



# Delivering Value

# Contents

01

Corporate Information

02

Delivering value

04

Deciphering the chemistry of value

06

Vice Chairman & Managing Director's Address

08

Board of Directors

11

Senior Management Team

12

Our strengths

13

Our values translate into excellent results

14

Rewarding our stakeholders

15

High quality of manufacturing and products

16

Value for human and environmental safety

18

Empowering communities through CSR initiatives

20

Human capability initiatives

22

Financial Highlights

25

Notice

31

Management Discussion and Analysis Report

37

Directors' Report

70

Corporate Governance Report

82

Independent Auditor's Report

86

Balance Sheet

87

Statement of Profit and Loss

88

Cash Flow Statement

90

Notes to the Financial Statements

122

Consolidated Financial Statements

## Forty Fourth Annual General Meeting

Day & Date : Friday, August 7, 2015

Time : 10:30 a.m.

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

## Life Time Achievement Award



Shri C. K. Mehta receiving the award and memento from Shri Ananth Kumar, Hon'ble Minister for Chemicals & Fertilisers, Government of India and Padma Vibhushan from Dr. Anil Kakodkar, Former Chairman, Atomic Energy Commission of India.

During the Financial Year 2014-15, Shri C. K. Mehta, Chairman of your Company has been conferred with the Life Time Achievement Award by the Indian Chemical Council (ICC) for his exemplary and pioneering role in the Indian Chemical Industry.

An eminent personality with proven business acumen of successfully building formidable corporate conglomerates in his illustrious career spanning over 6 decades, Shri C. K. Mehta has also been at the forefront for promoting several philanthropic activities, especially education and health care. His relentless pursuit for excellence and compassion for servicing the society and people inspires us all and makes him a role model for entrepreneurs who aspire and dream big while serving humanity.

# 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 & CEO*

Shri Nimesh Kampani  
*Independent Director*

Shri Sudhin Choksey  
*Independent Director*

Dr. Richard H. Rupp  
*Independent Director*

Shri Sudhir Mankad  
*Independent Director*

Shri S. K. Anand  
*Independent Director*

Dr. Swaminathan Sivaram  
*Independent Director*

Prof. Indira Parikh  
*Additional Director*

## AUDIT COMMITTEE

Shri Sudhin Choksey  
*Chairman*

Shri Sudhir Mankad  
*Member*

Shri S. K. Anand  
*Member*

## NOMINATION & REMUNERATION COMMITTEE

Shri Sudhir Mankad  
*Chairman*

Shri Sudhin Choksey  
*Member*

Shri S. K. Anand  
*Member*

## STAKEHOLDERS' RELATIONSHIP & INVESTORS GRIEVANCE COMMITTEE

Shri S. K. Anand  
*Chairman*

Shri D. C. Mehta  
*Member*

Shri Umesh Asaikar  
*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

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  
The 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

## STATUTORY AUDITORS

B. K. Khare & Company  
Chartered Accountants, Mumbai

## SECRETARIAL AUDITORS

KANJ & Associates  
Company Secretaries, Pune

## COST AUDITORS

B.M. Sharma & Company  
Cost Accountants, Pune

## INTERNAL AUDITORS

Deloitte Haskins & Sells  
Pune

## REGISTERED OFFICE

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

## CORPORATE OFFICE

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

## PLANTS

### Dahej

Plot No. 12/B GIDC, Dahej,  
Dist. Bharuch, Gujarat – 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, 2, 26 & 27  
MIDC Dhata, Roha,  
Dist. Raigad – 402 116

### Hyderabad Specialties Division

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

## 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.





**Delivering value  
is not an objective  
decision**

but a subjective state of  
mind that is manifested in  
your every action.



In the end, we all become what we believe. If our deep internal belief is one of delivering value, it will not be restricted to business alone. We will find ourselves delivering value in both economic and personal terms.

At Deepak Nitrite, we define value in two ways, both of which are intimately interconnected.

- Value in economic sense that is a measure of the benefit that a customer gains from the goods or service that we render, and
- Value in human terms is the ethical framework within which we function – It is the sum total of our beliefs, our commitments and our ongoing concerns.

Deepak Nitrite has consistently focussed on leveraging its personal values – concern for the customer and stakeholders, excellence in chemistry, ability to customise our offerings, manufacturing and operational efficiencies, care for the environment and society, to deliver economic value to our clients – by offering them value that is perceptibly more than the cost.

In our relationship with our stakeholders too we are driven by our values of good corporate governance and sharing our earnings liberally.

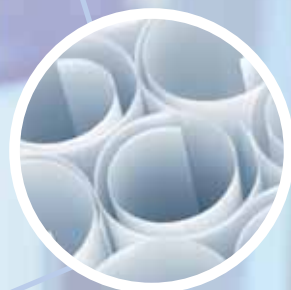
In simple terms, we believe that 'who we are' drives 'what we do' and 'how we do it'.

In both the economic and personal sense, ours is a business that is driven by value, and powered by our commitment.

**By consistently  
delivering value, we  
create the valuable.**

## Deciphering the chemistry of value

Our chemistry for growth is  
a continual chain reaction  
between our personal  
concerns and our need to  
deliver economic benefit to  
our clients.







Towards this end, we bring together the disparate elements of human capital, knowledge base, R&D capabilities, innovation, manufacturing excellence, market reach and strong relationship mindset to create the molecules of success. It is underpinned with our environmental concerns and our commitment to safety. It is driven by our stakeholder commitment that is centred on the value of rewarding those who have invested in our Company.

These factors have powered our growth into an integrated producer of organic, inorganic and fine and specialty chemicals with a specialisation in hydrogenation, nitration, customised molecule development, hazardous reactions and toluene derivatives.

It has made your Company into the market leader for Sodium Nitrite, Sodium Nitrate and Nitro Toulens in India and among the top three global producers of products like Xylidines, Cumidines and Oximes. Deepak Nitrite has also emerged as a fully integrated producer of Optical Brightening Agents. Chemicals produced at our plants find applications in varied industries such as Agrochemicals, Rubber, Pharmaceuticals, Paper, Textiles, Detergents, Colorants, Petrochemicals and Fine and Specialty Chemicals.

It has helped us build a robust export market presence in 36 countries and made us the supplier of choice for several leading Multinationals.

Our deep commitment towards quality and reliability has turned us into a fully integrated business with in house availability of the building blocks, the capability of producing complete value chains, with high quality and cost competency.

**Our chemistry of value is a formulation that rests on quality, responsible chemistry, manufacturing excellence, product and process innovation, and customer-friendly relationship-based mindset, which makes us preferred supplier to our customers**

**36**  
countries



## Vice Chairman & Managing Director's Address



**“Delivering value is the basic purpose of every business. While it is always a challenging task, it is made more difficult when global economies are passing through a transition”**

### **Dear Stakeholders,**

The global economy continued to emanate mixed signals in FY 2014-15. The recovery from the events of the last few years remains uneven as some regions have rebounded faster than others. However, even those that have performed relatively better than others cannot remain insulated from uncertainty given sustained volatility and the dynamics of the economic landscape.

