiance Knitting Industries Limited, Mumbai.



Outstanding Senior Management Team



SHRI UMESH ASAIKAR

Chief Executive Officer
(Executive Director w.e.f. May 9, 2013)



SHRI SANJAY UPADHYAY

Senior Vice President (Finance)
& Company Secretary



DR. PRAMOD GARG

Vice President (Operations)



SHRI PRAMOD TALEGAON

Vice President (Technology)



SHRI VIJAY TIKEKAR

Vice President (Marketing)

Key differentiator for future growth

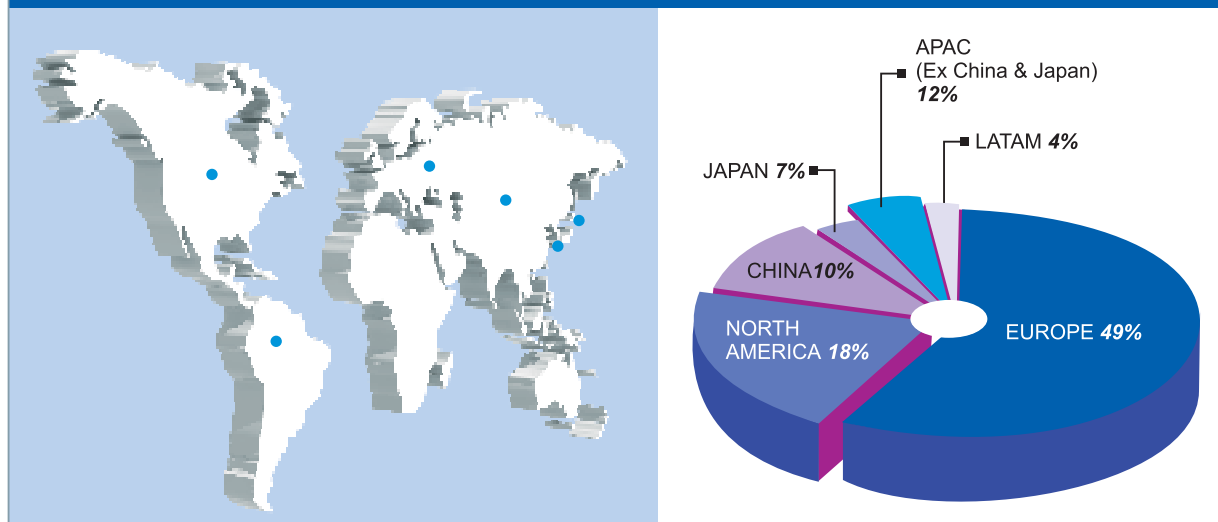


The growth trajectory of Deepak Nitrite since 1970 is fascinating. Your Company has looked beyond borders for new opportunities, at the same time fortifying its base in the domestic market. Your Company has developed in-house product applications in heat storage, fuel additives and OBA segments. It has continuously raised the bar for its manufacturing processes, customer excellence, employee training, Research and Development and fostered strong bonds in the communities it serves.

Technical Capabilities

- Strong track record of safety in hazardous processes
- Expertise in multiple chemical processes
- Flexible Manufacturing configuration

Promising global potential of DNL



Customer intimacy

The customer list includes key names. DNL has gone beyond customer-vendor relationships and has entered into long term partnerships for mutually synergistic growth.



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Continuing R&D pipeline

Government recognized R&D facility in Pune. Dedicated R&D spend of approx 1% of annual revenue.

Environmental Care

Adhering to best practices and innovative technologies. Compliance with environmental norms with dedicated R&D focus on future-ready initiatives. R&D focus on future-ready initiatives.

ACHIEVEMENT SCORE BOARD

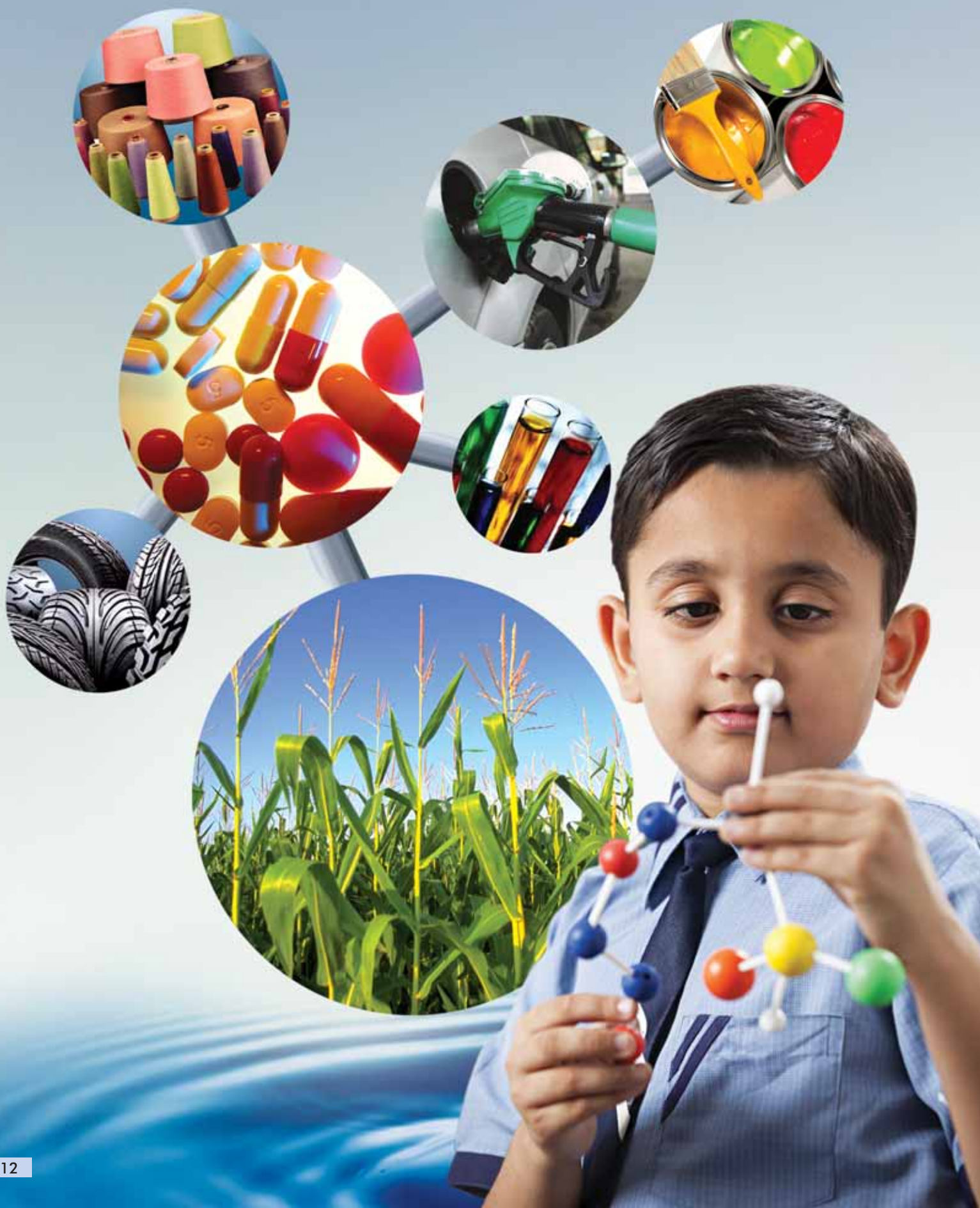
A market leader for Sodium Nitrite,
Sodium Nitrate & Nitro Toluenes in India

Amongst the top 3 global suppliers for
products like Cumidines and Oximes

Latest recognition: Businessworld
FICCI CSR Award 2011-12

'Responsible Care' logo holding company,
signatory to and committed for 'Responsible Care'





Touching lives every day

The world will always need 'whiteners' in clothes, paper or detergents. Growing populations will need higher crop yields. At Deepak Nitrite we manufacture chemicals that make their way into every aspect of your life and living. Your Company has a wide spectrum of products with diverse applications. The multi-purpose manufacturing facilities ensure that we can customize intermediaries to suit specific client needs.

Exports are spread across diverse geographies, economies and currencies. This has enabled your Company to hedge on cyclical fluctuations in businesses.

Your Company is the only fully integrated player in OBA, serving customers across diverse industries.



Nitro Chloro Benzene
• Pharma • Dyes • Rubber • Chemicals • Agrochemicals • Pigments
Oximes
• Agrochemicals
Sodium Nitrite
• Dyes/Pigments • Pharma • Food Colors • Electroplating • Speciality • Chemicals • Colourants
Cumidines
• Agrochemicals
Nitro Toluenes
• Colourants • Speciality Chemicals • Rubber Chemicals • Pharma • Explosives • Dyes
DASDA/OBA
• Paper • Textiles • Detergents
Speciality
• Colourants
Fuel Additives
• Petrol Blending • Diesel Blending • Aviation Turbine Fuel
Xylidines
• Pigments • Fuel Additives • Agrochemicals • Pharma • Intermediaries





Dahej plant: Harbinger of prosperity



The Dahej plant has commenced its first stream of commercial production of Optical Brightening Agents (OBAs) on March 15, 2013. This is the only fully integrated producer of OBAs in the world. Along with being the largest facility in the industry, the OBA plant is also a state-of-the-art unit with best technologies. It has the capacity and the ability to manufacture upto 200 million lb and serves three important segments that use OBAs viz. paper, detergent and textile. The plant has an easy and comprehensive access to port facilities, power, water and other utilities, with most of the basic raw materials in close proximity. To ensure high standards of quality and consistency, the OBA plant has an integrated infrastructure that allows OBA production in fully automatic batch processes.

OBA business is your Company's first major foray into the world of customized formulations. Deepak Nitrite would be offering door-step supply of OBA with matching logistic solutions and after-sale technical services. The OBA business would take your Company many stages forward into offering performance solutions for major customers from US, Canada, South America, Europe and South-East Asia. Investments in marketing and logistics and various operational trials at customers' end would lay the foundation for major long-term supply agreements with industries like paper, detergents and textiles the world-over. It is anticipated that such tie-ups will bring a quantum leap of 50% on our current turnover when the business reaches full capacity.





Social responsibility at the wellspring



Dignitaries of Deepak Nitrite and NIA distributing uniforms to Anganwadi children

Deepak Nitrite has, since inception, recognized and performed its duty as a responsible citizen. It has taken up various community initiatives towards social betterment through its Corporate Social Responsibility (CSR) initiative: Deepak Foundation. The Foundation is working towards the upliftment of women and making them economically independent, at the same time inculcating an awareness about health-related issues.



Every year, Deepak Foundation has been distributing uniforms to children of 40 Anganwadi Centers to promote regular attendance and bridge the gap between the privileged and the under privileged.

Funds for procurement of uniforms are generated through community participation and contribution of industries in Nandesari. NIA is one of the major contributors in procurement of uniforms to Anganwadi children.



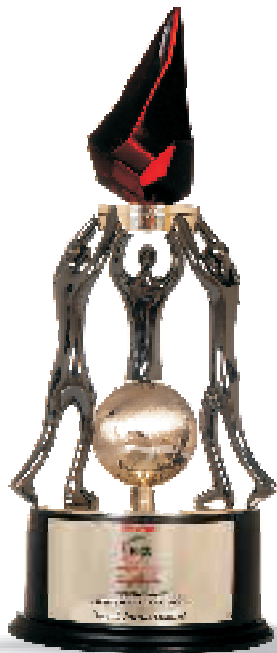
Deepak Foundation also proposed to facilitate the installation of a Reverse Osmosis (RO) plant. The RO plant with a capacity of 250 liters/hr was installed in the school. The water quality was tested and an inaugural function was arranged on March 22, 2013. The day is also celebrated as "International Water Day."

"Through this RO plant initiative, the drinking water problem was solved for about 1300 pupils of the school," says Mr. Pankaj Upadhyay, Principal of Nandesari Vidyalaya.

Commendable CSR initiatives



L-R: Ms. Archana Joshi, Director, Deepak Foundation, Shri Sachin Pilot, Hon'ble Minister for Corporate Affairs (I/C), Mrs. Rajashree Birla, Chairperson FICCI CSR & Community Development Committee, Mr. R. V. Kanoria, President FICCI, Shri Deepak Mehta, Vice Chairman & Managing Director, Deepak Nitrite.



Your Company has been accredited with the coveted Business World FICCI CSR Award 2011-12 in the category Ib – Large Enterprises by FICCI, the prestigious association of business organizations in India.



Green company with an evergreen future

Launched in 1985 by the Canadian Chemical Producers' Association: 'Responsible Care®' is the chemical industry's unique global initiative that drives continuous improvement in health, safety and environmental (HSE) performance, together with open and transparent communication with stakeholders. Deepak Nitrite is a signatory to the worldwide 'Responsible Care' initiative, thus supporting the fact that Responsible Care comes through Responsible Chemistry (i.e. chemistry used for construction and not destruction). We study ongoing manufacturing processes in detail with a view to minimizing generation of liquid/gaseous waste streams as part of continuous improvement.

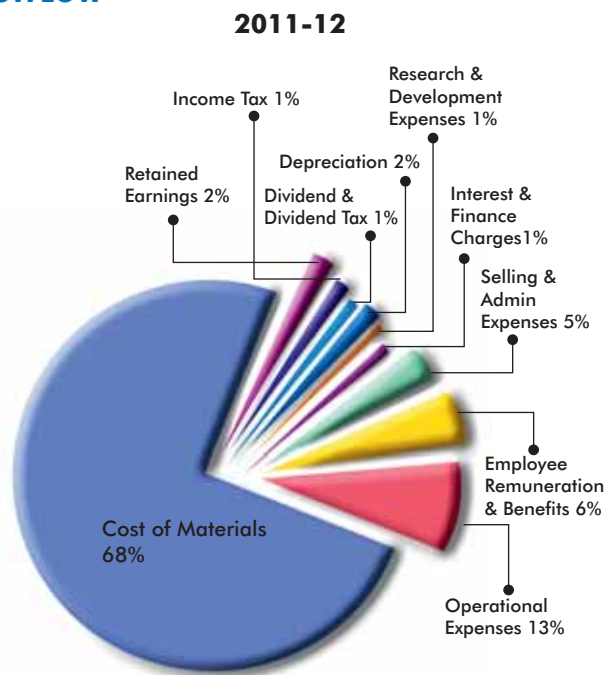
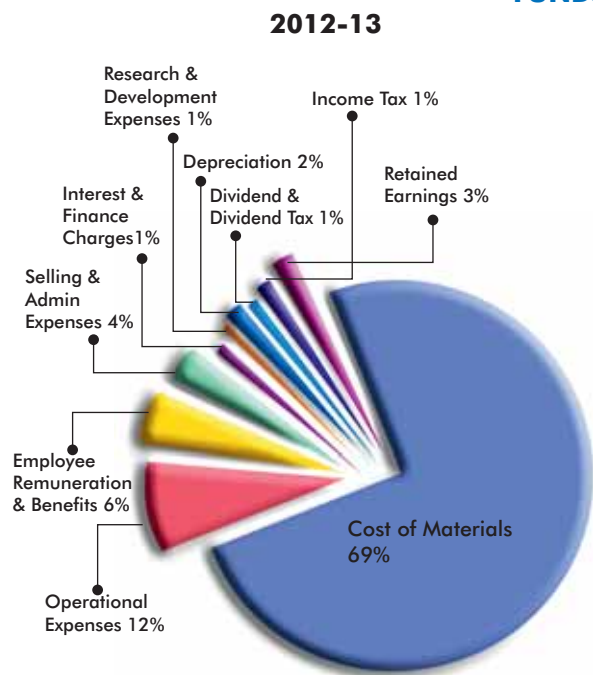


We are a 'Responsible Care®' logo holding company, signatory to and committed for 'Responsible Care®'- the world-wide initiative to advance the safe and secure management of chemical products and operations.

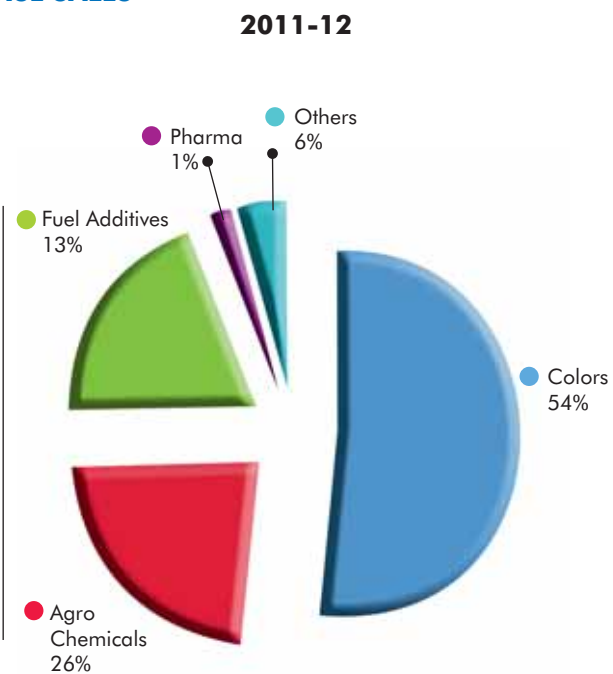
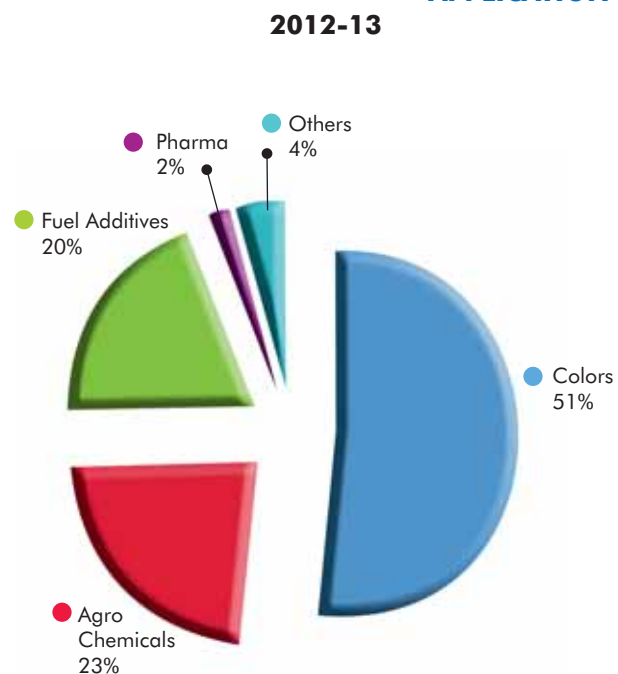
Our 'Responsible Care®' program includes excellence in six key areas of our operations: Process safety, Pollution prevention, Employee health and safety, Emergency response, Distribution and Product stewardship. We ensure positive impact on the communities in which we operate and in society as a whole.

