

Winning strategies. Scaling the value chain...



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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 Third Annual General Meeting

Day & Date : Friday, August 8, 2014

Time : 10.30 a.m.

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

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 Umesh Asaikar
Executive Director & Chief Executive Officer

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
Director

AUDIT COMMITTEE

Shri Sudhin Choksey
Chairman

Shri Sudhir Mankad
Member

Shri S. K. Anand
Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Shri S. K. Anand
Chairman

Shri A. C. Mehta
Member

Shri Umesh Asaikar
Member

NOMINATION & REMUNERATION COMMITTEE

Shri Sudhir Mankad
Chairman

Shri Sudhin Choksey
Member

Shri S. K. Anand
Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Shri Sudhir Mankad
Chairman

Dr. Swaminathan Sivaram
Member

Shri D. C. Mehta
Member

Shri Umesh Asaikar
Member

CHIEF FINANCIAL OFFICER

Shri Sanjay Upadhyay

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Arvind Bajpai

BANKERS

State Bank of India
Bank of Baroda
Dena Bank
ICICI Bank Ltd
Axis Bank Ltd
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 - 400 021.
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

SECRETARIAL AUDITORS

KANJ & Associates,
Company Secretaries,
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
CIN: L24110GJ1970PLC001735

CORPORATE OFFICE

Aaditya - I, National Highway No. 8,
Chhani Road, Vadodara - 390 024
Tel: +91-265-276 5200
Fax: +91-265-276 5300

PLANTS

Dahej
Plant No. 12/B, GIDC, Dahej
Dist. Bharuch - 392 130

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. 1-6, 26-27, 29 & 31
MIDC Dhatav, Roha,
Dist. Raigad - 402 116

Hyderabad Specialities Division
Plot Nos. 90-F, 70-A & B and 22
Phase I, Industrial Development Area,
Jeedimetla, Tal. Quthbullapur Madal,
Dist. Ranga Reddy, Hyderabad - 500 055

Winning strategies. Scaling the value chain...



Growth is not just a function of numerical permutations and combinations. Numbers are simply a manifestation of growth, which is actually a performance-backed process of progressive continuity.





At Deepak Nitrite, such continuity is sustained by a focussed winning strategy to continually scale the value chain. It is led by a persistent need to go beyond numbers to deliver exceptional value in both, tangible and intangible ways.

A de-risked business model continues to drive our financial growth to ensure a robust platform for even better performance in the coming years.

The growth charter draws its potency from your Company's business strengths, it is steered by evolving strategies that have realigned our business verticals and in turn deliver the growth numbers that reward our stakeholders. Our growth is buttressed by our focus on quality and our commitment towards responsible care of the environment. It is augmented by our commitment to the society that is manifest in our CSR activities and in our continual efforts to raise the bar in our human capital.

This Annual Report is the story of all those winning strategies that have enabled us to scale new levels of success to deliver more growth and greater value across every function of our business structure.

Implementing strategies, setting the right chemistry for growth

Deepak Nitrite is an integrated producer of organic, inorganic and fine & speciality chemicals with specialisation in hydrogenation, nitration, customised molecule development, hazardous reaction and toluene derivatives.





The Company is the market leader for Sodium Nitrite, Sodium Nitrate & Nitro Toluenes in India and among the top three global producers of products like Xylidines, Cumidines and Oximes. Chemicals manufactured by the Company find applications in varied industries including Agrochemicals, Rubber, Pharmaceuticals, Paper, Textiles, Detergents, Colourants, Petrochemicals, and Fine and Speciality Chemicals.

A significant 39% of the business comes from exports and the Company has an established presence in 20 countries spread across 6 continents. It is the supplier of choice to several leading global conglomerates.

The Company has grown on the back of a focussed strategy of building a fully integrated business model with in-house availability of the building blocks, capability of producing complete value chains, high quality standards and cost competitiveness and customer-focussed chemistry.





From the Desk of Vice Chairman & Managing Director

“Sound strategy starts with having the right goal.” - Michael Porter

Winning strategies. Sustained growth.

Winning strategies involve setting goals and implementing them through concerted action, while mobilising the required resources. Such strategies precipitate the achievement of goals through the means chosen to achieve them.

Operations

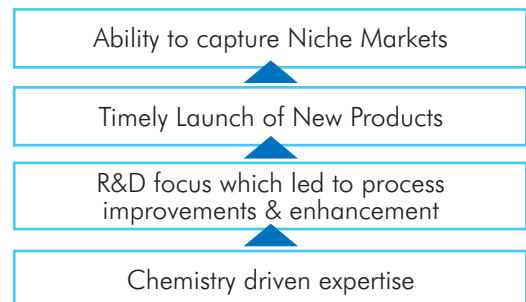
FY 2013-14 has been an exciting year for your Company. Your Company has sustained the growth momentum of the last couple of years, and made progress on important initiatives which will pave the way for continued growth in the years ahead. Your Company has implemented several winning strategies. These strategies include an ability to capture new markets, launch of new products on time, focus on R&D for process improvement and enhancement, and leveraging expertise to build the right chemistry.

Dear Stakeholders,

The year in review was marred by an ongoing strained global environment. While the global economy has showed signs of recovery from the challenging environment of the last three to four years, there is still some way to go. The US economy has demonstrated enough positive momentum for regulators to begin reduction in levels of fiscal intervention; while the performance in Europe remains cautious, with need for further consolidation. Japan embarked on its own expansionary monetary policy to consolidate the initial positive results, while economies like China and Russia witnessed noticeably lower growth. China seems to be shifting its attention more towards domestic consumption than exports.

At home, aggressive steps taken by the Finance Ministry to address the twin problems of growing trade deficit and weak rupee, as well as some innovative and forward-looking policies by RBI helped India defend its currency from the impact of global events. All of this serves to remind us that not only has the global economy become increasingly integrated, but heightened volatility in the operating environment is expected to be a permanent feature.

Notwithstanding various domestic and global issues, we successfully managed these challenges, thanks to our strong customer-centric approach. We went beyond conventional supplier - customer engagements, creating deeper and meaningful associations with consumers, thereby allowing us to gain greater insights into their requirements.



As a result of these strategic initiatives, revenues have doubled from ₹ 546 crores in FY 2009-10 to ₹ 1,270 crores in FY 2013-14.

Three years ago, in a similar communication to you, I had shared my optimism that your Company was on course to exceed revenues of ₹ 1,000 crores by FY 2013-14. As you are all aware, we successfully surpassed this milestone in FY 2012-13 itself. It gives me immense pleasure to state that the growth momentum has continued to be robust. It is greatly satisfying to share with you that the revenues for FY 2013-14 have touched ₹ 1,270 crores, with Profit After Tax of ₹ 38 crores.

Such performance would have been impossible without the trust and faith reposed by all the stakeholders. The Board of Directors is happy to share the success with each one of you and thus recommends a Dividend of ₹ 10 per Equity Share of a face value of ₹ 10 each.

The growth and improved margins have been underpinned by initiatives for operational excellence that your Company has undertaken during the year. The Rupee was highly volatile and weakened against the US Dollar. In spite of this, your Company was able to contain the impact on the input costs and at the same time secure higher realisation on output values. This was possible on account of your Company's endeavour to increase volumes through constant debottlenecking of capacities, become market savvy, and thereby increase market share.

Over the past two years, your Company has successfully implemented the Brownfield expansion plan and Phase I of the Greenfield project to address the growing demand for its products and explore emerging opportunities for growth.

"Strategy must have continuity. It can't be constantly reinvented."

- Michael Porter

Strengthening strategic focus

Your Company has commenced the process of realignment of its present business segments into three Strategic Business Units (SBUs) based on customer profile and end-use of products. These SBUs include Bulk Commodities & Chemicals, Fine & Speciality Chemicals and Fluorescent Whitening Agent. Realignment will lead to shifting of certain Organic Intermediaries into Fine & Speciality Chemicals segment and Bulk & Commodity Chemicals segment. End-use products like DASDA will continue to remain in the Fine & Speciality Chemicals division. However, it will ultimately become a part of Fluorescent Whitening Agent segment in the long run.

Each of the SBUs will require specific skill-set to optimise performance in line with new segments, business strategies, R&D focus, investment focus and logistics costs. The SBUs will require customised planning, marketing and strategic approach, which

will be executed by the SBU Heads who will drive growth and profitability.

Each of the designated and empowered SBU Heads brings with him/her vast years of experience and knowledge about the business and industry, as well as demonstrated track record of their passion to excel and innovate in the face of challenges. All of this gives me immense confidence that, together, we will steer the SBUs and the Company to achieve new benchmarks of excellence and prosperity in a socially responsible manner.

On this positive note of assurance, I want to emphatically state that we are working closely together and are determined and well-poised to aggressively seize opportunities to further enhance the performance of your Company. We have, during this year, achieved a significant benchmark in our growth, but with our sustained performance, we are sure of achieving many more such milestones in the future.

Shareholders

Your Company remains sensitised to its Shareholders' concerns. One of the concerns pertain to lower liquid nature of the Shares at the Stock Exchanges. To ensure higher circulation of Equity Shares in the market and enable investors to derive higher returns on their investment, your Company's Board has recommended a sub-division of Equity Shares from a face value of ₹ 10 per Share into five Shares of ₹ 2 each, subject to approval of the shareholders.

The last time, shareholders were rewarded by issuing Bonus Shares in the year 1986. Your Company has been delivering healthy performance year-on-year over the last decade. The sustained performance testifies the stakeholders' valued trust in your Company. To show appreciation for this trust, your Company's Board of Directors deem that it is an appropriate time for declaring Bonus Shares. The Board has recommended an issue of Bonus Shares in the ratio of 1:1 i.e. one fully paid-up Bonus Share of ₹ 2 each for every one Share of a face value of ₹ 2, subject to approval of the shareholders.

Good corporate governance has been one of the contributing factors in our growth. In keeping with the Companies Act, 2013, we have raised our Corporate Governance benchmarks. We have consistently viewed good corporate governance not as a regulatory requirement but as an essential contributor of our performance.

I take this opportunity to express my sincere gratitude to all our stakeholders on behalf of the Board of Directors. I would like to thank our shareholders for their continued support. I personally thank my fellow employees for their unwavering support and valued contribution. Together, we have much to look forward to as we strive to make your Company stronger, so as to scale greater heights as we move into FY 2014-15.

Best Wishes,

D. C. Mehta

Vice Chairman & Managing Director

Board of Directors



SHRI C. K. MEHTA

Chairman

Shri C. K. Mehta, the founder of Deepak Nitrite, is a pioneer, visionary and first generation entrepreneur. Supported by an able Board, he is credited with laying the foundation of a strong, professionally-driven organisation, rooted in values and the commitment to excel always. Shri C. K. Mehta has over five decades of versatile experience in the Chemicals Trade and Industry. He provides the overall strategic business direction to the Company. It is his aspiration to usher social change that has enabled the 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

Shri D. C. Mehta is a dynamic personality whose business acumen has enabled the Company to take swift strides forward and achieve new laurels year after year. At the helm of affairs at Deepak Nitrite for the last 35 years, he is currently the Vice Chairman & Managing Director of the 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

Shri A. C. Mehta has been actively associated with the Company since 1984. With extensive experience, comprehensive approach and strong industry foresight, he has paved the way for innovation and excellence in the Company. An active participant at industry forums, he is the Member of Maharashtra Chamber of Commerce and National Agriculture and Food Analysis and Research Institute, World Presidents' Organisation. Shri A. C. Mehta is a Science Graduate with Honours and Master of Science (Chemical Engineering) from the University of Texas, USA.


SHRI UMESH ASAIKAR

Executive Director &
Chief Executive Officer

Shri Umesh Asaikar has been associated with the Company since September 2008. Shri Asaikar has around 36 years of varied experience in the areas of Sales & Marketing, Manufacturing, Commercial and Business Management across industries including pharmaceuticals, vitamins & fine chemicals, glass flaconage etc. During the span of his career, he has held various leadership positions in companies such as Parke Davis, Nicholas Piramal, Piramal Glass, etc. He 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 a member of the Institute of Cost Accountants of India.


SHRI NIMESH KAMPANI

Director

Shri Nimesh Kampani is the Founder and Chairman of the JM Financial Group, one of India's leading financial services groups. In a career spanning four decades, he 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 and mergers & 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

Director

Shri Sudhin Choksey has extensive experience in handling functional areas of finance, commerce and general management, both in India and abroad. He is the Managing Director of GRUH Finance Ltd. He is a Fellow Member of the Institute of Chartered Accountants of India. Shri Choksey is a Director on the Board of Gujarat Ambuja Exports Ltd., Hunnar Shaala Foundation for Building Technology and Innovations, and Saath Livelihood Services.

Board of Directors



DR. RICHARD H. RUPP
Director

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 USA, European and Asian markets, especially the Indian subcontinent. He holds a Ph.D. in Chemistry from the University of Karlsruhe, Germany, and has completed a programme for Executive Development, IMD at Lausanne, Switzerland.



SHRI SUDHIR MANKAD
Director

Shri Mankad, IAS (Retd.), 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, fertiliser and finance companies. He is associated with several educational institutions and NGOs. He holds a Masters degree in History from the University of Delhi.



SHRI S. K. ANAND
Director

Shri S. K. Anand has a rich experience of around 42 years in the field of Project Management, Operations, Corporate Planning, Quality Management, Health, Safety and Environment Management, Energy Management, Strategic Planning, etc. He has done his Bachelor of Engineering (Chemical) from Delhi University and a Petrochemical Course at I.I.P., Dehradun. He has also done an Advanced course on Management at the Indian Institute of Management, Ahmedabad.



DR. SWAMINATHAN SIVARAM
Director

Dr. Sivaram is a scientist of distinction, having held leadership roles in R&D, in both, industry and academia. He has over forty years of experience in research in polymer synthesis, high performance polymers and surface chemistry polymers. Dr. Sivaram has been cited as an Inventor in more than fifty US Patents. He has done his M.Sc. from the Indian Institute of Technology, Kanpur, and Ph.D. from Purdue University, W. Lafayette, Indiana, USA. He is also a Research Associate from The Institute of Polymer Science, University of Akron, Ohio, USA.

Senior Management Team



SHRI UMESH ASAIKAR

Executive Director &
Chief Executive Officer



**SHRI SANJAY
UPADHYAY**

Chief Financial Officer

**SHRI AJAY
PATWARDHAN**
President - Fluorescent
Whitening Agent



DR. PRAMOD GARG
Vice President - Operations



**SHRI PRAMOD
TALEGAON**

Vice President - Technology



SHRI VIJAY TIKEKAR

Vice President - Supply Chain



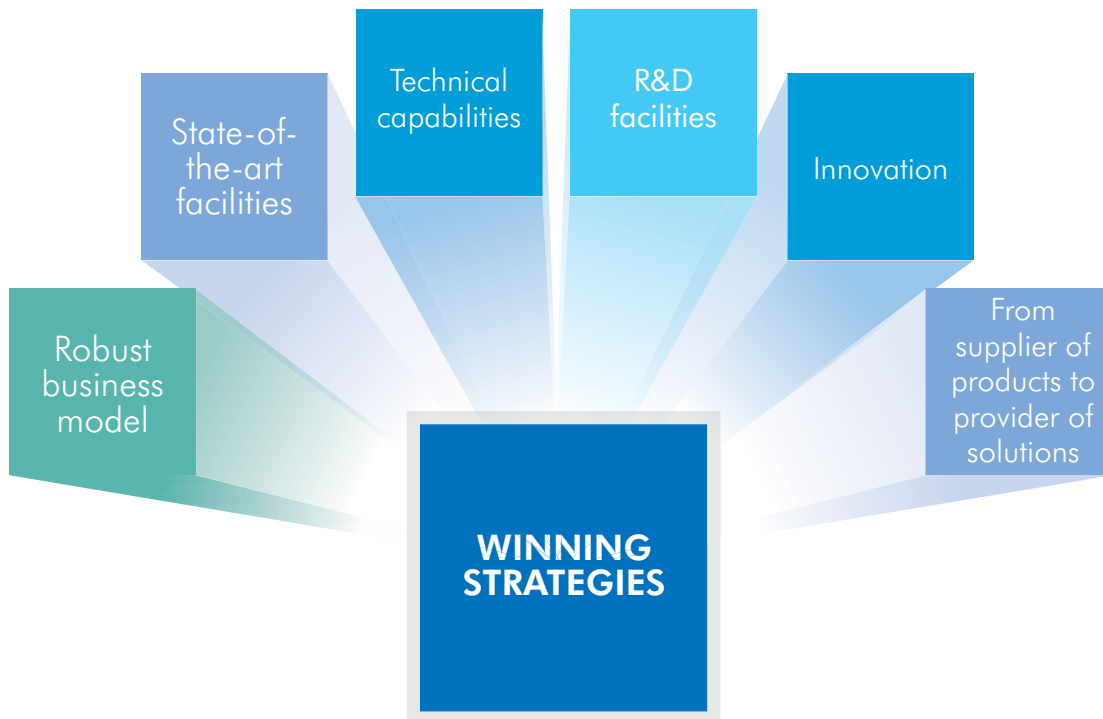
SHRI R. R. PRASAD

Vice President - Human
Resources & Administration



Astute business strengths

“Competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.” - Michael Porter



The Company's superior strengths have earned it a competitive edge over its peers. Sustained efforts to add value to its products and thereby fulfil the requirements of the value-chain have made its way through management thought and action. This has enabled the formation of a value chain framework, which provides a platform for value addition for all its stakeholders.

VALUE CHAIN FRAMEWORK

FROM SUPPLIER OF PRODUCTS TO PROVIDER OF SOLUTIONS

- Gradually climbing up the value chain
- Increased high-value offerings
- From provider of chemical products to provider of chemical solutions

DE-RISKED APPROACH SUPPORTED BY ROBUST BUSINESS MODEL THAT HELPS ACHIEVE SCALE SEAMLESSLY

- Multi-product offerings
- Multi-locational product delivery, enjoying a 'preferred supplier' status
- Ability to cater to a wide spectrum of products
- Deep understanding of customers' requirements

STATE-OF-THE-ART FACILITIES

- Ability to provide customised solutions for a wide spectrum of applications
- Equipped to efficiently deliver on varied product specifications, international quality standards and stringent environmental norms
- Flexible manufacturing facilities allow rapid response to changing norms
- High-levels of automation with central control room implemented at Dahej
- State-of-the-art pilot facility which acts as a catalyst between R&D trials and commercial production
- Contemporary warehousing facilities for raw materials and finished goods

STEERING THROUGH CUSTOMER RELATIONSHIPS

- Strong customer-centric approach
- Deeper and meaningful associations with customers
- Trusted partner to a marquee client list
- Relationships spanning multiple years
- Diversified customer base providing a natural hedge

TECHNICAL CAPABILITIES

- Expertise in multiple chemical processes
- Excellent track-record in safety and reliability while undertaking hazardous processes

R&D FACILITY

- R&D activities leading to improved process competence and new product developments
- Government-recognised facility
- Sophisticated analytical laboratory with state-of-the-art equipment
- Develops advanced intermediates and patented chemistries, which undergo complex processes
- Cost-effective and eco-friendly processes
- Strong team of more than 40 qualified professionals including PhDs
- Dedicated R&D expenditure at approx. 1% of annual revenues

INNOVATION AT THE FOREFRONT

- Innovation leads to enhancement of competitiveness and expansion of product basket through new technologies / process improvements

Result: A robust business model that has helped achieve scale seamlessly.

Realignment of Business Verticals into Strategic Business Units

The Company's strategic management programme includes formulation and implementation of major goals and initiatives and sometimes even restrategising its businesses, based on adequate consideration of resources and an assessment of the internal and external environments in which it thrives.

In order to intensify its focus on individual businesses and drive accelerated growth in top and bottom lines, the Company has initiated the process of re-aligning its business verticals into three Strategic Business Units (SBU's).

Bulk Commodities & Chemicals (BCC)

This business segment is a high volume segment that comprises commodity chemicals. The primary focus of this segment is to leverage on the Company's cost leadership to enhance volumes and drive profits.

Fine & Speciality Chemicals (FSC)

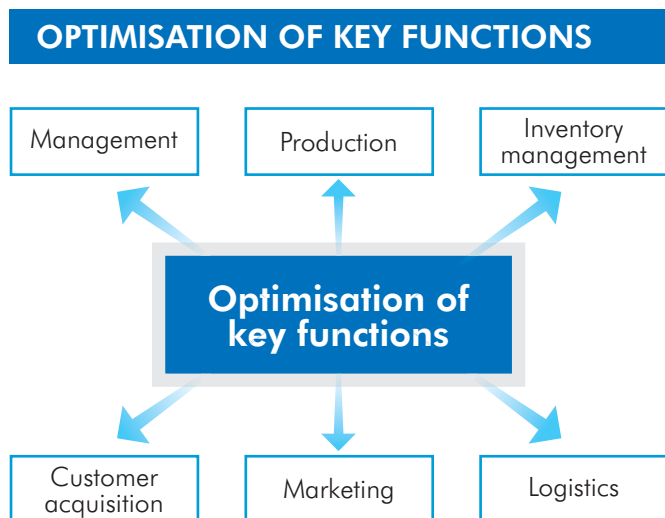
The FSC segment comprises niche products customised as per the clients' needs. The Company has been able to drive the performance of this segment through an emphasis on quality, safety, stability and sustainability of its operations and development of long-term relationships with customers.

Fluorescent Whitening Agent (FWA)

FWA is an application chemical which caters to end-product industries such as Paper, Detergents, Textiles etc. The strategy is to create a unique market position that will lead to a sizeable market share.

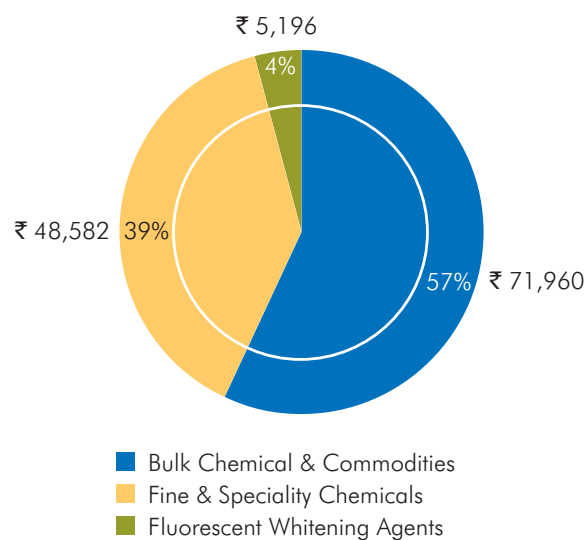
Restructuring has helped the Company to categorise synergistic products within common business units based on the nature of the product, supply economies and end-user applications. This has enabled it to streamline specific strategies, growth plans and optimise the performance of key functions in a focussed manner.





Revenue break-up - Based on proposed alignment of SBUs

(₹ in Lacs; percentage of topline)



The SBU's are being aligned in a manner that ensures customised planning, marketing and strategic approaches.



Numbers celebrate our strategy

A de-risked business model, backed by state-of-the-art facilities and an ability to maintain customer relationships provides a springboard to scale greater heights. This, combined with an ability to innovate, has a far-fetching impact on the revenue cycle of the Company.

The Company's strategy has translated into robust topline growth from ₹ 1,019 crores in FY 2012-13 to ₹ 1,270 crores in FY 2013-14.

An ability to invest in the right direction has yielded rewards with a strong visible growth in revenues of 25%, which is a new benchmark, the Company has set for itself.

The escalation was led by an increased stability in volumes, changes in product mix, improved blended realisation and deeper customer engagements.

The topline growth was well distributed with a balance in domestic and export markets which helped the Company de-risk itself from a downturn in any one particular market.



Healthy profitability distinguishes its winning strategy

EBITDA grew to ₹ 114 crores in FY 2013-14 with a margin of 8.93% and PAT grew to ₹ 38 crores in FY 2013-14, recording a margin of 3.01%.

The improved profitability has been led by favourable demand trends and stable volumes in some product categories with higher realisations. In other categories where realisation has been stable, the volume growth has been robust, vindicating the Company's growth-focussed strategies.

61:39

Ratio of sales from domestic and export markets

Out of total topline of ₹ 1,270 crores, ₹ 769 crores came from the domestic market and ₹ 501 crores from the export markets.

82%

EBITDA increased from ₹ 73 crores in FY 2012-13 to ₹ 114 crores in FY 2013-14, an increase of 56%.

Upon exclusion of the post part commissioning expenses of the Dahej facility, the same growth rises to 82%. The Company has largely benefited from the consolidation in raw material prices, an improved product mix and higher efficiencies.

93%

Profit After Tax increased to ₹ 38 crores in FY 2013-14 compared to ₹ 32 crores in FY 2012-13.

However, if the impact of Dahej plant is ignored, the growth rate was clocked at 93% compared to the previous year.

The improved profitability of the existing businesses has been led by the benefits from the operating leverage which, in turn has led to an improvement in the product mix and augmentation of overall business efficiencies.

Winning with superior quality, scaling benchmarks

Superior quality and scaling benchmarks has been the Company's strategy. Deepak Nitrite uses quality as a way to forge long-standing relationships with its customers and drive trust. The result is that today, the word quality has become synonymous with Deepak Nitrite. The Company has embedded global standards of quality into its products, processes, operations and manufacturing facilities. The facilities are constantly upgraded, products designed and manufactured to meet up with stringent global quality norms.



STRICT QUALITY CONTROL

- Reduced manual intervention through automated storage facilities for raw material and finished products.
- Quality verification via tools such as Design Qualification (DQ), Installation Qualification (IQ) and Operational Qualification (OQ).
- Well-maintained data of all tests, result deviations, investigations and Corrective and Preventive Action (CAPA Model) taken.
- Regular quality audits carried out by in-house quality team, third party sources and customers.
- Pre-registered products, under European 'REACH' legislation adhering to highest global quality standards.
- ISO 9001:2008 Certification.