The US economy has reported several positive indicators, yet a full-fledged recovery remains subtle. Europe continued to remain under pressure even as Central Banks in this region rolled out stimulus measures. China reported marginally lower growth which impacted global commodity prices and had a spiralling effect on economies of Brazil, Russia and Australia. Unlike other emerging economies, India's growth has been below its potential

and is expected to accelerate further due to low inflationary pressures and easing supply constraints. The year was not one of the best in terms of execution but the new Government clearly lifted and re-energised the overall sentiment. Since taking over last year, the Government's efforts of rolling out reforms and implementing policies have revived domestic investments and there are visible signs of pick-up in manufacturing activity.

During the year, we aligned our internal workings across research & development, innovation, expansion of manufacturing; operations, marketing and customer care to deliver exemplary value. During uncertain times, we focussed on the certainty of bettering ourselves to deliver better outcomes.

Notwithstanding the impact of volatile crude oil prices and weak macro-economic environment globally, the Company's total income and profitability grew to healthy levels. Over the past year, we continued to focus on delivering high value products along with improving cost saving efficiencies and de-bottlenecking initiatives. Our export revenues grew by 3% to ₹ 517 crores and contributed 39% of total revenues for the year. Marginal growth in exports was witnessed amidst global slowdown, especially in EU region. Fuel additives, one of our key growth drivers over the last few years, were under pressure and growth was marginally lesser compared to last year due to impact of volatility in crude oil prices. The prices of this product have shown signs of revival towards the end of the year as energy prices have stabilised.

Over the last two years, we have been working on a transformation strategy to realign our business segments into Strategic Business Units (SBUs). We reached completion of the process last year and reported as per these SBUs in FY 2014-15. We believe that the enhanced focus accorded to the business through the SBU structure will drive growth and propel your Company into a higher growth trajectory. A deeper dive into segment-wise performance provides



a critical overview into each SBU. Below are the details:

### **Bulk Chemicals & Commodities (BCC)**

This segment witnessed a slowdown due to sharp fall in global prices of crude oil related petrochemical intermediates. The impact was concentrated in the second half of the year and it is expected to normalise towards the end of the fiscal year. Overall, BCC has been able to maintain cost leadership through process excellence across the product offerings and is confident of sustaining such leadership.

### **Fine & Speciality Chemicals (FSC)**

This segment caters to high value intermediates for agro, pharma and other specialities. During the year under review, the performance of the same has witnessed slowdown due to temporary demand disruption across the geography and particularly in the middle of the year which started moderating over the year end. This business focusses on high value niche products and the margins in this segment are enriching. We will continue to focus on improving processes and deliver to the dynamic needs of our customers to widen and deepen our supply relationships.

While prices for products are less affected by oil and petrochemical prices, the demand and growth in terms of volume is dependent upon how the world economy is performing. While this group has been largely dominated by speciality intermediates for agro, a concerted effort to make pharma intermediates is underway. It is expected that in the next few years, a healthy mix of agro and pharma effect chemical intermediates will be achieved, which shall be offering opportunities for healthy and sustainable growth in top and bottom line for the segment.

### **Fluorescent Whitening Agents (FWA)**

The third business segment is Optical Whiteners. These are performance

products which are branded and offer an optical whitening effect to paper – particularly writing paper and for whitening of cotton textiles. Besides knowledge of making the whiteners, we need to have reasonable knowledge of its application. Currently, mills all over Asia and North America are being targeted for field trials. We believe that one day this segment will include many more performance products that the world sell as branded products offering solutions to customers. Segment revenues have improved in a steady manner. We witnessed gradual uptick in volumes during the year. We are confident that this will scale up further in FY 2016.

### **Future Plans**

During the year, your Company announced a Greenfield expansion project, through a wholly owned Subsidiary Company, to manufacture 200,000 MT of Phenol and 120,000 MT of Acetone at Dahej in Gujarat. The project is expected to be commissioned towards the end of FY 2017-18 and it targets to substitute the current imports of Phenol and Acetone. The present requirement in India is about 270,000 MT for Phenol and 170,000 MT for Acetone which is expected to grow at 7%-8% CAGR; hence, the market is expected to expand to 310,000 MT and 200,000 MT respectively around the time when this project is expected to be commissioned. The domestic opportunity appears very promising for these products and the Company is aiming for market leadership. These efforts are a part of our strategic initiatives to improve our product offering and deliver long-term value.

Following the Greenfield and Brownfield expansion, our facilities at Dahej and Nandesari are fully operational with both facilities now contributing substantially to the incremental revenue growth. The Dahej facility which manufactures OBAs have contributed ₹ 118.94 crores to total revenues and it is expected

that the facility shall achieve gradual improvement in utilisation. Further, our strategic initiatives like de-bottlenecking have consistently shown results leading to higher revenues driven by cost saving initiatives.

Over the last twelve months, we continued to build on our strengths and focussed on core competencies, which enabled us to deliver enhanced profitability. Despite a weak macro-economic environment and volatile energy prices globally, our revenue growth outperformed broader industry performance. As we move into fiscal year 2015-16, we will continue to focus on our medium to long-term objectives along with enhancing our current product portfolio to further deliver value and accelerate growth. We believe that this will be supported by strong demand on the back of improving economic conditions both globally and in India.

The Board of Directors of your Company and all employees join me in congratulating Shri C. K. Mehta, Chairman of your Company on being conferred with the prestigious Life Time Achievement Award by the Indian Chemical Council (ICC), for his exemplary and pioneering role in the Indian Chemical Industries. At 82, he continues to be the inspiring force for all of us.

On behalf of the Board of Directors, I would like to take this opportunity to acknowledge the entire team of Deepak Nitrite for their contribution and commitment. I would also like to thank all of our business partners and associates. Finally, I would like to extend my sincere gratitude to all our stakeholders for their unwavering confidence through the years and count on their support going forward.

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 37 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 Mahratta Chamber of Commerce and 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**

Independent Director

Shri Nimesh Kampani is the Founder and Chairman of the JM Financial Group, one of India's leading financial services group. 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**

Independent 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.

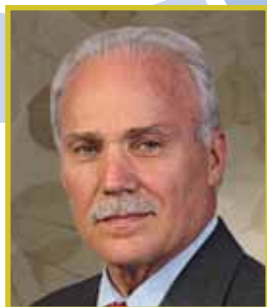

**SHRI SUDHIR MANKAD**

Independent 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.



## Board of Directors



**DR. RICHARD H. RUPP**

Independent 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 S. K. ANAND**

Independent Director

Shri S. K. Anand has a rich experience of around 43 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. S. SIVARAM**

Independent 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.