Financial Highlights

FUNDS OUTFLOW



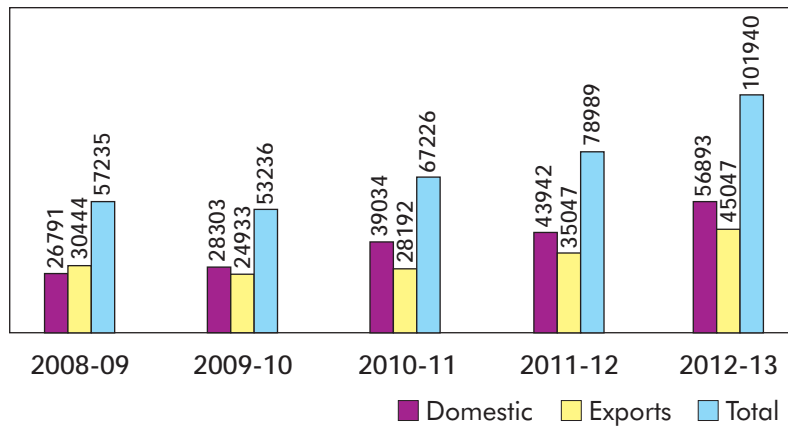
APPLICATION-WISE SALES



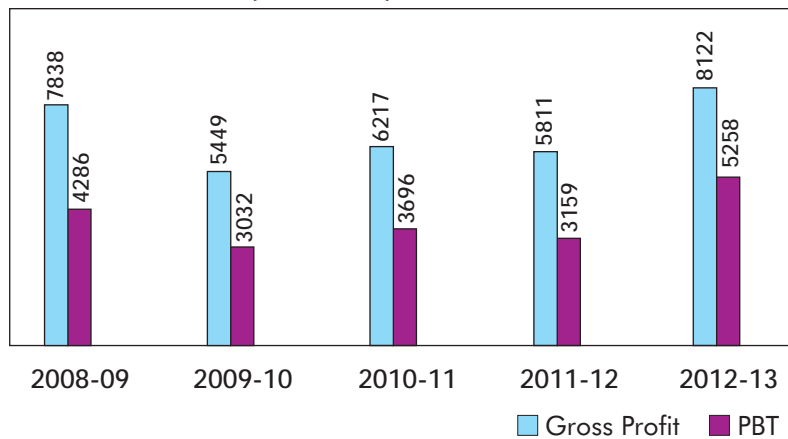


Financial Highlights

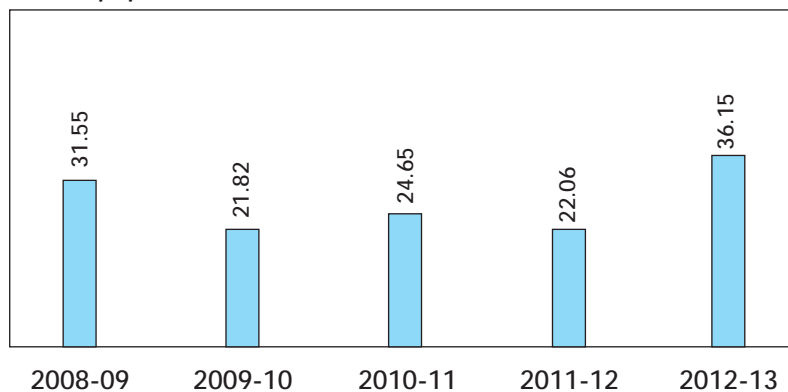
REVENUE (₹ in lacs)



PROFIT/PBT (₹ in lacs)



EPS (₹)





Financial Highlights for the last Ten Years

Sr. No.	Particulars	UOM	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
1	Total Income	₹ in Lacs	103010	79273	67742	54646	58289	47213	45218	35381	32902	29032
	YoY Growth	%	29.94	17.02	23.97	(6.25)	23.46	4.41	27.80	7.54	13.33	14.20
2	EBIDTA	₹ in Lacs	8122	5811	6217	5449	7838	3848	6619	4259	3399	3256
3	Profit / (Loss) Before Taxation	₹ in Lacs	5258	3159	3696	3032	4286	674	3790	2045	1487	938
	Percentage to Total Income	%	5.10	3.98	5.46	5.55	7.35	1.43	8.38	5.78	4.52	3.23
4	Profit / (Loss) After Taxation	₹ in Lacs	3782	2308	2580	2001	2828	702	3568	1414	1006	813
	Percentage to Total Income	%	3.67	2.91	3.81	3.66	4.85	1.49	7.89	4.00	3.06	2.80
5	Equity	₹ in Lacs	1045	1045	1045	1045	896	896	896	598	598	575
6	Net worth	₹ in Lacs	28060	25278	23791	21944	19064	16765	16518	9010	7909	7429
7	Debt	₹ in Lacs	*33546	*17096	5958	9256	8955	13502	17045	13393	13046	10148
8	Dividend on Equity Capital	₹ in Lacs	837	628	628	523	448	359	359	359	239	179
	Percentage	%	80	60	60	50	50	40	40	40	40	30
9	EPS	₹	36.15	22.06	24.65	21.82	31.55	7.84	40.58	23.63	16.81	14.14
10	Book Value	₹	268	242	235	210	213	187	184	151	132	129
11	Net Debt/ Equity Ratio	%	119.55	67.63	25.04	30.33	46.97	80.54	103.19	148.66	164.95	136.60

* Excludes Deposit with Banks amounting to ₹570 Lacs (previous year ₹8951 Lacs)



Notice

NOTICE is hereby given that the Forty Second Annual General Meeting of the Company will be held at Hotel Surya Palace, Opposite Parsi Agiyari, Sayajigunj, Vadodara - 390 005 on Friday, the 2nd day of August, 2013 at 10:30 a.m. to transact the following businesses:

ORDINARY BUSINESS

- 1) To receive, consider, approve and adopt the Audited Balance Sheet as at, and the Statement of Profit and Loss for the financial year ended March 31, 2013, together with the Directors' Report and the Auditors' Report thereon.
- 2) To declare a dividend on Equity Shares.
- 3) To appoint a Director in place of Shri Nimesh Kampani, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint a Director in place of Shri Sudhin Choksey, who retires by rotation and being eligible, offers himself for re-appointment.
- 5) To appoint Auditors and in this regard to consider and if thought fit, to pass the following Resolution, with or without modifications, as an Ordinary Resolution:

"RESOLVED THAT M/s. B. K. Khare & Company, Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, at the remuneration of ₹ 16,50,000/- (Rupees Sixteen Lacs Fifty Thousand only) towards fees for statutory and tax audit plus such other fees for any other consultation or certification work as may be carried out by them as also reimbursement of out of pocket and travelling expenses incurred by them in performance of their duties."

SPECIAL BUSINESS

- 6) To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the vacancy caused on the Board of Directors by retirement by rotation of Shri A. K. Dasgupta at this Annual General Meeting, as he has not offered himself for re-appointment, be not filled up."

- 7) To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Article 127(a) of the Company's Articles of Association and in conformity with the provisions of Section 260 of the Companies Act, 1956, Dr. Swaminathan Sivaram who has been appointed as an Additional Director of the Company by the Board of Directors at their meeting held on May 9, 2013, and who holds office under the said Article and Section 260 of the Companies Act, 1956, only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 8) To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Article 127(a) of the Company's Articles of Association and in conformity with the provisions of Section 260 of the Companies Act, 1956, Shri Umesh Asaikar who has been appointed as an Additional Director of the Company by the Board of Directors at their meeting held on May 9, 2013, and who holds office under the said Article and Section 260 of the Companies Act, 1956, only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

- 9) To consider and if thought fit, to pass, with or without modifications, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT subject to approval of the Central Government, required if any, and pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby approves the appointment of Shri Umesh Asaikar as Whole time Director of the Company designated as Executive Director for a period of 5 years with effect from May 9, 2013, on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT where in any financial year during the tenure of Shri Umesh Asaikar, the Company incurs a loss or its profits are inadequate, the Company shall continue to pay to Shri Umesh Asaikar the remuneration as set out in the Explanatory Statement, by way of salary, perquisites and other allowances as a "minimum remuneration" subject to the limits and conditions specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force), or such other limits as may be prescribed by the Central Government from time to time and approval of members and/or Central Government required, if any.

RESOLVED FURTHER THAT during the tenure of Shri Umesh Asaikar as Executive Director of the Company, the Board of Directors of the Company or any Committee thereof be and is hereby, authorised to alter or vary the terms and conditions of the said appointment including remuneration, so long as it does not exceed the limits specified under Schedule XIII of the Companies Act, 1956, or any modification or re-enactment thereof for the time being in force, and also to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board of Directors

SANJAY UPADHYAY

Sr. Vice President (Finance) &
Company Secretary

Place : Mumbai
Date : May 9, 2013



Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER.
2. A proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
3. An Explanatory Statement, as required under Section 173(2) of the Companies Act, 1956, in respect of Special Business as set out in the Notice, is annexed hereto.
4. Among the Directors who are due to retire by rotation in this Annual General Meeting, Shri A. K. Dasgupta has not opted for re-appointment as a Director. It is proposed, not to fill the vacancy so caused on the Board of Directors.
5. The Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, July 25, 2013 to Friday, August 2, 2013** (both days inclusive).
6. The dividend as recommended by the Board, if approved at the meeting, will be paid on or after August 5, 2013, but within the statutory time limit of 30 days, to those members whose names appear in the Company's Register of Members on July 24, 2013. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the respective Depositories for the purpose.
7. In order to avoid the risk of loss of dividend warrants in transit and/or fraudulent encashment of dividend warrants, the Company has provided facility to the shareholders for remittance of dividend through National Electronic Clearing System (NECS), which operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralised processing of inward instructions and efficiency in handling bulk transactions.

The shareholders are requested to furnish the new Bank Account Number allotted by the banks post implementation of CBS, along with a copy of a cheque pertaining to the concerned account, to the Registrar & Share Transfer Agent (RTA) of the Company in case they hold shares in physical form and to the concerned Depository Participant in case they hold shares in demat form.

In case they do not provide their new account number allotted after implementation of CBS, please note that the ECS to their old account may either be rejected or returned.
8. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, NECS mandates, nominations, power of attorney, change of address/name, etc. to their Depository Participant only and not to the Company's Registrar & Share Transfer Agent. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will

help the Company and its Registrar & Share Transfer Agent to provide efficient and better services to the members.

9. Members holding shares in physical form are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name, etc. to the Company's Registrar & Share Transfer Agent, quoting their Registered Folio Number. The Bank Account particulars of the members will be printed on the Dividend Warrant.
10. Members are requested to note that pursuant to the provisions of Section 205C of the Companies Act, 1956, the dividend remaining unclaimed/unpaid for a period of seven years from the date they become due for payment are required to be transferred to the 'Investor Education and Protection Fund' set up by the Central Government. Members who have so far not claimed the dividend are requested to claim the same from the Company as no claim shall lie against the Fund or the Company in respect of individual amounts once credited to the said Fund.
11. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report, duly filled in and signed, and handover the same at the entrance of the place of the Meeting. Proxy/Representative of a Member should mark on the Attendance slip as "Proxy" or "Representative" as the case may be. Members holding shares in electronic form and desirous of attending meeting are required to bring along with them their Client ID and DP ID Numbers for easy identification.
12. The Ministry of Corporate Affairs, Government of India (MCA), had taken a "Green Initiative in Corporate Governance" by allowing paperless compliance by the companies and has permitted companies vide their Circular No. 18/2011 dated April 29, 2011, to issue copies of Balance Sheets and Auditors' Report, etc. by email to the shareholders.

Further, the Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/CFD/DIL/7/2011 dated October 05, 2011, has directed listed companies to supply soft copies of full Annual Report to all the shareholders who have registered their email addresses for the purpose.

Accordingly, the Company requests the shareholders to update their email address with their Depository Participants to ensure that the Annual Report and other documents reach them on their preferred email.
13. A brief resume, together with details of the nature of expertise, other Directorships, membership of the Committees of the Board and shareholding, of the Directors seeking appointment/re-appointment at the Annual General Meeting, as required by Clause 49 (IV) (G) of the Listing Agreement with the Stock Exchange(s), is given below.

1. Shri Nimesh Kampani

Shri Nimesh Kampani, aged 66 years, is a Commerce Graduate from Sydenham College and a Chartered



Accountant. He is the Founder and Chairman of the JM Financial Group, one of India's leading financial services groups. In his career spanning more than three and a half decades, Shri Kampani has made invaluable contributions to the development of the Indian capital markets. He has advised several corporates on their strategic and financial needs, especially capital raising as well as mergers and acquisitions. He has served on various committees constituted by BSE, NSE, SEBI and ICAI.

His other Directorships as on March 31, 2013, are as under:

- JM Financial Limited
- JM Financial Services Limited
- JM Financial & Investment Consultancy Services Private Limited
- JM Financial Trustee Company Private Limited
- JM Financial Institutional Securities Private Limited
- Capital Market Publishers India Private Limited
- Kampani Consultants Limited
- Apollo Tyres Limited
- Britannia Industries Limited
- KSB Pumps Limited

His Memberships/Chairmanships of the Committees of the Board (other than Deepak Nitrite Limited) as on March 31, 2013, are as under:

Audit Committee:

- Britannia Industries Limited – Member
- KSB Pumps Limited – Chairman.

Shareholders/Investors Grievance Committee:

- Britannia Industries Limited – Member
- JM Financial Limited – Member

Remuneration/Compensation Committee:

- JM Financial Limited – Chairman
- Britannia Industries Limited – Member

Shri Nimesh Kampani does not hold any shares in the Company.

2. Shri Sudhin Choksey

Shri Sudhir Choksey, aged 59 years, is a Chartered Accountant. Shri Choksey brings with him, a vast experience of over 35 years in the areas of finance, commerce and general management, both in India and abroad. He is the Managing Director of GRUH Finance Limited, Ahmedabad. Shri Choksey is also a Member of the Audit Committee of the Board of the Company.

His other Directorships as on March 31, 2013, are as under:

- GRUH Finance Limited
- Hunnar Shaala Foundation for Building Technology and Innovations

- Gujarat Ambuja Exports Limited

His Memberships/Chairmanships of the Committees of the Board (other than Deepak Nitrite Limited) as on March 31, 2013, are as under:

Audit Committee:

- Gujarat Ambuja Exports Limited – Chairman

Shareholders' Grievance Committee:

- GRUH Finance Limited – Member

Shri Sudhin Choksey does not hold any shares in the Company

3. Dr. Swaminathan Sivaram

Dr. Swaminathan Sivaram, aged 66 years, has done M.Sc. from the Indian Institute of Technology, Kanpur, and Ph.D. from Purdue University, W. Lafayette, Indiana, USA. He is also the Research Associate from The Institute of Polymer Science, University of Akron, Ohio, USA.

He was associated with the National Chemical Laboratory, Pune, as a Director during 2002-10; Head, Polymer Chemistry Division and Scientist in the Director's Grade with National Chemical Laboratory, Pune, during 1988-02.

He has been accredited with various awards and honours such as Distinguished Material Scientist of the Year, Material Research Society in the year 2011; Fellow of the International Union of Pure and Applied Chemistry (IUPAC) in the year 2010; D. M. Trivedi Lifetime Achievement Award for Contributions to Indian Chemical Industry, Indian Chemical Council in the year 2009; A. V. Rama Rao Research Foundation Award in the year 2009; Padma Shri, Civilian honour conferred by the President of India in the year 2006; Dhirubhai Ambani Orator Award, Indian Institute of Chemical Engineers in the year 2005; CSIR Technology Award in Chemical Sciences in the year 2003, and many more.

His professional affiliations are – President, Society of Polymer Science, India; Life Member, Chemical Research Society of India; Life Member, Material Research Society of India; Member, American Chemical Society. Dr. Sivaram has been cited as an Inventor in more than fifty US Patents.

His other Directorships as on March 31, 2013, are as under:

- Asian Paints Limited
- ApcoTex Industries Limited
- GMM PfauDler Limited
- Entrepreneurship Development Centre
- CSIR Tech Private Limited.

He is not a Member or Chairman of any of the committees of the Board of Directors of the Companies of which he is a Director.

Dr. Sivaram does not hold any shares in the Company.



4. Shri Umesh Asaikar

Shri Umesh Asaikar, aged 56 years, holds Bachelor's degree in Mechanical Engineering from the Indian Institute of Technology, Mumbai, and Master's degree in Management Science from Jamnalal Bajaj Institute of Management Studies. He is also the member of The Institute of Cost Accountants of India.

Shri Asaikar has around 34 years of varied experience in the areas of Sales, Commercial and Business Management. During the span of his career, he has held various leadership positions

in companies such as Park Davis, Nicholas Piramal, Piramal Glass, etc.

He has been associated with the Company as the Chief Executive Officer since September 2008. Prior to this assignment, he was associated with Defiance Knitting Industries Limited, Mumbai.

Shri Asaikar does not hold any Directorship in other companies and does not hold any shares in the Company.

Annexure to the Notice

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

ITEM NO. 6

Shri A. K. Dasgupta, a Director of the Company liable to retire by rotation, is due to retire by such rotation at the ensuing Annual General Meeting. Shri A. K. Dasgupta, although eligible for re-appointment, has not offered himself for re-appointment. The Board of Directors is of the view that there is no need to fill the vacancy that will be caused by Shri A. K. Dasgupta not offering himself for reappointment. Hence, the proposed resolution.

None of the Directors are in any way concerned or interested in the Ordinary Resolution as set out in Item No. 6 of the Notice.

ITEMS NO. 7 & 8

Dr. Swaminathan Sivaram and Shri Umesh Asaikar were appointed by the Board of Directors as Additional Directors on the Board of the Company at their meeting held on May 9, 2013. In terms of Section 260 of the Companies Act, 1956, Dr. Swaminathan Sivaram and Shri Umesh Asaikar hold office up to the date of the ensuing Annual General Meeting. Notices have been received from members of the Company under Section 257 of the Companies Act, 1956, proposing their candidature for the office of Director.

The Board of Directors is of the view that the services of Dr. Swaminathan Sivaram and Shri Umesh Asaikar will be of immense value to the Company. Your Directors, therefore, recommend their appointment as the Directors of the Company.

None of the Directors of the Company, except Dr. Swaminathan Sivaram and Shri Umesh Asaikar, are concerned or interested in the respective Resolutions for their appointment as Director as set out in Items No. 7 and 8 of the Notice.

ITEM NO. 9

The Board of Directors at their meeting held on May 9, 2013, has approved, subject to the approval of members in the General Meeting, the appointment of Shri Umesh Asaikar as Whole-time Director to be designated as Executive Director of the Company for a period of five years effective from May 9, 2013.

The terms of appointment of Shri Umesh Asaikar as Executive Director, including remuneration as recommended by the Remuneration Committee are as under:

(A) Salary and Perquisites

Shri Umesh Asaikar shall, during the financial year 2013-14, be paid proportionate fixed amount of ₹ 182 Lacs per annum by way of salary, perquisites, allowances and other benefits and for subsequent years, such amount as may be determined by the Board or Committee thereof from time to time. The Perquisites, Allowances and other benefits shall include but not be limited to the following:

1. Re-imbursement of medical expenses incurred for self and members of his family, as per policy of the Company.
2. Leave travel concession for self and members of his family, as per policy of the Company.
3. Medical and other insurances, as per policy of the Company.



4. Company car with driver.
5. Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity and encashment of leave, as per policy of the Company.
6. Retirement and other benefits, as per policy of the Company.
7. Hardship Allowance and Retention Bonus as per policy of the Company.

(B) Variable Pay:

In addition to the salary, perquisites, allowances and other benefits as mentioned above, Shri Umesh Asaikar will also be paid Variable Pay by way of Performance Linked Incentive. This amount shall be paid annually after the end of the financial year. This Variable Pay shall range from 80% to 125% based on the performance rating as per policy of the Company. The base amount of Variable Pay for the financial year 2013-14 is fixed at ₹ 58.77 Lacs in the range of 80% to 125% depending upon his individual and also the Company's performance as per policy of the Company. During the tenure of Executive Director, the Board or Committee thereof shall determine the amount of Variable Pay from time to time, for subsequent years.

- (C) The aggregate remuneration inclusive of Fixed Pay, Variable Pay and other benefits as stated above, payable to Shri Umesh Asaikar, as Executive Director, during any financial year, shall always be subject to the overall ceilings laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956, or any other law for the time being in force.

- (D) Shri Asaikar shall also be entitled to reimbursement of all legitimate expenses incurred by him while performing his duties and such reimbursement will not form part of his remuneration.

(E) Minimum Remuneration

Where, in any Financial Year during the tenure of Shri Umesh Asaikar, the Company incurs a loss or its profits are inadequate, the Company shall continue to pay to Shri Umesh Asaikar the above remuneration by way of salary, perquisites and other allowances as a minimum remuneration subject to the conditions specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force), or such other limits as may be prescribed by the Central Government from time to time and approval of members and/or Central Government required, if any.

For the purpose of computation of minimum remuneration, the following shall not be included:

- a. Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent that these either singly or put together are not taxable under the Income Tax Act, 1961;
 - b. Gratuity at the rate not exceeding fifteen days salary for each completed year of service as Executive Director;
 - c. Encashment of leave at the end of the tenure.
- (F) Shri Umesh Asaikar, as Executive Director, shall perform such duties and exercise such powers bestowed on him from time to time by the Vice Chairman & Managing Director and/or Board of Directors.
- (G) Shri Umesh Asaikar shall not be entitled to sitting fees for attending meetings of the Board or any Committee thereof.
- (H) Shri Umesh Asaikar shall not be liable to retire by rotation as a Director of the Company.

The Board of Directors or any Committee thereof, shall have authority to alter or vary the terms of appointment and remuneration payable to Shri Umesh Asaikar within the overall limits specified under Sections 198, 309 and Schedule XIII of the Companies Act, 1956, or any modification or re-enactment thereof, for the time being in force.

The above may also be treated as an abstract as required under Section 302 of the Companies Act, 1956.

Except Shri Umesh Asaikar, none of the other Directors of the Company is concerned or interested in the Ordinary Resolution set out in Item No.9.

By Order of the Board of Directors

Place : Mumbai
Date : May 9, 2013

SANJAY UPADHYAY
Sr. Vice President (Finance) &
Company Secretary



Management Discussion and Analysis Report

1. ECONOMIC OUTLOOK

The fiscal year 2012-13 has been difficult for countries all across the globe. While the US is showing signs of improvement, Europe is still the epicenter of turmoil and is still affected by the financial crisis. Although stimulus packages have been provided to economies in Europe, they are yet to fully stabilise. Growth continues to be led by countries like India and China, which although not growing as quickly as earlier, remain the fastest growing economies on a relative basis. The Middle East is recovering from political tensions that were witnessed last year. Japan is gradually recovering and the resultant impact is that the Bank of Japan joined the Central Banks of the US and Europe in introducing stimulus packages to spur growth.

Political and regulatory uncertainty shook the sentiment of foreign investors in India. This exacerbated the slowdown in investment activity. A drop in general business spending, declining tax collections and sustenance of populist measures led to a decline in fiscal performance. This was aggravated by increasing imports of oil and gold. All of a sudden the Indian economy was at a precipice with the threat of a sovereign rating downgrade looming.

The Government was forced into action and it responded by fast-tracking reforms on FDI in sectors such as aviation, broadcasting and multi-brand retail. This was followed by an effort to disinvest stakes in select PSUs. The oil import bill was tackled with reduction of subsidies on diesel, kerosene and LPG. Additional import duty on gold and relaxation of limits for debt investment by FIIs helped ease pressure on currency rates. The Government has followed it up with active discussions with rating agencies and the RBI.

We are witnessing gradual improvements in the operating environment with these measures. Macro pressures have eased as oil and gold prices have declined and inflation is showing signs of moderation. It is believed that the worst is over and that the economy has bottomed out.

There are still challenges that India will have to overcome as the global environment remains weak and challenges in various regions will still take some time to ease as the issues are deeper than originally envisaged and an uptick will most likely be delayed.

However, the Indian economy is resilient and although not completely out of the woods, we expect to see a gradual improvement in the economy in the current fiscal.