Winning the safety battle with preparedness, perseverance and scaling standards

Given the fact that the Company deals with a lot of hazardous chemicals and processes, safety of its people, infrastructure and environment is an obsession. Deepak Nitrite has fought this battle with preparedness and perseverance by constantly scaling up standards of safe practices.

A resolute focus on the safety is implemented on ground through initiatives that have been undertaken for improving its preparedness, implementing safety technology, its training and promotion of safe work practices as well as infrastructural measures to limit incidents and prevent them from occurring. Safety is not a discrete practice but integral to our everyday functions.



SAFETY DRIVERS

- Emergency preparedness through drills and pre-tests.
- Emergency relief valves designed in line with API - 520 & API - 521 standards.
- Regular safety studies like HAZOP studies and safety inspections.
- Safety training for employees, contractors and their employees.
- Regular medical check-ups and use of personnel protective equipment.
- Fire hydrant system with adequate reservoir capacity.
- Each plant equipped with occupational health centre, dedicated ambulance and medical staff.
- Tie-up with nearby hospitals to manage emergency situations.
- OHSAS 18001 : 2007 Compliant.



Winning the environment conundrum, scaling our green practices

Responsible Chemistry is a term that defines Deepak Nitrite. The Company is committed to deliver the benefits of industrial chemistry with zero downside to the environment.

The Company believes that its operations should not come at a cost to the environment. To this end, the Company is committed to stringent global environmental standards, and is focussed on creating an eco-conscious culture in employees who have been instrumental in adopting green measures in everyday processes and product manufacturing.



REINFORCEMENT OF OUR ENVIRONMENTAL COMMITMENT

- Adherence to best global practices and stringent environmental norms.
- Monitoring the quality of ambient air, effluents and emissions.
- Focus on minimising the generation of liquid / gaseous waste streams.
- Waste heat recovery, safe disposal and upcycling.
- Established effluent treatment plants at all facilities.
- Emphasis on controlled usage of reactants, closed loops operations and automation.
- Regular internal and external audits to monitor Environment, Health & Safety standards.
- Constant R&D efforts to minimise environmental impact.
- A dedicated cell responsible towards continual conservation of energy and improvisation in process yields and product quality.
- ISO 14001 : 2004 Accreditation.

Responsible Care Initiative

The Company is a signatory to the Worldwide Responsible Care Initiative. All efforts are directed towards conservation of resources and process innovations that convert waste streams into saleable products and prevent pollution.

In recognition of the above, the Company was conferred with the Certificate of Merit in the Best Compliant Company category for the Pollution Prevention Code under the Responsible Care.

This certificate was awarded on account of Company's various efforts:

- To conserve energy
- To improve process yields
- To improve product quality in order to ensure that resources are optimally utilised and the impact on the environment is minimal



We are sensitive
to preserve
smallest species.
We follow
eco footprints.

Surpassing the most stringent global environmental standards has been a key ingredient of our business chemistry. We not only adhere to the statutory norms but embrace a holistic approach towards environmental protection. We identify opportunities to conserve natural resources by embedding an eco-conscious culture in our people, adopting green measures in our everyday processes and innovating environmentally-friendly products.



Deepak Nitrite Limited, is a preferred business partner of chemical majors worldwide in Pharma, Rubber, Colourants, Agrochemicals, Imaging chemicals and Optical Brighteners. We are a multi-division and multi-product company. Our manufacturing expertise encompasses hydrogenation, nitration, chlorination, sulfonation, alkylation, halogenation and so on. Ours is a Responsible Care company having ISO & OHSAS certifications.

Beyond business

Deepak Nitrite works with a deep sense of social commitment and contributes generously towards the welfare of the society that it is part of. The Company's concerns are focussed on Women and Child Welfare, Integrated Livelihood Promotion, Disaster Relief and Rehabilitation and Integrated Child Development. Through Deepak Foundation, the Group's charitable trust, the Company supports the development of communities through social interventions spanning over 1,500 villages in Gujarat.



Some of the CSR initiatives undertaken during FY 2013-14 are:

Activities at Medical Centre - Nandesari

Health camp: A health camp was organised on September 20, 2013 at Deepak Medical Foundation Hospital premises. The camp featured OPD services which included gynaecology, ophthalmic, orthopaedic, dermatology and general physician advice on dietary intake. Total 263 beneficiaries including community people from adjoining villages, Anganwadi workers of 40 ICDS centres, employees and workers of industries took advantage of the health camp.

Inauguration of Newborn Intensive Care Unit (NICU): With the aim of providing special care and treatment to the premature and high risk neonates, Deepak Medical Foundation has initiated a Newborn Intensive Care Unit (NICU) at its premises. The unit is fully equipped with the latest equipment and personnel to provide high standard of care to the newborn.

Health camp at Angadh village: As part of Deepak Foundation's commitment to serve the community, it organised a health camp on October 2, 2013 at the primary school in village Angadh of Nandesari block. The event witnessed participation of about 417 beneficiaries of Angadh and its adjacent villages.



Activities at Occupational Health Centre - Nandesari

Driver's eye check-up camp: On September 17, 2013, Deepak Foundation celebrated "Driver Day" by organising eye check-up camp for drivers of Nandesari industries at Deepak Medical Foundation, Nandesari. 33 drivers from various industries made the most of the camp and got their eyes checked-up.

Senior Functionaries of Industries Workshop-cum-Meeting: With the aim to understand basic needs of the industry, Deepak Medical Foundation and Nandesari Industrial Association jointly organised a one day meet on October 5, 2013. The meet witnessed the participation of about 40 industrial representatives of Nandesari Industrial area.

Industrial Training on Personal Protective Equipment (PPE): Training on Personal Protective Equipment was organised on October 30, 2013. Employees (37) and workers of five different companies received a demonstration of PPE and were instructed on the importance of each PPE.

General health camps: Around 200 beneficiaries including people from adjoining villages, Anganwadi workers, employees and workers from industries took advantage of this health camp.

Medical check-ups of Industries: To date, these medical check-ups have been administered to 538 employees/workers from 13 industries.

Activities through the Integrated Child Development Scheme - Nandesari

Periodic health check-ups of Anganwadi Children: In the month of March 2014, eight health check-up covering a total of 359 children were conducted by doctors of the Foundation. Beyond diagnosing diseases, medicines were provided and referrals were made for severely malnourished and complicated cases to the Deepak Medical Foundation Hospital and other equipped health facilities.

Play-way approach: The play-way approach, which was adopted for conducting preschool activities, was planned and implemented in collaboration with the Faculty of Family and Community Sciences, MS University of Baroda. The Foundation appointed 40 local women as preschool teachers in the Anganwadi Centres to take up these activities.

Vatsalya Diwas: Vatsalya day was celebrated on every Thursday in the month of January, May and September. This day was celebrated to provide key information regarding nutritional requirements and care to be taken at different stages by women before and after pregnancy and during nursing. Gifts in the form of toys were given to mothers and Shreefal and Sakar were given to first time pregnant women, while napkins were presented to nursing mothers and food to beneficiaries.



ECCE Diwas: ECCE day is celebrated every month and on this day, children whose growth was monitored and nurtured were presented with awards. The parents of 3 to 6-year-old children were provided with counselling. Competitions like 'Clean Child', 'Drawing', Today's Rose were held along with other pre-school activities.

Livelihood Promotion Activities:

Improving Computer Literacy among Women Self-Help Group members: Recognising computer skills as the need of the day, the Foundation started computer classes at the Deepak Medical Foundation training hall. The Company pitched in by providing laptops for the class and providing other infrastructure and operational cost support as a part of CSR activities.



English Language Skill Development: Many students are not able to pursue with their higher studies because they lack in English language skills. The Foundation decided to take up the onus of supporting students by improving their English language skills.

Conducting Training of English Teachers (ToT): The District Education Officer was approached for mobilising English teachers from nearly 20 schools in Vadodara rural and Savli blocks for holding Training of Trainers. A Teachers' Training Programme for English language teaching was organised from February 10 to 15, 2014.

Activities towards empowering youth in rural areas by increasing computer literacy, Bharuch District:

Deepak Foundation in partnership with Jan Kalyan Computer Saksharta Mission set-up computer centres, each with at least eight computers and suitably qualified full time staff. These centres impart a 3-month basic education in Information Technology to school students and school leavers, leading to a qualification, "Certificate in Computer Science (CCC & CCA)".



Mobile Health Unit in Interior Areas of Dahej Industrial Area, Bharuch District:

Realising the inadequate level of health facilities available for the people of Dahej, a Mobile Health Unit (MHU) was initiated in November 2013 to ensure delivery of quality general healthcare services to this vulnerable segment of population living in Vagra Taluka of Dahej Industrial area. The project aims at bringing about a change in the health-seeking behaviour of people living in rural communities.

Revitalising our social endeavour

In recognition of the Company's outstanding efforts towards its social endeavours, Indian Chemical Council (ICC) conferred a Certificate of Merit for Social Responsibility 2012, in the current year.



ICC Award received by Dr. Jai Pawar of Deepak Foundation and Shri Puran Singh Bisht of Deepak Nitrite Ltd., from Dr. A. J. V. Prasad, Jt. Secretary, Dept. of Chemicals & Petrochemicals, Government of India.



ICC Award Trophy



Contribution cheque handed over to Vadodara Collector for Uttarakhand Relief Fund.

Embracing the human capital

During the year gone by, as in the past, the Company attributes its stellar performance to the efforts and initiatives taken by its pool of human resources. Deepak Nitrite values its people, both for their individuality and contribution to growth and they are, therefore, considered the most valuable assets of the Company. Accordingly, the Company works towards boosting their morale and upgrading their skills so that they maximise their potential and productivity levels, which in turn benefits the Company as well. The Company focusses on enhancing work environment, both at the factories and office spaces, ensuring that it is constantly stimulating and nurturing.

Deepak Nitrite lays great emphasis on retention of employees as it values its human talent. To that regard, it reported retention levels

which are greater than industry standards. The Company invests in human resource intangibles from time to time by providing on-the-job training, inhouse and external training programmes and workshops related to technical/functional, behavioural/general and health, safety and general environment, ISO certification standards, etc., which enhance employee productivity. Competitive remuneration is awarded to employees on a timely basis and the Company ably maintained amicable industrial relations at all plants in FY 2013-14. Last, but not the least, safety at the manufacturing units and overall health of all employees is always a priority for the Company.

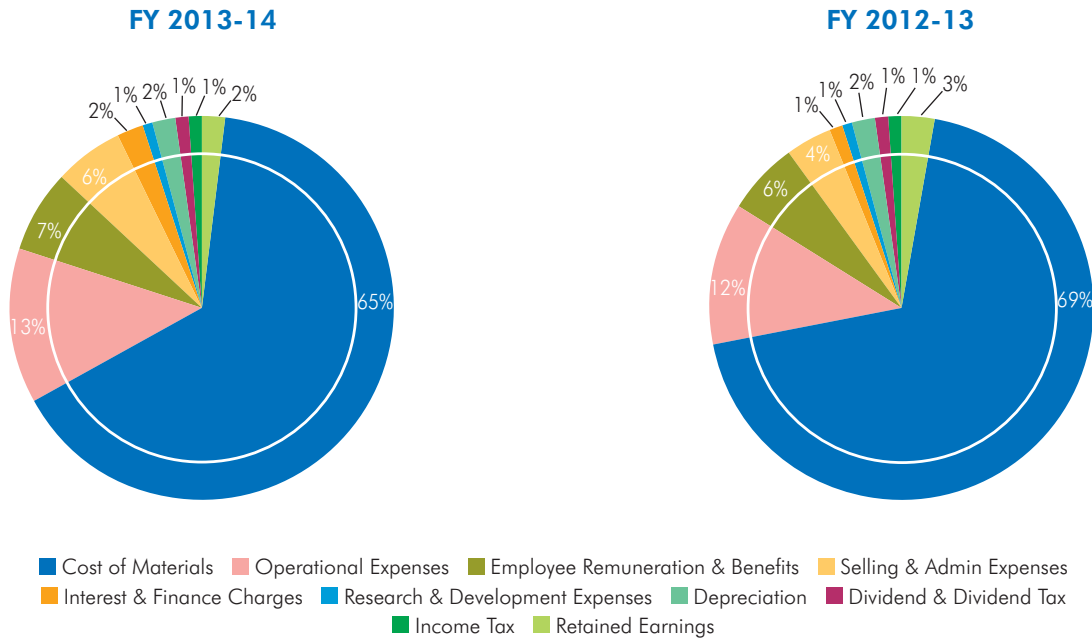




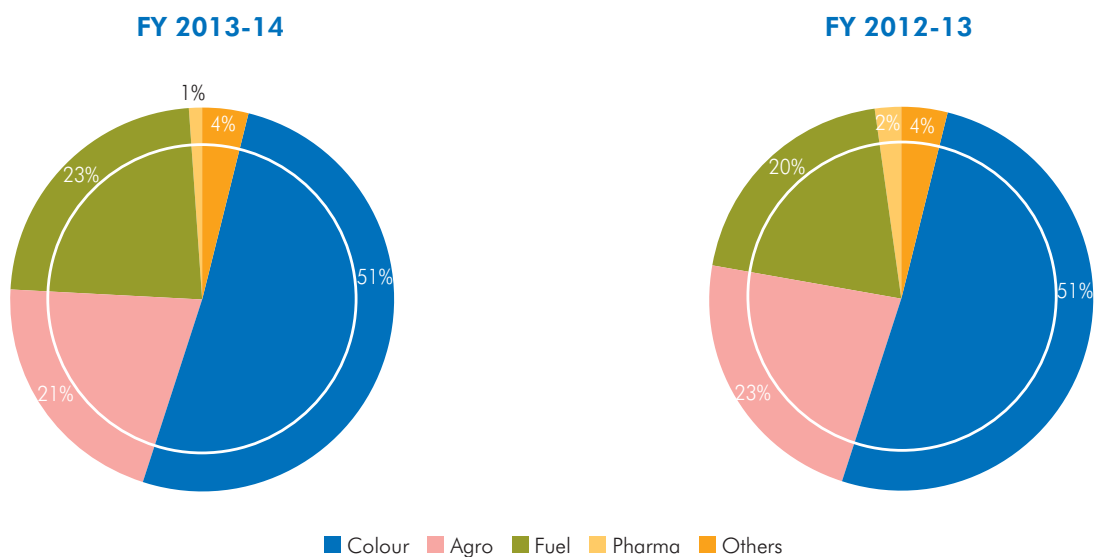
At a different level, to foster a sense of belonging, the Company organises employee engagement activities. These include sporting events such as volley ball, football and cricket tournaments and musical events and talent competitions. Further, various festivals are celebrated together to promote a spirit of belonging and fun at the workplace. In addition, various HR activities are conducted throughout the year to keep the employees bonded and refreshed at the workplace.

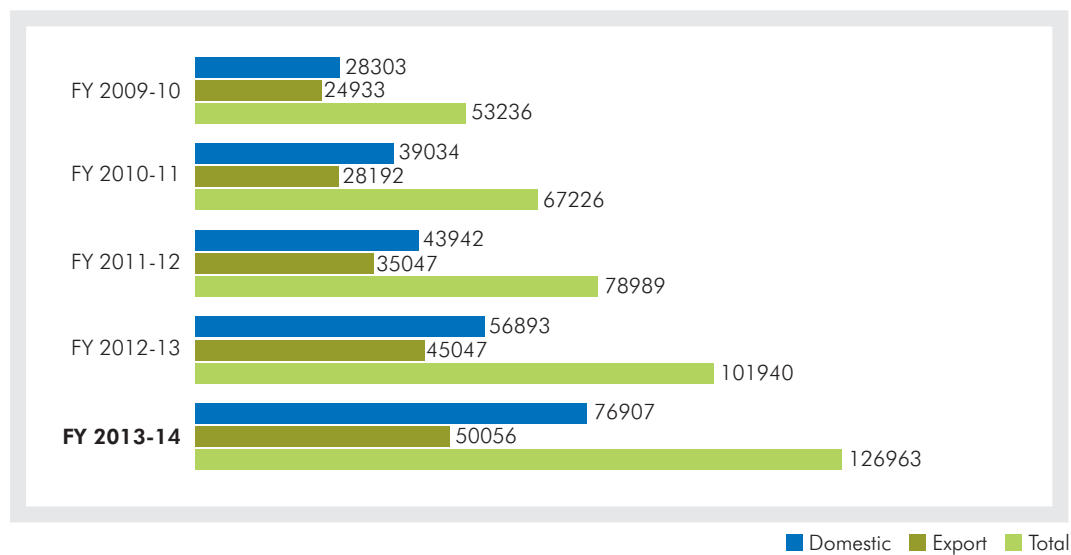
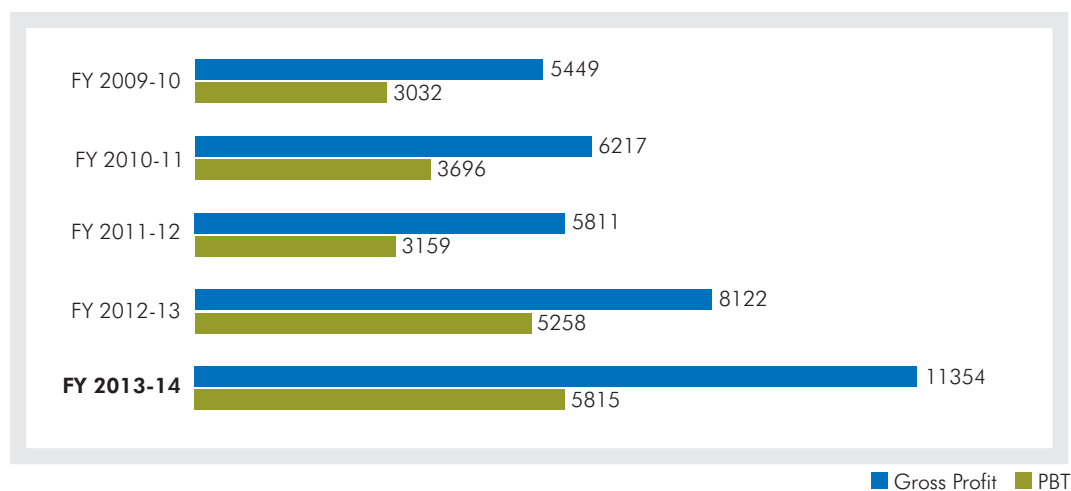
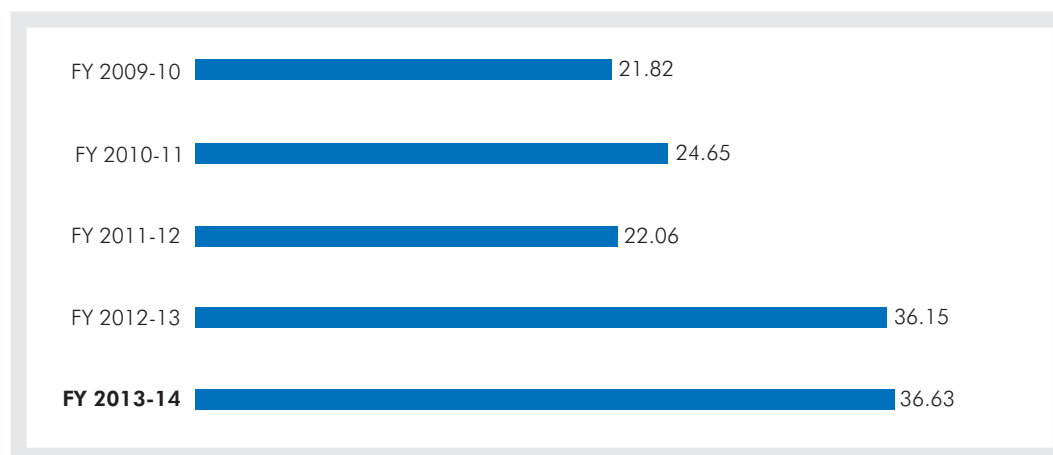
Financial Highlights

FUNDS OUTFLOW



APPLICATION-WISE SALES



REVENUE (₹ in Lacs)

PROFIT/PBT (₹ in Lacs)

EPS (₹)


Financial Highlights for the last Ten Years

Sr. No.	Particulars	UOM	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
1	Total Income	₹ in Lacs	127140	103010	79273	67742	54646	58289	47213	45218	35381	32902
	YoY Growth	%	23.42	29.94	17.02	23.97	(6.25)	23.46	4.41	27.80	7.54	13.33
2	EBIDTA	₹ in Lacs	11354	8122	5811	6217	5449	7838	3848	6619	4259	3399
3	Profit/(Loss) Before Taxation	₹ in Lacs	5815	5258	3159	3696	3032	4286	674	3790	2045	1487
	Percentage to Total Income	%	4.57	5.10	3.98	5.46	5.55	7.35	1.43	8.38	5.78	4.52
4	Profit/(Loss) After Taxation	₹ in Lacs	3833	3782	2308	2580	2001	2828	702	3568	1414	1006
	Percentage to Total Income	%	3.01	3.67	2.91	3.81	3.66	4.85	1.49	7.89	4.00	3.06
5	Equity	₹ in Lacs	1045	1045	1045	1045	1045	896	896	896	598	598
6	Net worth	₹ in Lacs	30752	28060	25278	23791	21944	19064	16765	16518	9010	7909
7	Debt	₹ in Lacs	50504	*33546	17096	5958	9256	8955	13502	17045	13393	13046
8	Dividend on Equity Capital	₹ in Lacs	1045	837	628	628	523	448	359	359	359	239
	Percentage	%	100	80	60	60	50	50	40	40	40	40
9	EPS	₹	36.63	36.15	22.06	24.65	21.82	31.55	7.84	40.58	23.63	16.81
10	Book Value	₹	294	268	242	235	210	213	187	184	151	132
11	Net Debt/ Equity Ratio	%	164.23	119.55	67.63	25.04	30.33	46.97	80.54	103.19	148.66	164.95

* Excludes Deposit with Banks amounting to ₹ Nil (Previous year ₹ 570 lacs).

UOM - Unit of Measurement.

NOTICE

NOTICE is hereby given that the Forty Third Annual General Meeting of the Company will be held at Hotel Surya Palace, Opposite Parsi Agiyari, Sayajigunj, Vadodara – 390 005 on Friday, the August 8, 2014 at 10:30 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at, and the Statement of Profit and Loss for the financial year ended March 31, 2014, together with the Directors' Report and the Auditor's Report thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Chimanlal K. Mehta (DIN 0028289), who will retire by rotation at this Annual General Meeting and, being eligible, has offered himself for re-appointment.
4. 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 pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. B. K. Khare & Co., Chartered Accountants (Firm Registration No. 105102W), be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of forty-sixth Annual General Meeting of the Company, subject to ratification by the shareholders annually, at a remuneration to be decided by the Board of Directors and agreed by the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS

5. **Appointment of Shri Nimesh Kampani (DIN: 00009071) as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV and all other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Nimesh Kampani (DIN 00009071), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of

whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years upto August 7, 2019."

6. **Appointment of Shri Sudhin Choksey (DIN: 00036085) as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV and all other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Sudhin Choksey (DIN 00036085), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years upto August 7, 2019."

7. **Appointment of Shri Sudhir Mankad (DIN 00086077) as an Independent Director of the Company**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV and all other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Sudhir Mankad (DIN 00086077), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years upto August 7, 2019."

8. **Appointment of Dr. Richard Helmut Rupp (DIN 02205790) as an Independent Director of the Company**

To consider and if thought fit, to pass with or without

modification(s), the following Resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and all other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Richard Helmut Rupp (DIN 02205790), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years upto August 7, 2019.”

9. **Appointment of Shri Sandesh Kumar Anand (DIN 00001792) as an Independent Director of the Company**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and all other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Sandesh Kumar Anand (DIN 00001792), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years for a term upto August 7, 2019.”

10. **Appointment of Dr. Swaminathan Sivaram (DIN 00009900) as an Independent Director of the Company**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule IV and all other applicable provisions of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing

Agreement, Dr. Swaminathan Sivaram (DIN 00009900), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years upto August 7, 2019.”

11. **Re-appointment of Shri Deepak C. Mehta (DIN: 00028377) as Vice Chairman & Managing Director for further period of 5 years**

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

“RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded to the re-appointment of Shri Deepak C. Mehta (DIN: 00028377) as Vice Chairman & Managing Director of the Company, for a period of 5 (five) years with effect from December 14, 2013, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting and Agreement entered into between the Company and Shri Deepak C. Mehta, a copy of which is placed before this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board) be and is hereby authorized to alter and/or vary the terms and conditions of the said re-appointment including remuneration payable to Shri Deepak C. Mehta in such manner as may be agreed between the Board and Shri Deepak C. Mehta and within the limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits of the Company in any financial year, during the term of Shri Deepak C. Mehta, the Company shall pay to Shri Deepak C. Mehta 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 as set out in Section II of Part II of Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force) or such other limits as may be prescribed by the Central Government from time to time as a “minimum remuneration.”

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute

all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

12. To approve the holding of office or place of profit by a Relative of the Vice Chairman & Managing Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the Company be and is hereby accorded for Shri Maulik D. Mehta, son of Shri Deepak C. Mehta, Vice Chairman & Managing Director of the Company, to continue to hold an office or place of profit under the Company as Associate Vice President or such other designation in the Senior Management Cadre at a remuneration of ₹ 40,60,000/- (Rupees Forty Lacs Sixty Thousand only) per annum with annual increments as per policy of the Company, and that the terms and conditions of his appointment will be governed by rules and regulations of the Company, which are applicable to the employees of his level.

RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

13. To approve the appointment of a Relative of the Vice Chairman & Managing Director of the Company to hold an Office or Place of Profit in the Company

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

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the Company be and is hereby accorded for the appointment of Shri Meghav D. Mehta, son of Shri Deepak C. Mehta, Vice Chairman & Managing Director of the Company, to hold an office or place of profit under the Company as a Deputy General Manager or such other designation in the Senior Management Cadre effective from August 9, 2014 at a remuneration of ₹ 27,00,000/- (Rupees Twenty Seven Lacs only) per annum with annual increments as per policy of the Company, and that the terms and conditions of his appointment will be governed by rules and regulations of the Company, which are applicable to the employees of his level.

RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

14. To approve the payment of remuneration to Non-Executive Directors

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

“RESOLVED THAT pursuant to the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and those contained in the Listing Agreement with the Stock Exchanges, the Non-Executive Directors of the Company (i.e. directors other than Managing Director(s) and/or the Whole-time Director), be paid remuneration by way of commission, in addition to the sitting fees for attending the meetings of the Board of Directors or Committees thereof, every year for a period of five years with effect from April 1, 2014, as the Board of Directors may from time to time determine, not exceeding in aggregate 1% (one percent) of the net profits of the Company for each financial year, computed in the manner laid down in Section 198 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof), to be divided amongst them in such manner as the Board may, from time to time, determine.”

15. Adoption of new set of Articles of Association of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

16. To ratify the remuneration of the Cost Auditors for the Financial Year 2014-15

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

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 5,50,000 (Rupees Five Lacs Fifty Thousand only) to M/s. B. M. Sharma & Co., Cost Accountants (Firm Registration No. 00219), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2015, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Arvind Bajpai
Company Secretary

Registered Office:
9/10, Kunj Society,
Alkapuri, Vadodara – 390007

May 2, 2014

Notes:

1. A statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (the “Meeting”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY, IN ORDER TO BE VALID AND EFFECTIVE, SHOULD BE LODGED / DEPOSITED WITH THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.
3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
4. Members / Proxies are requested to bring duly filled Attendance Slip to attend the Meeting, along with their copy of Annual Report.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The relevant documents referred to in this Notice requiring the approval of the members at the Meeting shall be available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and Sundays, during business hours up to the date of the Meeting. This Notice and the Annual Report will also be available on the Company’s website www.deepaknitrite.com for download.
7. The Register of Members and Share Transfer Books of the Company will be closed from **Monday, August 4, 2014 to Friday, August 8, 2014** (both days inclusive).
8. The dividend as recommended by the Board of Directors, if approved at this Meeting, will be paid on or after August 11, 2014 as under :
 - (a) To all beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited as of the close of business hours on August 3, 2014.
 - (b) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on August 3, 2014.
9. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address/name, e-mail address, contact numbers, etc. to their Depository Participant (DP) 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.
10. Members holding shares in physical form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (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.
11. Members holding shares in physical form are requested to consider converting their shareholding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the

Company or the Company's Registrar & Share Transfer Agent for assistance in this regard.

12. Members seeking any information with regard to Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Meeting.
13. In terms of provisions of Section 124 of the Companies Act, 2013 (corresponding to Section 205A of the Companies Act, 1956), the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government. Accordingly, the unclaimed dividend in respect of financial year 2006-07 is due for transfer to the said Fund in September 2014. In terms of provisions of Section 124 of the Companies Act, 2013 (corresponding to Section 205C of the Companies Act, 1956), no claim shall lie against the Company or the said Fund for the amounts so transferred prior to March 31, 2014.
14. The Notice of the Annual General Meeting along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
15. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar & Share Transfer Agent / Depositories.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / Company's Registrar & Share Transfer Agent.
17. Information as required under Clause 49 (IV) (G) (i) of the Listing Agreement with the Stock Exchanges in respect of Directors being re-appointed / appointed is given below:

SHRI CHIMANLAL K. MEHTA

Shri Chimanlal K. Mehta is a promoter of the Company and is associated with it right from the inception of the Company. He is a well known industrialist having more than five decades of versatile experience in Chemical Trade and Industry and is also co-founder of Deepak Fertilisers and Petrochemicals Corporation Limited. He is the Chairman of the Company.

His other Directorships as on March 31, 2014 are as under:

- Deepak Novochem Technologies Limited • Blueshell Investment Private Limited • Sofotel Infra Private Limited • The Lakaki Works Private Limited • Storewell Credits & Capital

Private Limited • Deepak Asset Reconstruction Private Limited • Deepak Medical Foundation • Kawant Development Corporation • Deepak Research & Development Foundation.

He is not a Member or Chairman of any Committee of the Board of Directors of the companies of which he is a Director. Shri Chimanlal K. Mehta is holding 7,839 equity shares of ₹ 10/- each in the Company.

SHRI DEEPAK C. MEHTA

Shri Deepak C. Mehta is a Science Graduate from the University of Bombay. He is at the helm of affairs at Deepak Nitrite Limited for the last 35 years as its Managing Director and presently is the Vice Chairman and Managing Director of the Company. An active participant at industry forums, Shri Deepak C. Mehta has been the Chairman of the National Chemicals Committee at FICCI.

His other Directorship as on March 31, 2014 are as under:

- Deepak Novochem Technologies Limited • Deepak Clean Tech Limited • Deepak Cybit Private Limited • Grey Point Investments Private Limited • Skyrose Finvest Private Limited • Sundown Finvest Private Limited • Forex Leafin Private Limited • Pranawa Leafin Private Limited • Hardik Leafin Private Limited • The Lakaki Works Private Limited • Stiffen Credits and Capital Private Limited • Stigma Credits and Capital Private Limited • Stepup Credits and Capital Private Limited • Checkpoint Credits and Capital Private Limited • Sofotel Infra Private Limited • Deepak Research & Development Foundation • BAIF Institute for Sustainable Livelihood & Development • Kawant Development Corporation.

His Memberships/Chairmanships of the Committees of the Board (other than Deepak Nitrite Limited) as on March 31, 2014 are as under:

Audit Committee

Deepak Novochem Technologies Limited - Chairman

Remuneration Committee

Deepak Novochem Technologies Limited - Chairman

SHRI NIMESH KAMPANI

Shri Nimesh Kampani 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 across four decades, Shri Kampani has made invaluable contribution 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 Non-Executive Independent Director of the Company. His other Directorships as on March 31, 2014 are as under:

- J M Financial & Investment Consultancy Services Pvt Ltd • J.M Financial Limited • JM Financial Trustee Company Pvt. Ltd • JM Financial Institutional Securities Ltd • JM Financial Services Limited • Capital Market Publishers India Pvt. Ltd

- Kampani Consultants Limited • Apollo Tyers Limited • Britannia Industries Ltd. • KSB Pumps Limited

His Memberships/Chairmanships of the Committees of the Board (other than Deepak Nitrite Limited) as on March 31, 2014 are as under:

Audit Committee

- Britannia Industries Ltd - Member • KSB Pumps Ltd - Chairman • JM Financial Institutional Securities Ltd - Chairman • JM Financial Services Limited - Chairman

Remuneration/Nomination & Remuneration Committee

- JM Financial Ltd - Member • Britannia Industries Ltd - Member • JM Financial Institutional Securities Ltd - Chairman

Share Transfer & Shareholder's/ Investor's Grievance /Stockholder Relationship Committee

- Britannia Industries Ltd - Member • JM Financial Ltd - Member

CSR Committee

- JM Financial Ltd - Member • JM Financial Services Limited - Member • JM Financial Institutional Securities Ltd - Member

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

SHRI SUDHIN CHOKSEY

Shri Sudhin Choksey is a Fellow Member of the Institute of Chartered Accountants of India and is the Managing Director of GRUH Finance Limited. He has working experience of handling functional areas of finance, commercial and general management both in India and abroad. Shri Choksey is a Non-Executive Independent Director of the Company and also the Chairman of the Audit Committee and Member of Nomination & Remuneration Committee of Directors of the Company.

His other Directorships as on March 31, 2014 are as under:

- GRUH Finance Limited • Gujarat Ambuja Exports Limited • Hunnar Shaala Foundation for Building Technology and Innovations • Saath Livelihood Services

His Memberships/Chairmanships of the Committees of the Board (other than Deepak Nitrite Limited) as on March 31, 2014 are as under:

Audit Committee

- Gujarat Ambuja Exports Ltd - Chairman

Shareholder's/Investor Grievance/Stakeholder Relationship Committee

- GRUH Finance Limited - Member

Shri Choksey does not hold any shares in the Company.

SHRI SUDHIR MANKAD

Shri Sudhir Mankad, IAS (Retd.) holds Masters Degree in History from University of Delhi. He has served in various capacities both in Government of India and Government of

Gujarat. His last assignment was as Chief Secretary, Govt. of Gujarat. He has served as a Director/Chairman on the Board of several cement, power, fertilizer and finance companies.

Shri Sudhir Mankad is a Non-Executive Independent Director of the Company. He is also Member of Audit Committee and Chairman of the Remuneration & Nomination Committee and Corporate Social Responsibility Committee of Directors of the Company.

His other Directorships as on March 31, 2014 are as under:

- Bhavnagar Energy Company Limited • Gujarat International Finance Tec-City Company Limited • IL & FS Education & Technology Services Limited • IL & FS Skills Development Corporation Limited • GRUH Finance Limited • Navin Fluorine International Limited • Swaraj Engines Ltd • Mahindra Intratrade Limited • National Securities Depository Limited • National Multi Commodity Exchange of India Limited.

His Memberships/Chairmanships of the Committees of the Board (other than Deepak Nitrite Limited) as on March 31, 2014 are as under:

Audit Committee

- ILFS Skill Development Corporation Ltd - Chairman • Mahindra Intratrade Limited - Member • National Securities Depository Limited - Member

CSR Committee

- Swaraj Engines Limited - Member • Navin Fluorine International Limited - Member • Mahindra Intratrade Limited - Member • National Securities Depository Limited - Member

Shareholder's/Investor Grievance/Stakeholder Relationship Committee

- GRUH Finance Limited - Member

Shri Mankad does not hold any shares in the Company.

DR. RICHARD HELMUT RUPP

Dr. Rupp holds Ph.D in Chemistry from University of Karlsruhe, Germany, and has completed a programme for Executive Development, IMD at Lausanne, Switzerland. Dr. Rupp has held various top level positions in leading multinational companies such as Lonza (Switzerland), Hoechst AG (Germany) and Allessachemie (Germany). His focus has been 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.

Dr. Rupp does not hold any directorship in any other Indian company.

He is a Non-Executive Independent Director of the Company. He does not hold any shares in the Company.

SHRI SANDESH KUMAR ANAND

Shri Sandesh Kumar Anand is a Bachelor of Engineering (Chemical) from Delhi University and has done Petrochemical Course at I.I.P., Dehradun. He has also done advance course of Management at the Indian Institute of Management, Ahmedabad.

He has rich experience of around 42 years in the field of Project Management, Operations, Corporate Planning, Quality Management, Health, Safety, 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.

Shri Anand is a member of various committees and institutes like ICMA, Indian Institute of Chemical Engineers and Advisor to the Government of India on Health, Safety and Environment aspects on the organization for prevention of chemical weapons convention.

He is a Non-Executive Independent Director of the Company and member of the Audit Committee of Directors of the Company. His other Directorships as on March 31, 2014 are as under:

• Sunrise Private Limited • Paramount Environment Private Limited.

He is not a Member / Chairman of the Committees of the Board in any other company.

He does not hold any shares in the company.

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, USA. He is also the Research Associate from The Institute of Polymer Science, University of Akron, Ohio, USA.

He is a scientist of distinction, having held leadership roles in R&D, in both, industry and academia. Dr. Sivaram has over forty years of experience in research in polymer synthesis, high performance polymers and surface chemistry of polymers. He has received wide recognition for his scientific contributions with several awards and honours. He is an elected Fellow of all learned academies of science and engineering in India. The President of India honoured him with “Padma Shri” in 2006 for his outstanding contributions in the field of science, technology and institution building. He has authored over two hundred peer reviewed scientific publications, authored/edited three books and is cited as an inventor in fifty US patents and forty seven Indian patents.

He is a Non-Executive Independent Director of the Company and member of the Corporate Social Responsibility Committee of Directors of the Company.

His other Directorships as on March 31, 2014, are as under:

• Asian Paints Limited • Apcotex Industries Limited • GMM Pfaudler Limited • Entrepreneurship Development Centre • CSIR Tech Private Limited.

His Memberships/Chairmanships of the Committees of the Board (other than Deepak Nitrite Limited) as on March 31, 2014 are as under:

Audit Committee

• GMM Pfaudler Ltd - Member

Remuneration/Nomination & Remuneration Committee

• Apcotex Industries Ltd - Member • GMM Pfaudler Ltd - Member

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

18. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rules framed thereunder and Clause 35B of the Listing Agreement as amended vide SEBI Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

The instructions for members for voting electronically are as under:-

(A) In case of members receiving e-mail from NSDL:

1. Open the attached PDF file “DNL E-voting.pdf” giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password. The said PDF file contains your “User ID” and “Password” for E-voting. Please note that the password is an initial password.
2. Open your web browser during the voting period and log on to the E-voting website <https://www.evoting.nsdl.com/>
3. Click on “Shareholders” tab to cast your vote.
4. If you are already registered with NSDL for e-voting then you can use your existing User ID and Password.
5. If you are logging in for the first time, please enter the User ID and password provided in the PDF file attached with the e-mail as initial password and Click Login.
6. Password Change menu appears. Change the initial password with new password of your choice. The new password has to be a minimum eight digits / characters or a combination thereof. Note the new password. Kindly note that this password is to be used by the holders for voting for resolution of any other company on which they are eligible to vote, provided that the company opts for E-voting through NSDL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
7. Home page of “E-voting” opens. Click on “E-voting”: Active Voting Cycles.

8. Select "EVEN" of Deepak Nitrite Limited (i.e the Electronic Voting Event Number), from the drop down menu.
9. Now you are ready for "E-voting" as "Cast Vote" page opens.
10. Then cast your vote by selecting appropriate options and click on "SUBMIT" and also "CONFIRM" when prompted. Once you CONFIRM your vote on the resolution, you will not be allowed to modify your vote.
11. Upon confirmation, the message "Vote cast successfully" will be displayed.
12. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at dinesh.joshi@kanjcs.com with a copy marked to evoting@nsdl.co.in.
13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) – Shareholders and e-voting user manual – Shareholders, available at the downloads section of www.evoting.nsdl.com

(B) In case a Member receives physical copy of the Notice of Annual General Meeting (for Members whose email addresses are not registered with the Company / Depositories:

- i) User ID and Initial password is provided in the E-Voting Form being sent with the Annual Report
- ii) Please follow all steps from Sl no. (2) to Sl no. (10) above, to cast vote.

(C) Other instructions:

- i) The e-voting period commences on Saturday, August 2, 2014 (9:00 a.m) and ends on Monday, August 4, 2014 (6:00 p.m.). During this period, members of the Company, holding shares either in physical form or dematerialized form, as on July 4, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Members, he shall not be allowed to change it subsequently.
- ii) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on July 4, 2014.
- iii) Shri Dinesh Joshi, Partner, M/s. KANJ & Associates,

Company Secretaries, Pune (Membership No. FCS 3752) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.

- iv) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman or Vice Chairman & Managing Director of the Company.
- v) Members who do not have access to e-voting facility may request a physical Ballot Form from the Company. Members are required to fill in the Ballot Form and enclose it in a sealed envelope and send it to the Scrutinizer. Unsigned, incomplete or incorrectly ticked forms shall be liable to be rejected. The Ballot Form must be received by the Scrutinizer on or before August 4, 2014 (6:00 p.m.) at M/s. KANJ & Associates, Company Secretaries, 3-4, Aishwarya Sankul, Survey No.17 G.A. Kulkarni Path, Opp. Joshi's Railway Museum, Kothurd, Pune - 411 038.

The Scrutinizers decision on the validity of the Ballot Forms shall be final.

A member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a member casts vote by both modes, then the voting done through e-voting shall prevail and Ballot shall be treated as invalid.

- vi) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.deepaknitrite.com and on the website of NSDL www.evoting.nsdl.com within two days of the passing of the resolutions at the 43rd Annual General Meeting of the Company on August 8, 2014 and will also be communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

By Order of the Board of Directors

Registered Office:
9/10, Kunj Society,
Alkapuri, Vadodara – 390007
May 2, 2014

Arvind Bajpai
Company Secretary

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following Statements sets out all material facts relating to the Special Business mentioned in the accompanying Notice.

Item Nos. 5 to 10

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, appointed Shri Nimesh Kampani, Shri Sudhin Choksey, Shri Sudhir Mankad, Dr. Richard Helmut Rupp, Shri Sandesh Kumar Anand and Dr. Swaminathan Sivaram, as Independent Directors at various times, in compliance with the requirement of the said Clause.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act"), which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Shri Nimesh Kampani, Shri Sudhin Choksey, Shri Sudhir Mankad, Dr. Richard Helmut Rupp, Shri Sandesh Kumar Anand and Dr. Swaminathan Sivaram, Non-Executive Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being recommended for a term of 5 (five) consecutive years upto August 7, 2019 and placed before the Members for approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Shri Nimesh Kampani, Shri Sudhin Choksey, Shri Sudhir Mankad, Dr. Richard Helmut Rupp, Shri Sandesh Kumar Anand and Dr. Swaminathan Sivaram, respectively, are concerned or interested in the Resolutions of the accompanying Notice relating to their own appointment.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolutions as set out at Item Nos. 5 to 10 of the Notice for approval by the members.

Item No.11

The Board of Directors of the Company at their meeting held on October 31, 2013, has approved, subject to the approval of

Members, re-appointment of Shri Deepak C. Mehta as the Vice Chairman and Managing Director of the Company for a further period of 5 (five) years with effect from December 14, 2013 at the remuneration recommended by the Remuneration Committee (renamed as Nomination and Remuneration Committee) of the Board and approved by the Board.

The broad particulars of the terms of re-appointment of and remuneration payable to Shri Deepak C. Mehta are as under:

- (a) The remuneration comprising of Salary, Allowance, Perquisites and other benefits payable to Shri Deepak C. Mehta, as Vice Chairman & Managing Director shall be ₹ 6,00,000/- (Rupees Six Lacs only) per month or ₹ 72,00,000/- (Rupees Seventy Two Lacs only) per annum.
- (b) In addition to the remuneration as stated in (a) above, Shri Deepak C. Mehta shall also be paid a Commission, calculated with reference to the Net Profits of the Company in a particular Financial Year, as may be determined by the Board of Directors, subject to the overall ceiling stipulated in Section 197 read with Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) ("the Act").
- (c) Shri Deepak C. Mehta shall be entitled to the following Perquisites / Allowances:
 - (i) Housing: Rent free furnished residential accommodation. In case no accommodation is provided by the Company, Shri Deepak C. Mehta shall be paid house rent allowance as may be decided by the Board of Directors.
 - (ii) Re-imbursement of gas, electricity, water charges and furnishings.
 - (iii) Re-imbursement of medical expenses incurred for self and members of his family, as per rules of the Company.
 - (iv) Leave travel concession for self and members of his family, as per rules of the Company.
 - (v) Fees of clubs subject to maximum of two clubs.
 - (vi) Medical insurance, as per rules of the Company.
 - (vii) Personal Accident Insurance, as per rules of the Company.
 - (viii) Provision of car and telephone at residence.
 - (ix) Company's contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave, as per rules of the Company.
 - (x) Retirement and other benefits, as per rules of the Company.
- (d) The aggregate remuneration inclusive of Salary, Commission, Perquisites and other benefits payable to Shri Deepak C.

Mehta, shall always be subject to the overall ceilings laid down in Sections 197 read with Schedule V of the Act.

- (e) The aforesaid remuneration payable to Shri Deepak C. Mehta shall be reviewed by the Board after close of each Financial Year, and based on the Profits made by the Company in that Financial Year, Shri Deepak C. Mehta shall be paid such enhanced remuneration as the Board may decide subject to the ceiling limits specified in Section 197 and other applicable provisions of the Act read with Schedule V of the Act.
- (f) Shri Deepak C. Mehta shall not be entitled to sitting fees for attending meetings of the Board or any Committee thereof.
- (g) Shri Deepak C. Mehta, as Vice Chairman and Managing Director shall perform such duties and exercise such powers bestowed on him or as may from time to time be assigned to him by the Board of Directors of the Company.
- (h) Shri Deepak C. Mehta shall not be liable to retire by rotation as Director of the Company.

Shri Deepak C. Mehta satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Sub-Section (3) of Section 196 of the Act for being eligible for re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

A copy of the Agreement entered into between the Company and Shri Deepak C. Mehta is open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Shri Deepak C. Mehta and his relatives Shri Chimanlal K. Mehta and Shri Ajay C. Mehta are interested in the resolution set out at Item No. 11 of the Notice, which pertains to the re-appointment and remuneration payable to Shri Deepak C. Mehta.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Ordinary Resolution set out at Item No. 11 of the Notice for approval by the members.

Item No. 12

The shareholders at the 40th Annual General Meeting of the Company held on August 5, 2011, approved the appointment of Shri Maulik D. Mehta, son of Shri Deepak C. Mehta, Vice Chairman & Managing Director of the Company, to hold an office or place of profit under the Company as Product Head in Senior Management Cadre effective from August 6, 2011 on such terms and conditions including remuneration as may be decided by the Board of Directors or Committee thereof provided that the total monthly remuneration payable to Shri Maulik D. Mehta shall always be less than ₹ 2,50,000/-.

The said appointment was made under the provisions of Section 314 (1B) of the Companies Act, 1956 and Rules made thereunder.

With the enactment of Companies Act, 2013, prior approval of the Members is required under Section 188 of the Companies Act, 2013 for the appointment of a relative of director to an office or place of profit in the Company at a monthly remuneration exceeding ₹ 2,50,000/-.

It is proposed that Shri Maulik D. Mehta, who is already holding office or place of profit under the Company, continue to hold office or place of profit under the Company with the enhanced remuneration of ₹ 40,60,000/- per annum, i.e. total monthly remuneration exceeding ₹ 2,50,000/-. Accordingly, approval of members is being sought for the same.

Shri Maulik D Mehta, aged 31 years, has done Bachelors of Business Administration from University of Liverpool, UK. He has also done Master in Industrial and Organizational Psychology from Columbia University, USA.

Particulars as required under Rule 15 of the Companies (Meetings of Board and Its Powers) Rules, 2014:

Name of the Related Party	Shri Maulik D. Mehta
Name of the Director or Key Managerial Personnel who is related, if any	Shri Chimanlal K. Mehta, Chairman, Shri Deepak C. Mehta, Vice Chairman & Managing Director and Shri Ajay C. Mehta, Managing Director
Nature of relationship	Grandson of Shri Chimanlal K. Mehta, son of Shri Deepak C. Mehta and nephew of Shri Ajay C. Mehta
Nature, material terms, monetary value and particulars of contract or arrangement	Continue to hold office or place of profit as Associate Vice President or such other designation in the Senior Management Cadre at a remuneration of ₹ 40,60,000/- (Rupees Forty Lacs Sixty Thousand only) per annum with annual increments as per policy of the Company and that the terms and conditions of his appointment will be governed by rules and regulations of the Company, which are applicable to the employees of his level.

A copy of the draft of letter of appointment of Shri Maulik D. Mehta is open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Shri Chimanlal K. Mehta, Shri Deepak C. Mehta and Shri Ajay C. Mehta are interested in the resolution set out at Item No. 12 of the Notice.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Special Resolution set out at Item No. 12 of the Notice for approval by the members.

Item No. 13

The Company wishes to appoint Shri Meghav D. Mehta, son of Shri Deepak C. Mehta, Vice Chairman & Managing Director of the Company, as a Deputy General Manager in the Senior Management Cadre of the Company or with such designation as is appropriate for the functions to be performed by him in the Company.

Shri Meghav D. Mehta, aged 27 years, has done Bachelor of Science (Mechanical Engineering Technology) from Rochester Institute of Technology.

It is proposed to pay a remuneration of ₹ 27,00,000/- per annum to Shri Meghav D. Mehta as a Deputy General Manager.

Although the proposed total monthly remuneration payable to Shri Meghav D. Mehta do not exceed ₹ 2,50,000/-, considering the future increments to Shri Meghav D. Mehta and paid-up share capital of the Company being more than ₹ 10 crores, the said appointment would require prior approval of the Members under Section 188 of the Companies Act, 2013 and Rules framed thereunder.

Accordingly, approval of the members is being sought for the said appointment with effect from August 9, 2014 under Section 188 of the Companies Act, 2013.

Particulars as required under Rule 15 of the Companies (Meetings of Board and Its Powers) Rules, 2014:

Name of the Related Party	Shri Meghav D. Mehta
Name of the Director or Key Managerial Personnel who is related, if any	Shri Chimanlal K. Mehta, Chairman, Shri Deepak C. Mehta, Vice Chairman & Managing Director and Shri Ajay C. Mehta, Managing Director
Nature of relationship	Grandson of Shri Chimanlal K. Mehta, son of Shri Deepak C. Mehta and nephew of Shri Ajay C. Mehta
Nature, material terms, monetary value and particulars of contract or arrangement	Appointment as a Deputy General Manager or such other designation in the Senior Management Cadre effective from August 9, 2014 at a remuneration of ₹ 27,00,000/- (Rupees Twenty Seven Lacs only) per annum with annual increments as per policy of the Company and that the terms and conditions of his appointment will be governed by rules and regulations of the Company, which are applicable to the employees of his level.

A copy of the draft of letter of appointment of Shri Meghav D. Mehta is open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Shri Chimanlal K. Mehta, Shri Deepak C. Mehta and Shri Ajay C. Mehta are interested in the resolution set out at Item No. 13 of the Notice, which pertains to the appointment and remuneration payable to Shri Meghav D. Mehta.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board commends the Special Resolution set out at Item No. 13 of the Notice for approval by the members.

Item No. 14

The Members had, at the 38th Annual General Meeting of the Company held on July 30, 2009, approved the payment of remuneration by way of commission to Non-Executive Directors of the Company, for a period of 5 (five) years commencing with financial year 2009-10, not exceeding 1% (one per cent) of the net profits of the Company as determined in accordance with the provisions of Section 198 of the Companies Act, 1956. Accordingly, the remuneration to the Non-Executive Directors as above can be paid till the Financial Year 2013-14.