**PROF. INDIRA PARIKH**

Additional Director

Prof. Indira Parikh is the Founder President of FLAME (Foundation for Liberal and Management Education). She holds Ph.D. from Gujarat University, Ahmedabad and MA from University of Rochester. She was a faculty member at IIM-Ahmedabad for over 30 years and Dean for a period from year 2002 to 2005. She has specialised in organisation development and design, and institution building. She has designed and offered management development programmes for managerial role effectiveness, training for trainers, issues of roles and identity, and stress and self-renewal for men and women in organisations. She has been a consultant to various national and international organisations both in private and public sector.

## Senior Management Team



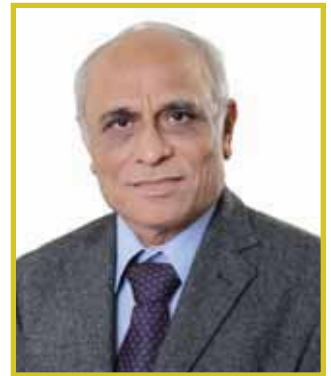
◀ **SHRI UMESH ASAIKAR**  
Executive Director &  
Chief Executive Officer



◀ **SHRI SANJAY UPADHYAY**  
Chief Financial Officer



▶ **SHRI PRAMOD GARG**  
President (BCC)



▶ **SHRI SURESH MANERIKAR**  
President (FSC)



◀ **SHRI GIRISH SATARKAR**  
President (FWA)



◀ **SHRI PRAMOD TALEGAON**  
Vice President (Technology)



◀ **SHRI NILESH DAVE**  
Vice President (HR)

# Strength is an emanation of its underlying value – Just like an athlete's strength is an emanation of his discipline and healthy lifestyle





When you are driven by virtues, can the results of your endeavours be anything but valuable ?



**Our values translate into excellent results**

Our values of a de-risked business model supported by state-of-the-art R&D and manufacturing facilities and our ability to consistently forge and maintain mutually beneficial customer relationships has translated into sterling business results. Our ability to consistently deliver value has made our Company valuable.

#### HOW VALUABLE IS OUR PERFORMANCE ?

Topline growth from  
**₹ 1,270** crores  
 in FY 2013-14 to  
**₹ 1,327** crores  
 in FY 2014-15

Y-O-Y growth in  
 revenues of  
**4.48%**

EBITDA grew to  
**₹ 140** crores  
 with a margin of  
**10.55%**

**39.42%**  
 increase in PAT by  
**₹ 15.11** crores

PAT grew to  
**₹ 53.44** crores  
 recording a margin  
 of **4.02%**

**61:39**  
 Ratio of sales  
 from domestic  
 and export  
 markets

**23%**  
 increase in  
 EBITDA from  
 ₹ 114 crores  
 to  
 ₹ 140 crores

**By leveraging  
 our personal  
 values, we  
 deliver excellent  
 economic  
 value to our  
 stakeholders**

## How our value of stakeholder commitment leads us to rewarding our stakeholders

In our stakeholder relationship, we believe that we should commensurate risk with just rewards, and we consistently act in accordance.

Deepak Nitrite is a stakeholder driven organisation and we believe that our mandate from our risk takers is to create and sustain an enterprise that is sustainable in the long run, and rewards stakeholders equally as we do our customers.

While customer delight is what we work for, stakeholders are whom we work for. Over the years while nurturing the sustainable growth of the Company, we have rewarded our stakeholders and have initiated many actions that work in their favour.

**By leveraging our value of stakeholder commitment, we reward them consistently**

- To ensure more liquidity and increase volumes of trading in our scrip, the Company's Equity Shares of face value of ₹ 10/- were sub-divided into five Equity Shares of ₹ 2/- each.
- The Board also recommended an issue of Bonus Shares in the ratio of 1:1 i.e. one fully paid up bonus Equity Share of ₹ 2/- each for every one Equity Share of the face value of ₹ 2/-.
- In the FY 2013-14, we announced a dividend of ₹ 10/- per Equity Share of face value of ₹ 10/- each, being 100%. Post sub-division and issue of Bonus Equity Shares, the effective dividend was 50% i.e. ₹ 1/- per Equity Share of face value of ₹ 2/-.
- This year, we have recommended a dividend of ₹ 1/- per Equity Share which amounts to 50% return on investment, maintaining the same rate of dividend paid in the previous year.



**Quality is an outcome not just of what you do, but also how you do it**



**Our value of excellence results in the high quality of our manufacturing and products**

Superior quality is our starting benchmark. Deepak Nitrite uses quality as a stepping-stone to forge long-standing relationships with customers that is based on trust.

Over the years, our ability to adhere to quality standards in our manufacturing and our products has gained us the reputation of being a chemical solutions provider one can trust.

We have embedded global standards in our products, processes, operations and manufacturing facilities.

We constantly upgrade our manufacturing facilities and leverage latest technology to enhance our productivity and quality of our outputs.

#### **Strict quality control**

- Automation of storage facilities for raw materials and finished goods to reduce manual intervention

- Quality verification through use of tools such as Design Qualification (DQ), Installation Qualification (IQ), and Operational Qualification (OQ)
- Well maintained date on all the tests, result deviations, investigations and corrective and preventive 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 the highest global standards
- ISO 9001:2008 Certification

We are signatories to the Global Responsible Care initiative by the Chemical Sector, and are proud to be responsible in our chemistry.

Responsible Care embodies the ethics and principles, which compel companies to constantly innovate and deliver safer products through processes that,

are environment-friendly and which eliminate harm through the entire product life cycle.

If Quality products are what we do, Responsible Chemistry is how we do it.

**By leveraging the value of excellence, we achieve manufacturing and product quality**



# How value for human and environmental safety results in our preparedness and practices

When what you do involves danger, how you do it should involve safety

Dealing with hazardous chemicals and process is a daily activity for Deepak Nitrite. Naturally, safety of our processes, infrastructure, environment and people is an obsession. We have consistently sought incremental ways and means to ensure the safety of our processes and safeguard both human life and environment.

Our safety practices are comparable to the best in the industry and we achieve this through a continual process of improving our preparedness, implementing safe technology, training and promotion of safe work practices as well as infrastructural measures to limit untoward or unforeseen incidents and prevent them from occurring.

We have incorporated safety as an integral aspect of our daily life and not merely a practice that we adopt.

## Safety Drivers

- Emergency preparedness through drills and pre-tests.
- Emergency relief valves designed as per the relevant standards.
- Regular safety studies Risk Assessment, Safety Audits and plant inspections.
- Safety training not only for employees, but also for 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.



Those who believe  
they can benefit  
at the cost of  
environment are  
selling their future  
to live in the present



As a signatory to the Responsible Care initiative, we practice what we call responsible chemistry. We are firmly committed to deliver the benefits of industrial chemistry to the world with zero cost to the environment.

Towards this end, we ensure that our operations are environmentally benign and our processes are in adherence to stringent global environment standards.