2. INDUSTRY STRUCTURE & RECENT DEVELOPMENTS

The global chemical industry is one of the largest industries worldwide. It was estimated at \$3.4 trillion in 2010. The Indian chemical industry had a size of \$108 billion in 2010 and accounts for 3% of the global chemical industry (source: Indian Chemical Industry – Five Year Plan).

The Indian chemical industry is a key constituent of the Indian Industry and contributes, as estimated, 7% of the GDP. In the 12th five year plan, growth of the chemical industry is estimated between 11-15% to reach a size of \$224-290 billion by 2017. India is the 3rd largest chemical market in Asia after China and Japan (source: Indian Chemical Industry – Five Year Plan).

The plan discusses Organic, Inorganic and Speciality Chemicals segments in detail. The Speciality Chemicals segment grew 11% during the 11th five year plan and is currently valued at \$18 billion. It is estimated to grow at 13-14% up to \$38 billion by 2017. Basic Organic chemicals are expected to grow at 12% and Inorganic chemicals are expected to grow at about 8%. Your Company caters to all these segments and is expected to benefit from the growth of end user markets in these segments.

To strengthen Research & Development, the Indian Government is now undertaking initiatives like establishing a chemical sector council for innovation and also plans to establish an autonomous \$100 million chemical innovation fund. It is also focusing on initiatives to make sure that feedstock availability is met and new technologies are encouraged. The chemical industry has not been attracting the best talent and this has created a shortage of skilled man power. The chemical industry requires 4.5-5 million skilled workers by FY2017. To address these needs, the Government is looking to set up specialised universities and vocational institutes to develop the skill base. Lastly, the Government is also tightening rules on environment protection to match international standards (source: Indian Chemical Industry – Five Year Plan).

It is important to note that majority of the demand for the chemical industry stems out of regions such as North America, Europe, Latin America and emerging economies in Asia. Your Company supplies its products to most of these regions which gives it more scope for growth. As the manufacturing base now shifts to India and China, it can be comfortably said that your Company will benefit from this shift due to its strong presence in these markets.

3. SWOT ANALYSIS

STRENGTHS

Flexible Processes

Your Company caters to many end user industries like dyes, pigments, pharmaceuticals, paints, fertilisers, textiles, etc. These industries are subject to cyclical trends. At any given point of time, the demand from one end user industry might be higher than the other. While demand drops in one, it increases in another. Your Company is process driven; machinery used is not for the manufacture of any one product in particular, but has flexibility to undertake processes like chlorination, absorption and alkylation so that they can cater to demands of end user industries as per their requirements.

Diverse Operations

Catering to multiple end-user industries, your Company manufactures several products. Through these products, your



Company addresses markets in multiple geographies all across the globe. Besides India your Company has a strong presence in Europe, USA and China. Catering to such a diverse market globally considerably reduces the overall risk for your Company as there is no reliance on any one geography.

Management

Your Company has always believed that for a company to scale heights there needs to be a strong leadership at the top to keep the employees motivated and achieve optimum results. Running a company requires more than business acumen – it requires a mix of experience, qualifications, loyalty, dedication and a sense of ownership. Your Company has successfully formed a team of talented individuals with the right expertise and leadership skills to grow a company. The robust performance that your Company has witnessed over the last few years is a testament to this.

Technical Expertise

Your Company is involved in the execution of complex processes. Being a part of the chemical business, it is important to have all systems in place such that one can avoid hazardous reactions. Apart from safety, the technology required to execute processes like nitration, chlorination, sulfonation and absorption, to name a few, requires advanced machinery and experienced labour. Over a period of time, your Company has been able to transform its manufacturing to make it one of the most sophisticated in the industry. Your Company has all the ingredients required for manufacturing the best quality products for customers with the highest safety standards.

Strong Global Reach

Over the years, your Company has expanded its worldwide customer base and its products are now supplied to countries all across the globe. With marquee customers included in its portfolio, your Company is strongly placed in Europe and has now tapped the difficult markets of the US and China. Your Company is very well regarded globally and has been supplying to multinational blue chip companies like, Syngenta, Bayer Crop Science and Clariant, among others.

WEAKNESSES

Raw Material Fluctuation

The previous year saw a sharp increase in crude/natural gas prices. On the other hand, these prices are on a downward trend this fiscal. Absorbing costs in this volatile market becomes very challenging for your Company as there is a time lag from the time costs increase until they are passed on to the customer. Your Company has always taken measures such that the effect of this is minimised to an extent that it is not detrimental to the performance of your Company. Towards this end, your Company enters into formula-based pricing with its customers such that margins are protected.

Currency Fluctuations

Exports are an integral part of your Company's business with

transactions taking place in foreign currency all the time. The depreciating rupee in that regard does help its business; on the contrary the appreciating Rupee has a negative impact. Importing raw materials serves as a natural hedge, at the same time your Company find it very important to cover net open positions and reduce risks through forward contracts, option structures and borrowings in foreign currency.

OPPORTUNITIES

Research and Development

Your Company has always placed a premium on innovation. In this fast changing environment, it is necessary to keep pace with the competition since an introduction of a new product can quickly change market dynamics. This was evident from the introduction of your Company's in-house developed fuel additives and fine and speciality products. Your Company believes that there are many opportunities to address in the existing markets/products. This can be done by leveraging on the state-of-the-art in-house facility that your Company already has, and is hopeful of expanding its product portfolio further.

Increasing Maturity of Domestic Markets

Your Company has been increasing its presence globally with customers in Europe, US and China. Your Company now has the opportunity to penetrate and tap the local market as well. The domestic market is growing at a very fast pace and there is ample demand for products that your Company manufactures. Product like the Fuel Additives have shown traction in India this year and we expect that in the next few years demand in the local market will stem from end user industries such as Petrochemicals.

New Markets

Your Company already has a strong global presence in markets of Europe, US, China and India. These markets have contributed to your Company's growth over the years. Your Company always looks at new trends and new ways of doing things and in that regard feels that in the coming years, there could be more opportunities for your Company emanating from South-East Asia, South America and Latin America.

THREATS

Emerging Competition

Your Company has a strong foothold in various products. It has a vast global reach and successfully competes with players across the globe and in India. Being present in a market place faced with the stiffest competition, your Company has to be prepared to counter its competition and compete with its peers. Your Company, over the years, has established the strongest relationships with customers worldwide. These customers have shown their strong confidence in your Company's business practices and that is why its efforts over the years along with the desire to grow the customer base will help it emerge successful in this challenging business environment.



New Technologies

In the chemical industry threat of a new technology making the older one obsolete exists to a great extent. Companies strive to create such technologies to drive competitors out of the market place. Your Company is faced with this challenge and that is why your Company focuses on Research & Development and innovation to counter this threat.

4. COMPANY PERFORMANCE

During FY 2012-13, the turnover of your Company has increased to ₹1004.09 crores from ₹ 776.91 crores in FY 2011-12. Profit before Interest, Depreciation and Tax for the year was ₹ 81.22 crores as compared to ₹ 58.80 crores in FY 2011-12. Profit after Tax was higher at ₹ 37.82 crores as compared to ₹ 23.08 crores in FY 2011-12.

Your Company's performance during the year has been exceptional; touching all-time highs in top line and bottom line numbers. This was mainly due to higher volumes and increased realisations. Revenues were driven mainly from Organic and Fine & Speciality Chemical segments.

5. SEGMENTAL PERFORMANCE

Organic Intermediates

Revenues for Organic Intermediates stood at ₹ 612.99 crores for FY 2012-13 as compared to ₹ 460.98 crores for FY 2011-12.

Organic Intermediate sales were higher due to increase in sales of Fuel Additives and Xylidine intermediates.

Inorganic Intermediates

Revenues for Inorganic Intermediates stood at ₹ 131.72 crores for FY 2012-13 as compared to ₹ 132.10 crores for FY 2011-12.

In FY 2012-13, the Inorganic intermediate segment showed some dip in the margins as the prices of major raw materials like caustic lye and ammonia were at their peak. Your Company believes that this was an abrasion. The prices have normalized in the current year.

Fine & Speciality Chemicals

Revenues for Fine & Speciality Chemicals stood at ₹ 283.50 crores for FY 2012-13 as compared to ₹ 220.54 crores for FY 2011-12.

Fine & Speciality revenues have increased mainly because of introduction of new product in this segment.

6. OUTLOOK

Your Company has ended FY 2012-13 on an extremely positive note. Turnover for the year touched a new high and stood at ₹ 1004.09 crores. Your Company has maintained margins with Net Profits of ₹ 37.82 crores for the year.

Your Company's greenfield expansion at Dahej and brownfield expansion at Nandesari are close to completion.

While with its current products, your Company serves major B2B customers in Agro chemicals, Colors and Speciality business, the OBA (Optical Brightening Agent) business would take your Company many stages forward into offering performance solutions for major customers in countries such as US, Canada, South America, Europe and South East-Asia. Your Company would be offering OBA at the door-step not only from the world's largest Brightener plant but it would be offering equally matching logistic solutions and after-sale technical services.

While the OBA plant comes into production, capital investments in the project would be completed. Investments in marketing and logistics and various operational trials at customers end, would lay the foundation of major long term supply agreements with downstream industries including paper, detergents and textiles world-over.

Your Company is also focused on de-bottlenecking activities in existing plants in order to make complex processes like chlorination, alkylation, absorption, nitration, to name a few, more efficient and cost competitive in the years to come.

7. RISK MANAGEMENT

Risk Management is an integral aspect of your Company's operations and is given high priority. It is very important for a company like yours to address risks and concerns which could affect the performance of its business. To manage these risks, your Company has a team in place which constantly monitors business practices to ensure a smooth flow of operations and has established guidelines for them to follow. Your Company has developed an appropriate risk management framework to strategise, monitor, identify, assess and mitigate risks that could potentially impact your Company's performance and prove to be a barrier to success.

Certain risks that are identified by your Company but are not exhaustive are as follows:

New Product launch: Optical Brightening Agent (OBA) is your Company's first foray into application performance chemicals segment. The first year is challenging due to inherent long gestation period needed to win customers' technical acceptance of OBA especially from application performance point of view. Any risk arising out of lack of previous experience in this field has been mitigated by adequate resource planning and proactive marketing of quality OBA products and services. The experience and learning out of building long standing B2B relationship that your Company has over many years, has helped. These efforts have been reinforced by the economies of scale that your Company will enjoy, having built one of the largest and most backward integrated OBA plant.

Safety Standards: Your Company is involved in executing the most complex chemical processes. These processes could lead to hazardous reactions if safety procedures are not followed



correctly. There are periodic checks on all active machinery to make sure that it is efficient and up-to-date. Safety of your Company's employees is given top priority with best practices being always followed.

Credit Risk: Your Company is a preferred supplier to corporations across the globe. In order for it to perform well, it is important to constantly monitor the financial health of our customers. Your Company has to safeguard its interest and for this purpose it enters into long term contracts with its customers and risk is partially mitigated by securing credit insurance.

Volatility in prices of Raw Material: Input prices are a key variable that affect your Company's prices. Prices for your Company's key raw materials such as crude and caustic are very volatile in nature. A price increase could take some time before it can be passed on to customers. To counter this risk, your Company safeguards its interest by entering into formula-based pricing contracts with its customers.

Currency Risk: A high proportion of your Company's business comes from exports and hence there is a currency risk. Although sizeable quantum of raw materials is imported, which serves as a natural hedge, your Company has a strong team in place to monitor the currency risk through forward contracts and options.

Environmental Care: Your Company pursues a "Green" policy and takes measures to protect the environment. It ensures that gas emissions are reduced and effluents are treated. Your Company is signatory to "Responsible Care". Every possible step is taken to improve your Company's manufacturing processes, with a view to ensure the betterment of environment.

8. INTERNAL CONTROLS

Your Company has taken appropriate measures and has established Internal Control systems to safeguard and shield from losses. All transactions are appropriately authorised, recorded and presented to the management. Your Company strictly follows all Accounting Standards prescribed for maintenance of books of accounts and reporting financial statements. The independent internal auditors review the various areas of operations. The Audit Committee of the Board of Directors reviews the Internal Audit reports from time to time and takes appropriate action on the matters reported. The Internal Control systems aim to make sure that business operations are carried on efficiently; applicable laws, rules, regulations and policies of your Company are followed, and that the financial reporting is reliable.

9. HUMAN RESOURCES

Your Company has always believed that the development of its employees is one of the most important objectives, since employees are the most valuable assets of your Company. Your Company is committed to continuously develop their skill sets and improve their performance. Your Company has

successfully created a work environment that boosts innovation.

Retention of employees is an important policy of your Company. Your Company provides on-the-job training, in-house and external training programs and workshops related to technical/functional, behavioral/general and health safety and general environment, ISO certification standards, etc.

With the co-operation of your Company's employees, over the years, your Company has developed a team of talented employees which are a testament to your Company's performance and growth. With a strong plan in place, your Company is always on the lookout for fresh talent and a strong focus to better current practices. Timely increment and bonuses are awarded to employees. Industrial relations at all plants have remained genial during FY2013.

During the year ended March 31, 2013, your Company has on roll 1151 employees.

10. ENVIRONMENT, CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Your Company manufactures chemical products that meet basic needs across a wide variety of applications and help to improve the quality of life. Your Company constantly strives to meet and exceed expectations in terms of the quality and safety of its products and places great importance on environment protection. Your Company is committed to Quality, Environment, Protection, Occupational Health and Safety standards and methodologies. Your Company is committed to ethical and sustainable operation and development of all business activities according to responsible care and its own code of conduct. Corporate Social Responsibility is an integral part of your Company's philosophy and it actively participates in areas of health and welfare.

11. CAUTIONARY STATEMENT

Certain statements made in this Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc. whether expressed or implied. Several factors could make a significant difference to your Company's operations. These include climatic conditions and macroeconomic conditions affecting demand and supply, government regulations and taxation, natural calamities etc. over which the Company does not have any direct control.



Directors' Report

Dear Shareholders,

Your Directors have the pleasure in presenting the Forty Second Annual Report of your Company, together with the audited Statement of Accounts for the financial year ended March 31, 2013.

FINANCIAL RESULTS

Particulars	2012-13 (₹ in Lacs)	2011-12 (₹ in Lacs)
Sales & Other Income	1,03,010.04	79,273.32
Gross Profit (before interest, depreciation and tax)	8,122.22	5,880.45
Less :		
(i) Interest	970.56	943.27
(ii) Depreciation	1,893.86	1,778.58
(iii) Provision for Tax		
- For the Year		
- Current Tax	820.25	749.51
- Deferred Tax	655.20	72.70
- Prior Year		
- Current Tax	-	28.11
Profit After Tax	3,782.35	2,308.28
Add: Surplus in Statement of Profit & Loss Brought Forward	11,973.90	10,895.29
Amount available for appropriation	15,756.25	13,203.57
Appropriation :		
Dividend	837.09	627.82
Corporate Dividend Tax	142.26	101.85
General Reserve (as required by Section 205 (2A) of the Companies Act, 1956)	500.00	500.00
Balance carried to the Balance Sheet	14,276.90	11,973.90
	<u>15,756.25</u>	<u>13,203.57</u>

DIVIDEND

Considering the overall improved performance of your Company, the Board of Directors are pleased to recommend a dividend of ₹ 8.00 per equity share for the year ended March 31, 2013 on 1,04,63,679 Equity Shares, as against ₹ 6.00 (Rupees six) per equity share in the previous year.

The total amount of dividend, if approved, including Corporate Dividend Tax, will be ₹ 9.79 crores (previous year ₹ 7.29 crores).

THE YEAR IN RETROSPECT

The financial year 2012-13 proved to be a benchmark year for your Company's performance. Your Company has achieved a significant milestone this year by crossing the ₹ 1,000 crores turnover mark. In spite of headstrong global and domestic challenges, your Company has outperformed competition and, revenues and profits have touched new highs. Turnover for FY 2012-13 stood at ₹ 1004.09 crores as compared to ₹ 776.91 crores in FY 2011-12. These were driven by increased volumes as a result of de-bottlenecking activities and progressively higher realisations. Exports flourished and products like Fuel Additives were also major contributors to the top line.

Exports to key markets in Europe continued to remain strong and your Company enjoyed a favourable traction from its expanding presence in the US as well. The export turnover increased by 27.71% over FY 2011-12 and in absolute terms stood at ₹ 447.59 crores in FY 2012-13 over ₹ 350.47 crores in FY 2011-12.

Profit before Interest, Depreciation and Tax for the year was ₹ 81.22 crores as compared to ₹ 58.80 crores in the previous year. Profit After Tax was ₹ 37.82 crores as compared to ₹ 23.08 crores in FY 2011-12. Earnings per Share was ₹ 36.15 as compared to ₹ 22.06 per Share in FY 2011-12.

On the global front, the US market is showing signs of a more stable recovery while Europe seems to be facing continuing challenges. The Middle East has recovered steadily from the political unrest and China and India, though still slowly recovering, remain the key engines for global growth. Your Company has shown resilience even though the global operating environment over the last few years has been demanding. Growth in exports to economies that are in economic turmoil is a testament to strong customer relationships and a growth-driven business model that your Company follows.

For the next financial year the key focus will be on expansion plans. The greenfield expansion at Dahej, will make your Company, the only player to completely backward integrate its processes and manufacture OBA (Optical Brightening Agents) from Toluene. On the other hand, the brownfield expansion at Nandesari will help your Company make a completely new foray in renewable energy which will aid in the manufacture of Solar Salts. Since many Solar Projects in India as well as overseas are temporarily delayed there is a need to mitigate the short-term risk of dependence on Solar Energy sector. With this in view, your Company has initiated Research & Development efforts to develop salts for other applications.

Your Company has also taken measures to address currency risk through prudent hedging policies as exports play a significant role.

A review of the performance during the year is given under the section "Management Discussion and Analysis Report".

GREENFIELD EXPANSION AT DAHEJ

Your Company's new state-of-the-art greenfield plant at Dahej (Dist. Bharuch, Gujarat) will be manufacturing OBA (Optical Brightening Agents), a Performance Chemical. This will make your Company the



only fully-integrated player in the world. After the successful completion of production trial runs at its OBA Plant, your Company commenced its first stream of commercial production of OBA on March 15, 2013 involving a capex cost of around ₹ 140 crores. The other part of the facility is well on track and is expected to be operational by the beginning of the second quarter of FY 2013-14.

Your Company would be offering OBA at the door-step not only from the world's largest Brightener Plant but it would be offering equally matching logistic solutions and after-sale technical services.

BROWNFIELD EXPANSION AT NANDESARI

Your Company, through its brownfield expansion at Nandesari (Gujarat), envisaged a dual purpose of expanding the production capacity and also foraying into a new business segment of Solar Salts.

The Salt Project at Nandesari was set up with the objectives of meeting the emerging demand for solar salt application and for catering to the high-end Sodium Nitrite market in the US. Since many Solar Projects in India as well as overseas are temporarily delayed there is need to mitigate the short-term risk of dependence on Solar Energy sector. With this in view, your Company has initiated Research & Development efforts to develop salts for other applications. The project is expected to be operational by the first quarter of FY 2013-14.

FINANCE

Your Company lays emphasis on its working capital program as well as long term debt in order to effectively manage debt levels. Prudent management has always enabled your Company to maintain healthy cash flows. The focus has been to reduce interest costs, and although your Company has borrowed ECB of USD 45 million (fully drawn for expansions at Dahej & Nandesari), the Debt to Equity has still been maintained at reasonable levels; Debt to Equity as on March 31, 2013 stood at 1.20.

The Capital Expenditure during the year was ₹ 170.61 crores and was mainly for your Company's Greenfield and Brownfield projects at Dahej and Nandesari.

DIRECTORS

During the year under review, Shri Hasmukh Shah ceased to be the Director of your Company since August 4, 2012. As members are aware, Shri Shah had not opted for his re-appointment at the 41st Annual General Meeting.

Shri Berjis Desai resigned from the directorship of your Company w.e.f. October 25, 2012, due to his other commitments. During the tenure of his directorship, your Company has benefited immensely by his extensive knowledge and experience on various legal aspects concerning your Company's business. The Board of Directors place on record their sincere appreciation for the valuable contribution, guidance and suggestions provided by Shri Desai during his tenure.

Dr. Swaminathan Sivaram and Shri Umesh Asaika have been appointed as Additional Directors by the Board of Directors on May 9, 2013. Under the provisions of Section 260 of the Companies Act, 1956 and Article 127(a) of the Articles of Association of your Company, Dr. Swaminathan Sivaram and Shri Umesh Asaika will hold office up to the date of forthcoming Annual General Meeting. Notices have been received from members pursuant to Section 257 of the Companies Act, 1956, together with necessary deposits, proposing the appointments of Dr. Swaminathan Sivaram and Shri Umesh Asaika as Directors on the Board of your Company. Resolutions for the appointment of Dr. Swaminathan Sivaram and Shri Umesh Asaika as Directors of your Company have been incorporated in the Notice for the forthcoming Annual General Meeting for the member's approval.

Subject to the approval of shareholders at the ensuing Annual General Meeting, the Board of Directors at their meeting held on May 9, 2013, appointed Shri Umesh Asaika as the Executive Director with effect from May 9, 2013. Prior to his appointment as the Executive Director, Shri Asaika was functioning as the Chief Executive Officer of your Company.

In accordance with the Articles of Association of your Company, Shri Nimesh Kampani and Shri Sudhin Choksey will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri A. K. Dasgupta, who is also due to retire by rotation at the ensuing Annual General Meeting, has indicated his desire not to seek re-appointment.