Further, as per the provisions of Clause 49 (1B) of the Listing Agreement with the Stock Exchanges, all fees / compensation, payable to Non-Executive Directors shall be fixed by the Board of Directors and shall require previous approval of the shareholders in general meeting.

In view of the above, approval of the members is sought for payment of commission to Non-Executive Directors as set out in the Resolution at Item No. 14 of this Notice.

The said remuneration to Non-Executive Directors shall be in addition to the sitting fee payable to them for attending meetings of the Board and Committees thereof.

Save and except all the Non-Executive Directors of the Company and their relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 14 of the Notice.

The Board commends the Special Resolution as set out at Item No. 14 for approval by the members.

Item No. 15

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to the specific sections of Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 ("the Act").

With the enactment of the Companies Act, 2013, several regulations of the existing AoA of the Company require alteration or deletions. Given this situation, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft of AoA as aforesaid is available for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 15 of the Notice.

The Board commends the Special Resolution set out at Item No. 15 of the Notice for approval by the members.

Item No. 16

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. B. M. Sharma & Co., Cost Accountants (Firm Registration No. 00219) as the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2015. The remuneration of the Cost Auditors was fixed by the Board of

Directors as ₹ 5,50,000/- (Rupees Five Lacs Fifty Thousand only) upon the recommendation of the Audit Committee.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 16 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 16 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 16 of the Notice for approval by the members.

By Order of the Board of Directors

Registered Office:
9/10, Kunj Society,
Alkapuri, Vadodara - 390007
May 2, 2014

Arvind Bajpai
Company Secretary

Management Discussion and Analysis Report

GLOBAL ECONOMY

In FY 2013-14, the global economy continued to exhibit significant volatility. All of the key markets and regions were faced with unique challenges ranging from political uncertainty, unusual weather patterns, fluctuations in commodity prices, volatile foreign exchange rates to concerns on growth and inflation. Among the developed economies, USA has shown some signs of recovery with the lowest unemployment rates in five years, an improved energy mix and buoyancy in the stock and housing market. On the other hand, the Eurozone is still under stress and uncertainty, as the recovery remains fragile, indicating weakness not only in the periphery but also in its core. The region has displayed poor fiscal consolidation, weak exports and low growth. Meanwhile, Japan has taken steps to fight years of deflation by introducing its own policy of quantitative easing to initiate positive results.

Emerging markets have also witnessed some decline in growth rates. However, growth rates remain higher than those in Advanced Economies. Pressures on Emerging Markets have been broad based; they witnessed relatively high inflation, sharp currency depreciation, capital outflows and current account deficits that led to a decline in investments and growth in nations with higher vulnerabilities. Despite the phased withdrawal of Quantitative Easing, emerging markets remain fundamentally attractive avenues for capital inflows, given their growth potential. However, effectively managing these capital flows is the major challenge that they need to address.

Despite the abundant challenges, most nations have recovered from the after effects of the FY 2007-08 global crisis and are expected to perform better in the coming years. The global economy registered growth of 3.0% in FY 2013-14 and is expected to grow by 3.7% in FY 2014-15 (Source: IMF). For the world economy to regain health, some rebalancing is necessary, but this has become difficult to achieve given heightened volatility caused by easier and more rapid flow of capital between nations. While the concerns are not as sharp as in earlier years, risks remain and all companies must be prepared to accept an environment of increased volatility as the new norm.

INDIAN ECONOMY

India is the tenth largest economy based on GDP at current prices and is the third largest in terms of GDP based on Purchasing Power Parity. It is still considered one of the most attractive destinations for FDI in the world. However, India has been affected by the slowdown in the global economy which has led to a trajectory of lower GDP growth. In addition to global factors, the domestic economy also faced persistent high inflation and tight liquidity. The latent effects resulted in escalation of twin deficits, i.e. fiscal and current account deficits leading to depreciation in the foreign exchange rate of the Indian Rupee and bringing the country on the verge of credit downgrade by international rating agencies.

While the rupee depreciation was beneficial to exporters, India's reliance on imports of petroleum and gold led to an expansion in the trade deficit. This forced the Finance Ministry and the RBI to enact some unique and proactive steps to address this issue. This led to a spurt in activity towards lowering the deficits in the second half of the year. By the end of fiscal 2013-14, the current account deficit fell to a four-year low that was well within sustainable levels while the fiscal deficit is expected to be marginally higher than the target of 4.8% of GDP. However, overall there has been a clear slowdown in domestic demand in India. Steady progress in the agriculture sector and continued performance by industries such as healthcare, IT, pharmaceuticals and textiles could help to mitigate the fall in growth rates.

Going forward, the new government will need to act quickly to address the huge expectations it is facing. Apart from continued progress on the efforts to align domestic energy prices to global prices, regulations are required in the areas of land acquisition, labour laws, FDI as well as steps to boost manufacturing and exports. It is also expected that there will be a step-up of investment into infrastructure. A combination of these initiatives is likely to accelerate growth rates and spur India's global competitiveness.

INDUSTRY STRUCTURE & RECENT DEVELOPMENTS

The global chemical industry, which was estimated to be US\$ 3.7 trillion in 2012 and US\$ 4.3 trillion at present, is expected to grow at 4-5% annually to reach ~US\$ 5.8 trillion by 2021. With the pickup in the global economy and improving prospects for further growth, chemical output growth is expected to pick up in FY 2013-14. Experts suggest that growth is expected to continue to be strongest in developing nations within Asia, the Middle East and Latin America.

At present, the Indian chemical industry is the second largest producer in Asia in terms of volume after China. India produces approximately US\$ 136 billion worth of chemicals, which accounts for 5% of the global chemical industry while the domestic chemical industry's exports account for about 13% of the nation's total exports.

The domestic industry comprises of both large and small scale units. Being a capital intensive industry, they have longer gestation periods, yet there has been significant capacity addition within the industry and players have started focussing on higher R&D investments. India has a strong outlook for key end-user industries and the demand for chemical products is expected to grow at a robust 8-9% over the next five years.

According to the Indian Chemical Council (ICC), certain sectors of India's chemical industry such as agricultural chemicals, speciality chemicals and construction chemicals are likely to grow strongly in FY 2014-15.

The agrochemical industry is expected to grow conservatively at 8% to about US\$ 3.2 billion by FY 2017-18. The key drivers of this growth are increasing demand for food grains, limited farmland availability, low productivity, growth of horticulture and floriculture, increasing exports, patent expiry, availability of credit facilities, improvement in rural infrastructure and greater awareness and implementation of Information Technology. The industry's exports are also expected to grow by 15% to US\$ 5.8 billion by FY 2016-17.

Speciality Chemicals are relatively high value and low volume chemicals known for their performance enhancing properties. The market for such chemicals forms about 23% (US\$ 23.3 billion) of the Indian chemical industry. This segment in particular has been growing by about 11.5% annually since FY 2006-07 to US\$ 13.5 billion and is estimated to reach between US\$ 60 and 80 billion by FY 2020-21.

The global colourant industry, which comprises dyes, pigments and intermediates, is estimated to be about US\$ 27 billion. It has been growing at 2-3% annually since FY 2002-03. India forms about 14% of this market with approximately 65% of its products from this segment exported in the FY 2011-12. The domestic segment has been growing at 10% annually over the last five years and its exports have also grown at 14.5% per annum over the last decade. This segment is expected to touch US\$ 4.6 billion by 2016-17 from US\$ 2.6 billion in 2011-12.

COMPANY PERFORMANCE

Your Company delivered another year of robust performance demonstrating the strength of the business model. Total income increased by 23% to ₹ 1,271.40 crores as a result of solid double digit growth across all business segments. The Fluorescent Whitening Agent (FWA) segment which was partly commissioned and began production in the beginning of the year contributed ₹ 51.96 crores to the total income. The EBITDA was higher by 56% at ₹ 113.54 crores in FY 2013-14.

Profit before Tax was up by 32% at ₹ 58.15 crores compared to ₹ 44 crores in FY 2012-13. On a like-for-like basis, the Profit before Tax was at ₹ 93.60 crores, higher by 109% clearly indicating strong growth of established business segments. Similarly on like-to-like basis, Profit after Tax was higher at ₹ 61.69 crores in FY 2013-14 compared to ₹ 32.58 crores in FY 2012-13 excluding exceptional income. Excluding the impact of the Dahej facility, Profit after Tax grew by 89%.

Raw material cost stood at ₹ 848.55 crores compared to ₹ 666.84 crores, an increase of 27% over last year. Raw material cost increased mainly due to increased volumes. Raw material prices remained stable as subdued global demand during the year helped contain fluctuating prices.

Depreciation increased to ₹ 29.64 crores from ₹ 18.94 crores in FY 2012-13 due to post commissioning cost of Dahej facility. Finance cost was also higher at ₹ 25.75 crores due to capitalisation of the Dahej and Nandesari project.

Your Company has delivered strong and consistent record of revenue and profit growth yet again, demonstrating resilience in the current uncertain environment. Considering all these factors, the Board of Directors recommended a dividend of ₹ 10 per Equity Share of a Face Value of ₹ 10 each.

SEGMENTAL PERFORMANCE

Organic Intermediates

Revenues for Organic Intermediates stood at ₹ 731.97 crores for FY 2013-14 compared to ₹ 612.99 crores for FY 2012-13. This segment contributed 56% of total revenue during the current year. Expansion in margins was driven by higher efficiencies, operating leverage, consolidation in prices of some key raw materials and improved realisations.

The Organic Intermediates segment demonstrated momentum in performance as several key products continued to benefit from increased demand.

The agrochemicals business did very well during the year, driven by international sales and favourable monsoons in India. As a result, farmers globally and in India looked to reinvest gains from buoyant growth. Nitro Toluenes also continued to perform strongly in terms of both revenues and profits.

Inorganic Intermediates

Revenues from the Inorganic Intermediates segment stood at ₹ 175.95 crores for FY 2013-14 compared to ₹ 131.72 crores for FY 2012-13. This segment contributed 14% of total revenue during the year. Improvement in margins was led by stabilising of raw material prices during the year.

The Inorganic Intermediates segment grew by 34% during the year from higher off-take, as a result of the Brownfield capacity expansion at Nandesari.

Fine & Speciality Chemicals

Revenues from Fine & Speciality Chemicals stood at ₹ 336.60 crores in FY 2013-14 compared to ₹ 283.50 crores in FY 2012-13. This segment contributed 26% of total revenue during the year. Your Company positively impacted its product mix by focussing on products with higher profitability. While volumes were stable, the average realisation and profitability improved.

STRATEGIC INITIATIVES

During the year, your Company undertook strategic initiatives to accelerate growth across its business units. Process of realignment of its business segments into three Strategic Business Units (SBU's) based on nature of products, processes undertaken and end-user industries has started. This will enable your Company to customise various corporate functions such as raw material procurement, inventory management, technology upgradation, logistics and marketing for each SBU. Further, your Company enhanced the leadership focus by deciding to appoint a President to head each SBU. Each SBU head with wide experience and skills in the relevant vertical will be given freedom to execute

strategies and growth plans to make the most of business opportunities, based on available resources. Details of each SBU are as follows:

Bulk Commodities & Chemicals (BCC) is a high volume segment consisting of commodity chemicals that are made to standard specifications. Due to low entry barriers, these are characterised by moderate margins. The primary focus of this segment is to leverage on Company's cost leadership to enhance volumes and drive profits.

Fine & Speciality Chemicals (FSC) includes niche products which require greater value addition and quality focus. These products typically enjoy some degree of customisation and differ from standardised products. Hence, they are manufactured in lower volumes. Your Company is able to drive the performance of this segment through its emphasis on quality, safety, stable and sustainable operations and focus on developing long-term relations with customers. At times, this segment may cater to very specific customer requirements, which may not translate into large volumes but are lucrative due to the degree of customisation involved. Since this segment addresses dynamic customer requirements and is not a volume focussed business.

Fluorescent Whitening Agent (FWA) segment products can be customised into liquid and powdered forms, as per customer needs. This product is an application chemical that is not an 'off-the-shelf' product and is also commonly known as Optical Brightening Agent (OBA). It is used in industries like Paper, Detergents, Textiles, Coating Applications in Printing and Photographic Paper. Optical Brightening Agent (OBA) is sold as a formulation. Depending on the customers' need, the active chemical is blended with other formulations either in liquid or solid form. Different types of solid and liquid formulations are required to meet the needs of Paper, Detergents and Textile customers.

PROGRESS ON EXPANSION PLANS

Optical Brightening Agents

Phase I of your Company's Greenfield expansion plan at Dahej commenced its first stream of commercial production in March 2013. All the other phases are more or less complete and the commencement of operations is likely to start during the next year. As customers tend to have highly specific requirements for products of this plant, there is usually a long waiting period before acquiring a customer and establishing a long-term supply arrangement. The product can be offered in liquid or powdered forms and the chemical formulation has to be compliant with customer specifications. This entails an evaluation and product testing at the customer end before a supply contract can be established. Your Company has already sent production grade samples to several domestic and international customers and initial stage orders have already been received. This has led to a steady increase in production volumes in each successive quarter of FY 2013-14.

Inorganic Salts

The Brownfield expansion at the Nandesari facility was

commissioned in June 2013 and commenced commercial production during the first half of FY 2013-14. This expansion has enhanced the production capacity for Inorganic Salts in which your Company is the market leader in India. The demand for these products remains healthy and utilisation levels are steadily picking up. Your Company has already commenced exports of these products.

SWOT ANALYSIS

STRENGTHS

Technical expertise and process competence

Your Company has built up a high level of expertise in undertaking chemical processes such as hydrogenation, nitration and chlorination to name a few. These hazardous processes involve chemical reactions, are hazardous in nature and require precise execution. It is imperative to monitor several variables such as the mix of raw materials, temperature, humidity, by-products, etc. with a focus on safety and quality. Our expertise and competence allows us to undertake these processes regularly and cost competitively with high success rates.

Diversified Business Model

Due to its competence in multiple chemical processes, your Company addresses a plethora of products across the chemical intermediates industry. These products cater to the needs of several customers, spanning across multiple end-user industries. This acts as a natural hedge for your Company as a downturn in any one customer industry tends to be compensated for by demand growth in one or more of the other end-user industries served. Further, a balance between domestic revenues and exports and further diversification through exposure to multiple export markets ensures that growth is stable and sustainable.

Long-term Customer Relationships

Your Company enjoys customer relationships with leading names from the industry, both in India and internationally. Many of these are long-term relationships which have evolved beyond the traditional supplier-customer relationship into quasi-partnerships, resulting in mutual benefit and growth. Your Company has also been a recipient of supplier awards from its customers and has been acknowledged for its quality and professional competence. These relationships have survived many industry cycles and offer intangible benefits of stability, trust and confidence in addition to openness and encouragement in evaluating new initiatives and processes.

Research & Development Focus

Your Company has always placed a premium on innovation and has a tradition of dedicating a meaningful proportion of annual revenues towards Research & Development efforts. This has helped your Company to enhance efficiencies and improve its process competence.

WEAKNESSES

High Capital Intensity

The highly capital intensive nature of the chemicals industry,

coupled with high working capital requirements, with cost escalations would result into higher breakeven levels. Your Company has been prudent in ensuring that it uses a judicious mix of funding to mitigate this factor, while implementing its expansion plans.

Fluctuation in prices of Raw Materials

Your Company is in the chemical intermediates business and offers value additions by undertaking complex processes on key raw materials. Raw material prices are prone to volatility, which tends to impact raw material procurement. However, supply arrangements do provide for such eventualities and your Company constantly makes best efforts to mitigate this exposure.

OPPORTUNITIES

Shifting of epicentre of Global Manufacturing

As the global economy becomes more integrated, cost-competitive economies, such as China and India, have emerged as the factories of the world. An increasing number of consumers of chemical intermediates now seek greater competitiveness in sourcing of their requirements, leading to an increase in its addressable market opportunity for your Company.

Emerging Geographies

Within its export markets, Europe has been a traditionally strong base for your Company. In recent years, it has established a revenue base in USA and China. As the global economy becomes more integrated and India's position as a globally cost competitive manufacturing base improves, it is likely that your Company can supply products to more regions and markets across the globe.

THREATS

Energy

India has been facing huge power supply deficits on account of supply side issues due to unavailability of adequate coal coupled with high gas prices to power plants. The country is unable to keep pace with the demand side pressures, leading to a demand-supply mismatch. As a result, inadequate availability of power supply and its high prices may have an impact on your Company's operations.

Dependence on demand from end-user industries

Your Company is a Business to Business (B2B) player serving major downstream B2B customers. Seasonal volatility resulting from weak monsoon may affect the agrochemicals business. The colorant business, on the other hand, may be affected by a weakened consumer demand from the end-user industries. Various regulatory issues surrounding the fuel pricing and its demand may further lead to dampening of demand for fuel additives. Your Company has a diversified model that de-risks it from volatility in any particular industry.

Strengthening of Rupee vs USD

The previous year was marred by significant volatility on the macroeconomic front. The major currencies including the rupee witnessed high fluctuations on account of various internal as well as external indicators. Factors like political unrest, fluctuating flow of FII, regulatory reforms, fuel crisis, etc., led to artificial

rupee fluctuations. Overall, the rupee strengthened towards the end of the year to sub-₹60/USD levels. However, its artificial strengthening may, thus, lead to price-point mismatch and, as a result, lesser conversion rates and lower export realisations. It may, thus, have an adverse impact on your Company's operations and reduce product pricing competitiveness with other countries. In spite of these, your Company has been able to contain the overall impact on the input costs and at the same time retain higher realisations through its proactive foreign exchange management policies.

Infrastructure Development

With an addition of volumes due to capacity expansion, your Company may face supply bottlenecks, if the pace of infrastructure development in the form of road and port infrastructure, logistics movements etc., does not match with industry growth rate.

Environmental Control

Even though DNL undertakes environmental control activities, a poor functioning of certain clusters of other common treatment facilities related to industries could attract regulatory attention and affect your Company as well. Your Company keeps itself abreast of the technical developments and innovations that follow best global practices and ensures strict adherence to stringent environmental norms.

OUTLOOK

Your Company delivered a strong performance during FY 2013-14. Revenues for the year stood at ₹ 1,269.62 cores, growing 25% on a year-on-year basis. Your Company has reported strong growth across all business segments with each one delivering double digit growth. Margins remained strong at a sustained level and the Net Profits for the year stood at ₹ 38.33 crores, 1% higher than last year's levels.

During the year, the established businesses continued to perform well with increased volume and off-take by customers along with stable pricing. The momentum in most of these business lines is healthy and is expected to be sustained. While there was some consolidation in the prices of raw materials, there may be some escalation going forward, given the rupee depreciation as well as a slight firming up in commodity prices.

The recently introduced business of Fluorescent Whitening Agents is expected to report good volumes. Increasing utilisation at Phase I of the Dahej plant will be supported by commissioning of the remaining phases. All the streams will be fully commissioned in FY 2014-15.

With realignment of offerings into three Strategic Business Units (SBUs), viz. Bulk Commodities and Chemicals (BCC), Fine & Speciality Chemicals (FSC) and Fluorescent Whitening Agent (FWA), specific growth plans are planned for each SBU. This will accelerate volume growth and profitability. Going forward, your Company foresees stronger customer relations, higher efficiencies and robust growth in major B2B customers.

RISK MANAGEMENT

Risk management is an integral function and is embedded across all of the business processes undertaken by your Company. It is essential to identify and manage risks to reduce uncertainties and ensure continuity of operations. To manage risks, your Company's risk management team continuously assesses and monitors business practices, ensuring the smooth flow of operations and adhering to stringent guidelines. Your Company has a risk management framework in place, with processes to strategise, monitor, identify, assess and mitigate risks that could impact sustainability of business operations.

Your Company implements comprehensive risk management practices across its operations. We are committed to providing the highest degree of safety to our employees, especially at factories, where complex chemical processes are executed. Regular machinery inspections are important to ensure that the functionality of the machinery is up to date and does not pose any potential hazards that could cause accidents at the workplace. Periodic maintenance checks on equipment are conducted to ensure that they meet minimum acceptable safety requirements.

In order to mitigate credit risks, your Company undertakes a thorough assessment of the financial health of its customers. Raw material price risks are mitigated through well planned and timely purchases and also by entering into formula-based pricing with customers. Your Company manages its currency risks proactively by hedging with plain vanilla forward contracts. Lastly, the environmental risk is managed by multiple measures to reduce emissions and through treatment of effluents. Further, your Company is continuously undertaking measures to improve the efficiency of its manufacturing processes so as to reduce any impact on the environment.

INTERNAL CONTROLS

Your Company and the Management has robust internal control systems in place to safeguard and shield the Company from losses and unofficial use or deposition of assets. This also ensures that the Company's assets and interests are carefully protected and all transactions are appropriately authorised, recorded and presented to the management. Your Company always adheres to prescribed guidelines and follows all Accounting Standards prescribed for maintenance of books of accounts and reporting of financial statements. The appointed independent Internal Auditors monitor and report on the effectiveness of the internal control systems of the various areas of operations throughout the year. Key matters that are reported in the Internal Audit are brought to the notice of the Audit Committee of the Board of Directors and corrective measures are recommended and appropriate actions are taken. The Internal Control systems are designed to provide assurances that make the business operations function efficiently and ensure that applicable laws, rules, regulations and policies of your

Company are followed and the reliability of financial reporting is safeguarded.

HUMAN RESOURCES

Your Company continues to maintain a cordial relationship with its employees at various levels and across all locations. Human resource is considered as the most important and valuable asset of your Company and continuous commitment to upgrading skills is an integral part of the human resource development policy of your Company. The focus has always been on creating a rewarding and nurturing environment that gives employees the opportunity to realise their potential and growth.

Your Company lays great emphasis on retention of employees as it values its human talent. Your Company invests in human resource intangibles from time to time by providing on-the-job training, in-house and external training programmes and workshops related to technical/functional, behavioural/general and health, safety and green environment, ISO certification standards, etc., which enhance employee productivity. Competitive remuneration is awarded to employees on a timely basis and your Company ably maintained amicable industrial relations at all plants in FY 2013-14.

As at March 31, 2014 the total workforce of your Company stood at 1347.

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 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.

CAUTIONARY STATEMENT

Certain Statements made in the 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 and so on whether express or implied. Several factors could make a significant difference to the Company's operations. These include climatic conditions and macroeconomic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on, over which the Company does not have any direct control.

Directors' Report

Dear Shareholders,

Your Directors have the pleasure in presenting the Forty Third Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2014.

FINANCIAL RESULTS

Particulars	₹ in Lacs)	
	2013-14	2012-13
Sales & Other Income	1,27,139.61	1,03,010.04
Gross Profit (before interest, depreciation, impairment and tax)	11,354.45	8,122.22
Less:		
(i) Interest	2,574.85	970.56
(ii) Depreciation	2,964.36	1,893.86
(iii) Impairment	-	-
(iv) Provision for		
- Current Tax	840.74	820.25
- Deferred Tax	1,141.64	655.20
Profit After Tax	3,832.86	3,782.35
Add: Surplus in Profit & Loss Account Brought Forward	14,276.90	11,973.90
Amount available for appropriation	18,109.76	15,756.25
Appropriation:		
Dividend	1,045.38	837.09
Corporate Dividend Tax	177.66	142.26
General Reserve	500.00	500.00
(as required by section 205 (2A) of the Companies Act, 1956)		
Balance carried to the Balance Sheet	16,386.72	14,276.90
	18,109.76	15,756.25

THE YEAR IN RETROSPECT

Financial Year 2013-14 has been an exciting year for your Company – both in exports markets as well as in the domestic markets. Despite the many challenges to growth, your Company has been able to deliver higher revenues and profits. Revenues for FY 2013-14 grew by 25% to ₹ 1,269.62 crores compared to revenue of ₹ 1,019.40 crores in the previous fiscal year. This is yet again the highest turnover recorded by your Company. Growth was attributable to increase in volumes due to positive demand trends in end-user industries like Fuel, Colours and Agro-Chemicals. Improved realisations in select products due to rupee depreciation also contributed to revenue growth.

During the year, your Company has decided to realign its operations into Strategic Business Units (SBUs) to intensify focus on individual businesses to drive accelerated growth of top and bottom line. Your Company's present business segments of Organic Intermediates, Inorganic Intermediates and Fine & Speciality Chemicals will be reorganised into three SBUs, viz.

(i) Bulk Commodities & Chemicals, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent (FWA). This will enable your Company to categorise products which are synergistic in nature within common business units that are reflective of the nature of product, supply economics and customer end-use applications.

Your Company has a healthy presence in Europe and has been successful in establishing a revenue base in the US and China as well. Export turnover increased by 11% over FY 2012-13 and stood at ₹ 500.56 crores in FY 2013-14 as compared to ₹ 450.47 crores in FY 2012-13. Export revenues contributed 39% of the total turnover. Export revenues continue to benefit from the favourable trends of a shift of manufacturing to globally competitive markets like India from less competitive developed countries. The depreciation in the exchange rate of the Rupee provided additional tailwinds during the year.

Your Company's margins remained healthy led by an improved product mix, consolidation in prices of raw materials as well as benefits of operating leverage due to brownfield capacity addition. Profit before Interest, Depreciation, Impairment and Tax for the year was ₹ 113.54 crores compared to ₹ 72.64 crores which excludes exceptional income in the previous year. Profit after Tax for the year was ₹ 38.33 crores compared to ₹ 32.58 crores in FY 2012-13. While revenue growth was strong, profitability is strictly not comparable as during FY 2013-14 post commissioning expenses as well as interest and depreciation on newly-commissioned facilities has been incurred without matching contribution in revenues. Earnings per Share in FY 2013-14 was ₹ 36.63 compared to ₹ 31.14 per share in FY 2012-13.