We promote a culture of ecological friendliness within our organisation and adopt green measures in every day processes and product manufacturing. Our effluent treatment and pollution control are second to none and we emphasise zero tolerance to pollution and environmental degradation.

Our Environmental commitment is manifested in our practices that include:

- 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 up cycling.
- 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 eliminate environmental impact.
- A dedicated cell responsible towards continual conservation of energy and improvisation in process yields and product quality.
- ISO 14001:2004 compliant.

**How our value  
for nature  
drives our  
environmental  
initiatives**

**Deepak Nitrite** has been conferred with the Certificate of Merit in the Best Compliant Company category for its pollution prevention code under Responsible Care. The certificate was awarded on account of the Company's various efforts towards:

- **conservation of energy**
- **improving process yields**
- **improving product quality in order to ensure that resources are optimally used and the impact on the environment is minimal**

# How our value for humanity translates into empowering communities through CSR initiatives

Progress is not something that can be nurtured in isolation; it is the direct result of an empowering community





Our value for humanity is translated into a series of initiatives that we fund and manage for the welfare of communities within which we operate.

At Deepak Nitrite, we firmly believe that our long-term sustainability and growth is a subset of the progress and growth of our communities.

A community that is healthy, educated, progressive and far thinking will naturally give rise to a meritorious future generation.

Our CSR activities during the year focussed on women empowerment through training and capacity building, livelihood promotion and child development.

Some of the CSR initiatives undertaken during FY 2014-15 include:

### **LIVELIHOOD PROMOTION ACTIVITIES**

Various activities for livelihood promotion of the vulnerable section of the society are being carried out. Various sectors are covered under this viz. agriculture, animal husbandry, water resource development, skills building, and savings and credit, as well as income generation activities for Self Help Groups. Nandesari, where one of the plant of Deepak Nitrite is situated, has been the place where the activities for Self Help Groups, and Women's Dairy Cooperative Societies were initiated.

#### **Improving computer literacy among the youth of Nandesari area**

Recognising computer skills as the need of the day, computer classes were taken up through Deepak Nitrite since FY 2013-14 and nearly 60 students were trained. Promotional meetings were conducted in villages to promote the computer classes. Certification was taken up from Jankalyan Computer Saksharta Mission for certification (An Autonomous Institution Registered under the N.C.V. T. New Delhi, Govt. of India).

#### **Enriching Education through English language skill development**

Many students are not able to pursue with their higher studies because they lack in English Language skills. With a view to take up the onus of supporting students by improving their English Language skills, Deepak Nitrite has been supporting the Nandesari Vidyalaya over the years. The English Language Skill Development programme was carried out in the school based on the need of the school.

### **HEALTHCARE**

#### **Certificate Course on Home Health Aide**

As a part of endeavour in creating livelihood opportunities for the under privileged, a certificate course on Home Health Aide which facilitates employment opportunities by providing need-based skills for youth, women and underprivileged population groups was initiated in affiliation with National Skills Development Corporation (NSDC) and Healthcare Sector Skill Council (HSSC).

#### **Health Camps through Mobile Health Units**

Various health camps were organised in Kawant (Chhota Udepur district), Nandesari (Vadodra district) and Dahej (Bharuch district) through Mobile Health Units with an aim to provide accessible medical care to remote populations and reduce burden of illness. Almost 2,000 patients in remote rural and tribal village benefited from this free of cost medical checkup and health services.





## **How our value for excellence drives our human capability initiatives**

People are not mere  
asset – they are asset  
creators

The returns on investments in capital, machinery, technology etc., can be measured along predictable lines. But the potential of human contribution is truly unlimited. An empowered mind and an intellect can achieve heights that no physical assets can deliver. So, naturally, we do not think of our people as our asset but our asset creators. It is our people who put our plans to action, participate actively in making our targets a reality and shape up our chemistry in ways that are safe, productive and environmentally benign.

#### **Creating work environments that contribute to productivity**

At Deepak Nitrite, we focus on enhancing the work environment both at factories and office spaces, we create and deliver morale enhancing and skill upgrading programmes so that our people maximise their potential and productivity at all levels. We work towards retaining and nurturing our talent to scales heights of human possibilities. Quite naturally our retention levels are comparable to the industry standards.

#### **Sustaining a learning environment**

We help our employees better themselves by offering on-the-job training, in-house and external training programmes and workshops related to technical and functional, behavioral, general and health, safety and general environment standards. We also foster a sense of pride in belonging to a Company that plays a leading role in the market, both domestically and globally.

#### **Encouraging post-work bonding and participation**

Activities that we host for our employees, include sporting events like volley ball, football and cricket tournaments, entertainment programmes like musical events and talent competitions etc. We celebrate festivals with gusto and celebrate like a community that is close knit. We try to foster a life style where work and play are balanced in terms of pursuits and people are enabled to sustain their work-life balance.

**“The will to win, the desire to succeed, the urge to reach your full potential... these are the keys that will unlock the door to personal excellence”**

- Confucius

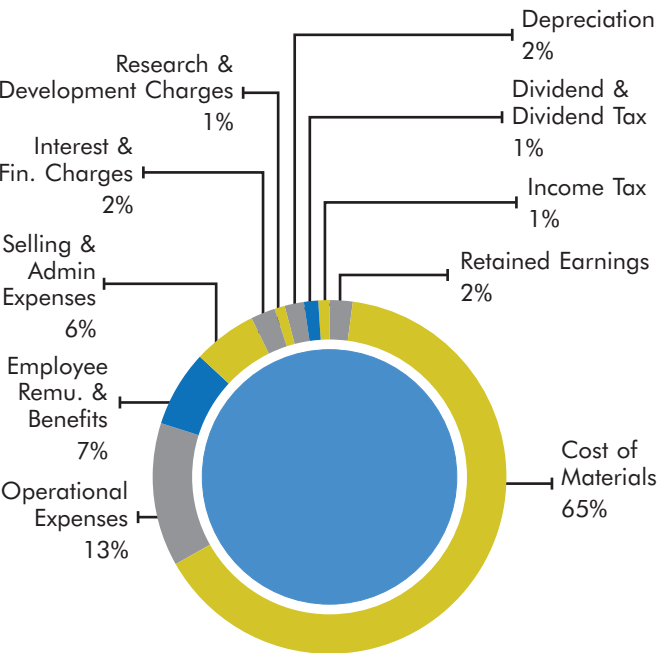


**The end result is that our Company is made up of people who are highly motivated, skilled and empowered and believe in making a difference in their lives and in the society that they are part of**