Shri A. K. Dasgupta joined the Board of your Company way back in the year 1976. The Board places on record its appreciation for the valuable services rendered by Shri A. K. Dasgupta during his long association with your Company. It is proposed not to fill the vacancy so caused on the Board of Directors.

FIXED DEPOSITS

The total amount of Fixed Deposits held by your Company from shareholders and public was ₹ 15.06 crores as on March 31, 2013 (previous year ₹ 17.87 crores). Your Company does not have any deposits which have matured and are claimed but remain unpaid.

CORPORATE GOVERNANCE

Your Company has been following the principles of good corporate governance over the years and lays a strong emphasis on transparency, accountability and integrity. Pursuant to Clause 49 of the Listing Agreement, the Management Discussion and Analysis, and the Corporate Governance Report, together with the Auditors' Certificate on compliance with the conditions of Corporate Governance as laid down, forms a part of this Annual Report.

RESEARCH & DEVELOPMENT

Every year your Company spends around 1% of its revenues on Research & Development. Innovation can help scale greater heights and discovery of new products can have long lasting impact on revenues. The year under review saw fruition of Research & Development efforts as Fuel Additives turnover at ₹ 196 crores was



achieved and a newly developed chemical in Fine & Speciality segment was supplied to a transnational Company reinforcing further the synergistic relationship that the two Companies enjoy.

SAFETY, HEALTH & ENVIRONMENT

It is of utmost importance to a company with the status, size and scale of your Company to follow best practices with regard to safety. In the chemicals business, processes must be carried out with the highest degree of safety to avoid hazardous reactions. Your Company conducts regular maintenance checks of all its machinery at all plants and makes sure that every employee is well-trained before operating on any machine. This makes your Company a safe place to work.

Your Company matches international environmental standards and makes sure that natural environment is protected. To make a company a healthy place to work, the environment must be green and eco-friendly.

A noteworthy addition this year was the establishment of the Responsible Care system. Your Company was audited by expert auditors from various fields in Sept-12, and based on their feedback the Indian Chemical Council has honoured your Company with the Responsible Care logo. Your Company is now responsible care logo holding company. This indicates that your Company is committed to not just development but sustainable development - by adopting technology and processes that have minimum impact on the environment, and operates the facilities in a responsible way.

Health, Safety & Environment (HSE) management continued to receive top priority this year as well. Processes were reviewed on various parameters including safety, efficiency, quality, quantity and sustainability. Benchmarking against global best practices, continuous improvement programmes and Responsible Care initiatives have ensured safe operations at all our locations. Your Company has adopted a HSE audit program which is a critical component of the HSE governance process. The audit program is specifically designed to ensure that stakeholder expectations, HSE Policy, HSE management systems and Responsible Care management systems are being effectively implemented across the organisation. HSE performance of each manufacturing facility is reviewed by top management and lessons learned from incidents and best practices are shared among all locations. Further, your Company has reinforced ties with the global institution, the British Safety Council, to get access to the best available practices across the globe.

Employees' well-being is ensured through consistent health monitoring. The facilities at every Occupational Health Center (OHC) have been upgraded and have 24X7 ambulance service to ensure quick transportation to the near-by hospitals. Medical facilities have been extended to contractual workforce as well. Occupational health of employees is monitored to assess the exposure to hazardous chemicals. It is your Company's constant endeavor to focus on prevention of pollution, control of pollution and compliance with the environmental norms.

HUMAN RESOURCES

Your Company recognises that its people are central to its operations and growth strategy, and all efforts are made to attract and retain the

best talent in the industry. Your Company's Human Resource policy is focused on every individual's skill sets' development, keeping the morale and performance level high, providing employees a platform for personal growth within the organisation, suitably recognising and rewarding individual achievements, while simultaneously addressing the business needs of your Company. Emphasis is being placed on building a cohesive workforce to maximise returns for all stakeholders. Focused attention is given to updation of knowledge and application of new technologies available to reduce costs and to meet the business challenges.

Your Directors are pleased to report that industrial relations at all manufacturing and other locations have remained amicable during the year under review. Your Company's initiative to provide a constructive work environment enables it to attract and retain employees with high potential and caliber.

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

The information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto as Annexure 'A' and forms part of this Report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

INSURANCE

All the insurable interests of your Company, including inventories, buildings, plant and machinery are adequately insured against risk of fire and other risks.

CORPORATE SOCIAL RESPONSIBILITY

Your Company remains committed to social development through Deepak Foundation.

During the year under review, your Company has been accredited with the coveted Businessworld FICCI CSR Award 2011-12 by the Federation of Indian Chambers of Commerce and Industry (FICCI) in category I B – Large Enterprises. The honour was bestowed upon your Company for its contribution and efforts, through Deepak Foundation, towards the upliftment of women in the society and making them economically independent as well as inculcating awareness about health-related issues in their mind. The award demonstrates your Company's continuous endeavours and achievement in corporate social responsibility activities.

Deepak Foundation (accredited by Credibility Alliance and an ISO



9001:2008 organisation) is a CSR initiative of your Company. The Public Health Training Institute under this initiative was set up through an Memorandum of Understanding with the Department of Health & Family Welfare of the Govt. of Gujarat. One of the prime objectives of this Institute was to undertake phased trainings of ASHAs on Modules 6 & 7 in three blocks of the Vadodara district; thus strengthening ASHA's role in villages as an important "Healthcare Provider at Grass root Level". An assessment of needs was also undertaken in the Dahej industrial area to plan developmental interventions in the surrounding area. The Foundation is also planning to initiate a plumbing course in the Nandesari industrial area in collaboration with the Indian Institute of Entrepreneurship Development & Research, Pune. For this purpose, a location has been identified and construction of the infrastructure for the work shed will shortly commence. Apart from this, a Reverse Osmosis (RO) plant was installed jointly with the Nandesari Industrial Association at the Nandesari School to ensure pure water supply for the school's 1300 students.

The Foundation has initiated "Apna Kisan Malls" in three blocks of Vadodara viz. Naswadi, Pavijetpur and Kawant. Nearly 1500 farmers have enrolled and benefited from this in terms of increase in production at minimal investment. A Mobile Medical Unit was also started in Kawant, in partnership with NRHM Gujarat, which provides essential healthcare and referral services in 40 villages. A computer training center was established in Naswadi, with the objective of spreading computer literacy among tribals, especially youth, in association with the Jankalyan Computer Saksharata Mission.

AUDITOR'S REPORT

The Auditor's Report to the Shareholders, read with relevant notes thereon, are self-explanatory and do not contain any qualifications, and hence do not call for any comments under section 217 of the Companies Act, 1956.

AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, who are the statutory auditors of your Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. It is proposed to re-appoint them as Statutory Auditors of your Company for FY 2013-14. Members are requested to consider their re-appointment and fix their remuneration at the ensuing Annual General Meeting. The auditors, under the provisions of Companies Act, 1956, have furnished a certificate of eligibility for re-appointment.

COST AUDITORS

The Central Government, vide order dated January 24, 2012 has prescribed cost audit for a number of industries, with effect from the financial year 2012-13. Accordingly, the Board of Directors, with the prior approval of the Central Government, have appointed M/s. B. M. Sharma & Company, Cost Accountants, to conduct audit of your Company's cost records for the financial year 2012-13.

The Cost Audit Report will be filed with the Central Government within the prescribed time of 180 days from the close of the financial year.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of your Company confirm that:

1. In the preparation of accounts, the applicable accounting standards have been followed and that there are no material departures;
2. Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as of March 31, 2013, and the profit of the Company for the year ended on that date;
3. 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 your Company, and for preventing and detecting fraud and other irregularities; and
4. The Annual Accounts of your Company have been prepared on an on-going concern basis.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the continued support and co-operation received from Financial Institutions, Banks, Government authorities and other stakeholders. Your Directors also acknowledge the support extended by your Company's employees for their dedicated service.

For and on behalf of the Board

Place : Mumbai
Date : May 9, 2013

C. K. MEHTA
Chairman



Annexure-A to Directors' Report

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A - CONSERVATION OF ENERGY

The consumption of Power, Steam, Chilled water, Air Nitrogen etc. were got audited through a Third Party across all locations. Based on recommendations of the auditing agency, following efforts have been taken up: • Change in pumps of Cooling tower through energy efficient pumps • Introduction of Actizel for stationery type boiler • Power trading through Open Access • Change of transformers • Continuous improvement studies for optimisation of cycle time in both continuous and batch process plants.

FORM - A

Disclosure of particulars with respect to Conservation of Energy (to the extent applicable)

(a) POWER AND FUEL CONSUMPTION													
	UOM	2012-13						2011-12					
		Nitrite	N.A. Divn.	T.C.D.	APL	H.S.D	DHJ	Nitrite	N.A. Divn.	T.C.D.	APL	H.S.D	DHJ
		(Nandesari)	Taloja	Roha	Hyderabad	Dahej	(Nandesari)	Taloja	Roha	Hyderabad	Dahej		
1 Electricity:													
(a) Purchased													
Unit	KWH	7019070	5186830	2910453	11037617	8912815	1259935	2895888	2139412	2888963	8128957	11507962	-
Total Amount		45192693	33048452	22907087	85240109	65734874	9869174	23574367	17352039	19273501	53531851	51473425	-
Rate/Unit		6.44	6.37	7.87	7.72	7.38	7.83	8.14	8.11	6.67	6.59	4.47	-
(b) Own Generation													
(i) Through Own diesel													
Generator Unit	KWH	510	4370	8900	126664	3218388	-	3582	1929	7841	141352	2400809	-
Units per litre of													
Diesel Oil	KWH	3.00	3.00	3.00	3.00	3.00	-	3.00	3.00	3.23	3.36	3.19	-
Cost/Unit		17.49	17.49	14.80	14.07	17.07	-	15.30	15.30	12.72	14.87	14.26	-
(ii) Through Steam													
Turbine/Generator													
Unit	KWH	9190114	6497275	-	-	-	-	1185563	8216277	-	-	-	-
Total Amount		69505642	49139466	-	-	-	-	64848205	47633795	-	-	-	-
Rate/Unit		7.56	7.56	-	-	-	-	5.80	5.80	-	-	-	-
2 Coal													
Quantity	MT	13331	13588	3629	6119	17268	-	10375	14119	2300	3753	19029	-
Total Amount		55921758	57000291	19034000	38013067	93420370	-	45463889	61869938	11068000	19390391	99721039	-
Average Rate/MT		4195	4195	5245	6212	5410	-	4382	4382	4812	5167	5240	-
3 Furnace Oil													
Quantity	KL	191	97	1836	175	333	394	39	41	2826	951	534	-
Total Amount		7265545	3573635	71449000	6778686	13605158	14413679	1082109	1132437	98073000	32312600	20571255	-
Average Rate/KL		38066	37004	38923	38844	40890	36540	27502	27502	34703	33991	38542	-
4 Re-gasified Liquid Natural Gas													
Quantity	KL	513	1534	-	-	-	-	367	986	-	-	-	-
Total Amount		13336611	40334152	-	-	-	-	7222386	19391653	-	-	-	-
Average Rate/KL		25975	26286	-	-	-	-	19657	19657	-	-	-	-
(b) CONSUMPTION PER UNIT OF PRODUCTION													
		2012-13						2011-12					
		Electricity	Furnace Oil / Coal					Electricity	Furnace Oil / Coal				
		KWH	Ltr./KG					KWH	Ltr./KG				
Inorganic Salts		336	127					268	105				
DNPT		-	-					1645	363				
Nitro Aromatics		262	126					262	140				
Aromatics Amines		288	181					231	226				
Organic Intermediates		1145	215					784	202				
Colour Intermediates		2049	2972					2139	3009				
Optical Brightening Agent		1104	346					-	-				

B - TECHNOLOGY ABSORPTION

FORM - B

Disclosure of particulars with respect to Conservation of Energy (to the extent applicable)

a) RESEARCH AND DEVELOPMENT (R & D)

1) Specific areas in which R&D is carried out by your Company:

• Process development of new products and intensification of existing products for improving yield, reducing pollutants and cost.

• Development of innovative technologies to make most cost competitive process.

2) Benefits derived as a result of the above R&D:

• Total turn around of one of the manufacturing sites by manufacturing profitable new products.

• Eco-friendly processes developed using zero effluent leads to make process more profitable.

• Developed technologies to give advantage to maximise contribution.

3) Future plan of action:

The existing activity levels to continue with emphasis on:

• Development of new products and intermediates

• Production of bulk chemicals right from basic stages

• Improvements in productivity / quality and reduction in cost of production

4) Expenditure on R&D:

a) Capital

5.99

58.54

b) Recurring

575.14

616.37

c) Total

581.13

674.91

d) Total R&D expenditure as a percentage to total turnover

0.57%

0.85%

b) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Research and Development Center keeps itself abreast of the technical developments and innovations relating to your Company's line of products and bring about product and process improvements for better quality, cost effectiveness and import substitution.

c) FOREIGN EXCHANGE EARNINGS AND OUTGO

This information is contained in Note No. 36 to 39 in Notes forming part of Accounts of this Annual Report.

in Lacs

2012-13

2011-12

Total Foreign Exchange Earned

44342.11

34638.52

Total Foreign Exchange Outgo

24680.19

15546.57

Place : Mumbai
Date : May 9, 2013

For and on behalf of the Board
C. K. MEHTA
Chairman

Report on Corporate Governance for the year ended on March 31, 2013

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company's philosophy on Corporate Governance envisages the attainment of a high level of transparency and accountability in your Company's proper functioning and the efficient conduct of its business, including its interaction with the employees, shareholders, depositors, creditors, consumers, financial institutions and other lenders. Accountability improves decision making and transparency helps to explain the rationale behind the decisions taken which, in turn, helps in building confidence in your Company.

Your Company firmly believes that for a company to succeed on a sustained basis, it must maintain global standards of Corporate Conduct. It also believes that Corporate Governance is not simply a matter of creating checks and balances; it is about creating an outperforming organisation, which leads to increasing employee and customer satisfaction.

2. BOARD OF DIRECTORS

As on March 31, 2013, the strength of the Board was ten members, comprising of two Executive Directors and eight Non-Executive Directors. Seven of the Non-Executive Directors are Independent Directors. Accordingly, the composition of the Board is in conformity with the code of Corporate Governance under the Listing Agreement with the Stock Exchanges. The Non-Executive Directors of the Company are highly experienced professionals in their fields and in the corporate world, and the Board is headed by a Non-Executive Chairman.

The Composition of Directors on the Board of the Company as on March 31, 2013, was as under:

Sr. No.	Category	Name of Director
I.	Promoter and Non-Executive Director	Shri C. K. Mehta (Chairman)
II.	Promoter and Executive Directors	Shri D. C. Mehta (Vice Chairman & Managing Director) Shri A. C. Mehta (Managing Director)
III.	Non-Executive and Independent Directors	Shri M. R. B. Punja Shri A. K. Dasgupta Shri Nimesh Kampani Shri Sudhin Choksey Dr. R. H. Rupp Shri Sudhir Mankad Shri S. K. Anand

During the year under review, five Board Meetings were held on May 4, 2012, August 4, 2012, November 1, 2012, December 27, 2012 and February 8, 2013. The maximum time gap between any two Board Meetings was not more than four calendar months as prescribed under the Listing Agreement with the Stock Exchanges.



Attendance of each Director at the Board Meetings, last Annual General Meeting and their directorship and membership of committees of other companies as on March 31, 2013, was as under:

Name of the Director	No. of Board Meetings held during the year	No. of Board Meetings Attended	Attendance at Last AGM	No. of other Directorship Held	No. of Committee position in other Public Companies [Member(M)/Chairman (C)]
Shri C. K. Mehta	5	5	YES	1	-
Shri D. C. Mehta	5	5	YES	2	2 (C)
Shri A. C. Mehta	5	5	YES	1	2 (C) & 1 (M)
Shri M. R. B. Punja	5	4	NO	4	1 (C) & 1 (M)
Shri A. K. Dasgupta	5	5	YES	-	-
Shri Nimesh Kampani	5	5	YES	6	2 (C) & 4 (M)
Shri Hasmukh Shah ¹	5	2	YES	-	-
Shri Sudhin Choksey	5	5	YES	2	1 (C) & 1 (M)
Shri Berjis Desai ²	5	1	NO	-	-
Dr. R. H. Rupp	5	1	YES	-	-
Shri Sudhir Mankad	5	4	YES	11	5 (M)
Shri S. K. Anand	5	5	YES	-	-

1. Shri Hasmukh Shah ceased to be a Director w.e.f. August 4, 2012.

2. Shri Berjis Desai ceased to be a Director w.e.f. October 25, 2012.

Note: (1) Number of directorships held in other companies excludes directorships in Private Limited Companies, Section 25 Companies, Foreign Companies, Membership of Managing Committee of various chambers/bodies and alternate directorships.

(2) Committee of Directors includes Audit Committee, Remuneration Committee and Shareholders/Investor Grievance Committee only.

3. COMMITTEES OF BOARD OF DIRECTORS

i) Audit Committee:

The terms of reference of the Audit Committee are to oversee your Company's financial reporting process, to review Director's Responsibility Statement, changes, if any, in accounting policies and reasons for the same, qualifications in the draft audit report, performance of statutory and internal auditors, reports of your Company's internal auditors and financial statements audited by the statutory auditors and also to review the Internal Control systems, information relating to Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions, Management letters/letters of Internal Control weaknesses, if any, issued by the Statutory Auditors and the appointment, removal and terms of remuneration of the Statutory Auditors and Internal Auditors.

The Audit Committee comprises of the following members:

Name of Member	Designation	Category
Shri M. R. B. Punja	Chairman	Non - Executive Independent Director
Shri A. K. Dasgupta	Member	Non - Executive Independent Director
Shri Sudhin Choksey	Member	Non - Executive Independent Director
Shri Sudhir Mankad	Member	Non - Executive Independent Director

Four meetings of the Audit Committee were held during the year under review. The meetings of Audit Committee were held on May 3, 2012, August 4, 2012, October 31, 2012 and February 7, 2013.

Attendances of each Director at the Audit Committee Meetings were as under:

Name of Member	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
Shri M. R. B. Punja	4	3
Shri A. K. Dasgupta	4	4
Shri Sudhin Choksey	4	4
Shri Sudhir Mankad	4	4

(ii) Share Transfer Committee:

The Share Transfer Committee has been constituted to approve and monitor transfers, transmissions, splitting and consolidation of shares, issue of duplicate share certificates, etc.

The Share Transfer Committee consists of Shri D. C. Mehta, Vice Chairman & Managing Director; Shri A. C. Mehta, Managing Director and Shri A. K. Dasgupta, Non-Executive Director.

The Committee met 12 times during the year under review.

(iii) Investors' Grievance Committee:

The Company has a duly constituted Investors Grievance Committee. The Investors Grievance Committee comprises of the following Directors:

Name of Member	Designation	Category
Shri A. K. Dasgupta	Chairman	Non - Executive Independent Director
Shri D. C. Mehta	Member	Executive Director
Shri A. C. Mehta	Member	Executive Director

The Company Secretary acts as a Secretary to the Committee and he is also the Compliance Officer.

The Investors' Grievance Committee looks into the redressal of complaints like transfer of shares, non-receipt of dividends, non-receipt of Annual Report, etc, received from shareholders/investors and improve the efficiency in investors services, wherever possible. Continuous efforts are being made to ensure that grievances are more expeditiously redressed to the satisfaction of the investors.

Your Company and Sharepro Services (India) Pvt. Ltd. (Registrar & Transfer Agent) attends to all the grievances of the Investors promptly on receipt, either directly or through SEBI, Stock Exchanges, Ministry of Corporate affairs, etc.

The details of complaints received and resolved during the financial year ended March 31, 2013, are as follows.

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	04	04	Nil

(iv) Remuneration Committee:

A Remuneration Committee has been constituted by the Board and it meets on a specific-need basis. The Remuneration Committee is constituted inter alia to recommend to the Board specific remuneration packages by way of salary, perquisites, allowances, incentives and commission for Executive Directors including pension rights and any compensation payment.

The Non-Executive Directors of your Company are paid sitting fees for attending meetings of the Board or Committees thereof. Apart from the sitting fees, the Non-Executive Directors are also paid commission not exceeding 1% of the net profits of the Company for the year, calculated as per provisions of the Companies Act, 1956.

The Remuneration Committee comprises of the following Directors as on March 31, 2013:

Name of Member	Designation	Category
Shri A. K. Dasgupta	Chairman	Non - Executive Independent Director
Shri Sudhir Mankad	Member	Non - Executive Independent Director
Shri S. K. Anand	Member	Non - Executive Independent Director



During the financial year 2012-13, the Remuneration Committee met on May 4, 2012, and all the Members of the Committee were present at the said meeting.