The outlook for the current fiscal year is positive. Our established businesses are expected to perform well on the back of continued higher demand from end-user industries supported by debottlenecking and optimisation of our existing facilities. FWA will gradually ramp up with incremental contribution. However, we anticipate further impact on profitability through increase in overheads as well as interest and depreciation upon the commissioning of remaining streams at the Dahej plant. Overall, the impact will be mitigated by the strong performance of our established business and the scale ushered by the performance of the Phase I of Dahej facility.

Your Company has taken adequate measures to hedge currency risk as exports are a significant part of its revenues and also has focussed on credit risk by entering into long-term contracts with customers.

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

SUB-DIVISION OF EQUITY SHARES AND CONSEQUENT AMENDMENT IN MEMORANDUM OF ASSOCIATION OF THE COMPANY

The Equity Shares of the Company are listed on BSE Limited (BSE)

and National Stock Exchange of India Limited (NSE). With a view to broadbase the investor base by encouraging the participation of the small investors and also to increase the liquidity of Equity Shares of the Company, the Board of Directors at its meeting held on May 2, 2014 have recommended the sub-division of each Equity Share of face value of ₹ 10/- (Rupees Ten only) of the Company into 5 (five) Equity Shares of face value ₹ 2/- (Rupees Two only) each for approval by the members. Your Company is seeking approval of the members through Postal Ballot and e-voting for sub-division of each of the existing Equity Shares of the Company.

Accordingly, each issued Equity Share of nominal value ₹ 10/- (Rupees Ten only) of the Company existing on the Record Date shall stand sub-divided into 5 (Five) Equity Shares of nominal value ₹ 2/- (Rupees Two only) each.

The Record Date for the aforesaid sub-division of the equity shares will be fixed by the Board of Directors or Committee thereof after the approval of the shareholders is obtained through Postal Ballot/e-voting.

Consequent upon sub-division of Equity Shares of the Company, the Capital Clause of Memorandum of Association of the Company will also require amendment. Accordingly, it is also proposed to obtain the approval of members through postal ballot/e-voting to amend Clause V of the Memorandum of Association to reflect the alteration in the authorised share capital of the Company, i.e. from ₹ 50,00,00,000/- (Rupees Fifty crores only) divided into 3,00,00,000 (Three crores) Equity Shares of ₹ 10/- (Rupees Ten only) each, and 20,00,000 (Twenty Lacs) Preference Shares of ₹ 100/- (Rupees One hundred only) each to 15,00,00,000 (Fifteen crores) Equity Shares of ₹ 2/- (Rupees Two only) each, and 20,00,000 (Twenty Lacs) Preference Shares of ₹ 100/- (Rupees One hundred only) each.

ISSUE OF BONUS SHARES

The Board of Directors at their meeting held on May 2, 2014 have recommended the issue of Bonus Shares in the proportion of 1 (one) new Equity Share of ₹ 2/- (Rupees Two only) each fully paid-up for every 1 (one) existing Equity Share of ₹ 2/- (Rupees Two only) each of the Company (post-sub-division of the Equity Share Capital of the Company) held by the members on the Record Dates to be fixed by the Board / Committee of the Board.

Your Company is seeking approval of the members through Postal Ballot/e-voting for issue of Bonus Shares. The Record Date for the issue of bonus shares will be fixed by the Board of Directors or Committee thereof after approval of members is obtained through Postal Ballot/e-voting.

DIVIDEND

Considering the overall improved performance of your Company, the Board of Directors are pleased to recommend a Dividend @ ₹ 10/- (Rupees Ten only) per Equity Share of ₹ 10/- each for the year ended March 31, 2014, as against ₹ 8/- (Rupees Eight only) per Equity Share of ₹ 10/- each in the previous year. Since the date

of book closure for payment of Dividend as above will fall after the sub-division of Equity Shares and issue of Bonus Shares, the effective Dividend (post sub-division & bonus) will be ₹ 1/- per Equity Share of ₹ 2/- each of the Company.

The total amount of dividend, if declared by the members, including Corporate Dividend Tax, will be ₹ 12.23 crores (previous year ₹ 9.79 crores).

INCORPORATION OF WHOLLY OWNED SUBSIDIARY

Deepak Nitrite LLC has been incorporated in North Carolina, USA. This company will primarily take care of marketing & operations part of USA customers.

INCORPORATION OF ASSOCIATE

Deepak Gulf LLC has been incorporated in Oman wherein your Company holds 49% of total share capital.

PROJECT AT DAHEJ

Members are aware that phase I of Dahej facility was launched in March 2013. Since then, the facility has been making steady progress scaling up production and has commenced supplies to domestic customers in addition to shipments to international customers. Remaining phases of the facility are progressing as per plan and are expected to be commissioned soon.

CAPACITY EXPANSION AT NANDESARI

Your Company completed the expansion of its Salt facility at Nandesari and commenced the commercial production on June 24, 2013.

FINANCE

Your Company is clearly focussed on managing / controlling the working capital along with managing the long-term debt to efficiently maintain debt at manageable levels.

Your Company lays emphasis on effectively managing its working capital borrowing as well as long-term debt. Prudent management has ensured that your Company has been able to maintain healthy cash flows. The focus has been to reduce interest costs in spite of your Company borrowing ECB of US\$ 45 million which have been fully drawn for expansions at Dahej & Nandesari. During the year, to part fund its various capital expenditures, your Company has received a sanction of long-term Rupee loan from State Bank of India to the tune of ₹ 140 crores out of which ₹ 52 crores have been disbursed. The Debt:Equity ratio has still been maintained at reasonable levels. Net Debt:Equity ratio as on March 31, 2014 stood at 1.64.

During the year, ICRA Limited re-affirmed your Company's Short Term rating as A1+ and Long Term rating as A+.

DIRECTORS

During the year, Shri A. K. Dasgupta ceased to be the Director of your Company effective from August 2, 2013. Members are aware that Shri Dasgupta had not opted for his re-appointment at the 42nd Annual General Meeting.

Shri M. R. B. Punja resigned from the directorship of your Company effective from September 2, 2013, due to his advancing age. He was also the Chairman of Audit Committee. During the tenure of his directorship, your Company has benefited immensely by his knowledge and experience. The Board of Directors places on record their sincere appreciation for the valuable contribution, guidance and suggestions provided by Shri Punja during his tenure as a Director and Chairman of the Audit Committee.

Pursuant to the provisions of section 152 of the Companies Act, 2013, Shri Chimanlal K. Mehta will be retiring at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

In accordance with the provisions of Sub-Section 10 of Section 149 read with Schedule IV of the Companies Act, 2013, the independent directors viz. Shri Nimesh Kampani, Shri Sudhin Choksey, Shri Sudhir Mankad, Dr. R. H. Rupp, Shri S. K. Anand and Dr. Swaminathan Sivaram are proposed to be appointed at the ensuing Annual General Meeting for a term of 5 years.

FIXED DEPOSITS

The total amount of Fixed Deposits held by your Company from the Shareholders and the Public was ₹ 12.45 crores as at March 31, 2014 (₹ 15.06 crores in FY 2012-13). The Company does not have any deposits which are matured and claimed but remained unpaid.

CORPORATE GOVERNANCE

Your Company believes in maintaining the highest standards of Corporate Governance. A Report on Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges forms part of this Annual Report. A Certificate from the Statutory Auditors of the Company confirming compliance of the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to the Report on Corporate Governance.

RESEARCH & DEVELOPMENT

Your Company believes that innovation can help scale greater heights and discovery of new products can have long-lasting impact on revenues. Your Company places strong emphasis on Research & Development and innovation as levers for value creation. Every year, your Company spends around 1% of its revenues on R&D. Your Company strives to make progress through these spends and efforts have already paid off through in-house developed products. Your Company's endeavour is to focus on the new products in the Fine & Speciality space which are low volume but fetch higher margins.

SAFETY, HEALTH & ENVIRONMENT

Your Company takes matters of safety, health and environment very seriously. There is special emphasis on the well-being of all employees and the health of employees is consistently being monitored. Your Company's facilities are monitored on a regular

basis to ensure a safe working environment. Your Company conducts regular maintenance checks of all its machinery at all plants and also makes sure that every employee is well trained before operating any machine. This makes your Company a safe place to work.

Your Company has been permitted to use the Responsible Care Certification for the next three years in its representation to its customers. This certification recognises global best practices in the chemicals industry and adheres to stringent environmental norms.

Your Company matches international standards and makes sure that the environment is protected. To make your Company a healthy place to work in, the environment must be green and eco-friendly and towards this end, pollution is brought down to the bare minimum and effluents are treated well before disposal.

AWARDS & ACCOLADES

Your Company is committed to sustainable development and is a signatory to Global Responsible Care Core Principles. These principles inter alia govern technology, processes and products to minimise impact on overall environment and to enhance sustainability. Your Company is committed to the Responsible Care Programme to achieve established goals, targets and objectives with due consideration for the environment. Your Company has been awarded Certificate of Merit (2012-13) for BEST COMPLIANT COMPANY FOR THE POLLUTION PREVENTION CODE under Responsible Care.

HUMAN RESOURCES

Your Directors are pleased to inform the members that industrial relations at all your Company's manufacturing facilities and other locations have remained amicable during the year under review. Your Company's focussed initiatives to provide an amicable and conducive work environment enables it to attract and retain employees with high potential and calibre.

Your Company recognises that its people are central to its growth strategy, and all efforts are made to attract & retain the best talent in the industry. Your Company's human resource policy is focussed on the development of the skill set of the individuals, keeping the morale and performance level high, providing employees the platform for personal growth within the organisation, suitably recognising and rewarding individual achievements, while simultaneously addressing the business needs of your Company.

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

As required by the Companies (Disclosure of particulars in the Report of Board Directors) Rules, 1988 the relevant data pertaining to the conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure 'A' forming part of this report.

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's employees contributed one day basic salary with a matching contribution from your Company for the benefit of victims of the natural disaster in Uttarakhand. A cheque for the total proceeds was handed over to Collector of Vadodara under the aegis of the Red Cross Society.

The Indian Chemical Council conferred the ICC Award for Social Responsibility (Category I: Companies having annual sales revenue above ₹ 500 crores) for the year 2012 to your Company.

Pursuant to the requirement of provisions of Section 135 of the Companies Act, 2013, your Company has a duly constituted Corporate Social Responsibility Committee.

AUDITOR'S REPORT

The observations made in the Auditor's Report read together with relevant notes thereon, are self-explanatory and hence do not call for any comments. The Auditor's Report do not contain any qualification.

AUDITORS

The Auditors, M/s. B.K. Khare & Co., Chartered Accountants, Mumbai, hold office until the conclusion of the 43rd Annual General Meeting and are eligible for re-appointment. Pursuant to requirement of Section 139 of the Companies Act, 2013, the Auditors are proposed to be appointed for a term of 3 years. Consent and certificate from the Auditors has been received as required under Section 139 of the Companies Act, 2013.

Members are requested to consider their re-appointment and fix their remuneration at the ensuing Annual General Meeting.

COST AUDITORS

The Board of Directors of your Company has appointed M/s. B. M. Sharma & Company, Cost Accountants, to conduct audit of your Company's cost records for the financial year 2014-15. The remuneration of Cost Auditor is subject to ratification by the shareholders at the ensuing Annual General Meeting.

The Cost Audit Report will be filed with the Central Government within the prescribed time.

DIRECTORS' RESPONSIBILITY STATEMENT

As required by sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the 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 judgements and estimates were made so to give a true and fair view of the state of affairs of the Company as of March 31, 2014 and of 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 the Company and for preventing and detecting fraud and other irregularities; and
4. The Annual Accounts of the Company have been prepared on a going concern basis.

PERSONNEL

The Board of Directors wishes to express their appreciation for the outstanding contribution made by the employees to the operations of the Company during the year.

The information required under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, under the terms of Section 219(1) (b) (iv) of the Companies Act 1956, the Report and Accounts are being sent to all Shareholders of the Company excluding the statement of particulars of the employees. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

Your Directors wish to acknowledge the contributions of all the stakeholders and are grateful for the co-operation of various government authorities, support received from shareholders, Banks, Dealers and other business associates. Your Directors recognise and appreciate the hard work and efforts put in by all the employees of the Company and their contribution to the progress of the Company in a very challenging environment.

For and on behalf of the Board

Place: Mumbai
Date: May 2, 2014

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 efforts made in Energy Conservation:

- Changes in the columns packings and distributors for energy efficiency and productivity.
- Replacements of reciprocating compressors in chilling plant with screw compressors.
- Replacements in air compressors with screw compressors.
- Power trading through open access and bilateral agreements.
- Steam distribution mapping.
- Recovery of flash steam.

FORM - A

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

(a) POWER AND FUEL CONSUMPTION		UOM	2013-14	2012-13
1 Electricity:				
(a) Purchased				
Unit	KWH		54,191,624	36,326,720
Total Amount	₹		380,978,371	261,992,389
Rate/Unit	₹		7.03	7.21
(b) Own Generation				
(i) Through own Diesel				
Generator Unit	KWH		1,021,732	3,358,832
Units per litre of Diesel Oil	KWH		2.73	3.00
Cost/Unit	₹		21.29	16.95
(ii) Through Steam Turbine/Generator				
Unit	KWH		11,323,050	15,687,389
Total Amount	₹		124,867,113	118,645,108
Rate/Unit	₹		11.03	7.56
2 Coal				
Quantity	MT		65,928	53,935
Total Amount	₹		320,827,300	263,389,486
Average Rate/MT	₹		4,866	4,883
3 Furnace Oil				
Quantity	KL		3,726	3,025
Total Amount	₹		149,958,317	117,085,703
Average Rate/KL	₹		40,246	38,706
4 Regasified Liquid Natural Gas				
Quantity	KL		1,977	2,047
Total Amount	₹		68,741,231	53,670,763
Average Rate/KL	₹		34,770	26,219
(b) CONSUMPTION PER UNIT OF PRODUCTION				
			2013-14	2012-13
			Electricity	Furnace Oil / Coal
			Electricity	Furnace Oil / Coal
			KWH	Ltr./Kg
			KWH	Ltr./Kg
			309	107
			259	90
			269	175
			1107	322
			2096	2915
			864	376
			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)				₹ in Lacs
1) Specific areas in which R&D is carried out by your Company:		4) Expenditure on R&D		2013-14 2012-13
- Process development of new products with emphasis on green chemistry.		a) Capital		255.16 5.99
- Intensification of existing products for improving yield, reducing pollutants and cost.		b) Recurring		625.74 575.14
- Development of innovative technologies to make most cost competitive process.		c) Total		880.90 581.13
		d) Total R&D expenditure as a percentage to total turnover		0.69% 0.57%
2) Benefits derived as a result of the above R&D:		b) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION		
- Improved processes to reduce cost and ease of operation.		The Research and Development Centre keeps itself abreast of the technical developments and innovations relating to your Company's line of products and bring about improvement in the products of the Company for the better quality, process improvements, cost effectiveness, green chemistry and import substitution.		
- Eco-friendly processes using zero effluent leads to make process more profitable.				
- Developed technologies to convert batch process to continuous process.		c) FOREIGN EXCHANGE EARNINGS AND OUTGO		
3) Future plan of action:		This information is contained in Note Nos. 36 to 39 in Notes forming part of Accounts of this Annual Report.		
The existing activity levels to continue with emphasis on:				₹ in Lacs
- Development of new products and intermediates with emphasis on green chemistry.				2013-14 2012-13
- Production of bulk chemicals right from basic stages.		Total Foreign Exchange Earned		49,331.09 44,342.11
- Improvements in productivity / quality and reduction in cost of production.		Total Foreign Exchange Outgo		33,076.31 24,680.19

Place: Mumbai
Date: May 2, 2014

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

Report on Corporate Governance for the year ended on March 31, 2014

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

The Board of Directors is headed by the Non-Executive Chairman. As on March 31, 2014, the strength of the Board was ten members comprising of three Executive Directors and seven Non-Executive Directors. Six Non-Executive Directors are Independent Directors. Accordingly, the composition of 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 brings in a wide range of skills and experience in the Board. The brief profiles of the Directors are provided in this Annual Report.

The Composition of Directors on the Board of the Company as on March 31, 2014 is as under:

Sr. No.	Category	Name of Director
I	Promoter and Non-Executive Director	Shri Chimanlal K. Mehta <i>Chairman</i>
II	Promoter and Executive Directors	Shri Deepak C. Mehta <i>Vice Chairman & Managing Director</i> Shri Ajay C. Mehta <i>Managing Director</i>
III	Executive Director & Chief Executive Officer	Shri Umesh Asaikar
IV	Non-Executive and Independent Directors	Shri Nimesh Kampani Shri Sudhin Choksey Dr. Richard H. Rupp Shri Sudhir Mankad Shri Sandesh Kumar Anand Dr. Swaminathan Sivaram

During the year under review, four Board Meetings were held on May 9, 2013, August 2, 2013, October 31, 2013, and February 7, 2014. The maximum time gap between the 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 in committees of other Companies as on March 31, 2014 are 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	4	4	YES	1	-
Shri D. C. Mehta	4	4	YES	2	2(C)
Shri A. C. Mehta	4	3	YES	1	2(C) & 1(M)
Shri A. K. Dasgupta ¹	4	2	YES	-	-
Shri M. R. B. Punja ²	4	2	YES	-	-
Shri Nimesh Kampani	4	4	YES	7	4(C) & 5(M)
Shri Sudhin Choksey	4	4	YES	2	1(C) & 1(M)
Dr. R. H. Rupp	4	-	NO	-	-
Shri Sudhir Mankad	4	4	YES	10	1(C) & 3(M)
Shri S. K. Anand	4	4	YES	-	-
Dr. S. Sivaram ³	4	3	YES	3	3(M)
Shri Umesh Asaikar ⁴	4	3	YES	-	-

¹ Shri A. K. Dasgupta ceased to be a Director w.e.f. August 2, 2013.

² Shri M. R. B. Punja ceased to be a Director w.e.f. September 2, 2013.

³ Dr. S. Sivaram was appointed as Additional Director w.e.f. May 9, 2013.

⁴ Shri Umesh Asaikar has been appointed as the Executive Director w.e.f. May 9, 2013.

Note:

- (1) Number of directorships held in other companies excludes directorships in Private Limited Companies, Section 8 companies (previously 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 Audit Committee comprises of the following members:

Name of Member	Designation	Category
Shri Sudhin Choksey	Chairman	Independent Director
Shri Sudhir Mankad	Member	Independent Director
Shri S. K. Anand	Member	Independent Director

The Company Secretary acts as Secretary to the Committee.

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Members of the Audit Committee possesses financial / accounting expertise / exposure.

The brief description of terms of reference of the Audit Committee are to oversee the 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 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.

Four meetings of the Audit Committee were held during the year under review. The meetings of Audit Committee held on May 8, 2013, August 1, 2013, October 30, 2013 and February 6, 2014.

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

Name of Member	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
Shri M. R. B. Punja ¹	4	2
Shri A. K. Dasgupta ²	4	2
Shri Sudhin Choksey	4	4
Shri Sudhir Mankad	4	4
Shri S. K. Anand	4	2

¹ Shri M. R. B. Punja ceased to be the Director w.e.f. September 2, 2013.

² Shri A. K. Dasgupta ceased to be a Member w.e.f. August 2, 2013.

(ii) Stakeholders Relationship & Investors Grievance Committee

The Investors Grievance Committee constituted pursuant to Clause 49 of the Listing Agreement was reconstituted and renamed as Stakeholders Relationship & Investors Grievance Committee. The Committee's composition meets with requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Committee comprises of the following Directors:

Name of Member	Designation	Category
Shri S. K. Anand	Chairman	Independent Director
Shri A. C. Mehta	Member	Managing Director
Shri Umesh Asaikar	Member	Executive Director

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

The brief terms of reference of the Committee is to look into 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 stakeholders and investors services, wherever possible. Continuous efforts are being made to ensure that grievances are more expeditiously redressed to the satisfaction of the investors.

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

The details of complainants received and resolved during the financial year ended March 31, 2014 as follow.

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	02	02	Nil

(iii) Nomination & Remuneration Committee

A Remuneration Committee constituted pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges was reconstituted and renamed as Nomination and Remuneration Committee.

The terms of reference of Nomination and Remuneration Committee are as under:

- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- to formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- such other functions as may be prescribed under the Companies Act, 2013 and Rules made thereunder and the Listing Agreement with the Stock Exchanges.
- to recommend to the Board, Salary, perquisites and commission to be paid to the Company's Managing / Whole-time Directors (MD/WTDs).

The Committee's composition meets with requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Nomination & Remuneration Committee comprises of the following Directors:

Name of Member	Designation	Category
Shri Sudhir Mankad	Chairman	Independent Director
Shri S. K. Anand	Member	Independent Director
Shri Sudhin Choksey ¹	Member	Independent Director

¹ Shri Sudhin Choksey was inducted as a Member w.e.f. October 31, 2013.

The Company Secretary acts as Secretary to the Committee.

During the financial year 2013-14, the Nomination & Remuneration Committee met on May 9, 2013 and October 31, 2013.

The details of Managing Directors' & Executive Director's Remuneration during the Financial Year 2013-14 are as under:

(₹ in Lacs)					
Name	Salary	Perquisites & Allowances	Retirement Benefits	Commission / Variable Pay	Total
Shri D. C. Mehta	48.55	19.90	11.45	148.04	227.94
Shri A. C. Mehta	31.34	12.28	8.28	148.04	199.94
Shri Umesh Asaikar*	120.59	22.23	20.50	57.87	221.19

* Shri Umesh Asaikar appointed as Executive Director with effect from May 9, 2013.

The Non- Executive Directors of the Company are paid sitting fees for attending the meeting 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, computed in accordance with the provisions of Companies Act, 2013.

The details of remuneration paid/payable to Non-Executive Directors' for the Financial Year 2013-14 are as under:

Name	Sitting Fees	Commission	Total
Shri C. K. Mehta	80,000	2,50,000	3,30,000
Shri M. R. B. Punja ¹	70,000	3,25,000	3,95,000
Shri A. K. Dasgupta ²	1,24,000	3,25,000	4,49,000
Shri Nimesh Kampani	80,000	2,50,000	3,30,000
Shri Sudhin Choksey	1,40,000	5,00,000	6,40,000
Dr. R. H. Rupp	30,000	1,00,000	1,30,000
Shri Sudhir Mankad	2,09,000	5,00,000	7,09,000
Shri S. K. Anand	1,79,000	5,00,000	6,79,000
Dr. S. Sivaram ³	60,000	2,50,000	3,10,000
Total	9,72,000	30,00,000	39,72,000

¹ Shri M. R. B. Punja ceased to be a Director w.e.f. September 2, 2013.

² Shri A. K. Dasgupta ceased to be a Director w.e.f. August 2, 2013

³ Dr. S. Sivaram has been appointed as an Additional Director w.e.f. May 9, 2013.

Details of shares held by the Non-Executive Directors in the Company as on March 31, 2014 is as under:

S. No.	Name of Non-Executive Director	No. of shares held
1	Shri C. K. Mehta	7839
2	Shri Nimesh Kampani	Nil
3	Shri Sudhin Choksey	Nil
4	Dr. R. H. Rupp	Nil
5	Shri Sudhir Mankad	Nil
6	Shri S. K. Anand	Nil
7	Dr. S. Sivaram	Nil

(iv) Corporate Social Responsibility Committee

Pursuant to the requirement of Section 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee has been constituted by the Board.

The terms of reference of Corporate Social Responsibility Committee are as under:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy ("CSR Policy").
- Recommend the amount of expenditure to be incurred on the activities listed in CSR Policy.
- Monitor the CSR Policy of the Company from time to time.
- Such other roles and functions as may be prescribed in the Companies Act, 2013 and Rules made thereunder.

The Committee's composition meets with requirements of Section 135 of the Companies Act, 2013. The Corporate Social Responsibility Committee comprises of the following Directors:

Name of Member	Designation	Category
Shri Sudhir Mankad	Chairman	Independent Director
Dr. S. Sivaram	Member	Independent Director
Shri D. C. Mehta	Member	Vice Chairman & Managing Director
Shri Umesh Asaikar	Member	Executive Director

(v) Project Committee

A Project Committee has been constituted by the Board which meets on specific need basis. The Project Committee is constituted inter alia to review the existing and future projects of the Company and to apprise the Board about progress of the projects and also recommend to the Board, approval of new projects.

The Project Committee comprises of the following Directors:

Name of Member	Designation	Category
Shri Sudhir Mankad	Chairman	Independent Director
Dr. R. H. Rupp	Member	Independent Director
Dr. S. Sivaram ¹	Member	Independent Director
Shri S. K. Anand	Member	Independent Director

¹ Dr. S. Sivaram was inducted as a Member with effect from October 31, 2013.

4. GENERAL BODY MEETINGS

Details of last three Annual General Meeting held:

Meeting	Date	Time	Venue
40 th AGM	August 5, 2011	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005
41 st AGM	August 4, 2012	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005
42 nd AGM	August 2, 2013	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005

No Special Resolution was proposed at the 42nd Annual General Meeting.

During the year ended March 31, 2014, the Company has not passed any Special resolution through Postal Ballot as per the provisions of 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. However, pursuant to Clause 35B of the Listing Agreement as amended vide SEBI Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014, the members are provided with the facility to cast their vote electronically on all the resolutions set out in the Notice of 43rd Annual General Meeting.

5. DISCLOSURE

- There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. However, normal trade transactions were entered into by the Company with the related parties. Disclosure on related party transactions as per Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, are given in Note No. 32 in the Notes to the Financial Statements for the year ended March 31, 2014.
- There is no non-compliance by the Company nor any penalty or stricture imposed on the Company by any Stock Exchanges, SEBI or any other statutory authority on any matter relating to capital markets during the last three years.
- The Company has comprehensive risk management policy and the same is periodically reviewed by the Board of Directors of the Company.
- The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement in respect of Corporate Governance. The 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 Nomination & Remuneration Committee.
- 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 are published in widely circulating national and local dailies such as, The Economic Times (English and Gujarati); The Indian Express and The Financial Express (English and Gujarati). These are not sent individually to the shareholders.