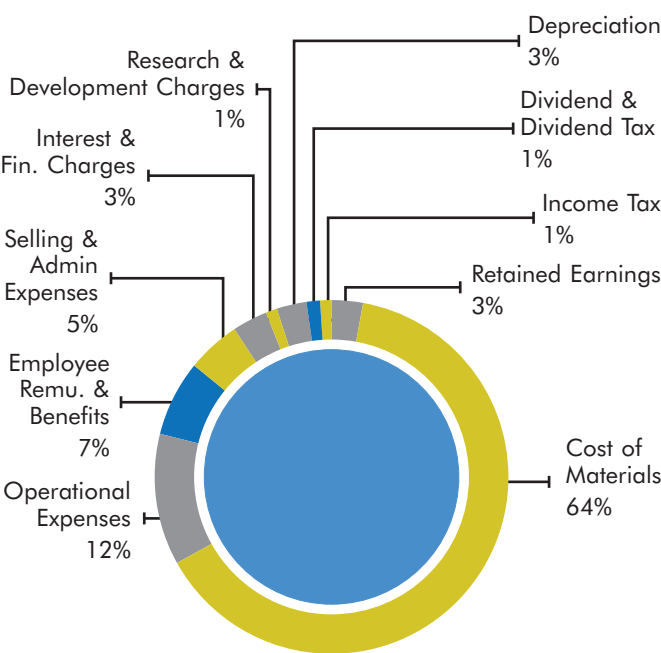
# Financial Highlights

## FUNDS OUTFLOW

FY 2013-14

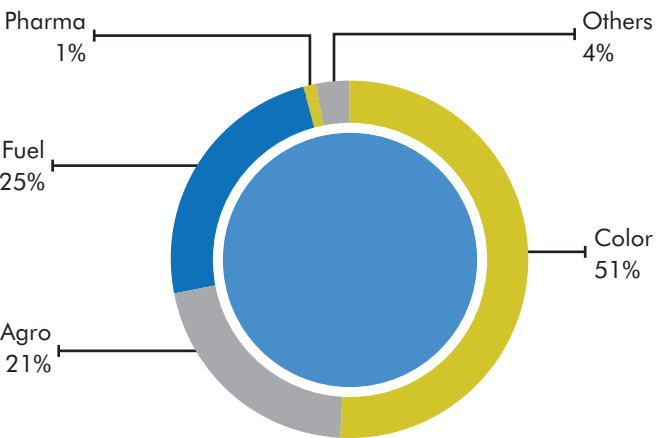


FY 2014-15

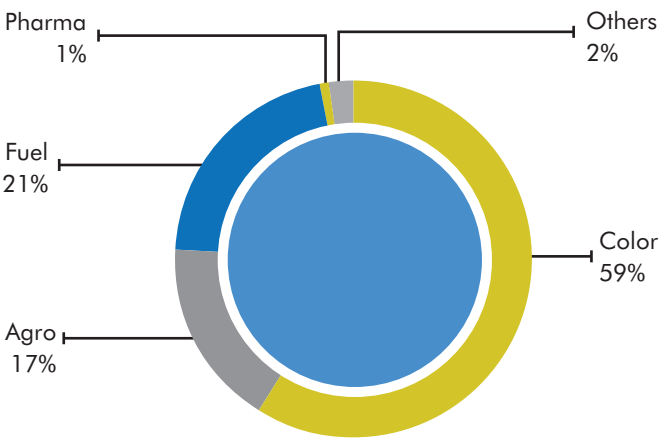


## APPLICATION-WISE SALES

FY 2013-14

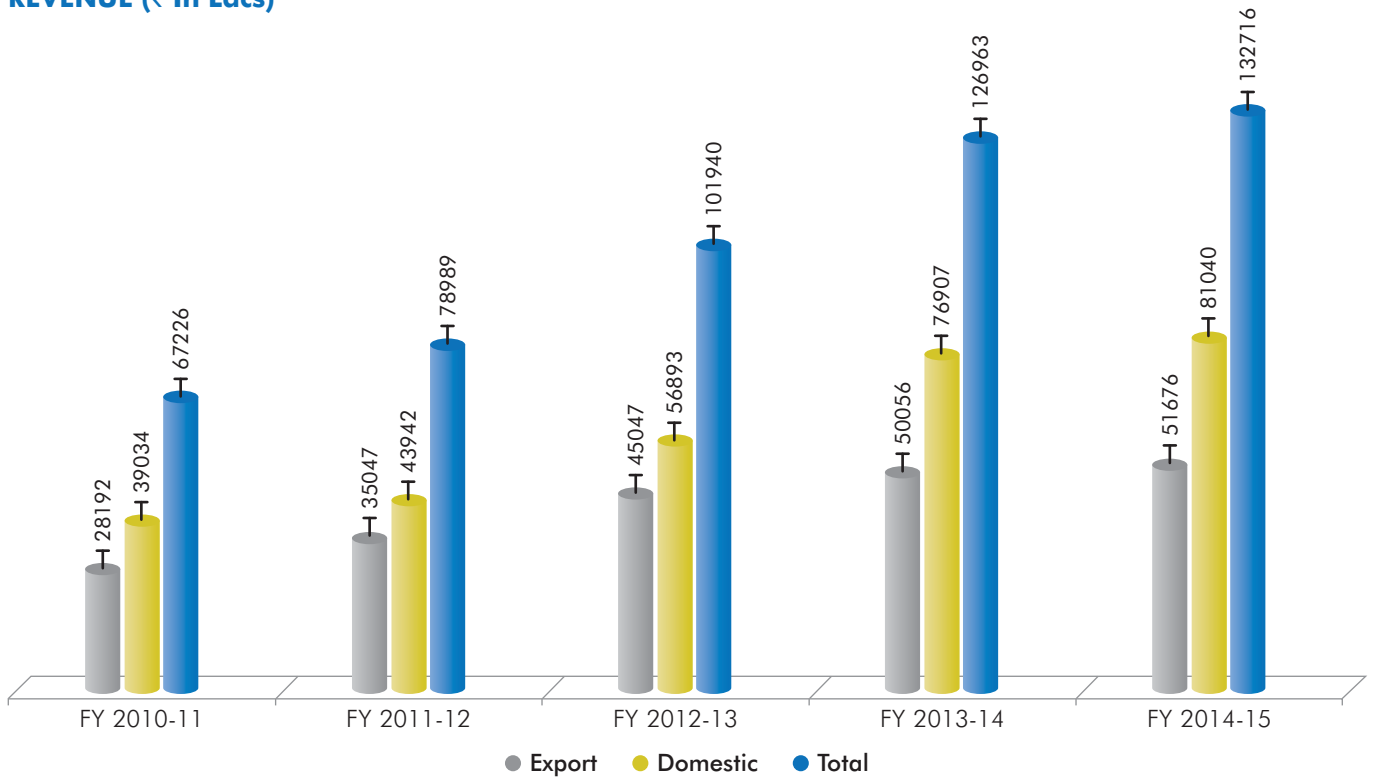


FY 2014-15

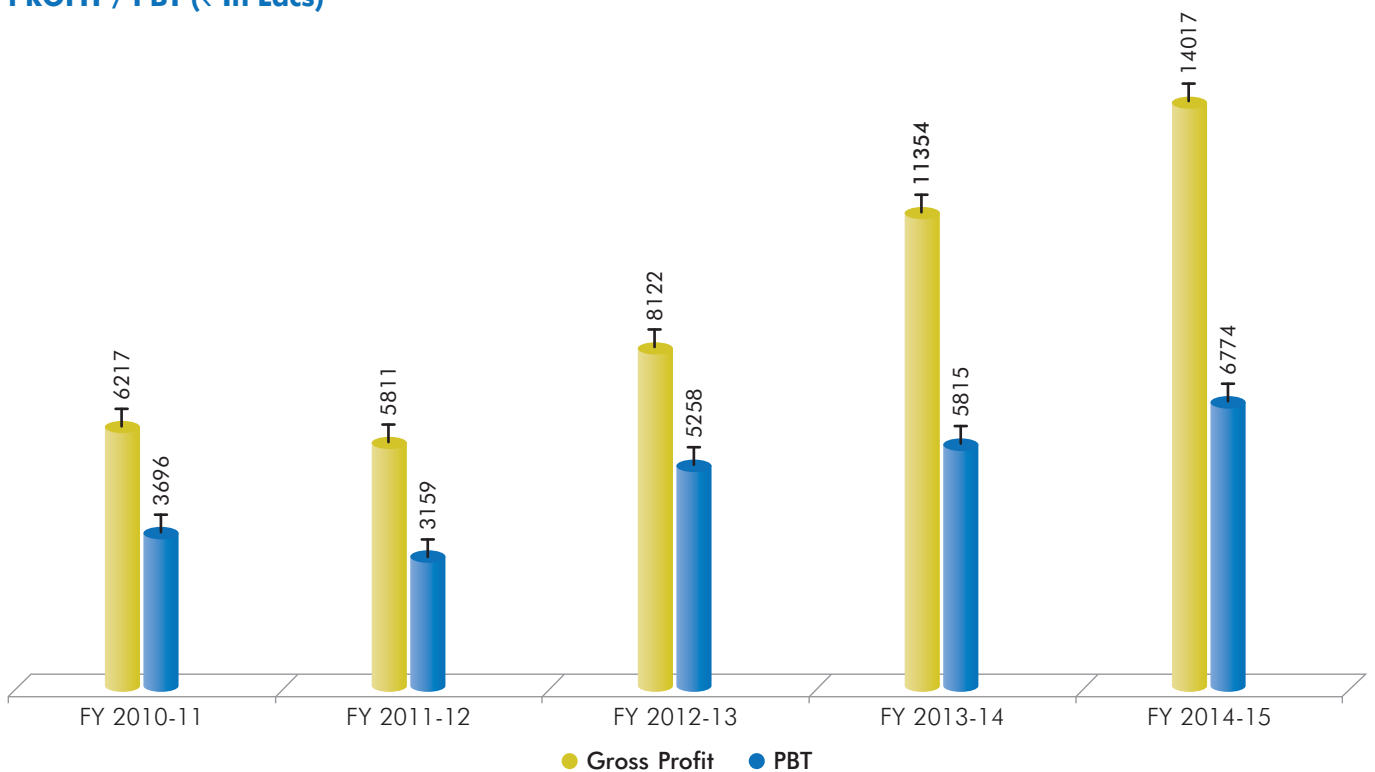




## REVENUE (₹ In Lacs)



## PROFIT / PBT (₹ In Lacs)



# Financial Highlights for the last Ten Years

Sr. No.	Particulars	UOM	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
1	Total Income	₹ in Lacs	132922	127140	103010	79273	67742	54646	58289	47213	45218	35381
	YoY Growth	%	4.55	23.42	29.94	17.02	23.97	(6.25)	23.46	4.41	27.80	7.54
2	EBIDTA	₹ in Lacs	14017	11354	8122	5811	6217	5449	7838	3848	6619	4259
3	Profit / (Loss) Before Taxation	₹ in Lacs	6774	5815	5258	3159	3696	3032	4286	674	3790	2045
	Percentage to Total Income	%	5.10	4.57	5.10	3.98	5.46	5.55	7.35	1.43	8.38	5.78
4	Profit / (Loss) After Taxation	₹ in Lacs	5344	3833	3782	2308	2580	2001	2828	702	3568	1414
	Percentage to Total Income	%	4.02	3.01	3.67	2.91	3.81	3.66	4.85	1.49	7.89	4.00
5	Equity	₹ in Lacs	2091	1045	1045	1045	1045	1045	896	896	896	598
6	Net Worth	₹ in Lacs	34683	30752	28060	25278	23791	21944	19064	16765	16518	9010
7	Debt	₹ in Lacs	54451	50504	33546	17096	5958	9256	8955	13502	17045	13393
8	Dividend on Equity Capital	₹ in Lacs	1045	1045	837	628	628	523	448	359	359	359
	Percentage	%	*50	100	80	60	60	50	50	40	40	40
9	EPS	₹	*5.11	36.63	36.15	22.06	24.65	21.82	31.55	7.84	40.58	23.63
10	Book Value	₹	*34	294	268	242	235	210	213	187	184	151
11	Net Debt/ Equity Ratio	%	157.00	164.23	119.55	67.63	25.04	30.33	46.97	80.54	103.19	148.66