The details of the Managing Directors' Remuneration during the financial year 2012-13 are as under:

(₹ in Lacs)

Name	Salary	Perquisites & Allowances	Retirement Benefit	Commission	Total
Shri D. C. Mehta	40.46	19.93	9.54	120.59	190.52
Shri A. C. Mehta	31.34	12.31	8.28	120.59	172.52

The details of remuneration paid/payable to Non-Executive Directors for the financial year 2012-2013 are as under:

Name	Sitting Fees ₹	Commission ₹	Total ₹
Shri C. K. Mehta	100,000	175,000	275,000
Shri M. R. B. Punja	125,000	350,000	475,000
Shri A. K. Dasgupta	219,000	350,000	569,000
Shri Nimesh Kampani	100,000	175,000	275,000
Shri Hasmukh Shah ¹	40,000	100,000	140,000
Shri Sudhin Choksey	160,000	350,000	510,000
Shri Berjis Desai ²	32,000	175,000	207,000
Dr. R. H. Rupp	35,000	125,000	160,000
Shri Sudhir Mankad	187,000	350,000	537,000
Shri S. K. Anand	135,000	350,000	485,000
Total	1,133,000	2,500,000	3,633,000

1. Shri Hasmukh Shah ceased to be a Director w.e.f. August 4, 2012.

2. Shri Berjis Desai ceased to be a Director w.e.f. October 25, 2012.

Details of shares held by the Non-Executive Directors in your Company as on March 31, 2013, are as under:

Sr. No.	Name of Non-Executive Director	No. of shares held
1	Shri C. K. Mehta	307839
2	Shri M. R. B. Punja	Nil
3	Shri A. K. Dasgupta	Nil
4	Shri Nimesh Kampani	Nil
5	Shri Sudhin Choksey	Nil
6	Dr. R. H. Rupp	Nil
7	Shri Sudhir Mankad	Nil
8	Shri S. K. Anand	Nil

4. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings held are as follows:

Meeting	Date	Time	Venue
39th AGM	July 31, 2010	11:00 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005
40th AGM	August 5, 2011	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005
41st AGM	August 4, 2012	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005

Special Resolutions proposed at the 40th Annual General Meeting were duly approved and passed by the Shareholders.

During the year ended March 31, 2013, your Company has not passed any Special Resolution through Postal Ballot as per the provisions of the Companies Act, 1956 and the rules framed there under.

No Special Resolution requiring approval of the Shareholders through Postal Ballot is being proposed at the ensuing Annual General Meeting.

5. DISCLOSURE

- (i) There are no materially significant-related party transactions of your Company which have the potential conflict with the interests of your Company at large. However, normal trade transactions were entered into by your Company with the related parties. Disclosure on related party transactions as per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, is given in Note No. 32 in the Notes to the Financial Statements for the year ended March 31, 2013.
- (ii) There is no non-compliance by your Company nor any penalty or stricture imposed on your Company by any Stock Exchanges, SEBI or any other statutory authority on any matter relating to capital markets during the last three years.
- (iii) Your Company has a comprehensive risk management policy and the same is periodically reviewed by the Board of Directors of your Company.
- (iv) Your Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement w.r.t. Corporate Governance. Your Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the Listing Agreement except for the constitution of a Remuneration Committee.
- (v) Disclosure of relationships between Directors inter se: Shri C. K. Mehta is the father of Shri D. C. Mehta and Shri A. C. Mehta. None of the other Directors have any relationships inter se.

6. MEANS OF COMMUNICATION

The Quarterly and Half-yearly results of your Company are published in widely circulated national & local dailies such as The Economic Times (English & Gujarati). These are not sent individually to the Shareholders.

Your Company's results are displayed on your Company's website.

No presentations were made to the institutional investors, however, during the year under review, presentations were made to Analysts and Brokerage Firms.

7. CODE OF CONDUCT

Your Company has adopted a Code of Conduct for the members of the Board and the Senior Management, in compliance with the provisions of Clause 49 of the Listing Agreement. The Code of Conduct has been circulated to all members of the Board and Senior Management and the same is also posted on your Company's website at www.deepaknitrite.com.

All members of the Board and the Senior Management have affirmed compliance with the Code of Conduct as on March 31, 2013, and a declaration to that effect, signed by the Vice Chairman & Managing Director is given below:

DECLARATION	
As per clause 49 of the Listing Agreement with Stock Exchanges, this is to confirm that all the members of the Board and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2012-13.	
Place : Mumbai Date : May 9, 2013	D. C. MEHTA Vice Chairman & Managing Director



8. MANAGEMENT DISCUSSION AND ANALYSIS

This Annual Report contains a report on Management Discussion and Analysis.

9. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

Day & Date	: Friday, August 2, 2013
Time	: 10:30 a.m.
Venue	: Hotel Surya Palace, Opp. Parsi Agiyari, Sayajigunj, Vadodara 390 005.
Date of Book Closure	: Thursday, July 25, 2013 to Friday, August 2, 2013 (both days inclusive).
Dividend payment date	: On or after August 5, 2013, but within the statutory time limit of 30 days, subject to shareholder's approval.

Financial Calendar:

Results for the Quarter ending	Tentative Time of Reporting
June 30, 2013	On or before August 15, 2013
September 30, 2013	On or before November 15, 2013
December 31, 2013	On or before February 15, 2014
Audited Annual Accounts for the year ended March 31, 2014	On or before June 30, 2014

Listing on Stock Exchanges:

Your Company's Equity Shares are listed on the following Stock Exchanges:

Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE).

Listing fees for financial years 2012-13 and 2013-14 have been paid to both the exchanges.

Stock Code for Equity Shares: 506401 (BSE) – DEEPAKNTR (NSE)

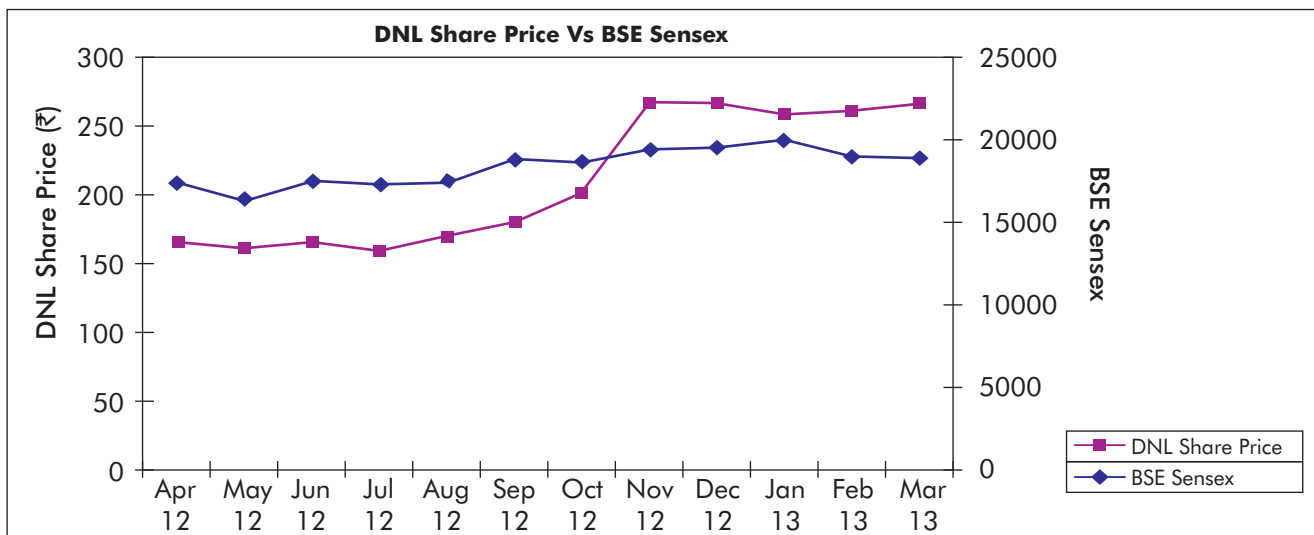
ISIN Number for Equity Shares (NSDL & CDSL): INE288B01011

Market Price Data of Equity Shares:

Market Price Data – monthly high & low during the year 2012-2013 at BSE:

Month	High ()	Low ()	Month	High ()	Low ()
April, 2012	165.50	144.60	October, 2012	203.35	178.25
May, 2012	163.90	147.00	November, 2012	267.95	194.00
June, 2012	174.90	141.00	December, 2012	325.00	258.00
July, 2012	178.00	157.50	January, 2013	278.00	248.85
August, 2012	174.40	160.00	February, 2013	275.00	245.00
September, 2012	182.00	165.25	March, 2013	280.95	250.00

Source: www.bseindia.com



Distribution of Shareholding as on March 31, 2013:

	Range	No. of Holders	%	No. of Shares	%
1	– 500	7380	87.36	920000	8.80
501	– 1000	607	7.18	433035	4.14
1001	– 5000	368	4.36	760624	7.28
5001	– 10000	44	0.52	298703	2.86
10001	& above	49	0.58	8041457	76.92
TOTAL		8448	100.00	10453819	100.00

Shareholding Pattern as on March 31, 2013:

Category of Shareholders	No. of Shares	% to Equity Capital
Promoters	5847177	55.93
Mutual Fund & Unit Trust of India	1800	0.02
Financial Institutions, Banks	303902	2.90
Foreign Institutional Investors	625000	5.98
Bodies Corporate	850294	8.13
Non-Resident Individuals	56040	0.54
Resident Individuals & Trust	2769606	26.50
TOTAL	10453819	100.00

Your Company has not issued any GDRs/ADRs.

Dematerialisation of Equity Shares:

Electronic holding by members comprises 96.93% of the paid-up equity capital of your Company as on March 31, 2013, held through National Securities Depository Limited and Central Depository Services (India) Limited.

Share Transfer System:

Securities lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 15 days.

Pursuant to Clause 47 (c) of the Listing Agreement with Stock Exchanges, certificates on half-yearly basis have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by your Company. Pursuant to the SEBI (Depositories and Participants) Regulation, 1996, certificates have been received from a Company Secretary-in-Practice for timely dematerialisation of shares and for reconciliation of the share capital of your Company on a quarterly basis.

Registrar and Share Transfer Agent:

M/s. Sharepro Services (India) Pvt. Ltd.: Unit: Deepak Nitrite Ltd.

Registered Office:

13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange Andheri – Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.

Telephone Numbers: (022) 67720300, 67720400

Fax Number: (022) 28591568, 28508927

E-mail: sharepro@shareproservices.com

Investor Relation Centre:

912, Raheja Centre,
Free Press Journal Road,
Nariman Point, Mumbai – 400 021

Telephone Numbers:

(022) 2282 5163, 22881569,

(022) 66134700,

Fax Number: (022) 22825484

E-mail: sharepro@shareproservices.com

Address for Correspondence and Investor Assistance:

Deepak Nitrite Limited

9/10, Kunj Society,

Alkapuri,

Vadodara – 390 007

Contact Person: Mr. Shailesh Vaidya

Telephone Numbers: (0265) 2351013,
233 4481, 233 4482

Fax No.: (0265) 233 0994

E-mail : investor@deepaknitrite.com

Website : www.deepaknitrite.com

Shareholders holding shares in the electronic mode should address all their correspondence to their respective Depository Participants.



Unclaimed/Unpaid Dividend:

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, your Company is required to transfer unclaimed dividends, matured deposits and interest accrued thereon remaining unclaimed and unpaid for a period of seven years from the due date to the Investor Education and Protection Fund (IEPF) set by the Central Government.

Given below are the due dates for transfer of unclaimed and unpaid dividend to the Investors Education & Protection Fund (IEPF) by your Company:

Financial Year	Dividend Payment Date	Proposed Date for transfer to IEPF*
2005-2006	August 7, 2006	August 6, 2013
2006-2007	September 24, 2007	September 23, 2014
2007-2008	August 18, 2008	August 17, 2015
2008-2009	August 3, 2009	August 2, 2016
2009-2010	August 5, 2010	August 4, 2017
2010-2011	August 10, 2011	August 9, 2018
2011-2012	August 9, 2012	August 8, 2019

* Indicative dates, actual date may vary.

Plant Locations:

1. Nitrite & Nitroaromatics Division 4/12 GIDC Chemical Complex Nandesari - 391 340, Dist. Vadodara	3. APL Division Plot Nos. 1, 2, 26 & 27, MIDC Dhatav, Roha - 402 116, Dist. Raigad
2. Taloja Chemical Division Plot Nos. K/9-10, MIDC Taloja, Dist. Raigad - 410 208	4. Hyderabad Specialities Division : Plot Nos. 90-F/70-A and B, Phase II, Industrial Development Area, Jedimetla, Tal. Qutbyullapur Mandal, Dist. Ranga Reddy, Hyderabad 500 055
5. Dahej Division: 12/B, GIDC, Dahej, Dist. Bharuch, Gujarat - 392130	

Auditors' Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

We have examined the compliance of conditions of Corporate Governance by DEEPAK NITRITE LIMITED for the year ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Registrar & Transfer Agent and reviewed by the Shareholders/Investors Grievance Committee.

We 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.

For B.K.KHARE & COMPANY
Chartered Accountants
FRN: 105102 W

Prasad Paranjape
Partner
M. No. 47296

Place: Mumbai
Date: May 9, 2013



Independent Auditors' Report

To
The Members of Deepak Nitrite Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Deepak Nitrite Limited ("the Company"), which comprises of the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

3.1 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

3.3 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

5.1 As required by 'the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

5.2 As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956, nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B.K.KHARE & COMPANY

Chartered Accountants

FRN: 105102W

Place: Mumbai

Date: May 9, 2013

Prasad Paranjape

Partner

M. No. 47296



ANNEXURE REFERRED TO IN PARAGRAPH 5 OF OUR REPORT OF EVEN DATE

i) FIXED ASSETS

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. Discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.
- (c) We are of the opinion that, the Company has not disposed off substantial part of fixed assets during the year.

ii) INVENTORY

- (a) Inventory has been physically verified during the year by the management at regular intervals. In our opinion, the frequency of verification is reasonable. In respect of stocks of raw materials lying with converters, the management has obtained confirmation certificates with regard to the respective closing stock.
- (b) In our opinion, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. Having regard to the size of the operations of the Company and the nature of the stocks held, the discrepancies noticed on verification between physical stocks and book records have been properly dealt with in the books of accounts.

iii) LOANS AND ADVANCES GRANTED / TAKEN FROM CERTAIN ENTITIES

As informed, the Company has not taken or granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of the clause 4 (iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003, are not applicable and hence not commented upon.

iv) INTERNAL CONTROL SYSTEM

In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed asset and with regard to the sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control procedures.

v) CONTRACTS OR ARRANGEMENT REFERRED TO IN THIS SECTION 301 OF THE COMPANIES ACT, 1956

- (a) Based on the audit procedures applied by us, we are of the opinion that the 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, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 and exceeding the value of ₹ 5 Lacs in respect of any party during the year have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.

vi) PUBLIC DEPOSITS

In our opinion, the Company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the Companies (Acceptance of Deposit) Rules 1975, with regard to the deposits accepted from the public. We are further informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal intimating the contravention of the said provisions.

vii) INTERNAL AUDIT SYSTEM

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

viii) COST RECORDS

We have broadly reviewed the books of accounts maintained by the Company in respect of products where pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We, however, have not made a detailed examination of the records with a view to determine whether they are accurate or complete.



ix) STATUTORY DUES

- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other undisputed statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs duty, Excise duty and Cess on account of dispute are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where pending
Work Contract Tax Act of Maharashtra	Work Contract Tax	11.65	1998-99 to 2004-05	Commissioner of Works Contract Tax (Appeals)
Central Excise Act, 1944	Excise duty	7.23	2011-12 to 2012-13	Commissioner of Excise
Central Excise Act, 1944	Excise duty	85.61	2004-05 to 2009-10	Central Excise Service Tax appellate tribunal
Central Excise Act, 1944	Excise duty	5.31	2003-04 and 2005-06	Central Excise Service Tax appellate tribunal
Mumbai Stamp Act	Stamp duty	27.25	2009-10	Chief Controller of Revenue Authorities

x) ACCUMULATED LOSSES

The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xi) DUES TO FINANCIAL INSTITUTIONS, BANKS AND DEBENTURE HOLDERS

Based on our audit procedures, we are of the opinion that the Company has not defaulted in the repayment of dues to Financial Institutions and Banks.

xii) SECURITY FOR LOANS & ADVANCES GRANTED

According to the information and explanations given to us, in our opinion the company has maintained adequate documentation with respect to loan granted on the basis of security by way of pledge of shares, debentures and other securities.

xiii) SPECIAL STATUTE

In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xiv) DEALINGS/TRADING IN SHARES, SECURITIES, DEBENTURES AND OTHER INVESTMENTS

In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xv) GUARANTEES GIVEN

The Company has not given any guarantee for loans taken by others, from banks or financial institutions during the year.

xvi) TERM LOANS

Based on the information and explanations given to us, term loans were, prima facie, applied for the purpose for which the loans were obtained.

**xvii) UTILISATION OF FUNDS**

On an overall examination of the Balance Sheet and the Cash Flow of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

xviii) PREFERENTIAL ALLOTMENT OF SHARES

The Company has not made any preferential allotment of shares during the year.

xix) SECURITY FOR DEBENTURES ISSUED

The Company has not issued any debentures during the year.

xx) PUBLIC ISSUE OF EQUITY SHARES

During the year, the Company has not raised any money by public issue.

xxi) FRAUDS NOTICED

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

Place: Mumbai

Date: May 9, 2013

For B.K.KHARE & COMPANY

Chartered Accountants

FRN: 105102W

Prasad Paranjape

Partner

M. No. 47296



Balance Sheet as at March 31, 2013

	Note No.	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	1,045.38	1,045.38
Reserves and Surplus	4	27,014.36	24,232.37
		28,059.74	25,277.75
Non-Current Liabilities			
Long-Term Borrowings	5	23,933.71	22,147.61
Other Long-Term Liabilities	6	217.62	202.12
Long-Term Provisions	7	361.85	311.74
Deferred Tax Liability	8	2,335.49	1,680.29
		26,848.67	24,341.76
Current Liabilities			
Short-Term Borrowings	9	7,073.93	2,497.36
Trade Payables	10a	20,420.52	13,966.96
Other Current Liabilities	10b	5,420.97	3,280.34
Short-Term Provisions	7	1,044.47	802.83
		33,959.89	20,547.49
TOTAL		88,868.30	70,167.00
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	32,428.12	17,993.39
Intangible Assets	12a	113.78	138.69
Capital Work-in-Progress	12b	11,755.20	10,167.00
Non-Current Investments	13	132.92	132.92
Long-Term Loans and Advances	14	2,206.05	4,585.44
Other Non-Current Assets	15	-	26.70
		46,636.07	33,044.14
Current Assets			
Inventories	16	10,435.84	8,543.63
Trade Receivables	17	24,225.17	15,748.75
Cash and Cash Equivalents	18	950.05	9,353.77
Short-Term Loans and Advances	14	6,343.42	3,367.35
Other Current Assets	15	277.75	109.36
		42,232.23	37,122.86
TOTAL		88,868.30	70,167.00
Notes to Financial Statements	1 & 2		

The accompanying notes form an internal part of the Balance Sheet.

As per our report of even date
For **B. K. KHARE & COMPANY**
Chartered Accountants
FRN No.105102W

PRASAD PARANJPE
Partner
M. No. 47296

Mumbai: May 9, 2013

For and on behalf of the Board
D. C. MEHTA
Vice Chairman &
Managing Director

A. C. MEHTA
Managing Director
SANJAY UPADHYAY
Sr. Vice President (Finance)
& Company Secretary

C. K. MEHTA
Chairman

M. R. B. PUNJA
A. K. DASGUPTA
SUDHIN CHOKSEY
SUDHIR MANKAD } Directors

Mumbai: May 9, 2013



Statement of Profit & Loss for the year ended March 31, 2013

	Note No.	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
INCOME			
Revenue from Operations (Gross)		109,469.71	84,075.41
Less: Excise Duty		7,529.71	5,086.22
Revenue from Operations (Net)	19	101,940.00	78,989.19
Other Income	20	1,070.04	284.13
Total Revenue (I)		103,010.04	79,273.32
EXPENSES			
Cost of Raw Material and Components Consumed	21	66,683.73	50,833.23
Purchase of Traded Goods	22	4,672.87	4,349.07
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	104.93	(874.16)
Employee Benefits Expenses	24	6,185.65	5,057.55
Power & Fuel Expenses	25	9,044.71	7,688.41
Depreciation and Amortisation Expenses		1,896.78	1,781.73
(Less): Recoupment from Revaluation Reserve		(2.92)	(3.15)
Net Depreciation and Amortisation Expenses	26	1,893.86	1,778.58
Finance Costs	27	1,136.08	1,112.44
Other Expenses	28	8,030.41	6,169.60
Total Expenses (II)		97,752.24	76,114.72
Profit/(Loss) before Tax (I) - (II)		5,257.80	3,158.60
Tax Expenses			
Current Tax (including prior years ₹ Nil (₹ 28.11 Lacs))		1,071.48	777.62
MAT Credit Entitlements recognised		(251.23)	-
Deferred Tax		655.20	72.70
Total Tax Expenses		1,475.45	850.32
Profit/(Loss) for the year		3,782.35	2,308.28
Earning per Equity Share			
Basic & Diluted (in ₹)	31	36.15	22.06
Face Value Per Share (in ₹)		10.00	10.00
Notes to Financial Statements	1 & 2		

The accompanying notes form an integral part of the Statement of Profit & Loss.