The Company's results are displayed on Company's website.

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

7. CODE OF CONDUCT

The Company has framed and adopted Code of Conduct for the members of the Board and the Senior Management in terms of Clause 49 of the Listing Agreement. The Code of Conduct has been circulated to all the members of the Board and Senior Management and the same is also posted on the Company's website at www.deepaknitrite.com. The said Code lays the general principles designed to guide all directors and members of the Senior Management in making ethical decisions.

All Directors and members of the Senior Management have confirmed their adherence to the provisions of the said Code. 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 Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2013-14.	
Mumbai May 2, 2014	D. C. MEHTA Vice Chairman & Managing Director

8. MANAGEMENT DISCUSSION AND ANALYSIS

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

9. CEO / CFO CERTIFICATION

In accordance with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, Shri D. C. Mehta, Vice Chairman & Managing Director and Shri Sanjay Upadhyay, Chief Financial Officer of the Company, have certified to the Board that to the best of their knowledge and belief, the financial statements and cash flow statements present a true and fair view of the Company's affairs.

10. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

Day & Date	: Friday, August 8, 2014
Time	: 10.30 a.m.
Venue	: Hotel Surya Palace, Opp. Parsi Agiyari, Sayajigunj, Vadodara 390 005.
Date of Book Closure	: Monday, August 04, 2014 to Friday, August 08, 2014 (both days inclusive).
Dividend payment date	: On or after August 11, 2014 but within the statutory time limit of 30 days, subject to member's approval.

Financial Calendar:

Results for the Quarter ending	Tentative Time of Reporting
June 30, 2014	On or before August 15, 2014
September 30, 2014	On or before November 15, 2014
December 31, 2014	On or before February 15, 2015
Audited Annual Accounts for the year ended March 31, 2015	On or before May 30, 2015

Listing on Stock Exchanges:

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

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

Listing fees for financial years 2013-14 and 2014-15 have been paid to both the exchanges.

Stock Code for Equity Shares (BSE): 506401

Stock Symbol for Equity Shares (NSE): DEEPAKNTR

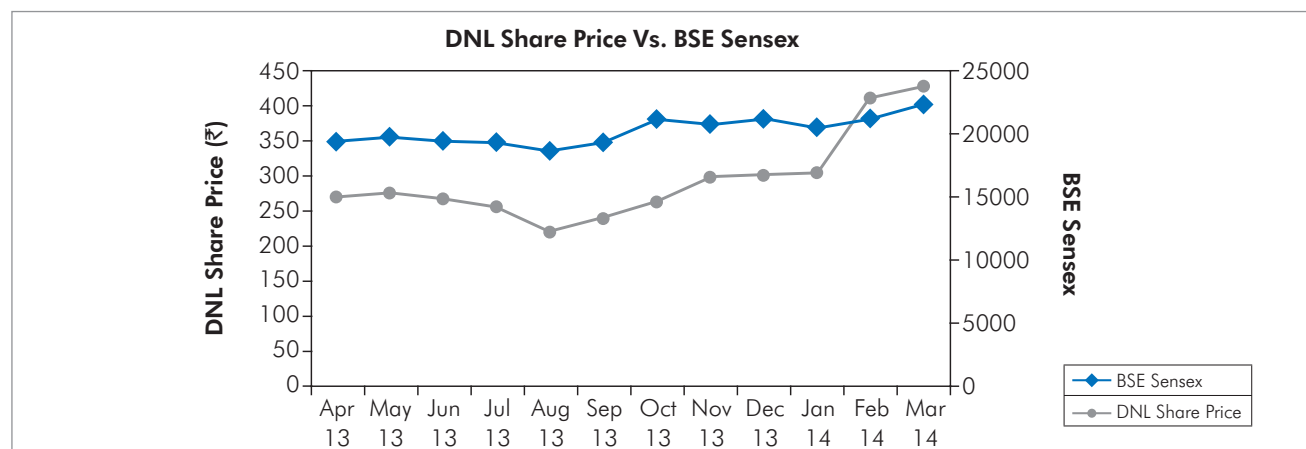
ISIN Number for Equity Shares (NSDL & CDSL): INE288B01011

Market Price Data of Equity Shares:

Market Price Data - monthly High & Low during the year 2013-14 at BSE:

Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
April, 2013	283.35	256.20	October, 2013	272.00	230.05
May, 2013	276.00	256.00	November, 2013	302.00	251.65
June, 2013	277.00	242.50	December, 2013	303.95	280.15
July, 2013	279.80	251.00	January, 2014	334.00	290.00
August, 2013	260.00	211.00	February, 2014	427.90	291.00
September, 2013	250.00	211.00	March, 2014	433.00	405.00

Source: www.bseindia.com



Distribution of Shareholding as on March 31, 2014:

Range	No. of Holders	%	No. of Shares	%
1 - 500	6790	86.96	835606	7.99
501 - 1000	571	7.31	402267	3.85
1001 - 5000	356	4.56	735132	7.03
5001 - 10000	43	0.55	294759	2.82
10001 & above	48	0.61	8186055	78.31
TOTAL	7808	100.00	10453819	100.00

Shareholding Pattern as on March 31, 2014:

Category of Shareholders	No. of Shares	% to Equity Capital
Promoters	5912907	56.56
Mutual Fund & Unit Trust of India	1800	0.02
Financial Institutions, Banks, Insurance Companies	115200	1.10
Foreign Institutional Investor	650000	6.22
Bodies Corporate	1125686	10.77
Non Resident Individuals	62971	0.60
Resident Individuals & Trust	2585255	24.73
TOTAL	10453819	100.00

The Company has not issued any GDRs/ADRs.

Dematerialisation of Equity Shares:

Electronic holding by Members comprises 97.07 % of the paid up equity capital of the Company as on March 31, 2014 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 the Company. Pursuant to 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 the 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) 6772 0300, 6772 0400
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, 2288 1569
(022) 6613 4700,
Fax Number: (022) 2282 5484
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
Corporate Identity Number: L24110GJ1970PLC001735

Telephone Numbers: (0265) 235 1013,
233 4481, 233 4482
Fax No.: (0265) 233 0994
E-mail: investor@deepaknitrite.com
Website: www.deepaknitrite.com

Shareholders holding shares in 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, the 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 the Company:

Financial Year	Dividend Payment Date	Proposed Date for transfer to IEPF*
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 3, 2011	August 2, 2018
2011-2012	August 9, 2012	August 8, 2019
2012-2013	August 5, 2013	August 6, 2020

* Indicative dates, actual date may vary.

Plant Locations:

1. Nitrite & Nitroaromatics Division 4/12 GIDC Chemical Complex Nandesari - 391 340. Dist. Vadodara	2. APL Division Plot Nos. 1-6, 26, 27, 29-31 MIDC Dhata, Roha - 402 116, Dist. Raigad.
3. Talaja Chemical Division Plot Nos. K/9-10, MIDC Talaja, Dist. Raigad - 410 208.	4. Hyderabad Specialities Division: Plot Nos. 90-F, 70-A & B and 22, Phase -I, Industrial Development Area, Jedimetla, Tal. Qutbyullapur Mandal, Dist. Ranga Reddy, Hyderabad 500 055.
5. Dahej Division: 12/B, GIDC, Dahej, Dist. Bharuch, Gujarat - 392 130	

CERTIFICATE

We have examined the compliance of conditions of Corporate Governance by DEEPAK NITRITE LIMITED for the year ended on March 31, 2014 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
Firm Registration No. 105102W

Prasad V Paranjape
Partner

Membership No. 47296

Place: Mumbai
Date: May 2, 2014

Independent Auditor's Report

To
The Members of Deepak Nitrite Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Deepak Nitrite Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statements of Profit and Loss and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

1. 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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.

Auditor's Responsibility

2. 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. 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.
4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. 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, 2014;
 - (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.

Report on Other Legal and Regulatory Requirements

6. 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 (here in after 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.
7. 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, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow Statement dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration Number 105102W

Prasad V Paranjape

Partner

Membership Number 47296

Place: Mumbai

Date: May 2, 2014

Annexure Referred to in Paragraph 6 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, 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 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 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, 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, Custom duty, Excise duty and Cess on account of dispute are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in lakhs)	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	3.44	Oct'05 to July'10	Commissioner of Excise
Central Excise Act, 1944	Excise duty	10.69	Oct'10 to Nov'13	Commissioner of Excise
Central Excise Act, 1944	Excise duty	187.65	July'98 to Feb'11	Central Excise Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise duty	19.73	Jan'12 to May'13	Central Excise Service Tax Appellate Tribunal
Mumbai Stamp Act	Stamp duty	22.85	Mar' 10	Chief Controller of Revenue Authorities
Hyderabad Metropolitan Water Supply & Sewerage Act, 1989	Sewerage Cess	11.13	2008-09 to 2013-14	High Court

x) ACCUMULATED LOSSES

The Company does not have accumulated loss 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.

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration Number 105102W

Prasad V Paranjape

Partner

Membership Number 47296

Place: Mumbai

Date: May 2, 2014

Balance Sheet as at March 31, 2014

		₹ in Lacs	
	Note No.	As At March 31, 2014	As At March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	3	1,045.38	1,045.38
Reserves and Surplus	4	29,706.84	27,014.36
		30,752.22	28,059.74
Non-Current Liabilities			
Long-Term Borrowings	5	27,125.26	23,933.71
Other Long-Term Liabilities	6	244.39	217.62
Long-Term Provisions	7	418.57	361.85
Deferred Tax Liability	8	3,477.13	2,335.49
		31,265.35	26,848.67
Current Liabilities			
Short-Term Borrowings	9	19,071.61	7,073.93
Trade Payables	10a	14,616.50	20,420.52
Other Current Liabilities	10b	8,594.97	5,420.97
Short-Term Provisions	7	1,323.98	1,044.47
		43,607.06	33,959.89
TOTAL		105,624.63	88,868.30
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	45,601.53	32,428.12
Intangible Assets	12a	526.52	113.78
Capital Work-in-Progress	12b	7,109.72	11,755.20
Non-Current Investments	13	312.22	132.92
Long-Term Loans and Advances	14	2,512.36	2,206.05
Other Non-Current Assets	15	-	-
		56,062.35	46,636.07
Current Assets			
Inventories	16	12,995.06	10,435.84
Trade Receivables	17	29,193.10	24,225.17
Cash and Cash Equivalents	18	644.14	950.05
Short-Term Loans and Advances	14	6,597.94	6,343.42
Other Current Assets	15	132.04	277.75
		49,562.28	42,232.23
TOTAL		105,624.63	88,868.30
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
Firm Registration No.105102W

PRASAD PARANJPE
Partner
Membership No. 47296

Mumbai: May 2, 2014

For and on behalf of the Board

D.C. MEHTA
Vice Chairman & Managing Director

A.C. MEHTA
Managing Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

C.K. MEHTA
Chairman

UMESH ASAIKAR
Executive Director & Chief Executive Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND } Directors

Mumbai: May 2, 2014

Statement of Profit and Loss for the year ended March 31, 2014

₹ in Lacs			
	Note No.	Current Year	Previous Year
INCOME			
Revenue from Operations (Gross)		136,800.05	109,469.71
Less: Excise Duty		9,837.18	7,529.71
Revenue from Operations (Net)	19	126,962.87	101,940.00
Other Income	20	176.74	1,070.04
Total Revenue (I)		127,139.61	103,010.04
EXPENSES			
Cost of Raw Material and Components Consumed	21	84,854.63	66,683.73
Purchase of Traded Goods	22	1,814.31	4,672.87
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	(3,494.17)	104.93
Employee Benefits Expenses	24	8,835.10	6,255.56
Power & Fuel Expenses	25	11,057.59	9,044.71
Depreciation and Amortisation Expenses	26	2,967.22	1,896.78
(Less): Recoupment from Revaluation Reserve		(2.86)	(2.92)
Net Depreciation and Amortisation Expenses		2,964.36	1,893.86
Finance Costs	27	2,797.37	1,136.08
Other Expenses	28	12,495.18	7,960.50
Total Expenses (II)		121,324.37	97,752.24
Profit/(Loss) before Tax (I) - (II)		5,815.24	5,257.80
Tax Expenses			
Current Tax		1,442.73	1,071.48
Mat Credit Entitlements recognised		(601.99)	(251.23)
Deferred Tax		1,141.64	655.20
Total Tax Expenses		1,982.38	1,475.45
Profit/(Loss) for the year		3,832.86	3,782.35
Earning per Equity Share			
Basic & Diluted (in ₹)	31	36.63	36.15
Face Value Per Share (in ₹)		10.00	10.00
Notes to Financial Statements	1 & 2		
The accompanying notes form an internal part of the Statement of Profit & Loss.			

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

PRASAD PARANJPE
Partner
Membership No. 47296

Mumbai: May 2, 2014

For and on behalf of the Board

D.C. MEHTA
Vice Chairman & Managing Director

A.C. MEHTA
Managing Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

C.K. MEHTA
Chairman

UMESH ASAIKAR
Executive Director & Chief Executive Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND } Directors

Mumbai: May 2, 2014

Cash Flow Statement for the year 2013-14

	₹ in Lacs	
	Current Year	Previous year
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax from Continuing Operations	5,815.24	5,257.80
Profit Before Tax from Discontinuing Operations	-	-
Profit Before Tax	5,815.24	5,257.80
Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows		
Add:		
1. Depreciation / Amortisation on Continuing Operations	2,964.36	1,893.86
2. Depreciation/ Amortisation on Discontinuing Operations	-	-
3. Impairment/ other write back on Tangible/ Intangible Assets pertaining to Continuing Operations	13.66	(206.11)
4. Loss on Sale of Fixed Assets	206.21	302.42
5. Profit on Sale of Fixed Assets	(1.64)	(858.85)
6. Provision for Doubtful Debts	85.42	25.24
7. Wealth Tax	16.08	18.16
8. Unrealised Foreign Exchange Loss	85.51	(5.40)
9. Net (Gain)/ Loss on Sale of Current Investments	-	-
10. Interest expenses	2,574.85	970.56
11. Interest (Income)	(109.63)	(105.51)
12. Dividend (Income)	(5.19)	(14.60)
Operating Profit Before Working Capital changes	11,644.87	7,277.57
Less:		
Movements in Working Capital :		
1. Increase / (Decrease) in Trade Payables	(4,118.60)	7,014.58
2. Decrease / (Increase) in Trade Receivables	(5,053.35)	(8,501.66)
3. Decrease / (Increase) in Inventories	(2,559.22)	(1,892.21)
4. Decrease / (Increase) in Long-Term Loans and Advances	(132.12)	2,798.19
5. Decrease / (Increase) in Short-Term Loans and Advances	(188.17)	(3,054.36)
Cash generated from /(used in) Operations	(406.59)	3,642.11
Direct taxes paid (net of refunds)	(1,014.93)	(1,212.35)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES (A)	(1,421.52)	2,429.76
B. CASH FLOWS FROM INVESTING ACTIVITIES		
1. Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(9,694.52)	(17,068.72)
2. Proceeds from Sale of Fixed Assets	46.71	1,288.42
3. Investment in Associates	(179.30)	-
4. Proceeds of Non-Current Investments	-	-
5. Purchase of Current Investments	-	(5,935.00)
6. Proceeds from sale/maturity of Current Investments	-	5,935.00
7. Interest received	113.36	203.60
8. Dividends received	5.19	14.60
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES (B)	(9,708.56)	(15,562.10)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
1. Proceeds from Long-Term Borrowings	5,875.85	3,114.32
2. Repayment of Long-Term Borrowings	(2,571.60)	(575.07)
3. Proceeds from Short-Term Borrowings	12,039.31	4,576.57

₹ in Lacs

	Current Year	Previous year
4. Repayment of Short-Term Borrowings	(1,021.19)	(646.73)
5. Interest paid	(2,523.75)	(1,013.48)
6. Dividend paid on Equity Shares	(832.19)	(625.14)
7. Tax on Equity Dividend paid	(142.26)	(101.85)
NET CASH FLOW FROM/ (USED IN) IN FINANCING ACTIVITIES (C)	10,824.17	4,728.62
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(305.91)	(8,403.72)
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	950.05	9,353.77
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	644.14	950.05
Components of Cash and Cash equivalents		
Balances with Banks:		
- In Current Accounts	88.43	150.99
- In EEFC Accounts	337.37	18.65
- Deposits with maturity of less than three months (Refer note below (a))	-	569.55
- On Unpaid Dividend / Interest Account (Refer note below (b))	56.03	52.92
Cash on hand	-	-
	481.83	792.11
Other Bank Balances		
- Deposits with original maturity for more than three months but less than twelve months	160.20	148.34
- Margin money deposit (Refer note below (c))	2.11	9.60
	162.31	157.94
TOTAL CASH AND CASH EQUIVALENTS	644.14	950.05

- a) Deposits with maturity of less than three months is the amount invested pending utilisation for ultimate purpose of capital expenditure.
- b) Unpaid Dividend / Interest Account can be used for earmarked liabilities.
- c) Margin money deposits with a carrying amount of ₹ 2.11 Lacs (₹ 9.60 Lacs) is liened as a Security against Bank Guarantee issued.

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

PRASAD PARANJPE
Partner
Membership No. 47296

Mumbai: May 2, 2014

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

A.C. MEHTA
Managing Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

C.K. MEHTA
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UMESH ASAIKAR
Executive Director & Chief Executive Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND } Directors

Mumbai: May 2, 2014

Notes to Financial Statements for the year ended March 31, 2014

COMPANY OVERVIEW

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

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. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

a) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires 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) at the rates prescribed in Schedule XIV to the Companies Act, 1956, except in respect of Aromatics Amines plant where depreciation in respect of plant & machinery is provided on Written Down Value (WDV) basis. The items of continuous process plant are identified by the technical officials of the Company.

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 computed on the basis of the rates prescribed in Schedule XIV.

(ii) Intangible Fixed Assets

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 cost of intangible assets is amortised over the fair estimate of economic useful life, in any case, not exceeding ten years, on a straight-line basis. Details of estimated useful life is given below:

Software and related implementation costs	6 years
Rights to use facilities	5 years
Technical Know How	10 years

Notes to Financial Statements for the year ended March 31, 2014

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) Revenue from sales is recognised when the significant risks and rewards associated with ownership of goods are transferred to the buyers and no significant uncertainty exists as to the amount of consideration derived from the sales. Sales is recorded net of trade discounts, rebates, sales taxes, VAT and excise duties (recovery of which realisation is shown separately).
- (ii) Revenue from rendering of services relating to conversion/processing activity is recognised when the converted/processed goods are ready for delivery.
- (iii) 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.
- (iv) Expenses are accounted for on accrual basis.

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.

h) Investments

Investments that are readily realisable and intended to be held for not more than twelve months 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.

Notes to Financial Statements for the year ended March 31, 2014

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 credit to the Statement of 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) Earning Per Share

The company reports basic and diluted Earning per Share (EPS) in accordance with the 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.

l) Segment Reporting - Basis of Information

The Company has disclosed business segment as primary segment. The Company operates in four segments: Inorganic Intermediates, Organic Intermediates, Fine & specialty Chemicals and Others. Segments have been identified and reported taking into account the nature of the product, the differential risks and returns 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.

Notes to Financial Statements for the year ended March 31, 2014

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, "Cash Flow Statements", whereby the 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 ₹ 2,715.94 Lacs (₹ 1,483.89 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. Since the entire amount of Foreign Currency loan has been fully repaid during the year, no further loss on account of foreign exchange (₹ 103.74 Lacs) is transferred to the "Foreign Currency Monetary Item Translation Difference Account" and the remaining balance of ₹ 85.52 Lacs (₹ 98.34 Lacs) has been fully amortised during the year under the head "Exchange Fluctuation Loss Account".

Notes to Financial Statements for the year ended March 31, 2014

3. SHARE CAPITAL

	₹ in Lacs	
	As At March 31, 2014	As At March 31, 2013
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 (Refer Note below)	1,045.38	1,045.38
Total Issued, Subscribed and fully Paid-up Share Capital	1,045.38	1,045.38

Notes: Excludes 9,860 (9,860) Equity Shares of ₹ 10/- each, which have been kept in abeyance as per pending legal proceedings.

- (a) Shares:- Terms/Rights:
- Authorised shares have been classified into Equity and Preference Shares.
 - The Company has issued Equity Shares having par value of ₹ 10/- per Share. Each holder of the 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 approval of the Shareholders at the ensuing Annual General Meeting.
 - During the year ended March 31, 2014, the amount of per share dividend recognised as distribution to Equity Shareholders is ₹ 10/- (₹ 8/-).
 - 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 the 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, 2014		As At March 31, 2013	
	No.	₹ in Lacs	No.	₹ in Lacs
At the beginning of the period	10,453,819	1,045.38	10,453,819	1,045.38
Issued during the period – Bonus issue	-	-	-	-
Issued during the period – ESOP	-	-	-	-
Outstanding at the end of the period	10,453,819	1,045.38	10,453,819	1,045.38

- (c) Details of Shareholders holding more than 5% Equity Shares in the Company

Name of the Shareholder	As At March 31, 2014		As At March 31, 2013	
	No.	% holding	No.	% holding
Equity Shares of ₹ 10/- each fully paid				
Shri Deepak Chimanlal Mehta	2,027,004	19.39	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
Fidelity Puritan Trust - Fidelity Low Priced	650,000	6.22	625,000	5.98
Stigma Credits & Capital Private Limited	617,810	5.91	617,810	5.91

Notes to Financial Statements for the year ended March 31, 2014

- (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

	₹ in Lacs	
	As At March 31, 2014	As At March 31, 2013
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	136.50	152.11
Less: Transferred to Statement of Profit & Loss for recoupment of Depreciation	2.86	2.92
Less: In respect of Assets Written Off	-	12.69
Closing Balance	133.64	136.50
General Reserve		
Balance as per the last Financial Statements	5,888.44	5,388.44
Add: Appropriated out of the Statement of Profit & Loss during the year	500.00	500.00
Closing Balance	6,388.44	5,888.44
Foreign Currency Monetary Item Translation Reserve		
Balance as per Financial Statements (Refer Note No. 2)	(85.52)	(80.12)
Add: Foreign Exchange Loss during the year	-	(103.74)
Less: Amortised during the year	85.52	98.34
Closing Balance	-	(85.52)
Surplus		
Balance as per last Financial Statements	14,276.90	11,973.90
Profit/(Loss) for the year	3,832.86	3,782.35
Amount available for Appropriation	18,109.76	15,756.25
Less: Appropriations		
Proposed Final Equity Dividend [(amount per share ₹ 10/-) (Previous Year: ₹ 8/-)]	1,045.38	837.09
Tax on proposed Equity Dividend	177.66	142.26
Transfer to General Reserve	500.00	500.00
Total Appropriations	1,723.04	1,479.35
Surplus	16,386.72	14,276.90
TOTAL	29,706.84	27,014.36

Notes to Financial Statements for the year ended March 31, 2014

5. LONG TERM BORROWINGS

₹ in Lacs

	Non-Current As At March 31, 2014	Non-Current As At March 31, 2013	Current As At March 31, 2014	Current As At March 31, 2013
Term Loans (Refer note below)				
Secured				
Foreign Currency Loan from Banks & Financial Institutions	-	490.71	-	490.00
Loan from Banks	5,200.00	-	-	-
External Commercial Borrowings	21,064.98	22,884.30	4,222.01	1,590.89
Other Loans and Advances				
Unsecured				
Deferred Sales Tax Loan	10.20	37.19	27.00	43.06
Deposits from Shareholders	20.45	8.87	22.18	42.38
Deposits from Public	829.63	512.64	372.93	941.96
TOTAL	27,125.26	23,933.71	4,644.12	3,108.29
The above amount includes:				
Secured Borrowings	26,264.98	23,375.01	4,222.01	2,080.89
Unsecured Borrowings	860.28	558.70	422.11	1,027.40
Current maturities of long term borrowings have been disclosed under the head "Current Liabilities" (Refer Note No.10(b))	-	-	(4,644.12)	(3,108.29)
NET AMOUNT	27,125.26	23,933.71	-	-

Term Loans

The Loans from Banks includes term loan obtained from State Bank of India during the year amounting to ₹ 5,200.00 Lacs (₹ Nil), this is to be secured by first pari passu charge by way of mortgage of immovable properties of the Company and both present and future hypothecation of movable assets of the Company. The Company is in the process of executing the necessary charge on the assets. Foreign Currency Loan from Banks includes Loan from Bank of Baroda ₹ Nil (₹ 490.71 Lacs) while External Commercial Borrowings are obtained from (a) Standard Chartered Bank ₹ 6,430.68 Lacs (₹ 6,526.72 Lacs) (b) HSBC Bank (Mauritius) Limited ₹ 8,338.85 Lacs (₹ 8,158.40 Lacs) and (c) DBS Bank Limited ₹ 10,517.46 Lacs (₹ 9,790.07 Lacs). These are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future 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 loan from Banks are in the range of base rate plus 0.50% to 1.00% p.a.
- Term loan from State Bank of India is repayable on monthly basis starting from June, 2015 with last installment payable in November, 2021.
- Rate of interest of Term Loan and External Commercial Borrowings are in the range of LIBOR plus 2.50% to 3.00% p.a.
- Foreign Currency Loan from Bank of Baroda is repaid during the year.
- External Commercial Borrowing from Standard Chartered Bank is repayable on half-yearly basis which started on August 23, 2013 with a step up repayment schedule and last installment payable on February 23, 2018.
- External Commercial Borrowing from HSBC Bank (Mauritius) Limited is repayable on half yearly basis which started on March 30, 2014, with a step up repayment schedule and last installment payable on March 29, 2018.
- External Commercial Borrowing from DBS Bank Limited is repayable on quarterly basis which started on February 3, 2014, with a step up repayment schedule and last installment payable on November 1, 2018.