\* During the FY 2014-15, the Company has sub-divided its Equity Shares of ₹ 10/- each to five Equity Shares of ₹ 2/- each and issued Bonus Shares in the ratio of 1:1 post sub-division.

Hence:

1. Percentage of Dividend is on the expanded Equity Share Capital,
2. Earnings Per Share (EPS) of current year and previous years are not comparable, and
3. Book Value is on the expanded number of Equity Shares.

UOM – Unit of Measurement

# NOTICE

NOTICE is hereby given that the Forty Fourth Annual General Meeting of the Company will be held at Hotel Surya Palace, Opposite Parsi Agiyari, Sayajigunj, Vadodara – 390 005 on Friday, August 7, 2015 at 10:30 a.m. to transact the following businesses:

## ORDINARY BUSINESS:

- 1) To receive, consider, approve and adopt the audited Balance Sheet as at, and Statement of Profit and Loss and Cash Flow Statement for the Financial Year ended March 31, 2015, together with the Director's Report and the Auditor's Report thereon.
- 2) To declare a Dividend on Equity Shares.
- 3) To appoint a Director in place of Shri Umesh Asaikar (DIN: 06595059), who retires by rotation at this Annual General Meeting, in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, has offered himself for re-appointment.
- 4) To consider and ratify the appointment of M/s. B. K. Khare & Company, Chartered Accountants (Firm Registration No. 105102W) as the Statutory Auditors of the Company approved by the Shareholders at the 43<sup>rd</sup> Annual General Meeting for a term of three years i.e. till the conclusion of the 46<sup>th</sup> Annual General Meeting of the Company.