As per our report of even date
For **B. K. KHARE & COMPANY**
Chartered Accountants
FRN No.105102W

PRASAD PARANJPE
Partner
M. No. 47296

Mumbai: May 9, 2013

For and on behalf of the Board
D. C. MEHTA
Vice Chairman &
Managing Director

A. C. MEHTA
Managing Director
SANJAY UPADHYAY
Sr. Vice President (Finance)
& Company Secretary

C. K. MEHTA Chairman

M. R. B. PUNJA
A. K. DASGUPTA
SUDHIN CHOKSEY
SUDHIR MANKAD } Directors

Mumbai: May 9, 2013



Cash Flow Statement for the year ended on March 31, 2013

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax from Continuing Operations	5,257.80	3,158.60
Profit Before Tax from Discontinuing Operations	-	-
Profit Before Tax	5,257.80	3,158.60
Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows		
Add:		
1. Depreciation / Amortisation on Continuing Operations	1,893.86	1,778.58
2. Depreciation / Amortisation on Discontinuing Operations	-	-
3. Impairment / other write off on Tangible / Intangible Assets pertaining to Continuing Operations	(206.11)	(69.60)
4. Loss on Sale of Fixed Assets	302.42	111.03
5. Profit on Sale of Fixed Assets	(858.85)	(2.21)
6. Provision for Doubtful Debts	25.24	15.91
7. Wealth Tax	18.16	20.83
8. Unrealised Foreign Exchange Loss	(5.40)	(80.12)
9. Net (Gain) / Loss on Sale of Current Investments	-	-
10. Interest expenses	970.56	943.26
11. Interest (Income)	(105.51)	(122.57)
12. Dividend (Income)	(14.60)	(18.87)
	7,277.57	5,734.84
Operating Profit Before Working Capital changes		
Less:		
Movements in Working Capital:		
1. Increase / (Decrease) in Trade Payables	7,014.58	7,017.16
2. Decrease / (Increase) in Trade Receivables	(8,501.66)	(2,966.28)
3. Decrease / (Increase) in Inventories	(1,892.21)	(2,636.38)
4. Decrease / (Increase) in Long-Term Loans and Advances	2,798.19	(2,168.00)
5. Decrease / (Increase) in Short-Term Loans and Advances	(3,054.36)	317.21
Cash Generated from / (used in) Operations	3,642.11	5,298.55
Direct taxes paid (Net of Refunds)	(1,212.35)	(1,005.09)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	2,429.76	4,293.46
B. CASH FLOW FROM INVESTING ACTIVITIES		
1. Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(18,621.58)	(13,965.67)
2. Proceeds from Sale of Fixed Assets	1,288.42	43.37
3. Proceeds of Non-Current Investments	-	-
4. Purchase of Current Investments	(5,935.00)	(6,865.00)
5. Proceeds from sale / maturity of Current Investments	5,935.00	6,865.00
6. Interest received	203.60	12.29
7. Dividends received	14.60	18.87
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)	(17,114.96)	(13,891.14)
C. CASH FLOW FROM FINANCING ACTIVITIES		
1. Proceeds from Long-Term Borrowings	4,598.21	20,225.80
2. Repayment of Long-Term Borrowings	(506.10)	(1,279.52)
3. Proceeds from Short-Term Borrowings	4,576.57	1,219.07
4. Repayment of Short-Term Borrowings	(646.73)	(224.61)
5. Interest paid	(1,013.48)	(850.26)
6. Dividend paid on Equity Shares	(625.14)	(624.64)
7. Tax on Equity Dividend paid	(101.85)	(101.84)
NET CASH FLOW FROM / (USED IN) IN FINANCING ACTIVITIES (C)	6,281.48	18,364.00



	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(8,403.72)	8,766.32
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9,353.77	587.45
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	950.05	9,353.77
Components of Cash and Cash equivalents		
Balances with Banks:		
- In Current Accounts	150.99	167.25
- In EEFC Accounts	18.65	46.92
- Deposits with maturity of less than three months	569.55	8,951.00
- On Unpaid Dividend / Interest Account	52.92	53.60
Cash on hand	-	-
	792.11	9,218.77
Other Bank Balances		
- Deposits with original maturity for more than three months but less than twelve months	148.34	126.00
- Margin Money Deposit	9.60	9.00
	157.94	135.00
TOTAL CASH AND CASH EQUIVALENTS (As per Note No.18)	950.05	9,353.77

As per our report of even date
For **B. K. KHARE & COMPANY**
Chartered Accountants
FRN No.105102W

PRASAD PARANJPE
Partner
M. No. 47296

Mumbai: May 9, 2013

For and on behalf of the Board
D. C. MEHTA
Vice Chairman &
Managing Director

A. C. MEHTA
Managing Director
SANJAY UPADHYAY
Sr. Vice President (Finance)
& Company Secretary

C. K. MEHTA Chairman

M. R. B. PUNJA
A. K. DASGUPTA
SUDHIN CHOKSEY
SUDHIR MANKAD } Directors

Mumbai: May 9, 2013



Notes to Financial Statements for the year ended March 31, 2013

COMPANY OVERVIEW

Deepak Nitrite Limited ('DNL' or 'the Company') is a leading chemical manufacturing Company. The Company manufactures Organic Intermediates, Inorganic Intermediates and Fine & Speciality Chemicals.

1. Significant Accounting Policies

Accounting Convention

The accompanying Financial Statements have been prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India. The Company has prepared these Financial Statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956.

a) Use of Estimates

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of Assets and Liabilities as of the date of Financial Statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of Financial Statements are prudent and reasonable. Actual results could differ from those estimates. Difference between the actual results and estimates are recognised in the year in which the results are known/materialised.

b) Presentation and Disclosure of Financial Statements

Assets and Liabilities are classified as Current or Non-Current as per the provisions of the Revised Schedule VI notified under the Companies Act, 1956 and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of Assets & Liabilities.

c) (i) Tangible Fixed Assets and Depreciation

Fixed Assets are stated at their original cost of acquisition, less accumulated depreciation and impairment losses. Cost includes all incidental expenses related to acquisition and installation and other pre-operative expenses.

Depreciation is provided, pro rata for the period of use, by the Straight Line Method (SLM) based on management's estimate of useful lives of the Fixed Assets at the following annual rates as prescribed in Schedule XIV to the Act, except in respect of Aromatics Amines plant where Depreciation in respect of Plant & Machinery is provided on Written Down Value basis. The items of continuous process plant are identified by the technical officials of the Company.

	SLM Rate (%)
Plant & Machinery	5.28
Factory and Other Buildings	3.34
Roads	1.63
Office Equipment	4.75
Furniture & Fixture	6.33
Computers	16.21
Vehicles	9.50
Ammonia Tankers	9.50

The excess depreciation provided on revalued fixed assets over the amount computed on the above basis is withdrawn from the Revaluation Reserve and transferred to the Statement of Profit & Loss. Premium paid on leasehold land is amortised equally over the tenure of the Lease.

In respect of depreciable assets for which Impairment Loss is recognised, depreciation/amortisation is charged on the revised carrying amount over the remaining useful life of the assets.



Notes to Financial Statements for the year ended March 31, 2013

(ii) Intangible Fixed Assets

Intangible Assets other than software are stated at their cost of acquisition, less accumulated amortisation and impairment losses thereon. An Intangible Asset is recognised, where it is probable that the future economic benefits attributable to the Asset will flow to the enterprise and where its cost can be reliably measured.

The depreciable amount of intangible assets other than software is allocated over the best estimate of its useful life on a straight-line basis.

The Company capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management's estimate of its useful life of six years.

d) Impairment of Assets

The carrying amount of cash generating units/assets is reviewed at the Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e) Inventories

- (i) Raw Materials, Packing Materials and Stores & Spares are valued at cost determined on monthly-moving weighted average basis and are net of Cenvat and VAT.
- (ii) Finished Goods and Stock-in-process are valued at cost of purchase of raw materials and conversion thereof, including the cost incurred in the normal course of business in bringing the inventories up to the present condition or at the net realisable value, whichever is lower. The inventories of joint products are valued by allocating the costs to the joint products by 'Relative Sales Value' method. By-products are valued at net realisable price.

f) Revenue Recognition

- (i) Sales are recognised when goods are supplied and are recorded net of trade discounts, rebates, sales taxes, VAT and excise duties (recovery of which is shown separately) but include, where applicable, export incentives. Conversion income is recognised on completion of production.
- (ii) Revenue in respect of export incentive, overdue interest, insurance claim, etc. is recognised to the extent that the Company is reasonably certain of its ultimate realisation.
- (iii) Expenses are accounted for on accrual basis.
- (iv) Provisions are recognised when a present legal or constructive obligation exists and the payment is probable and can be reliably estimated.

g) Employee Retirement Benefits

(i) Defined Contribution Plans

Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognised in the Statement of Profit and Loss.

(ii) Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measure each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds, where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.



Notes to Financial Statements for the year ended March 31, 2013

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Long Term Investments.

Current Investments are carried at lower of cost and fair value determined on an individual investment basis. Long Term Investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary in nature, in the carrying amount of such Long Term Investments.

i) Foreign Currency transactions

(i) Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. Foreign Currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognised as income or expense in the year in which they arise. However, exchange difference arising either on settlement or on translation, in case of Long-Term Foreign Currency Borrowings, in so far as they relate to fixed asset are capitalised and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account". The balance in "Foreign Currency Monetary Item Translation Difference Account" is amortised over the balance period of the related Long-Term Borrowings. Similar treatment to gain or loss on forward and hedge contracts relating to Long-term Borrowings is given. Gain or Loss on other forward and hedge contracts are recognised in the Statement of Profit and Loss.

(ii) Company uses foreign exchange forward contracts and options to hedge its actual underlying exposures to reduce exchange risk and/or cost to the Company.

(iii) The difference between the forward rate and the exchange rate at the inception of the forward contract for underlying transactions is recognised as per the principles set out in (i) (i) above.

(iv) In respect of hedge contracts, for firm commitment or forecasted transactions, the attributable gain or loss is accrued on periodic settlement and/or completion of contract and is recognised as per the principles set out in (i) (i) above.

j) Income Tax

Tax expense comprises of both Current and Deferred Tax.

Provision for Current tax is measured at the amount computed under the Income Tax Act, 1961, or Book Profit computed under Section 115JB, whichever is higher, and correspondingly set-off available under Section 115JAA is credited to the Statement of Profit & Loss of the Financial Year.

MAT Credit is recognised as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent that there is no longer convincing evidence to the effect that Company will pay Normal Income Tax during the specified period.

Deferred Tax Assets and Liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of Deferred Tax is reviewed at each Balance Sheet date.

k) Earnings Per Share

The company reports Basic and Diluted Earning per Share (EPS) in accordance with Accounting Standard 20 on Earning per Share. Basic Earning Per Equity Share is computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted Earning Per Equity Share are computed by dividing net income by the weighted average number of equity shares adjusted for the effects of all dilutive potential equity shares.



Notes to Financial Statements for the year ended March 31, 2013

l) Segment Reporting - Basis of Information

The Company has disclosed business segment as primary segment. The Company operates in three segments: Inorganic Intermediates, Organic Intermediates and Fine & Speciality Chemicals. Segments have been identified and reported taking into account the nature of the product, the differential risks and return of the segments, the organisation structure and the internal financial reporting systems.

Inter-segment transfer prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective of the company.

Revenue and expenses have been accounted on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on the reasonable basis, have been included under "Unallocable Expenses". Assets and Liabilities which relate to the enterprise as a whole but are not allocable to segments on a reasonable basis, have been included under "Unallocable Assets/Liabilities".

Secondary segment have been identified with reference to geographical location of external customers. Composition of secondary segment is as follows:

- i. India
- ii. Outside India

m) Borrowing Costs

Borrowing Costs directly attributable to the acquisition/construction of qualifying assets as also the Borrowing Costs of funds borrowed generally and used for the purpose of acquisition/construction of such assets is capitalised up to the date the assets are ready for use. Other Borrowing Costs are recognised as an expense in the period in which they are incurred.

n) Operating Lease

Operating Lease payments are recognised as an expense in the Statement of Profit & Loss on a straight-line basis, which is representative of the time pattern of the user's benefit.

o) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3, whereby Net Profit before Tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

p) Provisions and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount for which can be reliably estimated.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2. Foreign Exchange Differences:

Pursuant to the provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009, and related notifications of Ministry of Corporate Affairs, the Company has adjusted to fixed assets, foreign exchange differences amounting to ₹ 1,483.89 Lacs (₹ 696.31 Lacs) on revaluation of long term foreign currency borrowing for acquisition of fixed assets.

Further, the Company has also opted to follow the extension of provisions made vide Notification dated December 29, 2011, issued by the Ministry of Corporate Affairs to the long term foreign currency borrowings other than those utilised for fixed assets. Accordingly, the Company has, with effect from April 1, 2011, amortised the foreign exchange loss incurred on such borrowings over their balance term. Total foreign exchange loss of ₹ 103.74 Lacs (₹ 125.21 Lacs) has been transferred to the "Foreign Currency Monetary Item Translation Difference Account" and ₹ 98.34 Lacs (₹ 45.09 Lacs) has been amortised during the year under the head "Exchange Fluctuation Loss Account".



Notes to Financial Statements for the year ended March 31, 2013

3. Share Capital

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
Authorised Shares:		
3,00,00,000 (3,00,00,000) Equity Shares of ₹10/- each	3,000.00	3,000.00
20,00,000 (20,00,000) Preference Shares of ₹100/- each	2,000.00	2,000.00
	5,000.00	5,000.00
Issued, Subscribed and fully Paid-up Shares:		
1,04,53,819# (1,04,53,819) Equity Shares of ₹10/- each fully paid-up	1,045.38	1,045.38
Total Issued, Subscribed and fully Paid-up Share Capital	1,045.38	1,045.38

Excludes 9860 (9860) Equity Shares of ₹10/- each, have been kept in abeyance.

(a) Shares: Terms/Rights:

i) Authorised Shares have been classified into Equity and Preference Shares.

ii) The Company has issued Equity Shares having par value of ₹10/- per Share. Each holder of Equity Share is entitled to one vote per Share. The Company declares and pays Dividends in Indian Rupees. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders at the ensuing Annual General Meeting.

iii) During the year ended March 31, 2013, the amount of per Share Dividend recognised as distribution to Equity Shareholders is ₹8/- (₹6/-).

iv) In the event of liquidation of the Company, the holders of Equity Shares shall be entitled to receive remaining assets of the Company, after distribution of all Preferential amounts. No Preferential amounts exist as on Balance Sheet date. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

(b) Reconciliation of the Shares outstanding and the amount of Share Capital at the beginning and at the end of the reporting period:

Company has not issued any Equity Shares or Preference Shares during the year.

Equity Shares

	As At March 31, 2013 No. ₹ in Lacs	As At March 31, 2012 No. ₹ in Lacs
At the beginning of the period	1,04,53,819 1,045.38	1,04,53,819 1,045.38
Issued during the period – Bonus issue	- -	- -
Issued during the period – ESOP	- -	- -
Outstanding at the end of the period	1,04,53,819 1,045.38	1,04,53,819 1,045.38

9860 (9860) Equity Shares of ₹10/- each, have been kept in abeyance as per pending legal proceedings.

(c) Details of Shareholders holding more than 5% Equity shares in the Company:

	As At March 31, 2013 Nos. % holdings	As At March 31, 2012 Nos. % holdings
<i>Equity shares of ₹10 each fully paid</i>		
Shri Deepak Chimanlal Mehta	1,727,004 16.52	1,727,004 16.52
Stiffen Credits & Capital Private Limited	837,994 8.02	837,994 8.02
Checkpoint Credits & Capital Private Limited	720,605 6.89	720,605 6.89
Stepup Credits & Capital Private Limited	691,558 6.62	691,558 6.62
Stigma Credits & Capital Private Limited	617,810 5.91	617,810 5.91
Fidelity Puritan Trust - Fidelity Low Priced	625,000 5.98	652,891 6.25



Notes to Financial Statements for the year ended March 31, 2013

- (d) 14,90,586 (14,90,586) Equity Shares of ₹10/- each fully paid up at a premium of ₹90/- per Share were allotted on Conversion of Detachable Warrants issued with Right Shares.

4. Reserves & Surplus

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
Capital Reserve	51.27	51.27
Capital Redemption Reserve	15.00	15.00
Capital Reserve (relating to Capital Subsidy received from SICOM)	20.00	20.00
Securities Premium Account	6,711.77	6,711.77
Revaluation Reserve		
Balance as per the last Financial Statements	152.11	163.79
Less: Transferred to Statement of Profit & Loss for recoupment of Depreciation	2.92	3.15
Less: In respect of Assets Written Off	12.69	8.53
Closing Balance	136.50	152.11
General Reserve		
Balance as per the last Financial Statements	5,388.44	4,888.44
Add: Appropriated out of the Statement of Profit & Loss during the year	500.00	500.00
Closing Balance	5,888.44	5,388.44
Foreign Currency Monetary Item Translation Reserve		
Balance as per Financial Statements (Refer Note No. 2)	(80.12)	-
Add: Foreign Exchange Loss during the year	(103.74)	(125.21)
Less: Amortised during the year	98.34	45.09
Closing Balance	(85.52)	(80.12)
Surplus		
Balance as per last Financial Statements	11,973.90	10,895.29
Net Profit for the year	3,782.35	2,308.28
Amount available for Appropriation	15,756.25	13,203.57
Less: Appropriations		
Proposed Final Equity Dividend [(amount per Share ₹ 8/-) (31 March 2012: ₹ 6/-)]	837.09	627.82
Tax on proposed Equity Dividend	142.26	101.85
Transfer to General Reserve	500.00	500.00
Total Appropriations	1,479.35	1,229.67
Surplus	14,276.90	11,973.90
TOTAL	27,014.36	24,232.37



Notes to Financial Statements for the year ended March 31, 2013

5. Long Term Borrowings

	Non-Current As At March 31, 2013 ₹ in Lacs	Non-Current As At March 31, 2012 ₹ in Lacs	Current As At March 31, 2013 ₹ in Lacs	Current As At March 31, 2012 ₹ in Lacs
Term Loans (Refer note below)				
Secured				
Foreign Currency Loan from Banks & Financial Institutions	490.71	963.17	490.00	490.00
External Commercial Borrowings	22,884.30	20,225.80	1,590.89	-
Other Loans and Advances				
Unsecured				
Deferred Sales Tax Loan	37.19	70.82	43.06	60.02
Deposits from Shareholders	8.87	19.51	42.38	27.15
Deposits from Public	512.64	868.31	941.96	871.84
TOTAL	23,933.71	22,147.61	3,108.29	1,449.01
The above amount includes:				
Secured Borrowings	23,375.01	21,188.97	2,080.89	490.00
Unsecured Borrowings	558.70	958.64	1,027.40	959.01
Current Maturities of Long Term Borrowings have been disclosed under the head "Current Liabilities" (Refer Note No.10)	-	-	(3,108.29)	(1,449.01)
NET AMOUNT	23,933.71	22,147.61	-	-

Term Loans

The Term Loan is obtained from Bank of Baroda while External Commercial Borrowings are obtained from (a) Standard Chartered Bank ₹ 6,526.72 Lacs (₹ 6,067.74 Lacs) (b) HSBC Bank (Mauritius) Limited ₹ 8,158.40 Lacs (₹ 5,056.46 Lacs) and (c) DBS Bank Limited ₹ 9,790.07 Lacs (₹ 9,101.61 Lacs). These are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over Current Assets of the Company.

Repayment Schedule

- Rate of Interest of Term Loan and External Commercial Borrowings are based on LIBOR plus agreed spread.
- Term Loan from Bank of Baroda is repayable in equal half-yearly instalments of ₹ 245 Lacs with the last instalment payable on March 29, 2015.
- External Commercial Borrowing from Standard Chartered Bank is repayable on half-yearly basis starting from August 23, 2013 with a step up repayment schedule with last instalment payable on February 23, 2018.
- External Commercial Borrowing from HSBC Bank (Mauritius) Limited is repayable on quarterly basis starting from March 30, 2014, with a step up repayment schedule with last instalment payable on March 29, 2018.
- External Commercial Borrowing from DBS Bank Limited is repayable on quarterly basis starting from February 3, 2014, with a step up repayment schedule with last instalment payable on November 1, 2018.
- Deferred sales tax loan is interest free and payable in 8 yearly instalments starting from April 2008 and last instalment payable before March, 2016.

Notes to Financial Statements for the year ended March 31, 2013

The installments payable are as under:

Year	₹ in Lacs
2013-14	43.06
2014-15	27.00
2015-16	10.19
TOTAL	80.25

g) Deposit from Shareholders and Public carry interest in the range of 8% to 10 % p.a and is repayable in maximum tenure of 3 years.

6. Other Long Term Liabilities

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
Security Deposits Received	217.62	202.12
TOTAL	217.62	202.12

7. Short Term and Long Term Provisions

	Long - Term As At March 31, 2013 ₹ in Lacs	Long - Term As At March 31, 2012 ₹ in Lacs	Short - Term As At March 31, 2013 ₹ in Lacs	Short - Term As At March 31, 2012 ₹ in Lacs
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 29 A (iii))	-	-	14.29	29.06
Provision for Leave Benefits (Refer Note No. 29 B (3))	361.85	311.74	50.83	44.10
	361.85	311.74	65.12	73.16
Other Provisions				
Proposed Equity Dividend	-	-	837.09	627.82
Provision for tax on proposed Equity Dividend	-	-	142.26	101.85
	-	-	979.35	729.67
TOTAL	361.85	311.74	1,044.47	802.83

8. Deferred Tax Liability

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
Deferred Tax Liability		
Fiscal difference due to Depreciation on Fixed Assets	2,817.94	2,071.66
Gross Deferred Tax Liability (A)	2,817.94	2,071.66
Deferred Tax Asset		
Disallowances u/s 43 B	218.34	181.63
Provisions & Contingencies	264.11	209.74
Gross Deferred Tax Asset (B)	482.45	391.37
Net Deferred Tax Liability / (Asset) Recognised [(A)-(B)]	2,335.49	1,680.29



Notes to Financial Statements for the year ended March 31, 2013

9. Short Term Borrowings

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
Cash Credit from Banks (Refer foot note a & b below)	4,514.62	1,278.29
Short Term Loans from Banks (Refer foot note c below)	2,559.31	1,219.07
TOTAL	7,073.93	2,497.36
The above amount includes:		
Secured Borrowings	4,514.62	1,278.29
Unsecured Borrowings	2,559.31	1,219.07
	7,073.93	2,497.36

- a) Cash Credit from Banks are secured by a prior charge over Company's stocks of Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and by second charge on all Fixed Assets by way of hypothecation and mortgage.
- b) Cash Credit is repayable on demand and carries interest @ base rate plus range spread of 2.50% to 4.50% p.a.
- c) Short Term loan from Banks represent Packing Credit in foreign currency and Buyers' Credit against Letter of Undertaking. It is generally due within 180 days & carry interest rate in the range of LIBOR plus 1% to 3% p.a. Company has also borrowed short term working capital loan in the form of Demand Loan. It is generally due within one year & carries interest rate in the range of Base Rate plus 0.50% to 0.60% p.a.