Notes to Financial Statements for the year ended March 31, 2014

- h) Deferred sales tax loan is interest free and payable in 8 yearly installments starting from April 2008 and last installment payable before March, 2016.

The installments payable are as under:

Year	₹ in Lacs
2014-15	27.00
2015-16	10.19
TOTAL	37.19

- i) 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, 2014	As At March 31, 2013
Security Deposits Received	244.39	217.62
TOTAL	244.39	217.62

7. SHORT TERM AND LONG TERM PROVISIONS

	Long-Term As At March 31, 2014	Long-Term As At March 31, 2013	Short-Term As At March 31, 2014	Short-Term As At March 31, 2013
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 29 A (iii))	-	-	33.73	14.29
Provision for Leave Benefits (Refer Note No. 29 B (iii))	418.57	361.85	67.21	50.83
	418.57	361.85	100.94	65.12
Other Provisions				
Proposed Equity Dividend	-	-	1,045.38	837.09
Provision for tax on proposed Equity Dividend	-	-	177.66	142.26
	-	-	1,223.04	979.35
TOTAL	418.57	361.85	1,323.98	1,044.47

8. DEFERRED TAX LIABILITY

	As At March 31, 2014	As At March 31, 2013
Deferred Tax Liability		
Fiscal difference due to Depreciation on Fixed Assets	3,931.08	2,817.94
Gross Deferred Tax Liability (A)	3,931.08	2,817.94
Deferred Tax Asset		
Disallowances u/s 43 B	222.29	218.34
Provisions & Contingencies	231.66	264.11
Gross Deferred Tax Asset (B)	453.95	482.45
Net Deferred Tax Liability / (Asset) Recognised [(A)-(B)]	3,477.13	2,335.49

Notes to Financial Statements for the year ended March 31, 2014

9. SHORT TERM BORROWINGS

	₹ in Lacs	
	As At March 31, 2014	As At March 31, 2013
Cash Credit from Banks (Refer note a & b below)	14,622.10	4,514.62
Short Term Loans from Banks (Refer note c below)	4,449.51	2,559.31
TOTAL	19,071.61	7,073.93
The above amount includes:		
Secured Borrowings	14,622.10	4,514.62
Unsecured Borrowings	4,449.51	2,559.31
	19,071.61	7,073.93

- a) Cash Credit from Banks are secured by a prior charge over Company's stock 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 in the range of base rate plus 0.75% to 3.00% p.a.
- c) Short Term loan from Banks represents 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 0.60% to 2.00% p.a. Company has also borrowed short term export packing credit. It is generally due within 180 days & carries interest rate in the range of Base Rate plus 0.50% to 1.00% p.a.

10a. TRADE PAYABLES

	₹ in Lacs	
	As At March 31, 2014	As At March 31, 2013
Trade Payables (including acceptances) (Refer note 40 for details of dues to Micro and Small Enterprises)	14,616.50	20,420.52
TOTAL	14,616.50	20,420.52

10b. OTHER CURRENT LIABILITIES

	₹ in Lacs	
	As At March 31, 2014	As At March 31, 2013
Current maturities of Long-Term Borrowings (Refer Note No. 5)	4,644.12	3,108.29
Interest accrued but not due on borrowings	217.75	166.66
Advance from Customers	70.17	5.97
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	34.66	29.76
Unclaimed Matured Deposits	3.81	3.19
Unpaid Interest on Matured Fixed Deposits	21.37	23.16
Others	3,603.09	2,083.94
TOTAL	8,594.97	5,420.97

Notes to Financial Statements for the year ended March 31, 2014

FIXED ASSETS

11. Tangible Assets

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK			
		As At April 1,2013	Additions	Deletions	Total March 31,2014	Upto April 1,2013	For the year	Impairment Provision/ (Reversal)	Deletions	Total March 31,2014	As At March 31,2014	As At March 31,2013
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11(7+8-10)	12 (6-9-11)	13 (3-7)
1	Freehold Land	571.21	9.90	-	581.11	-	-	-	-	-	581.11	571.21
2	Leasehold Land	2,360.31	15.41	-	2,375.72	143.78	26.63	-	-	170.41	2,205.31	2,216.53
3	Plant and Machinery	42,173.87	14,760.12	836.94	56,097.05	18,977.13	2,506.53	13.66	713.19	20,770.47	35,312.92	23,196.74
4	Factory and Other											
5	Buildings	6,458.31	801.77	1.04	7,259.04	1,186.89	216.33	-	0.49	1,402.73	5,856.31	5,271.42
6	Roads	110.05	366.88	4.23	472.70	22.01	5.04	-	4.16	22.89	449.81	88.04
7	Office Equipment's	431.13	49.38	9.97	470.54	182.77	22.23	-	8.25	196.75	273.79	248.36
8	Furniture & Fixture	726.44	119.41	97.34	748.51	358.13	36.56	-	47.86	346.83	401.68	368.31
	Vehicles	625.31	121.34	20.09	726.56	157.80	63.88	-	15.72	205.96	520.60	467.51
	Total - Current Year	53,456.63	16,244.21	969.61	68,731.23	21,028.51	2,877.20	13.66	789.67	23,116.04	45,601.53	32,428.12
	Total - Previous Year	38,197.75	17,049.58	1,790.70	53,456.63	20,204.36	1,904.58	(222.61)	857.82	21,028.51		

12a. Intangible Assets

		₹ in Lacs										
1	Goodwill	233.50	-	-	233.50	233.50	-	-	-	233.50	-	-
2	Computer Software (Office equipment)	390.82	147.76	-	538.58	281.16	48.69	-	-	329.85	208.73	109.66
3	Others	18.74	355.00	-	373.74	14.62	41.33	-	-	55.95	317.79	4.12
	Total - Current Year	643.06	502.76	-	1,145.82	529.28	90.02	-	-	619.30	526.52	113.78
	Total - Previous Year	631.20	11.86	-	643.06	492.51	36.77	-	-	529.28		

Notes: 1. Building includes ₹ 1,080.00 Lacs (Previous year: ₹ 1,080.00 Lacs) in respect of ownership of premises in a co-operative housing society by way of 10 Shares.

2. Certain Assets of Nitrite Unit at Nandesari, Vadodara were revalued on October 31, 1985 as per the valuation report submitted by M/s. PC. Gandhi & Associates, Chartered Engineers and Government approved valuer, where by original cost of ₹ 944.05 lacs as of that was restated at replacement cost of ₹ 1,903.81 Lacs. The details of said assets as on Balance Sheet date net of subsequent deletions are as follows:

Sr. No.	Assets	Original Cost	Replacement Cost	Method and Indices
		₹ in Lacs	₹ in Lacs	
1	Leasehold Land	16.53	124.10	Prevailing market price on the date of Valuation.
2	Plant & Machinery	289.98	614.32	Replacement costs of these fixed assets have been arrived at by using RBI indices for buildings and indigenous plant and for imported equipment's by using respective countries indices as also adjusting for customs duty and foreign exchange fluctuations.
3	R&D Equipment	19.33	28.29	
4	Factory & Other Buildings	56.45	150.04	
5	R&D Building	2.11	5.61	
	Total	384.40	922.36	
	Previous year	427.05	1,014.85	

Notes to Financial Statements for the year ended March 31, 2014

3. Capitalised Borrowing Costs:

Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to ₹ 3,196.87 Lacs (Previous Year ₹ 1,697.57 Lacs)

₹ in Lacs			
Sr. No.	Particular	Capitalised during the Current Year	Capitalised during the Previous Year
i	Interest on External Commercial Borrowings	496.10	524.00
ii	Exchange Loss/(Gain)	2,700.77	1,173.57
	Total	3,196.87	1,697.57

- 4 (a) Out of fixed assets amounting to ₹ 188.19 Lacs pertaining to Fine & Speciality segment forming part of Nandesari division and which were held of disposal since last financial year, assets worth ₹ 67.71 Lacs were sold during the year at a loss of ₹ 46.16 Lacs recognised in Statement of Profit & Loss. The remaining assets were revalued at ₹ 89.91 Lacs and loss on revaluation of ₹ 30.57 Lacs is also recognised in Statement of Profit & Loss.
- (b) In respect of Building held under Capital work in progress at Roha which was impaired in the year 2008-09, no further provision (Previous Year ₹ 16.50 Lacs) is made and cumulative provision stands at ₹ 381.00 Lacs as on Balance Sheet date.
- (c) Further, in respect of Factory Building at Roha which was impaired in the year 2008-09, and subsequently put to alternate use in the year 2012-13, no further provision is made during the year and cumulative provision stands at ₹ 23.03 Lacs as on Balance Sheet date.
- (d) During the current year, the Company has provided for impairment loss of ₹ 13.66 Lacs in respect of Plant & Machinery pertaining to Organic Intermediates segment at Taloja Division.
- 5 Remaining useful life of Intangible assets and balance carrying amount

Sr. No.	Particular	Remaining useful life	Balance carrying amount ₹ in lacs
1	Software and related implementation costs	6 years	208.74
2	Rights to use facilities	5 years	228.96
3	Technical Know How	10 years	88.82

6. Research & Development Assets included in Fixed Assets

₹ in Lacs												
Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		As At April 1, 2013	Additions	Deletions	Total March 31, 2014	Upto April 1, 2013	For the year	Impairment Provision/ (Reversal)	Deletions	Total March 31, 2014	As At March 31, 2014	As At March 31, 2013
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11(7+8-10)	12 (6-9-11)	13 (3-7)
1	Plant and Machinery	881.65	223.19	15.33	1,089.51	491.08	39.41	-	4.94	525.55	563.96	390.57
2	Buildings	49.92	14.55	-	64.47	9.45	2.48	-	-	11.93	52.54	40.47
3	Office Equipments	40.05	2.16	7.63	34.58	32.50	2.80	-	7.09	28.21	6.37	7.55
4	Furniture & Fixture	138.54	15.26	77.24	76.56	62.78	5.07	-	38.34	29.51	47.05	75.76
	Current Year's Total	1,110.16	255.16	100.20	1,265.12	595.81	49.76	-	50.37	595.20	669.92	514.35
	Previous Year's Total	1,105.11	5.99	0.94	1,110.16	543.22	53.26	-	0.67	595.81		

Notes to Financial Statements for the year ended March 31, 2014

12b. Capital Work in Progress

		₹ in Lacs	
Sr. No.	Particulars	March 31, 2014	March 31, 2013
1	Capital Work in Progress (Others)	666.88	1,103.05
2	Capital Work in Progress (Projects)	6,442.84	10,652.15
3	Capital Work in Progress (Building)	397.88	397.88
4	Less: Impairment Loss	(397.88)	(397.88)
	Capital Work in Progress (Net)	7,109.72	11,755.20

Details of Capital Work in Progress - Projects

		₹ in Lacs			
Sr. No.	Particulars	Incurred till March 31, 2013	Incurred during the year	Capitalised / Transferred during the year	Total as on March 31, 2014
	Capital Work in Progress				
1	Land & Site Development	153.77	7.10	152.40	8.47
2	Building (under construction)	605.56	592.07	1,050.63	147.00
3	Plant & Machinery	6,670.00	7,681.67	10,931.00	3,420.67
4	Other Assets	480.01	-	13.14	466.87
5	Pre Commissioning, Testing etc.	-	190.52	78.96	111.56
	Pre-operative expenses				
1	Employees Emoluments	449.19	171.65	335.28	285.56
2	Other Expenses	854.68	196.64	511.83	539.49
3	Foreign Exchange Differences	960.46	2,715.94	2,700.77	975.63
4	Interest (net) on Loans & Finance charges	478.48	505.21	496.10	487.59
	Total	10,652.15	12,060.80	16,270.11	6,442.84

Notes to above

Foreign Exchange difference and Interest Includes

- In 2013-14, ₹ 2,715.94 Lacs (₹ 1,483.89 Lacs) being exchange difference considered as an adjustments to borrowing costs. Out of the above, ₹ 2,700.77 Lacs (₹ 1,173.57 Lacs) has been capitalised during the year.
- Interest (net of interest earned) in 2013-14, ₹ 505.21 Lacs (₹ 573.78 Lacs). Out of the above, ₹ 496.10 Lacs (₹ 524.00 Lacs), being related to capitalised amount has been transferred to Fixed Assets.

Notes to Financial Statements for the year ended March 31, 2014

13. NON CURRENT INVESTMENTS

			₹ in Lacs	
			As At March 31, 2014	As At March 31, 2013
Long Term Investments at Cost				
Trade (Unquoted) Investments in Equity Shares - Fully Paid up				
1,22,500	(Nil)	Equity Shares of Deepak Gulf LLC of Omani Riyal 1 each, fully paid.	179.30	-
73,706	(73,706)	Equity Shares of Deepak International Limited of GBP 1 each, fully paid.	57.36	57.36
			236.66	57.36
Non Trade (Unquoted)				
a) Investment in Equity Instruments - Fully Paid up				
800	(800)	Equity Shares of Nandesari Environment Control Limited	0.08	0.08
20	(20)	Equity Shares of Baroda Co-operative Bank Limited	0.01	0.01
2,000	(2,000)	Equity Shares of Shamrao Vitthal co-op Bank Limited	0.50	0.50
798	(798)	Equity Shares New India Co-op Bank Limited	0.08	0.08
52,342	(52,342)	Equity 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)	Equity Shares of Bank of Baroda	8.50	8.50
6,240	(6,240)	Equity Shares of IDBI Bank	5.07	5.07
29,400	(29,400)	Equity Shares of Dena Bank	8.82	8.82
			22.39	22.39
TOTAL			312.22	132.92

- i) Aggregate amount of Unquoted Investments is ₹ 289.83 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 Instruments (Quoted) ₹ 94.02 Lacs (₹ 99.07 Lacs).

14. LOANS & ADVANCES (LONG TERM & SHORT TERM)

					₹ in Lacs	
					Non-Current As At March 31, 2014	Current As At March 31, 2013
Capital Advances						
Unsecured, considered good					94.89	-
					94.89	169.18
Security Deposit						
Unsecured, considered good (Refer note below)					824.07	111.38
					824.07	111.38
Advances recoverable in cash or kind						
Unsecured, considered good					-	995.30
					-	995.30
Other Loans and Advances						
Loans to Company					110.53	204.10
Advance Income-Tax (Net of Provisions)					40.16	-
MAT Credit Entitlements					853.22	-
Prepaid Expenses					104.64	71.19
Loans to Employees					374.50	45.25
Balances with Statutory / Government Authorities					110.35	4,916.20
					1,593.40	5,236.74
TOTAL					2,512.36	6,343.42

Notes to Financial Statements for the year ended March 31, 2014

Note:

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

	₹ in Lacs			
	Non-Current As At March 31, 2014	Non-Current As At March 31, 2013	Current As At March 31, 2014	Current As At March 31, 2013
Loans to Employees include				
Dues from officers	1.43	1.69	0.26	0.26
Loans and Advances to related parties				
Security Deposit towards lease of residential premises	400.00	400.00	-	-
TOTAL	401.43	401.69	0.26	0.26

15. OTHER NON-CURRENT AND CURRENT ASSETS

	₹ in Lacs			
	Non-Current As At March 31, 2014	Non-Current As At March 31, 2013	Current As At March 31, 2014	Current As At March 31, 2013
Unsecured, considered good unless stated otherwise	-	-	-	-
Unamortised expenditure				
Unamortised premium on Option Contract	-	-	-	41.60
Interest receivable on loans	-	-	32.73	38.36
Assets held for disposal	-	-	99.31	197.79
TOTAL	-	-	132.04	277.75

16. INVENTORIES (VALUED AT LOWER OF COST AND NET REALISABLE VALUE)

	₹ in Lacs			
	Non-Current As At March 31, 2014	Non-Current As At March 31, 2013	Current As At March 31, 2014	Current As At March 31, 2013
Raw Materials and Components (including Packing Material)	-	-	4,427.44	4,860.63
Stock in Process	-	-	2,503.61	2,231.49
Finished Goods	-	-	5,653.96	2,431.91
Stores and Spares	-	-	857.49	1,008.09
	-	-	13,442.50	10,532.12
Provision for Obsolescence	-	-	(447.44)	(96.28)
TOTAL	-	-	12,995.06	10,435.84

17. TRADE RECEIVABLES

	₹ in Lacs			
	Non-Current As At March 31, 2014	Non-Current As At March 31, 2013	Current As At March 31, 2014	Current As At March 31, 2013
Debts outstanding for a period exceeding six months				
Unsecured, considered good	-	-	13.37	168.46
Doubtful Debts	-	-	147.17	61.75
	-	-	160.54	230.21
Provision for Doubtful Debts	-	-	(147.17)	(61.75)
	-	-	13.37	168.46
Other receivables				
Unsecured, considered good*	-	-	29,179.73	24,056.71
	-	-	29,179.73	24,056.71
TOTAL	-	-	29,193.10	24,225.17

* Net of bills factored / discounted ₹ Nil (₹ Nil)

Notes to Financial Statements for the year ended March 31, 2014

18. CASH AND CASH EQUIVALENTS

	₹ in Lacs			
	Non-Current As At March 31, 2014	Non-Current As At March 31, 2013	Current As At March 31, 2014	Current As At March 31, 2013
Cash and Cash Equivalents				
Balances with Banks:				
- In Current Accounts	-	-	88.43	150.99
- In EEFC Accounts	-	-	337.37	18.65
- Deposits with maturity of less than three months (Refer note below (a))	-	-	-	569.55
- On Unpaid Dividend / Interest Account (Refer note below (b))	-	-	56.03	52.92
Cash on hand	-	-	-	-
	-	-	481.83	792.11
Other Bank Balances				
- Deposits with original maturity for more than three months but less than twelve months	-	-	160.20	148.34
- Margin money deposit (Refer note below (c))	-	-	2.11	9.60
	-	-	162.31	157.94
Amount disclosed under Non-Current Assets	-	-	-	-
TOTAL	-	-	644.14	950.05

Notes :

- a) Deposits with maturity of less than three months is the amount invested pending utilisation for ultimate purpose of capital expenditure.
b) Unpaid Dividend / Interest Account can be used for earmarked liabilities.
c) Margin money deposits with a carrying amount of ₹ 2.11 Lacs (₹ 9.60 Lacs) is liened as a Security against Bank Guarantee issued.

19. REVENUE FROM OPERATIONS

	₹ in Lacs	
	Current Year	Previous Year
Revenue from Operations		
Sale of Products		
Finished Goods (Refer note below)	133,585.05	103,183.24
Traded Goods (Refer note below)	1,989.82	4,755.23
Sale of Services (Conversion Charges)	638.19	675.21
Other Operating Revenue		
Scrap Sales	583.84	567.39
Foreign Exchange Gain	-	288.31
Others	3.15	0.33
Revenue from Operations (Gross)	136,800.05	109,469.71
Less: Excise Duty	9,837.18	7,529.71
Revenue from Operations (Net)	126,962.87	101,940.00

Note:

Details of Products Sold (Net of Excise Duty)

	₹ in Lacs	
	Current Year	Previous Year
a) Finished Goods Sold		
i) Inorganic Salts	30,230.38	22,347.35
ii) Nitro Aromatic (including related by-products)	51,087.58	36,315.12
iii) Aromatics Amines	18,812.98	16,481.55
iv) Colour Intermediates (including related by-products)	13,203.44	13,430.49
v) Agro- Chemicals Intermediates	14,129.08	14,194.79
vi) Optical Brightening Agent	5,764.71	236.76
vii) Others	356.88	177.18
	133,585.05	103,183.24

Notes to Financial Statements for the year ended March 31, 2014

	₹ in Lacs	
	Current Year	Previous Year
b) Traded Goods Sold		
Organic Chemicals	1,989.82	4755.23
c) Conversion Income	638.19	675.21
d) Other Operational Income	586.99	856.03
Revenue from Operations (Gross) (a+b+c+d)	136,800.05	109,469.71
Less: Excise Duty	9,837.18	7,529.71
Revenue from Operations (Net)	126,962.87	101,940.00

20. OTHER INCOME

	₹ in Lacs	
	Current Year	Previous Year
Interest income on		
Bank deposits	31.23	20.99
Long-Term Investments	78.40	84.52
Dividend Income on		
Current Investments	-	11.82
Long-Term Investments	5.19	2.78
Rent	1.64	1.68
Profit on Sale of Assets	1.64	858.85
Sundry Receipts	58.64	89.40
TOTAL	176.74	1,070.04

21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	₹ in Lacs	
	Current Year	Previous Year
a) Raw Material and Components Consumed		
Inventory at the beginning of the year	4,860.63	2,993.94
Add: Purchases during the year	82,416.29	67,201.94
	87,276.92	70,195.88
Less: Inventory at the end of the year	4,427.44	4,860.63
Cost of Raw Material and Components Consumed (Refer note below)	82,849.48	65,335.25
b) Packing Material Consumed	2,005.15	1,348.48
TOTAL (a+b)	84,854.63	66,683.73

Note:

Details of Raw Material Consumed

	₹ in Lacs	
Raw Material	Current Year	Previous Year
1) Caustic Soda/Soda Ash	9,650.80	8,652.53
2) Ammonia	3,621.82	2,997.57
3) Nitric Acid	5,408.14	4,672.44
4) Sulphuric Acid	1,229.70	1,117.95
5) Benzene	6,327.53	5,161.43
6) Toluene	11,128.27	9,527.89
7) Metaxyline	1,710.20	1,669.02
8) Cumene	2,523.67	1,829.45
9) Para Nitro Toluene	4,230.18	2,271.85
10) Oleum	908.19	871.52
11) Iron Powder	1,350.27	1,168.24
12) 2, Ethyl Hexanol	18,610.14	11,585.87
13) Others	16,150.57	13,809.49
TOTAL	82,849.48	65,335.25

Notes to Financial Statements for the year ended March 31, 2014

22. DETAILS OF PURCHASE OF TRADED GOODS

	₹ in Lacs	
	Current Year	Previous Year
Purchase of Finished Goods for Resale	1,814.31	4,672.87
TOTAL	1,814.31	4,672.87

23. (INCREASE)/ DECREASE IN INVENTORIES

	₹ in Lacs	
	Current Year	Previous Year
Inventories at the beginning of the year:		
Stock in Process	2,231.49	1,552.67
Finished Goods	2,431.91	3,215.66
	4,663.40	4,768.33
Less:		
Inventories at the end of the year:		
Stock in Process	2,503.61	2,231.49
Finished Goods	5,653.96	2,431.91
	8,157.57	4,663.40
TOTAL	(3,494.17)	104.93

24. EMPLOYEE BENEFITS EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
Salaries, Wages and Bonus	7,762.33	5,534.21
Contribution to Provident and Other Funds	401.69	301.85
Gratuity Expenses (Refer Note No. 29 A(iv))	107.52	100.94
Staff Welfare Expenses	563.56	318.56
TOTAL	8,835.10	6,255.56

25. POWER & FUEL EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
Consumption of Gas	1,812.52	1,670.57
Consumption of Furnace Oil	1,345.29	975.81
Consumption of High Speed Diesel	177.50	549.42
Consumption of Coal and Coke	3,370.76	2,931.70
Electricity Expenses	3,875.92	2,608.02
Water Charges	441.90	287.57
Other Expenses	33.70	21.62
TOTAL	11,057.59	9,044.71

26. DEPRECIATION AND AMORTISATION EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
Depreciation of Tangible Assets	2,877.20	1904.58
Amortisation of Intangible Assets	90.02	36.77
	2,967.22	1,941.35
Less:		
Recoupment from Revaluation Reserve	2.86	2.92
Transferred to Pre-operative expenses	-	44.57
TOTAL	2,964.36	1,893.86

Notes to Financial Statements for the year ended March 31, 2014

27. FINANCE COSTS

	₹ in Lacs	
	Current Year	Previous Year
Interest	2,034.95	728.08
Bank charges	222.52	165.52
Exchange difference to the extent considered as an adjustment to Borrowing Costs	539.90	242.48
TOTAL	2,797.37	1,136.08

28. OTHER EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
Conversion Charges	1,174.38	1,001.60
Excise Duty paid	13.93	7.58
(Increase)/ Decrease of Excise Duty on Inventories	208.71	(65.48)
Other Manufacturing Expenses	466.74	303.95
Loss on Sale / Discard of Fixed Assets	206.21	302.42
Less: Impairment Provision /(Reversal) (Refer note no. 4 (d) of Fixed Assets)	13.66	(206.11)
	219.87	96.31
Insurance	213.60	222.37
Consumption of Stores, Components and Spare parts	1,084.02	1,006.67
Repairs and Maintenance		
Plant and machinery	1,356.13	807.91
Buildings	75.45	83.01
Others	76.72	45.02
Freight and Forwarding Charges	2,527.11	1,536.25
Sales Commission	178.74	91.63
Donation	85.51	62.97
Rent (Refer Note No. 42)	93.93	145.51
Rates and Taxes	201.04	196.57
Travelling and Conveyance	327.50	180.06
Vehicle Expenses	260.28	190.24
General Expenses	3,078.16	1,918.61
Foreign Exchange Loss	368.05	-
Provision / (Reversal) for Inventory Obsolescence (net)	351.16	(10.97)
Provision for Doubtful Debts	94.11	46.77
Add:- Bad Debts / (recovered)	(9.42)	54.52
Less:- Transfer from Provision for Doubtful Debts	8.69	21.53
	76.00	79.76
Directors' Sitting Fees	9.72	11.33
Payment to Auditor (Refer note below)	32.35	31.44
Wealth Tax	16.08	18.16
TOTAL	12,495.18	7,960.50

Note:

Payment to Auditor:

	₹ in Lacs	
	Current Year	Previous Year
i) As Auditor:		
Audit fees	14.00	14.00
Tax Audit fees	2.50	2.50
Quarterly Limited Review	3.60	1.50
ii) In Other Capacity:		
Taxation Matters	8.50	9.30
Management Services	-	1.00
Other Services (Certification Fees)	2.10	1.50
iii) Reimbursement of Expenses	1.65	1.64
TOTAL	32.35	31.44

Notes to Financial Statements for the year ended March 31, 2014

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

	₹ in Lacs	
	Current Year	Previous Year
Balance at the beginning of the year	848.09	734.87
Current Service Cost	58.24	49.15
Interest Cost	69.97	62.57
Actuarial (gain)/losses	51.86	49.10
Benefits Paid	(75.79)	(47.60)
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Balance at the end of the year	952.37	848.09

ii) Fair Value of Plan Assets

	₹ in Lacs	
	As At March 31, 2014	As At March 31, 2013
Balance at the beginning of the year	833.80	705.82
Expected Return on Plan Assets	70.47	60.08
Actuarial (gain)/losses	2.08	(0.20)
Contribution by the Company	88.08	115.70
Benefits Paid	(75.79)	(47.60)
Settlements	-	-
Balance at the end of the year	918.64	833.80

Actual Return on Plan Assets

7.50% to 9.00 % 8.00% to 9.40 %

iii) Assets and Liabilities Recognised in the Balance Sheet

	₹ in Lacs	
	As At March 31, 2014	As At March 31, 2013
Present Value of Defined Benefit Obligation	952.37	848.09
Less: Fair Value of Plan Assets	918.64	833.80
Less: Unrecognised Past Service costs	-	-
Amounts recognised as liability	33.73	14.29
Recognised under		
Long Term provision (Refer Note 7)	-	-
Short Term provision (Refer Note 7)	33.73	14.29
Total	33.73	14.29

Notes to Financial Statements for the year ended March 31, 2014

iv) Expenses recognised in the statement of Profit and Loss

	₹ in Lacs	
	Current Year	Previous Year
Current Service Cost	58.24	49.15
Interest Cost	69.97	62.57
Expected return on Plan Assets	(70.47)	(60.08)
Actuarial (gain)/losses	49.78	49.30
Past Service Costs	-	-
Curtailements	-	-
Settlements	-	-
Total Expenses (Refer Note No. 24)	107.52	100.94

v) Major Category of Plan Assets as a % of total Plan Assets

	March 31, 2014	March 31, 2013
a) Government Securities, being not less than	20%	20%
b) Government Securities or other approved Securities (inclusive (a) 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, 2014	March 31, 2013
Discount Rate	9.33%	8.25% to 8.50 %
Expected Return on Plan Assets	8.50% to 8.70 %	8.25% to 8.50 %
Salary Growth Rate	6.50%	6.50%
Attrition Rate	2.00%	2.00%

vii) Amount Recognised in current year and previous four year

	₹ in Lacs				
	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined Benefit Obligation	952.37	848.09	734.87	631.12	587.95
Plan Assets	918.64	833.80	705.81	582.02	493.16
Surplus/Deficit	33.73	14.29	29.06	49.10	94.79
Experience adjustments in plan liabilities	51.86	49.10	-	-	-
Experience adjustments in plan assets	2.08	(0.20)	-	-	-

viii) Expected Contribution to the Fund in the next Year

	₹ in Lacs	
	Current Year	Previous Year
Gratuity	120.00	110.00

B) Leave Encashment

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

	Current Year	Previous Year
Discount Rate	9.33%	8.25%

- The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2014, is ₹ 485.78 Lacs (₹ 412.68 Lacs), which is determined on actuarial basis using Projected Unit Credit Method.