## SPECIAL BUSINESS:

- 5) **Appointment of Prof. Indira Parikh (DIN 00143801), as an Independent Director for a term of 5 consecutive years.**

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 ("the Act") read with Schedule IV 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, Prof. Indira Parikh (DIN: 00143801), who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 9, 2014 and whose term of office expires at this Annual General Meeting and who has submitted a declaration that she 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 under Section 160 of the Act proposing her 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 8, 2019."

- 6) **Payment of managerial remuneration within overall limit of remuneration prescribed under Section 197 of the Companies Act, 2013.**

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 197 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Members be and is hereby accorded for payment of managerial remuneration for the Financial Year 2014-15 and all subsequent Financial Years, in excess of the limits prescribed under the second proviso to Sub-Section (1) of Section 197 of the Act as under:

- (a) exceeding five per cent of net profits of the Company calculated in accordance with Section 198 of the Act ("Net Profits") to any one Managing Director or Whole Time Director or Manager;
- (b) where there is more than one Managing Director or Whole Time Director, exceeding ten per cent of the Net Profits of the Company to all such Directors and Manager; and
- (c) exceeding one percent of Net Profits of the Company to all Directors who are neither Managing Director nor Whole Time Director of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and is hereby authorized to do all acts and to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

- 7) **Ratification of the remuneration of Cost Auditor for the financial year 2015-16.**

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 ₹ 6,00,000 (Rupees Six Lacs 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, 2016, be and is hereby ratified.

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

By Order of the Board of Directors

May 13, 2015  
Mumbai

**Arvind Bajpai**  
Company Secretary

**Registered Office:**

9/10, Kunj Society, Alkapuri,  
Vadodara – 390007  
Tel: + 91-265-235 1013, 233 4481  
Fax: +91-265-233 0994  
Email: investor@deepaknitrite.com  
Website: www.deepaknitrite.com  
CIN: L24110GJ1970PLC001735

**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. 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](http://www.deepaknitrite.com) for download.
6. The Register of Members and Share Transfer Books of the Company will be closed from **Saturday, August 1, 2015 to Friday, August 7, 2015** (both days inclusive).
7. The dividend as recommended by the Board of Directors, if approved at this Meeting, will be paid on or after August 10, 2015 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 and Central Depository Services (India) Limited as of the close of business hours on July 31, 2015.
  - (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 July 31, 2015.
8. 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.
9. 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.
10. 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.
11. 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.



12. In terms of provisions of Section 205C 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 2007-08 is due for transfer to the said Fund in August, 2015.
13. The Notice of the Annual General Meeting along with the Annual Report for the Financial Year 2014-15 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.
14. 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. The Members whose email ids are already registered may update the changes therein, if any. This may be treated as an advance opportunity in terms of proviso to Rule 18(3) (i) of the Companies (Management and Administration) Rules, 2014.
15. 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.
16. 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:

#### **PROF. INDIRA PARIKH:**

Prof. Indira Parikh is the Founder President of FLAME (Foundation for Liberal and Management Education). She holds Ph.D. from Gujarat University, Ahmedabad and MA from University of Rochester. She was a faculty member at IIM-Ahmedabad for over 30 years and Dean for a period from year 2002 to 2005. She has specialized in organization development and design, and institution building.

She has designed and offered management development programs for managerial role effectiveness, training for trainers, issues of roles and identity, and stress and self-renewal for men and women in organizations. She has been a consultant to various national and international organizations both in private and public sector. Prof. Indira Parikh is also on the board of several companies.

Prof. Indira Parikh has been honored with three Life Time Achievement awards.

- Life Time Achievement Award for Best Teacher in Management on January 18, 2001 in World HRD Congress held at Mumbai.
- Life Time Achievement Award for contribution on HR on October 3, 2003 in 2nd Regional HR Conference held at Pune organized by Indira Group of Institute, Pune.
- Life Time Achievement Award by PGP Students Indian Institute of Management, Ahmedabad (2003 - 05 batch).

Her other directorships as on March 31, 2015 were as under:

- Sintex Industries Limited
- Anil Limited
- Zydus Wellness Limited
- Amanta Health Care Limited
- Foseco India Limited
- Hitachi Home and Life Solutions (India) Limited
- Force Motors Limited
- Arvind Infrastructure Limited
- FLAME-TAO Knoware Private Limited

Her Membership / Chairmanships of Committees of the Board (other than Deepak Nitrite Limited) as on March 31, 2015 were as under:

#### **Audit Committee:**

- Foseco India Limited – Member
- Force Motors Limited – Member
- Sintex Industries Limited – Member
- Zydus Wellness Limited – Member

#### **Nomination and Remuneration Committee:**

- Force Motors Limited – Member
- Sintex Industries Limited – Member
- Foseco India Limited – Member
- Zydus Wellness Limited – Member

#### **Stakeholders Relationship Committee:**

- Force Motors Limited – Member
- Foseco India Limited – Member

#### **Corporate Social Responsibility Committee:**

- Foseco India Limited – Chairperson
- Zydus Wellness Limited – Member
- Force Motors Limited – Member

Prof. Indira Parikh does not hold any shares in the Company.

#### **SHRI UMESH ASAIKAR:**

Shri Umesh Asaikar holds a Bachelors degree in Mechanical Engineering from The Indian Institute of Technology, Mumbai, and Masters 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 Asaikar has around 36 years of varied experience in the areas of Sales, Commercial and Business Management. During the span of his career, he has held various leadership positions in companies such as Parke Davis, Nicholas Piramal, Piramal Glass, etc.

He is Executive Director of the Company and does not hold any other Directorship.

17. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of Companies (Management and Administration) Rules, 2014 as amended and Clause 35B of the Listing Agreement, the Company is pleased to provide the facility to Members, to exercise their right to vote on Resolutions proposed to be considered at the Meeting by electronic means and the business may be transacted through such voting.
18. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on August 1, 2015 ("Cut-off Date") are entitled to vote on the Resolutions set forth in this Notice.
19. The Members may cast their votes on electronic voting system to be provided by National Securities Depository Limited ("NSDL") from place other than the venue of the Meeting (remote e-Voting). The remote e-Voting will commence on August 4, 2015 (9:00 a.m.) and will end on August 6, 2015 (5:00 p.m.). The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a Resolution is cast by the Member, he/she shall not be allowed to change it subsequently. The Members desiring to vote through remote e-Voting are requested to refer to the detailed procedure given herein in the Notice.
20. In addition, the facility for voting through Polling Paper shall be made available at the Meeting and the Members attending the Meeting who have not cast their vote by remote e-Voting shall be able to exercise their right at the Meeting through Polling Paper.
21. The Members who have cast their vote by remote e-Voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.
22. 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.
23. The voting rights of Members shall be in the proportion of their shareholding in the Company as on Cut-off Date.
24. The Company has appointed Shri Dinesh Joshi, Practising Company Secretary (Membership No.: FCS 3752), Partner, M/s. KANJ & Associates, Company Secretaries, Pune as the Scrutinizer, to scrutinize the entire voting process including remote e-Voting in a fair and transparent manner.