10. Other Current Liabilities

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
(a) Trade Payables (including acceptances) (Refer Note 40 for details of dues to Micro and Small Enterprises)	20,420.52	13,966.96
(b) Other Current Liabilities		
Current Maturities of Long-Term Borrowings (Refer Note No. 5)	3,108.29	1,449.01
Interest accrued but not due on Borrowings	166.66	209.57
Advance from Customers	5.97	15.65
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	29.76	27.08
Unclaimed Matured Deposits	3.19	2.35
Unpaid Interest on Matured Fixed Deposits	23.16	26.52
Others Payables	2,083.94	1,550.16
	5,420.97	3,280.34
TOTAL (a + b)	25,841.49	17,247.30

Sr. No.	Assets	Original Cost ₹ in Lacs	Replacement Cost ₹ in Lacs	Method and Indices
1	Leasehold Land	16.53	124.10	} Prevailing market price on the date of Valuation } Replacement costs of these fixed assets have been } arrived at by RBI indices for building and indigenous } plant and for imported equipments by using respective } countries' indices as also adjusting for customs duty } and foreign exchange fluctuations.
2	Plant & Machinery	321.11	680.27	
3	R&D Equipment	19.70	28.82	
4	Factory & Other Buildings	62.20	161.93	
5	R&D Building	6.57	16.76	
6	Roads	0.94	2.97	
	Total	427.05	1,014.85	
	Previous Year	446.49	1,061.88	



Notes to Financial Statements for the year ended March 31, 2013

3 Capitalised Borrowing Costs:

Addition to Fixed Assets includes Borrowing Costs (including exchange difference considered as an adjustments to borrowings cost) amounting to ₹ 1,697.57 Lacs (Previous Year ₹ 83.78 Lacs)

Sr. No.	Particulars	Capitalised during the Current Year ₹ in Lacs	Capitalised during the Previous Year ₹ in Lacs
1	Interest on External Commercial Borrowings	524.00	9.22
2	Exchange Loss	1,173.57	27.77
3	Legal Expenses	-	1.83
4	Processing Fees	-	44.95
5	Finance Charges	-	0.01
	Total	1,697.57	83.78

- 4 (a) During the financial year 2010-11, Company had provided Impairment Loss of ₹ 156.64 Lacs on one of the Fine & Speciality Segment assets of being a cash generating unit forming part of Nandesari division. During the current financial year, the said asset has been dismantled. The said plant & equipments are held for disposal at the realisable value of ₹ 188.19 Lacs. Loss on discarding of these assets amounting to ₹ 248.37 Lacs has been recognised in Statement of Profit & Loss. Accordingly, the Impairment Provision of ₹ 156.64 Lacs has been reversed during the year.
- (b) During the year 2008-09, Company had provided Impairment Loss of ₹ 381.38 Lacs on the Building held under Capital work in progress at Roha. The said Building is not in use, hence further provision of ₹ 16.50 Lacs was recognised during the year. Accordingly, total Impairment provided till date stands at ₹ 397.88 Lacs for the said asset.
- (c) Also during the year 2008-09, Company had provided Impairment Loss of ₹ 89.00 Lacs on the Factory Buildings earlier used at Roha. Company has made modifications to the said Buildings and is suitable for manufacture of some of its products. Accordingly Impairment provision to the extent of ₹ 65.97 Lacs is reversed during the year.

12 b. Capital Work In Progress

Sr. No.	Particular	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs
1	Capital work in Progress (others)	1,103.05	476.76
2	Capital Work in Progress (Projects)	10,652.15	9,690.24
3	Capital work in Progress (Building)	397.88	381.38
4	Less: Impairment Loss	(397.88)	(381.38)
	Capital Work in Progress (Net)	11,755.20	10,167.00

Details of Capital Work in Progress - Projects

₹ in Lacs

Sr. No.	Description	Incurred till March 31, 2012	Incurred during the year	Capitalized / Transferred during the year	Total as on March 31, 2013
	Capital Work In Progress :				
1	Land & Site Development	371.41	612.48	830.12	153.77
2	Building (under construction)	622.83	1,187.57	1,204.84	605.56
3	Plant & Machinery	5,436.79	9,352.35	8,119.14	6,670.00
4	Other Assets	730.56	8.11	258.66	480.01
5	Pre-commissioning Testing etc (Refer note below)	-	413.09	413.09	-
	Pre-operative expenses:				
1	Employees Emoluments	330.91	592.34	474.06	449.19
2	Other Expenses	1,118.90	809.89	1,074.11	854.68
3	Foreign Exchange Fluctuations	650.14	1,483.89	1,173.57	960.46
4	Interest (Net) on Loans & Finance Charges	428.70	573.78	524.00	478.48
	Total	9,690.24	15,033.50	14,071.59	10,652.15



Notes to Financial Statements for the year ended March 31, 2013

13. Non Current Investments

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
Long Term Investments at Cost		
Trade (Unquoted) Investments in Equity Shares - Fully Paid up		
73,706 (73,706) Shares of Deepak International Limited. of GBP 1 each, fully paid	57.36	57.36
Non Trade (Unquoted)		
a) Investment in Equity Instruments - Fully Paid up		
800 (800) Shares of Nandesari Environment Control Limited	0.08	0.08
20 (20) Shares of Baroda Co-operative Bank Limited	0.01	0.01
2,000 (2,000) Shares of Shamrao Vitthal co-op Bank Limited	0.50	0.50
798 (798) Shares of New India Co-op Bank Limited	0.08	0.08
52,342 (52,342) Shares of Jedimetla Effluent Treatment Limited	52.49	52.49
	53.16	53.16
b) Investment in Government Securities		
National Saving Certificate	0.01	0.01
Quoted (Non trade) (Valued at cost)		
10,000 (10,000) Shares of Bank of Baroda	8.50	8.50
6,240 (6,240) Shares of IDBI Bank	5.07	5.07
29,400 (29,400) Shares of Dena Bank	8.82	8.82
	22.39	22.39
TOTAL	132.92	132.92

- i) Aggregate amount of Unquoted Investments is ₹ 110.53 Lacs (₹ 110.53 Lacs).
ii) Aggregated amount of Quoted Investments is ₹ 22.39 Lacs (₹ 22.39 Lacs).
iii) Aggregate Market Price of Investment in Equity Instrument (Quoted) ₹ 99.07 Lacs (₹ 112.36 Lacs).

14. Loans & Advances (Long Term & Short Term)

	Non-Current As At March 31, 2013 ₹ in Lacs	Non-Current As At March 31, 2012 ₹ in Lacs	Current As At March 31, 2013 ₹ in Lacs	Current As At March 31, 2012 ₹ in Lacs
Capital Advances				
Unsecured, considered good	169.18	933.35	-	-
	169.18	933.35	-	-
Security Deposit				
Unsecured, considered good (Refer to foot note)	826.27	1,330.90	111.38	60.21
	826.27	1,330.90	111.38	60.21
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	995.30	889.61
	-	-	995.30	889.61
Other Loans and Advances				
Loans to Company	198.00	313.68	204.10	88.42
Advance Income-Tax (Net of Provision for Taxation, C.Y ₹ 820.25 lacs, P.Y. ₹ 777.62 lacs)	467.96	327.08	-	-
MAT Credit Entitlements	251.23	-	-	-
Prepaid Expenses	39.68	8.09	71.19	51.69
Loans to Employees	114.79	14.90	45.25	46.01
Balances with Statutory / Government Authorities	138.94	1,657.44	4,916.20	2,231.41
	1,210.60	2,321.19	5,236.74	2,417.53
TOTAL	2,206.05	4,585.44	6,343.42	3,367.35

Notes:

Loans and advances due by directors or other officers, etc.

	Non-Current As At March 31, 2013 ₹ in Lacs	Non-Current As At March 31, 2012 ₹ in Lacs	Current As At March 31, 2013 ₹ in Lacs	Current As At March 31, 2012 ₹ in Lacs
Loans to Employees include:				
Dues from officers	1.69	-	0.26	-
Loans and Advances to related parties include:				
Security Deposit towards lease of residential premises	400.00	400.00	-	-
TOTAL	401.69	400.00	0.26	-

Notes to Financial Statements for the year ended March 31, 2013

15. Other Non-Current and Current Assets

	Non-Current As At March 31, 2013 ₹ in Lacs	Non-Current As At March 31, 2012 ₹ in Lacs	Current As At March 31, 2013 ₹ in Lacs	Current As At March 31, 2012 ₹ in Lacs
Unsecured, considered good unless stated otherwise	-	-	-	-
Unamortised expenditure				
Unamortised premium on Option Contract	-	26.70	41.60	80.09
Interest Receivable on loans	-	-	38.36	11.27
Assets held for disposal	-	-	197.79	18.00
TOTAL	-	26.70	277.75	109.36

16. Inventories (valued at lower of cost and net realisable value)

	Non-Current As At March 31, 2013 ₹ in Lacs	Non-Current As At March 31, 2012 ₹ in Lacs	Current As At March 31, 2013 ₹ in Lacs	Current As At March 31, 2012 ₹ in Lacs
Raw Materials and Components (including Packing Material)	-	-	4,860.63	2,993.94
Stock in Process	-	-	2,231.49	1,552.67
Finished Goods	-	-	2,431.91	3,215.66
Stores and Spares	-	-	1,008.09	888.61
	-	-	10,532.12	8,650.88
Less: Provision for Obsolescence	-	-	96.28	107.25
TOTAL	-	-	10,435.84	8,543.63

17. Trade Receivables

	Non-Current As At March 31, 2013 ₹ in Lacs	Non-Current As At March 31, 2012 ₹ in Lacs	Current As At March 31, 2013 ₹ in Lacs	Current As At March 31, 2012 ₹ in Lacs
Debts Outstanding for a period exceeding six months				
Unsecured, considered good	-	-	168.46	257.36
Doubtful Debts	-	-	61.75	36.51
	-	-	230.21	293.87
Provision for Doubtful Debts	-	-	(61.75)	(36.51)
	-	-	168.46	257.36
Other receivables				
Unsecured, considered good*	-	-	24,056.71	15,491.39
	-	-	24,056.71	15,491.39
TOTAL	-	-	24,225.17	15,748.75

* Net of Bills Factored / Discounted

Note:

Trade Receivables include:

	Non-Current As At March 31, 2013 ₹ in Lacs	Non-Current As At March 31, 2012 ₹ in Lacs	Current As At March 31, 2013 ₹ in Lacs	Current As At March 31, 2012 ₹ in Lacs
Dues from Companies in which the Company's Non-Executive Director is a Director #	-	-	-	111.66
TOTAL	-	-	-	111.66

Details of Dues from Companies in which Company's Non- Executive Director/s is a Director

Name of the Company	As At March 31, 2013 ₹ in Lacs	As At March 31 2012 ₹ in Lacs
Micro Inks Ltd.	-	31.19
Atul Ltd.	-	80.47
TOTAL	-	111.66



Notes to Financial Statements for the year ended March 31, 2013

18. Cash and Cash Equivalents

	Non-Current As At March 31, 2013 ₹ in Lacs	Non-Current As At March 31, 2012 ₹ in Lacs	Current As At March 31, 2013 ₹ in Lacs	Current As At March 31, 2012 ₹ in Lacs
Cash and Cash Equivalents				
Balances with Banks:				
- In Current Accounts	-	-	150.99	167.25
- In EEFC Accounts	-	-	18.65	46.92
- Deposits with maturity of less than three months (Refer to the foot note (b))	-	-	569.55	8,951.00
- On Unpaid Dividend / Interest Account	-	-	52.92	53.60
Cash on hand	-	-	-	-
	-	-	792.11	9,218.77
Other Bank Balances				
Deposits with original maturity for more than three months but less than twelve months	-	-	148.34	126.00
Margin Money Deposit (Refer to the foot note (a))	-	-	9.60	9.00
	-	-	157.94	135.00
Amount disclosed under Non-Current Assets	-	-	-	-
TOTAL	-	-	950.05	9,353.77

Note :

- a) Margin Money Deposits with a carrying amount of ₹ 9.60 Lacs (₹ 9 Lacs) is liened as a Security against Bank Guarantee issued.
b) Deposits with maturity of less than three months is the amount invested pending utilisation for ultimate purpose of capital expenditure.

19. Revenue from Operations

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Revenue from Operations		
Sale of Products		
Finished Goods (Refer to foot note)	103,183.24	78,294.11
Traded Goods (Refer to foot note)	4,755.23	4,483.24
Sale of Services (Conversion Charges)	675.21	775.76
Other Operating Revenue		
Scrap sales	567.39	518.09
Foreign Exchange Gain	288.31	-
Others	0.33	4.21
Revenue from Operations (Gross)	109,469.71	84,075.41
Less: Excise Duty	7,529.71	5,086.22
Revenue from Operations (Net)	101,940.00	78,989.19

Note:

Details of Products Sold (Net of Excise Duty)

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Finished Goods Sold		
i) Inorganic Salts	20,268.90	18,855.81
ii) Dinitrosopentamethylene Tetramine	-	17.23
iii) Dye Intermediates	-	3.78
iv) Nitro Aromatic (including related by-products)	33,031.93	21,308.40
v) Aromatics Amines	15,773.31	13,156.27
vi) Colour Intermediates (including related by-products)	12,766.51	12,576.84
vii) Agro- Chemicals Intermediates	13,399.34	7,289.56
viii) Optical Brightening Agent	236.36	-
ix) Others	177.18	-
	95,653.53	73,207.89
Traded Goods Sold		
Organic Chemicals	4,755.23	4,483.24
	4,755.23	4,483.24
TOTAL	100,408.76	77,691.13

Notes to Financial Statements for the year ended March 31, 2013

20. Other Income

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Interest Income on:		
Bank Deposits	20.99	23.74
Long-Term Investments	84.52	98.83
Dividend Income on:		
Current Investments	11.82	16.17
Long-Term Investments	2.78	2.70
Rent	1.68	8.91
Profit on Sale of Assets	858.85	2.21
Sundry Receipts	89.40	131.57
TOTAL	1,070.04	284.13

21. Cost Of Raw Material and Components Consumed

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
a) Raw Material and Components Consumed		
Inventory at the beginning of the year	2,993.94	1,595.89
Add: Purchases during the year	67,201.94	50,982.48
	70,195.88	52,578.37
Less: Inventory at the end of the year	4,860.63	2,993.94
Cost of Raw Material and Components Consumed (Refer to foot note)	65,335.25	49,584.43
b) Packing Materials Consumed	1,348.48	1,248.80
TOTAL [(a)+(b)]	66,683.73	50,833.23

Note:

Details of Raw Material Consumed

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Raw Material		
1) Caustic Soda/Soda Ash	8,652.53	7,244.14
2) Ammonia	2,997.57	2,295.52
3) Nitric Acid	4,672.44	3,418.28
4) Sulphuric Acid	1,117.95	967.80
5) Benzene	5,161.43	4,390.46
6) Toluene	9,527.89	7,991.63
7) Metaxyline	1,669.02	2,282.02
8) Cumene	1,829.45	1,554.05
9) Para Nitro Toluene	2,271.85	2,740.49
10) Oleum	871.52	917.69
11) Iron Powder	1,168.24	1,199.44
12) 2, Ethyl Hexanol	11,585.87	6,191.92
13) Others	13,809.49	8,390.99
TOTAL	65,335.25	49,584.43

22. Details of Purchase of Traded Goods

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Purchase of Finished Goods for Resale	4,672.87	4,349.07
TOTAL	4,672.87	4,349.07



Notes to Financial Statements for the year ended March 31, 2013

23. (Increase)/ Decrease in Inventories

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Inventories at the beginning of the year :		
Stock in Process	1,552.67	1,353.05
Finished Goods	3,215.66	2,541.12
	4,768.33	3,894.17
Less:		
Inventories at the end of the year :		
Stock in Process	2,231.49	-
Finished Goods	2,431.91	3,215.66
	4,663.40	4,768.33
TOTAL	104.93	(874.16)

24. Employee Benefits Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Salaries, Wages and Bonus	5,534.21	4,475.82
Contribution to Provident and Other Funds	301.85	292.02
Gratuity Expenses (Refer Note No. 29 A(iv))	100.94	69.71
Staff Welfare Expenses	248.65	220.00
TOTAL	6,185.65	5,057.55

25. Power & Fuel Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Consumption of Gas	1,670.57	1,269.44
Consumption of Furnace Oil	975.81	1,324.93
Consumption of High Speed Diesel	549.42	338.06
Consumption of Coal and Coke	2,931.70	2,743.57
Electricity Expenses	2,608.02	1,746.09
Water Charges	287.57	240.44
Other Expenses	21.62	25.88
TOTAL	9,044.71	7,688.41

26. Depreciation and Amortisation Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Depreciation of Tangible Assets	1,904.58	1717.35
Amortisation of Intangible Assets	36.77	69.16
	1,941.35	1,786.51
Less: Recoupment from Revaluation Reserve	2.92	3.15
Less: Transferred to Pre-operative Expenses	44.57	4.78
TOTAL	1,893.86	1,778.58

27. Finance Costs

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Interest	728.08	568.68
Bank charges	165.52	169.17
Exchange difference to the extent considered as an adjustment to Borrowing Costs	242.48	374.59
TOTAL	1,136.08	1,112.44



Notes to Financial Statements for the year ended March 31, 2013

28. Other Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Conversion Charges	1,001.60	124.52
Excise Duty Paid	7.58	25.04
(Increase)/ Decrease of Excise Duty on Inventory	(65.48)	85.96
Other Manufacturing Expenses	303.95	210.99
Loss on Sale / Discarding of Fixed Assets	302.42	111.03
Less: Impairment Provision / (Reversal) (Refer foot note no. 4 of Fixed Assets)	(206.11)	(69.60)
	96.31	41.43
Insurance	222.37	135.48
Repairs and Maintenance :		
Plant and Machinery	1,787.66	1,669.87
Buildings	100.72	56.08
Others	54.23	95.40
Freight and Forwarding Charges	1,536.25	1,113.00
Sales Commission	91.63	96.40
Donation	62.97	28.61
Rent (Refer Note No. 42)	145.51	163.06
Rates and Taxes	196.57	126.33
Travelling and Conveyance	239.27	175.97
Vehicle Expenses	190.24	173.38
General Expenses	1,927.22	1,441.88
Foreign Exchange Loss	-	404.97
Provision / (Reversal) for Inventory Obsolescence (Net)	(10.97)	(98.25)
Provision for Doubtful Debts	46.77	22.25
Add:- Bad Debts	54.52	28.78
Less:- Transfer from Provision for Doubtful Debts	21.53	6.34
	79.76	44.69
Directors' Sitting Fees	11.33	2.70
Payment to Auditor (Refer to foot note)	33.53	31.26
Wealth Tax	18.16	20.83
TOTAL	8,030.41	6,169.60

Note:

Payment to Auditor

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
i) As Auditor:		
Audit fees	14.00	14.00
Tax Audit fees	2.50	2.50
Quarterly Limited Review	1.50	1.50
ii) In Other Capacity:		
Taxation Matters	9.30	10.50
Management Services	1.00	1.00
Other Services (Certification Fees)	1.50	0.10
iii) Reimbursement of Expenses	3.73	1.66
TOTAL	33.53	31.26



Notes to Financial Statements for the year ended March 31, 2013

29. Employee Retirement Benefits

A) Gratuity

Description of the Plan:

The Company has covered its Gratuity Liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by Life Insurance Corporation of India. Under this plan, an employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the Plan Asset.

i) Present Value of Defined Benefit Obligation:

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Balance at the beginning of the year	734.87	631.12
Current Service Cost	49.15	47.50
Interest Cost	62.57	56.15
Actuarial (gain)/loss	49.10	26.60
Benefits Paid	(47.60)	(26.50)
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Balance at the end of the year	848.09	734.87

ii) Fair Value of Plan Assets:

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
Balance at the beginning of the year	705.81	582.02
Expected Return on Plan Assets	60.08	53.90
Actuarial (gain)/losses	(0.19)	6.64
Contribution by the Company	115.70	89.75
Benefits Paid	(47.60)	(26.50)
Settlements	-	-
Balance at the end of the year	833.80	705.81

Actual Return on Plan Assets

8.00% to 9.40 %

8.00% to 9.40 %

iii) Assets and Liabilities Recognised in the Balance Sheet:

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
Present Value of Defined Benefit Obligation	848.09	734.87
Less: Fair Value of Plan Assets:	833.80	705.81
Less: Unrecognised Past Service costs	-	-
Amounts recognised as liability	14.29	29.06
Recognised under:		
Long Term provision (Refer Note 7)	-	-
Short Term provision (Refer Note 7)	14.29	29.06
Total	14.29	29.06

Notes to Financial Statements for the year ended March 31, 2013

iv) Expenses recognised in the Statement of Profit and Loss:

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Current Service Cost	49.15	47.50
Interest Cost	62.57	56.15
Expected return on Plan Assets	(60.08)	(53.90)
Actuarial (gain)/losses	49.30	19.96
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Total (Refer Note No.24)	100.94	69.71

v) Major Category of Plan Assets as a % of Total Plan Assets:

	March 31, 2013	March 31, 2012
a) Government Securities, being not less than	20%	20%
b) Government Securities or other approved Securities (inclusive (1) above, being not less than)	40%	40%
c) Balance to be invested in Approved Investment as specified in Schedule I.	Not exceeding 60%	Not exceeding 60%

vi) Actuarial Assumptions

	March 31, 2013	March 31, 2012
Discount Rate	8.25% to 8.50 %	8.23% to 8.75 %
Expected Return on Plan Assets	8.25% to 8.50 %	8.50% to 9.00 %
Salary Growth Rate	6.50%	6.50%
Attrition Rate	2.00%	2.00%

vii) Amount Recognised in current year and previous four year

	March 31, 2013 ₹ in Lacs	March 31, 2012 ₹ in Lacs	March 31, 2011 ₹ in Lacs	March 31, 2010 ₹ in Lacs	March 31, 2009 ₹ in Lacs
Defined Benefit Obligation	848.09	734.87	631.12	587.95	534.84
Plan Assets	833.80	705.81	582.02	493.16	418.71
Surplus/Deficit	14.29	29.06	49.10	94.79	116.13
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

viii) Expected Contribution to the Fund in the next Year

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Gratuity	110.00	105.00

B) Leave Encashment

- 1) The Leave Encashment Benefit Scheme is a Defined Benefit Plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.
- 2) Principal Actuarial Assumptions:

	Current Year	Previous Year
Discount Rate	8.25%	8.50%

- 3) The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2013, is ₹ 412.68 Lacs (₹ 355.84 Lacs), which is determined on accrual basis using Projected Unit Credit Method.