Notes to Financial Statements for the year ended March 31, 2014

C) Defined Contribution Plan

	₹ in Lacs	
	Current Year	Previous Year
Employer's Contribution to Provident Fund	257.26	186.87
Employer's Contribution to Superannuation Fund	116.56	87.93

30. SEGMENT REPORTING

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

	₹ in Lacs	
	Twelve Months Ended March 31, 2014	Twelve Months Ended March 31, 2013
I) Segment Revenue		
a) Inorganic Intermediates	17,594.83	13,172.25
b) Organic Intermediates:		
Own Manufactured	71,207.76	56,543.92
Traded	1,989.82	4,755.23
Total	73,197.58	61,299.15
c) Fine & Speciality Chemicals	33,659.98	28,349.99
d) Others @	5,204.77	236.35
e) Un-allocable	356.87	465.83
Total	130,014.03	103,523.57
Less: Inter Segment Revenue	3,051.16	1,583.57
Net Sales/Income from operations	126,962.87	101,940.00
II) Segment Results		
(Profit) + Loss (-) Before Tax & Interest		
a) Inorganic Intermediates	2,251.43	1,573.79
b) Organic Intermediates	8,629.49	3,873.74
c) Fine & Speciality Chemicals	5,022.23	2,659.89
d) Others @	(3,080.27)	(55.10)
Total	12,822.88	8,052.32
Less: i) Interest	2,574.85	970.56
ii) Other un-allocable expenditure net of un-allocable Income	4,432.79	1,823.96
III) Total Profit Before Tax	5,815.24	5,257.80
Provision for Taxation		
Current Tax	1,442.73	1,071.48
MAT Credit Entitlements	(601.99)	(251.23)
Deferred Tax	1,141.64	655.20
IV) Profit After Tax	3,832.86	3,782.35
V) Segment Assets		
a) Inorganic Intermediates	14,159.45	11,763.11
b) Organic Intermediates	31,496.06	28,131.33
c) Fine & Speciality Chemicals	18,287.61	18,256.03
d) Others @	35,445.47	24,952.67
e) Un-allocable	6,236.04	5,765.16
Total	1,05,624.63	88,868.30
VI) Segment Liabilities		
a) Inorganic Intermediates	4,714.95	6,330.04
b) Organic Intermediates	6,891.07	10,146.66
c) Fine & Speciality Chemicals	3,331.59	4,007.79
d) Others @	2,272.19	1,211.42
e) Un-allocable	54,185.48	36,777.16
Total	71,395.28	58,473.07

Notes to Financial Statements for the year ended March 31, 2014

	₹ in Lacs	
	Twelve Months Ended March 31, 2014	Twelve Months Ended March 31, 2013
VII) Capital Expenditure		
a) Inorganic Intermediates	5,605.89	331.49
b) Organic Intermediates	3,048.90	340.85
c) Fine & Speciality Chemicals	1,263.24	982.15
d) Others @	6,194.21	13,959.41
e) Un-allocable	634.73	1,447.54
Total	16,746.97	17,061.44
VIII) Depreciation		
a) Inorganic Intermediates	491.02	293.93
b) Organic Intermediates	752.02	681.67
c) Fine & Speciality Chemicals	729.10	713.71
d) Others @	789.92	30.99
e) Un-allocable	202.30	173.56
Total	2,964.36	1,893.86

@ Others represents revenue, expenses, assets, liabilities and capital work in progress post part capitalisation of Fluorescent Whitening Agent project at Dahej.

Notes:

- Current Year Segmental Results are Net of Impairment Loss Provision of ₹ 13.66 Lacs for Organic Intermediates Segment.
- Previous 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.

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	76,907.22	56,893.11
Outside India	50,055.65	45,046.89
Total	126,962.87	101,940.00

	₹ in Lacs	
Carrying Amount of Segment Assets	Current Year	Previous Year
In India	90,946.44	75,686.42
Outside India	14,678.19	13,181.88
Total	1,05,624.63	88,868.30

	₹ in Lacs	
Addition to Fixed Assets	Current Year	Previous Year
In India		
- Tangible	16,244.21	17,049.58
- Intangible	502.76	11.86
Outside India		
- Tangible	-	-
- Intangible	-	-
Total	16,746.97	17,061.44

Notes to Financial Statements for the year ended March 31, 2014

31. DISCLOSURE UNDER ACCOUNTING STANDARD 20 "EARNING PER SHARE"

	Current Year	Previous Year
Basic and Diluted Earning per Share		
Number of Shares as on April 1, 2013 (Nos. in Lacs).	104.64	104.64
Number of Shares as on March 31, 2014 (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).	3,832.86	3,782.35
Basic Earning (in ₹) Per Share of ₹ 10/- each.	36.63	36.15
Diluted Earning (in ₹) Per Share of ₹ 10/- each.	36.63	36.15

32. DISCLOSURE UNDER ACCOUNTING STANDARD 18 "RELATED PARTY DISCLOSURES"

(i) Subsidiary Companies: (Refer Note below)

Deepak Nitrite LLC, United States of America.

(ii) Associate Companies:

Deepak Gulf LLC, Oman.

(iii) Key Management Personnel

Shri C.K. Mehta	Chairman
Shri D.C. Mehta	Vice Chairman & Managing Director
Shri A.C. Mehta	Managing Director
Shri Umesh Asaikar	Executive Director & Chief Executive Officer

(iv) Companies over which key managerial personnel or their relatives are able to exercise significant Influence

Blue Shell Investment Private Limited * Check Point Credits & Capital Private Limited * Crossover Advisors Private Limited * Crossover Trustees Private Limited * Deepak Asset Reconstruction * Deepak Clean Tech Limited * Deepak Fertilisers and Petrochemicals Corporation Limited * Deepak Foundation * 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 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 * Yarrowada Investment Limited * Deepak Cybit Private Limited.

(v) Relative of Key Management Personnel

Shri M.D. Mehta

Notes to Financial Statements for the year ended March 31, 2014

(vi) Transaction with Related Parties

		March 31, 2014					March 31, 2013					
Sr. No.	Nature of Transaction	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence	Relative of Key Management Personnel	Total	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence	Relative of Key Management Personnel	Total	
1	Purchase of Goods Deepak Fertilisers and Petrochemicals Corporation Limited	-	-	6,431.07	-	6,431.07	-	-	4,701.11	-	4,701.11	
2	Sale of Goods Deepak Novochem Technologies Limited	-	-	1,672.61	-	1,672.61	-	-	4,136.14	-	4,136.14	
3	Conversion Income Deepak Novochem Technologies Limited	-	-	18.78	-	18.78	-	-	135.44	-	135.44	
4	Sale of Fixed Assets Deepak Novochem Technologies Limited	-	-	662.13	-	662.13	-	-	932.16	-	932.16	
5	Rendering of Services / Reimbursement of Expenses Deepak Novochem Technologies Limited	-	-	1.45	-	1.45	-	-	-	-	-	
6	Receiving of services / Reimbursement of Expenses Deepak Fertilisers and Petrochemicals Corporation Limited	-	-	0.59	-	0.59	-	-	0.45	-	0.45	
	Deepak Novochem Technologies Limited	-	-	6.75	-	6.75	-	-	11.40	-	11.40	
	Deepak Foundation	-	-	3.74	-	3.74	-	-	7.87	-	7.87	
	Deepak Medical Foundation	-	-	0.03	-	0.03	-	-	-	-	-	
	Sofotel Infra Private Limited	-	-	0.08	-	0.08	-	-	-	-	-	
	Shri D.C. Mehta	-	9.60	-	-	9.60	-	9.60	-	-	9.60	
	Shri C.K. Mehta	-	3.30	-	-	3.30	-	2.75	-	-	2.75	
	Shri M.D. Mehta	-	-	-	32.74	32.74	-	-	-	21.80	21.80	
	Yarrowada Investment Limited	-	-	-	-	-	-	-	9.02	-	9.02	
	Synergy Li Power Resources Private Limited	-	-	-	-	-	-	-	2.86	-	2.86	
7	Managerial Remuneration Shri D.C. Mehta	-	218.34	-	-	218.34	-	180.92	-	-	180.92	
	Shri A.C. Mehta	-	199.94	-	-	199.94	-	172.52	-	-	172.52	
	Shri Umesh Asolkar	-	221.19	-	-	221.19	-	-	-	-	-	
8	Subscription of Investment Deepak Gulf LLC	179.30	-	-	-	179.30	-	-	-	-	-	

₹ in Lacs

Notes to Financial Statements for the year ended March 31, 2014

₹ in Lacs

Sr. No.	Nature of Transaction	March 31, 2014				March 31, 2013					
		Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence	Relative of Key Management Personnel	Total	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence	Relative of Key Management Personnel	Total
9	Dividend Paid										
	Check Point Credits & Capital Private Limited	-	-	57.65	-	57.65	-	-	43.24	-	43.24
	Sigma Credit & Capital Private Limited	-	-	49.42	-	49.42	-	-	37.07	-	37.07
	Stiffen Credits and Capital Private Limited	-	-	67.04	-	67.04	-	-	50.28	-	50.28
	Stepup Credits & Capital Private Limited	-	-	55.32	-	55.32	-	-	41.49	-	41.49
	Skyrose Finvest Private Limited	-	-	28.57	-	28.57	-	-	21.43	-	21.43
	Shri D.C. Mehta	-	138.16	-	-	138.16	-	103.62	-	-	103.62
	Shri C.K. Mehta	-	24.69	-	-	24.69	-	18.52	-	-	18.52
	Shri M.D. Mehta	-	-	-	1.05	1.05	-	-	-	0.79	0.79
	Others	-	-	34.56	11.31	45.87	-	-	25.92	8.48	34.40
10	Donation										
	Deepak Foundation	-	-	27.41	-	27.41	-	-	52.00	-	52.00
	Deepak Medical Foundation	-	-	28.25	-	28.25	-	-	-	-	-
11	Net Accounts Receivable / (Payable)										
	Deepak Fertilisers and Petrochemicals Corporation Limited	-	-	(842.87)	-	(842.87)	-	-	(1,301.33)	-	(1,301.33)
	Deepak Novochem Technologies Limited	-	-	177.43	-	177.43	-	-	167.42	-	167.42
	Shri D.C. Mehta	-	251.96	-	-	251.96	-	279.41	-	-	279.41
	Shri A.C. Mehta	-	(148.04)	-	-	(148.04)	-	(120.59)	-	-	(120.59)
	Shri C.K. Mehta	-	(2.50)	-	-	(2.50)	-	(1.75)	-	-	(1.75)
	Shri Umesh Asaikar	-	(57.87)	-	-	(57.87)	-	-	-	-	-
	Yarrowada Investment Limited	-	-	-	-	-	-	-	(9.02)	-	(9.02)

Note:

During the year, company has incorporated a subsidiary 'Deepak Nitrite LLC', a Limited Liability Company in the United States of America. The said Subsidiary has no transactions upto March 31, 2014. Therefore, consolidated financial results have not been prepared and published.

Notes to Financial Statements for the year ended March 31, 2014

33. CONTINGENT LIABILITIES NOT PROVIDED FOR

₹ in Lacs		
	As At March 31, 2014	As At March 31, 2013
a) In respect of Income Tax matters	147.46	46.92
b) In respect of Sales Tax / VAT matters	11.65	11.65
c) In respect of excise matters	221.51	98.15
d) Bank Guarantees:		
- Financial	449.68	35.70
- Performance	2,825.51	1,669.84
e) In respect of Stamp duty matter	22.85	22.85
f) Disputed Labour Matters	Amount not ascertained	
In respect of (a) to (c),(e) & (f), future cash outflow in respect of contingent liabilities is determinable only on receipt of judgments pending at various forums/authorities.		
Total	3,678.66	1,885.11

34. CAPITAL COMMITMENTS (NET OF ADVANCES)

₹ in Lacs		
	As At March 31, 2014	As At March 31, 2013
Capital Commitments	793.00	2,390.67

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 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

	Current Year	Previous Year
USD		
Amount USD-in Lacs	70.00	67.50
Forward-Rate (₹)	63.27	57.77
Closing Rate (₹)	60.10	54.39
EURO		
Amount EURO-in Lacs	24.80	55.20
Forward-Rate (₹)	89.46	74.51
Closing Rate (₹)	82.58	69.54
Option Contracts		
Amount USD-in Lacs	-	70.00
Lower Strike Rate (₹)	-	63.27
Closing Rate (₹)	60.10	54.39

Notes to Financial Statements for the year ended March 31, 2014

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 account)	USD Lacs	192.50	92.16
	EURO Lacs	(3.04)	-
Trade Payables	USD Lacs	86.13	147.52
	EURO Lacs	2.68	1.51
	GBP Lacs	0.18	-
Receivables (Net of Forward & Option Contracts)			
Export Trade Receivables	USD Lacs	131.72	135.86
	EURO Lacs	30.14	18.12
	GBP Lacs	0.09	-
Term Loans			
External Commercial Borrowings	USD Lacs	420.75	450.00

36. CIF VALUE OF IMPORTS

	₹ in Lacs	
	Current Year	Previous Year
1. Raw Materials	30,516.29	22,438.55
2. Components and Spare Parts	9.18	-
3. Capital Goods	112.43	121.35
4. Finished Goods for Trading activity	-	58.95
Total	30,637.90	22,618.85

37. EXPENDITURE IN FOREIGN CURRENCY (on accrual basis and subject to deduction of tax where applicable)

	₹ in Lacs	
	Current Year	Previous Year
i) Travelling	110.31	106.10
ii) Interest on Loans	1,413.56	1,318.10
iii) Professional fees for market survey	385.60	386.80
iv) Commitment Charges / Bank Charges	2.48	1.66
v) Commission on Export Sales	69.07	37.48
vi) Others	457.39	211.20
	2,438.41	2,061.34

38. CONSUMPTION OF RAW MATERIALS, STORES, COMPONENTS AND SPARE PARTS

	% 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	35.26	29,215.91	34.01	22,221.74
ii) Indigenous	64.74	53,633.57	65.99	43,113.51
	100.00	82,849.48	100.00	65,335.25
II. STORES, COMPONENTS AND SPARE PARTS				
i) Imported	0.85	9.18	-	-
ii) Indigenous	99.15	1,074.84	100.00	1,006.67
	100.00	1,084.02	100.00	1,006.67

Notes to Financial Statements for the year ended March 31, 2014

39. EARNING IN FOREIGN EXCHANGE

	₹ in Lacs	
	Current Year	Previous Year
F.O.B. Value of Exports	49,331.09	44,342.11

40. DISCLOSURES UNDER MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

To the extent, the 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

	₹ in Lacs	
	Current Year	Previous Year
(i) Principal amount remaining unpaid as on March 31.	93.28	87.00
(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.	0.51	-
(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.	0.12	-
(v) Interest accrued and remaining unpaid as at March 31 (net of tax deducted at source).	0.12	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.	0.12	0.42

41a. RESEARCH AND DEVELOPMENT EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
(i) Capital Expenditure (Refer Note No. 6 of Fixed Assets)	255.16	5.99
(ii) Revenue Expenditure		
Materials	24.14	32.45
Utilities	4.62	15.85
Maintenance	63.67	24.37
Personnel	356.18	293.98
Others	74.62	135.35
	523.23	502.00
Lease Rent	3.19	19.88
Discarding of Assets	49.55	-
Depreciation	49.77	53.26
	102.51	73.14
Total Revenue Expenditure	625.74	575.14
(iii) Total Capital & Revenue Expenditure	880.90	581.13

Notes to Financial Statements for the year ended March 31, 2014

41b.R&D DISCLOSURE FOR DEPARTMENT OF SCIENTIFIC & INDUSTRIAL RESEARCH (DSIR)

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

	₹ in Lacs				
	2013-14	2012-13	2011-12	2010-11	2009-10
(i) Capital Expenditure					
Nandesari / Pune	255.16	5.99	41.81	46.24	17.94
Roha	-	-	16.73	13.52	10.69
Total	255.16	5.99	58.54	59.76	28.63
(ii) Revenue Expenditure					
Nandesari / Pune	528.99	472.78	497.70	457.42	521.52
Roha	96.75	102.36	118.67	95.64	98.12
Total	625.74	575.14	616.37	553.06	619.64
(iii) Total Capital & Revenue Expenditure					
Nandesari / Pune	784.15	478.77	539.51	503.66	539.46
Roha	96.75	102.36	135.40	109.16	108.81
Total	880.90	581.13	674.91	612.82	648.27
(iv) Sales Proceeds – Prototypes					
Nandesari / Pune	-	-	-	-	-
Roha	-	-	-	1.10	2.20
Total	-	-	-	1.10	2.20

Note: During the year company has shifted its Research Centre from Pune to Nandesari.

42. DISCLOSURE UNDER ACCOUNTING STANDARD-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 ₹ 42.59 Lacs (₹ 40.26 Lacs).

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

	₹ in Lacs	
	Current Year	Previous Year
Up to 1 year	44.72	42.59
Greater than 1 year but less than 5 years	91.97	136.69
Greater than 5 years	-	-

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

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

PRASAD PARANJPE
Partner
Membership No. 47296

Mumbai: May 2, 2014

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

A.C. MEHTA
Managing Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

C.K. MEHTA
Chairman

UMESH ASAIKAR
Executive Director & Chief Executive Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND } Directors

Mumbai: May 2, 2014

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. |

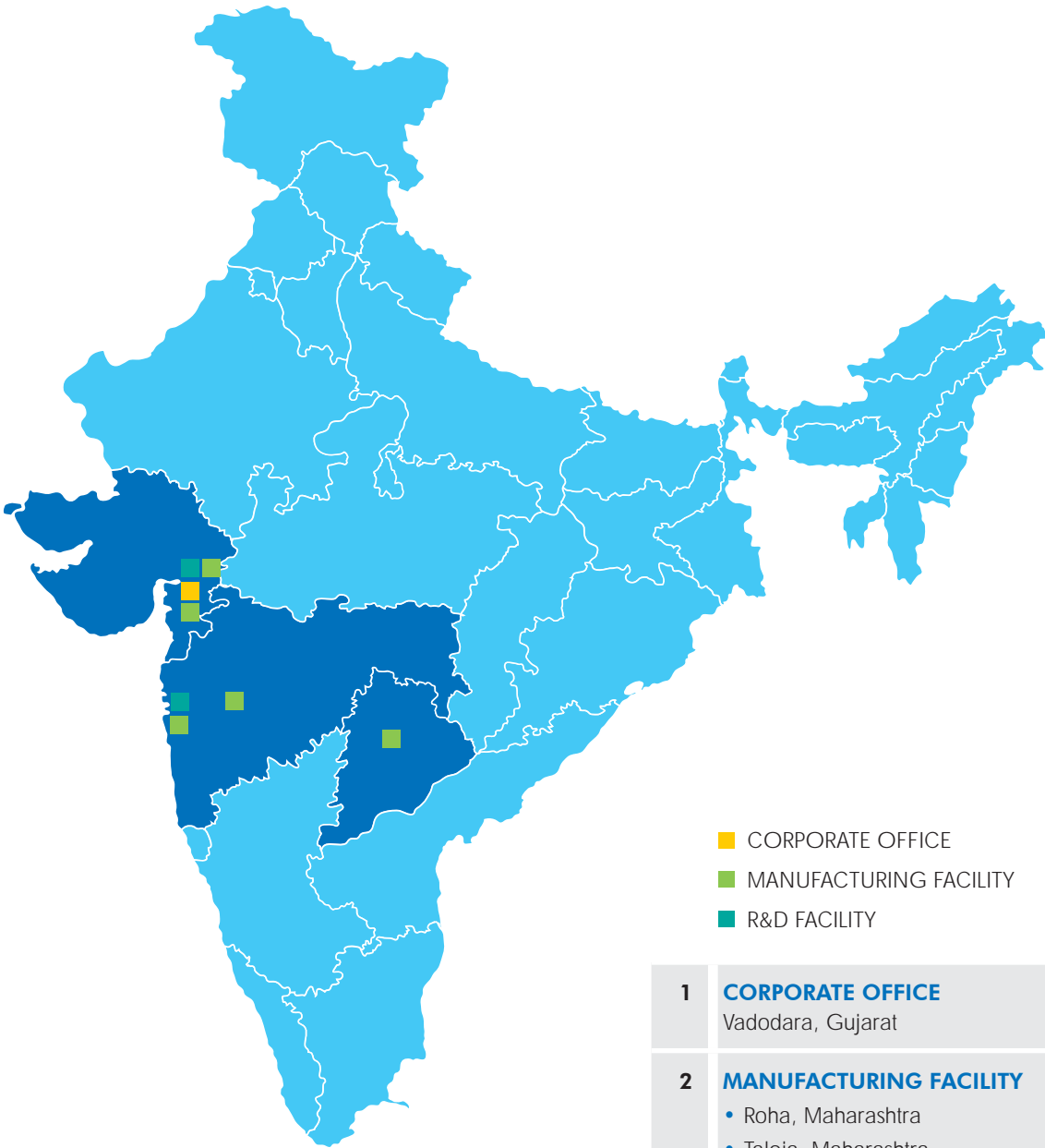
[* Sum Insured as explained in para (II) above]

Note :

1. Temporary disablement, medical / hospitalisation 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.

Notes

Deepak Nitrite Limited's Presence



- CORPORATE OFFICE
- MANUFACTURING FACILITY
- R&D FACILITY

1	CORPORATE OFFICE Vadodara, Gujarat
2	MANUFACTURING FACILITY <ul style="list-style-type: none">• Roha, Maharashtra• Taloja, Maharashtra• Nandesari, Gujarat• Hyderabad, Telangana• Dahej, Gujarat
3	R&D FACILITY <ul style="list-style-type: none">• Nandesari, Gujarat• Roha, Maharashtra



DEEPAK NITRITE LIMITED

Global Headquarters: Aaditya-I, National Highway No. 8, Chhani Road, Vadodara - 390 024

Tel: +91-265-2765200 | Fax: +91-265-276 5300

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

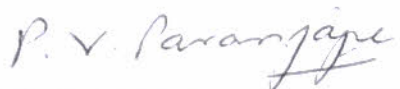
Sr No.	Particular	Details
1	Name of Company	Deepak Nitrite Limited
2	Annual financial statements for the year ended	31 st March, 2014
3	Type of Audit observation	Un-qualified Audit Report
4	Frequency of observation	Repetitive



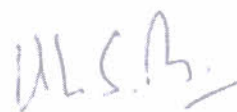
Deepak C Mehta
Vice Chairman & Managing Director



Sanjay Upadhyay
Chief Financial Officer



For B. K. KHARE & COMPANY
Chartered Accountants
FRN No. 105102W



Sudhin Choksey
Chairman, Audit Committee
Deepak Nitrite Limited

Prasad Paranjape
Partner
M. No. 47296