Notes to Financial Statements for the year ended March 31, 2013

C) Defined Contribution Plan

	Current Year ₹ in Lacs	Current Year ₹ in Lacs
Employer's Contribution to Provident Fund	186.87	175.03
Employer's Contribution to Superannuation Fund	87.93	79.51

30. Segment Reporting

- (a) The Company is primarily in the business of manufacture of Organic Intermediates, Inorganic Intermediates and Fine and Speciality Chemicals. Accounting Standard 17 on 'Segment Reporting' constitutes three reporting segments.

	Twelve Months Ended March 31, 2013 (₹ in Lacs)	Twelve Months Ended March 31, 2012 (₹ in Lacs)
I) Segment Revenue		
a) Inorganic Intermediates	13,172.25	13,209.64
b) Organic Intermediates		
Own Manufactured	56,543.92	41,614.68
Traded	4,755.23	4,483.24
Total	61,299.15	46,097.92
c) Fine & Speciality Chemicals	28,349.99	22,053.54
d) Others	702.18	-
Total	1,03,523.57	81,361.10
Less: Inter Segment Revenue	1,583.57	2,371.91
Net Sales/Income from operations	1,01,940.00	78,989.19
II) Segment Results		
Profit (+) Loss (-) Before Tax & Interest		
a) Inorganic Intermediates	1,573.79	1,983.49
b) Organic Intermediates	3,873.74	2,813.21
c) Fine & Speciality Chemicals	2,659.89	2,027.47
Total	8,107.42	6,824.17
Less: i) Interest	970.56	943.27
ii) Other un-allocable Expenditure net of un- allocable Income	1,879.06	2,722.30
III) Total Profit Before Tax	5,257.80	3,158.60
Provision for Taxation		
- For the year		
Current Tax	1,071.48	749.51
MAT Credit Entitlements	(251.23)	-
Deferred Tax	655.20	72.70
- Prior Year		
Current Tax	-	28.11
Deferred Tax	-	-
IV) Profit After Tax	3,782.35	2,308.28



Notes to Financial Statements for the year ended March 31, 2013

	Twelve Months Ended March 31, 2013 (₹ in Lacs)	Twelve Months Ended March 31, 2012 (₹ in Lacs)
V) Segment Assets		
a) Inorganic Intermediates	11,763.11	8,442.83
b) Organic Intermediates	28,131.33	23,769.27
c) Fine & Speciality Chemicals	18,256.03	13,729.66
d) Others	30,699.19	24,167.03
Total	88,849.66	70,108.79
VI) Segment Liabilities		
a) Inorganic Intermediates	6,330.04	3,845.81
b) Organic Intermediates	10,146.66	8,189.97
c) Fine & Speciality Chemicals	4,007.79	2,309.64
d) Others	3872.66	2,758.28
Total	24,357.15	17,103.70
VII) Capital Expenditure		
a) Inorganic Intermediates	331.49	1883.48
b) Organic Intermediates	340.85	762.75
c) Fine & Speciality Chemicals	982.15	758.00
d) Others	15,406.95	319.90
Total	17,061.44	3,724.13
VIII) Depreciation		
a) Inorganic Intermediates	293.93	225.28
b) Organic Intermediates	681.67	608.09
c) Fine & Speciality Chemicals	713.71	751.92
d) Others	204.56	193.29
Total	1,893.87	1,778.58

Note:

- Current Year Segmental Results are Net of Impairment Loss Reversal of ₹ 171.99 Lacs for Fine & Speciality Chemicals Segment and ₹ 34.12 Lacs for Organic Intermediates Segment.
- Previous Year Segmental Results are Net of Impairment Loss Reversal of ₹ 69.60 Lacs for Inorganic Intermediates Segment.



Notes to Financial Statements for the year ended March 31, 2013

b) Secondary Segments Reporting - Geographical Segments

The following table shows the distribution of the Company's Revenue and Assets by geographical market

₹ in Lacs

Revenue	Current Year	Previous Year
In India	56,893.11	43,941.91
Outside India	45,046.89	35,047.28
Total	1,01,940.00	78,989.19

₹ in Lacs

Carrying Amount of Segment Assets	Current Year	Previous Year
In India	75,667.78	59,834.20
Outside India	13,181.88	10,274.59
Total	88,849.66	70,108.79

₹ in Lacs

Addition to Fixed Assets	Current Year	Previous Year
In India		
- Tangible	17,049.58	3,639.55
- Intangible	11.86	84.58
Outside India		
- Tangible	-	-
- Intangible	-	-
Total	17,061.44	3,724.13

31. Disclosure Under AS 20 "Earning Per Share"

	Current Year	Previous Year
Basic and Diluted Earning per Share		
Number of Shares as on April 1, 2012 (Nos. in Lacs).	104.64	104.64
Number of Shares as on March 31, 2013 (Nos. in Lacs).	104.64	104.64
Weighted Average Number of Shares considered for Basic Earning Per Share (Nos. in Lacs).	104.64	104.64
Net Profit after Tax available for Equity Shareholders (₹ in Lacs).	3,782.35	2308.28
Basic Earning (in ₹) Per Share of ₹ 10/- each.	36.15	22.06
Diluted Earning (in ₹) Per Share of ₹ 10/- each.	36.15	22.06

32. Disclosure under AS 18 "Related Party Disclosures"

List of Parties:

(i) Associate Companies

Blue Shell Investment Private Limited * Check Point Credits & Capital Private Limited * Crossover Advisors Private Limited * Crossover Trustees Private Limited * Deepak Asset Reconstruction * Deepak Cleantech Limited * Deepak Fertilisers and Petrochemicals Corporation Limited * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Grey Point Investments Private Limited * Hardik Leafin Private Limited * Kawant Developers Corporation * Nucore Capital Management Private Limited * Pranawa Leafin Private Limited * Prolific Credits & Capital Private Limited * Skyrose Finvest Private Limited * Sofotel Software Infra Private Limited * Stepup Credits & Capital Private Limited * Stiffen Credits and Capital Private Limited * Stigma Credit & Capital Private Limited * Storewell Credits & Capital Private Limited * Sundown Finvest Private Limited * Superpose Credits & Capital Private Limited * Synergy Li Power Resources Private Limited * The Lakaki Works Private Limited * Yerowada Investment Limited.

(ii) Key Management Personnel

- (i) Shri C. K. Mehta
- (ii) Shri D. C. Mehta
- (iii) Shri A. C. Mehta

(iii) Relative of Key Management Personnel

- (i) Shri M. D. Mehta



Notes to Financial Statements for the year ended March 31, 2013

(iv) Transaction with Related Parties

₹ in Lacs

		Nature of Transactions									
Sr. No.	Associates		Purchases of Goods	Sale of Goods	Conversion Charges Received	Sale of Fixed Assets	Rendering of Services	Receiving of Services	Deposit Paid	Dividend Paid	Net Accounts Receivable/ (Payable)
1	Deepak Fertilisers & Petrochemicals Corpn Limited	CY	4,701.11	-	-	-	-	11.40	-	-	(1,301.33)
		PY	3,088.91	-	-	-	-	26.45	-	-	(984.25)
2	Deepak Novochem Technologies Limited	CY	4,136.14	135.44	932.16	-	0.45	7.87	-	-	167.42
		PY	4,357.94	114.75	775.76	16.41	0.91	15.56	-	-	153.04
3	Checkpoint Credits & Capitals Private Limited	CY	-	-	-	-	-	-	-	43.24	-
		PY	-	-	-	-	-	-	-	-	43.24
4	Stigma Credits & Capital Private Limited	CY	-	-	-	-	-	-	-	37.07	-
		PY	-	-	-	-	-	-	-	-	37.07
5	Stiffen Credits & Capital Private Limited	CY	-	-	-	-	-	-	-	50.28	-
		PY	-	-	-	-	-	-	-	-	50.28
6	Stepup Credits & Capital Private Limited	CY	-	-	-	-	-	-	-	41.49	-
		PY	-	-	-	-	-	-	-	-	41.49
7	Skyrose Finvest Private Limited	CY	-	-	-	-	-	-	-	21.43	-
		PY	-	-	-	-	-	-	-	-	21.43
8	Shri Deepak C. Mehta	CY	-	-	-	-	-	190.52	-	103.62	279.41
		PY	-	-	-	-	-	122.38	-	103.62	331.17
9	Shri Ajay C. Mehta	CY	-	-	-	-	-	172.52	-	-	(120.59)
		PY	-	-	-	-	-	123.66	-	-	(68.84)
10	Shri C. K. Mehta	CY	-	-	-	-	-	2.75	-	18.52	(1.75)
		PY	-	-	-	-	-	1.70	-	18.52	(1.50)
11	Yerwada Investment Private Limited	CY	-	-	-	-	-	9.02	-	-	(9.02)
		PY	-	-	-	-	-	24.42	-	-	(3.50)
12	Synergy Li Power Resources	CY	-	-	-	-	-	2.86	-	-	-
		PY	-	-	-	-	-	24.46	15.26	-	15.26
13	Others	CY	-	-	-	-	-	-	-	25.92	-
		PY	-	-	-	-	-	-	-	25.92	-
14	Relative of Key Management Personnel - Shri M. D. Mehta	CY	-	-	-	-	-	21.80	-	0.79	-
		PY	-	-	-	-	-	11.56	-	0.79	-
	TOTAL	CY	8,837.25	135.44	932.16	-	0.45	418.74	-	342.36	(985.86)
		PY	7,446.85	114.75	775.76	16.41	0.91	350.19	15.26	342.36	(558.62)

CY - Current year PY - Previous Year

33. Contingent Liabilities Not Provided For

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
a) in respect of Income Tax matters	46.92	136.79
b) in respect of Sales Tax / VAT matters	11.65	18.62
c) in respect of Excise Matters	98.15	90.92
d) Bank Guarantees:		
- Financial	35.70	521.58
- Performance	1,669.84	352.97
e) in respect of disputed liability relating to non-utilisation of industrial plot within specified time frame	-	99.36
f) in respect of Stamp duty matter	22.85	-
g) Disputed Labour Matters	Amounts not ascertained	-
in respect of (a) to (c) & (e) to (g), future cash outflow in respect of contingent liabilities is determinable only on receipt of judgments pending at various forums/authorities.		
TOTAL	1,885.11	1,220.24



Notes to Financial Statements for the year ended March 31, 2013

34. Capital Commitments (Net of Advances)

	As At March 31, 2013 ₹ in Lacs	As At March 31, 2012 ₹ in Lacs
Capital Commitments	2,390.67	2,662.37

The information in respect of commitment has been given only in respect of capital commitments in order to avoid providing excessive details that may not assist users of Financial Statements.

35. Hedging Instruments

a) The Company takes Forward/Option contracts to hedge exposures arising out of net foreign currency payables and receivables.

The Net Open Position is covered by Simple Forward and Range Forward as given below:

	2013 -14 Quarter 1	2013 -14 Quarter 2	2013 -14 Quarter 3	2013 -14 Quarter 4	Total
USD					
Amount USD -(Million)	2.25	3.00	1.50	-	6.75
Forward-Rate (₹)	56.36	58.63	58.16	-	57.77
Closing Rate (₹)	54.39	54.39	54.39	54.39	
EURO					
Amount EURO (Million)	1.52	3.00	1.00	-	5.52
Forward-Rate (₹)	72.01	74.96	76.97	-	74.51
Closing Rate (₹)	69.54	69.54	69.54	69.54	
OPTION CONTRACTS					
Amount USD (Million)	4.00	-	-	-	4.00
Lower Strike Rate (₹)	51.73	-	-	-	51.73
Closing Rate (₹)	54.39	54.39	54.39	54.39	

b) The unhedged exposure of foreign currency transactions is as follows:

	Currency	Current Year	Previous Year
Payables			
Term and Working Capital Loans (Net of Balances in EEFC accounts)	USD Lacs	92.16	61.29
	EURO Lacs	-	(0.05)
Trade Payables	USD Lacs	147.52	93.85
	EURO Lacs	1.51	-
Receivables (Net of Forward & Option Contracts)			
Export Trade Receivables	USD Lacs	135.86	137.85
	EURO Lacs	18.12	0.19
Term Loans			
External Commercial Borrowings	USD Lacs	450.00	400.00

36. CIF Value of Imports

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
1 Raw Materials	22,438.55	13,937.15
2 Components and Spare Parts	121.35	16.44
3 Capital Goods	58.95	67.80
TOTAL	22,618.85	14,021.39

Notes to Financial Statements for the year ended March 31, 2013

37. Expenditure in Foreign Currency (on accrual basis and subject to deduction of tax where applicable)

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
i) Travelling	106.10	53.51
ii) Interest on Loans	1,318.10	631.46
iii) Professional fees for market survey	386.80	165.76
iv) Commitment Charges / Bank Charges	1.66	580.25
v) Commission on Export Sales	37.48	40.40
vi) Others	211.20	53.80
	2,061.34	1525.18

38. Consumption of Raw Materials, Stores, Components and Spares

	% of Total Consumption Current Year	Amount ₹ in Lacs Current Year	% of Total Consumption Previous Year	Amount ₹ in Lacs Previous Year
I. RAW MATERIALS:				
i) Imported	34.01	22,221.74	28.06	13,913.15
ii) Indigenous	65.99	43,113.51	71.94	35,671.28
	100.00	65,335.25	100.00	49,584.43
II. STORES AND SPARE PARTS:				
i) Imported	-	-	1.41	16.44
ii) Indigenous	100.00	1,033.33	98.59	1,150.50
	100.00	1,033.33	100.00	1,166.94

39. Earnings in Foreign Exchange

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
F.O.B. Value of Exports	44,342.11	34,638.52

40. Disclosures under Micro, Small and Medium Enterprise Development Act, 2006

To the extent, Company has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under:

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
(i) Principal amount remaining unpaid as on March 31.	87.00	23.27
(ii) Interest due thereon remaining unpaid as on March 31.	0.09	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	0.19
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	0.01
(v) Interest accrued and remaining unpaid as at March 31 (Net of tax deducted at source).	0.42	0.42
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	0.42	0.41



Notes to Financial Statements for the year ended March 31, 2013

41a. Research and Development Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
(i) Capital Expenditure	5.99	58.54
(ii) Revenue Expenditure:		
Materials	32.45	65.14
Utilities	15.85	11.34
Maintenance	24.37	22.31
Personnel	293.98	308.22
Others	135.36	135.71
	502.00	542.72
Lease Rent	19.88	17.97
Discarding of Assets	-	-
Depreciation	53.26	55.68
	73.14	73.65
Total Revenue Expenditure	575.14	616.37
(iii) Total Capital & Revenue Expenditure	581.13	674.91

41b. R & D Disclosure for Department of Scientific & Industrial Research (DSIR)

Additional disclosure in terms of DSIR requirements in respect of Capital Expenditure and Revenue Expenditure.

	2012-2013 ₹ in Lacs	2011-2012 ₹ in Lacs	2010-2011 ₹ in Lacs	2009-2010 ₹ in Lacs	2008-2009 ₹ in Lacs
(i) Capital Expenditure					
Pune	5.99	41.81	46.24	17.94	63.00
Roha	-	16.73	13.52	10.69	-
Total	5.99	58.54	59.76	28.63	63.00
(ii) Revenue Expenditure					
Pune	472.78	497.70	457.42	521.52	478.23
Roha	102.36	118.67	95.64	98.12	195.55
Total	575.14	616.37	553.06	619.64	673.78
(iii) Total Capital & Revenue Expenditure					
Pune	478.77	539.51	503.66	539.46	541.23
Roha	102.36	135.40	109.16	108.81	195.55
Total	581.13	674.91	612.82	648.27	736.78
(iv) Sales Proceeds – Prototypes					
Pune	-	-	-	-	-
Roha	-	-	1.10	2.20	29.16
Total	-	-	1.10	2.20	29.16



Notes to Financial Statements for the year ended March 31, 2013

42. Disclosure under AS-19 "Leases"

Disclosure for Operating Leases:

The Company has leased office premises under operating lease. Lease payment debited to the Statement of Profit & Loss during the year ₹ 40.26 Lacs (₹ 3.37 Lacs).

The lease payment to be made in respect of lease in future is as follows:

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Up to 1 year	42.59	40.26
Greater than 1 year but less than 5 years	136.69	179.28
Greater than 5 years	-	-

43. Previous year's figures are shown in bracket and have been re-classified to conform to this year's classification.

As per our report of even date
For **B. K. KHARE & COMPANY**
Chartered Accountants
FRN No.105102W

PRASAD PARANJPE
Partner
M. No. 47296

Mumbai: May 9, 2013

For and on behalf of the Board

D. C. MEHTA
Vice Chairman &
Managing Director

A. C. MEHTA
Managing Director

SANJAY UPADHYAY
Sr. Vice President (Finance)
& Company Secretary

C. K. MEHTA Chairman

M. R. B. PUNJA
A. K. DASGUPTA
SUDHIN CHOKSEY
SUDHIR MANKAD } Directors

Mumbai: May 9, 2013



INVESTOR'S WELFARE SCHEME

The Company's scheme covers the risk of death and permanent (total/partial) disablement sustained due to an accident by first-named shareholder of the Company solely and directly from external, violent and visible means.

Details of entitlement under the Personal Accident Policy are as under:

I. COVERAGE:

- a. Death
- b. Permanent (total/partial) disablement

EXPLANATION :

- i) Permanent Total Disablement:
 - Loss of sight of both eyes or of actual loss by physical separation of the two entire hands or two entire feet.
- ii) Permanent Partial Disablement:
 - Loss of sight of one eye or actual loss by physical separation of one entire hand or one entire foot.

II. SUM INSURED:

No. of Equity Shares held	Sum Insured
Up to 150	₹ 20,000/-
151 to 500	₹ 40,000/-
501 and above	₹ 60,000/-

III. BENEFITS:

The benefits available under the Group Personal Accident Insurance Policy are as under:

- | | |
|--|--|
| 1. Fatal Accident (Death) | : Sum Insured* |
| 2. Permanent Total Disablement | : Sum Insured* |
| 3. Loss of two limbs or two eyes or one limb and one eye | : Sum Insured |
| 4. Loss of one limb or one eye | : 50% of the Sum Insured |
| 5. Permanent Partial Disablement | : Specific percentage of the Sum Insured* depending on the extent of disablement |

[* Sum Insured as explained in para (II) above]

Note:

- 1. Temporary disablement, medical/hospitalization expenses are out of the purview of the scheme.
- 2. Members who have not filed the Nomination Form earlier in respect of Personal Accident Policy may approach the Company for obtaining the Nomination Form and return the same duly filled in and signed for registration with the Company.

Overview of our manufacturing facilities



• Dahej • Nandesari • Taloja • Roha • Hyderabad



DEEPAK NITRITE LIMITED

Committed to 'Responsible Care'

Global Headquarters: Aaditya-I, National Highway No.8, Chhani Road, Vadodara -390024





Tel: + 91-265-2765200 • Fax: +91-265-234 0506

Registered Office: 9/10, Kunj Society, Alkapuri, Vadodara - 390 007, Gujarat, India.

Tel: +91-265-235 1013, 233 4481- 82 • Fax: +91-265-233 0994

www.deepaknitrite.com

FORM A

1.	Name of the Company	DEEPAK NITRITE LIMITED
2.	Annual financial statements for the year ended	31 ST March, 2013
3.	Type of Audit Observation	Un qualified
4.	Frequency of observation	Repetitive
5.	To be signed by- <ul style="list-style-type: none"> • Managing Director • CFO • Auditor of the company • Audit Committee Chairman 	 D. C. Mehta  Sanjay Upadhyay   M R B Punja