## PROCEDURE FOR REMOTE E-VOTING

- I. The Company has entered into an arrangement with NSDL for facilitating remote e-Voting for the Meeting. The instructions for remote e-Voting are as under:

### A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:

- (i) Open email and open PDF file viz; "remote e-Voting. pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for remote e-Voting. Please note that the password is an initial password.
- (ii) Launch the internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on "Shareholder - Login".
- (iv) Put user ID and password as initial password noted in step (i) above and click on "Login".
- (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote "e-Voting" opens. Click on remote "e-Voting": Active Voting Cycles.
- (vii) Select "EVEN" of "Deepak Nitrite Limited". Members can cast their vote online from August 4, 2015 (9:00 a.m.) till August 6, 2015 (5:00 p.m.) Remote e-voting shall not be allowed beyond the said period.
- (viii) Now you are ready for remote e-Voting as "Cast Vote" page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have confirmed your vote on the Resolution, you will not be allowed to modify your vote.
- (xii) 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 to dinesh.joshi@kanjcs.com with a copy marked to evoting@nsdl.co.in

**B. In case a Member receives physical copy of the Notice of the Meeting [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :**

- (i) Initial password is provided in the Form sent alongwith the Notice as follows:

EVEN (Remote e-Voting Event Number)	USER ID	PASSWORD
--	---------	----------

- (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.

- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-Voting user manual for Members available at the downloads section of NSDL's e-Voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- III. If you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote.
- IV. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as of the Cut-off Date i.e. August 1, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the Toll Free No.: 1800-222-990.
- V. A person, whose name is recorded in the Register of Members or in the list of Beneficial Owners maintained by the Depositories as on Cut-off Date only shall be entitled to avail the facility of remote e-Voting as well as voting at the Meeting through Polling Paper.
- VI. The result of voting at the Meeting including remote e-Voting shall be declared after the Meeting but not later than three days of the conclusion of the Meeting.
- VII. The result declared alongwith the Report of the Scrutinizer shall be placed on the website of the Company [www.deepaknitrite.com](http://www.deepaknitrite.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited, National Stock Exchange of India Limited where the shares of the Company are listed.

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

**ITEM NO. 4**

Members of the Company had, at the 43rd Annual General Meeting of the Company held on August 8, 2014, approved the appointment of M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No.: 105102W) as Statutory Auditors, to hold office from the conclusion of that meeting until the conclusion of 46th Annual General Meeting, subject to ratification of such appointment by the Members annually.

Rule 3(7) of Companies (Audit & Auditors) Rules, 2014 provides that appointment of the Statutory Auditors shall be subject to ratification by the Members at every Annual General Meeting till the expiry of the term of the Auditor. In view of the above, the appointment of M/s. B. K. Khare & Co., Chartered Accountants, as Statutory Auditors for the period from the conclusion of 43rd Annual General Meeting upto the conclusion of 46th Annual General Meeting is placed before the Members for ratification.

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. 4 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for ratification by the Members.

**ITEM NO. 5**

Prof. Indira Parikh (DIN: 00143801) was appointed by the Board of Directors as an Additional Director on the Board of the Company w.e.f. August 9, 2014. As per the provisions of Section 161 of the Companies Act, 2013 ("the Act"), she holds office as an Additional Director upto the ensuing Annual General Meeting.

The Company has received a notice under Section 160 of the Act together with a deposit of ₹ 1,00,000/- from a member proposing her candidature as a Non-Executive Independent Director of the Company. In accordance with the provisions of the Act, it is proposed to appoint Prof. Indira Parikh as a Non-Executive Independent Director for a term of five consecutive years upto August 8, 2019.

A brief profile of Prof. Indira Parikh together with other details as required under clause 49 of the Listing Agreement is provided in the Notes to this Notice.

Prof. Indira Parikh has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Prof. Indira Parikh fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Prof. Indira Parikh as an Independent Director.

Accordingly, approval of the members is sought for the Ordinary Resolution as set out at Item No. 5 of the Notice for appointment of Prof. Indira Parikh as an Independent Director.

A copy of the draft Letter of Appointment of Prof. Indira Parikh as an Independent Director will be available for inspection without any fee for the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturdays.

None of the Directors / Key Managerial Personnel of the Company / their relatives, except Prof. Indira Parikh, are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

#### ITEM NO. 6

As per the provisions of section 197 of the Companies Act, 2013 ("the Act") the overall managerial remuneration to Directors shall not exceed 11% of the net profits of the Company calculated in accordance with Section 198 of the Act ("Net Profit").

Section 197 further provides that a Company may, with the approval of the Members, pay remuneration to the Managing Director, Whole Time Director or Manager, in excess of 5% of the Net Profit for a particular financial year and where there is more than one such Directors, in excess of 10% of the Net Profit to all of them together and to the Non Executive Directors in excess of 1% of the Net Profit of the Company.

The total managerial remuneration to all the Directors for the year ended March 31, 2015 is within the limit of 11% of the Net Profit as prescribed u/s 197 of the Act. However, the remuneration paid to the Managing Director(s) and Whole-time Director for the year ended March 31, 2015, exceeds the sub limit of 10% as prescribed under Section 197 of the Act.

Accordingly, approval of the Members is sought for the Ordinary Resolution as set out under Item No. 6 of the Notice for payment of remuneration to directors in excess of sub limits prescribed under the provisions of section 197 of the Act for the financial year 2014-15 and subsequent years.

The Directors of the Company / their relatives have financial interest in the resolution to the extent of remuneration which may be paid to them in accordance with the provisions of Section 197 of the Companies Act, 2013. None of the other Key Managerial Personnel of the Company / their relatives, are concerned or

interested, financially or otherwise, in the resolution set out at item No. 6 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

#### ITEM NO. 7

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, 2016.

The remuneration of the Cost Auditors was fixed by the Board of Directors as ₹ 6,00,000/- (Rupees Six Lacs 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, approval of the members is sought for the Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2016.

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. 7 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 7 of the Notice for approval by the members.

By Order of the Board of Directors

May 13, 2015  
Mumbai

**Arvind Bajpai**  
Company Secretary

#### Registered Office:

9/10, Kunj Society, Alkapuri,  
Vadodara – 390007  
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# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL SCENARIO

The Global economy continued to exude an uneven performance in FY 2014-15. Despite the efforts of various governments and multilateral agencies, volatility and uncertainty remain defining themes across the international economic landscape. Most of the major economies were in the middle of a balancing act during the year as they attempted to revive growth in a sustainable manner while simultaneously addressing fiscal concerns. Volatile commodity prices, continued low interest rates and slowing world trade have been pulling these economies in different direction. A welcome relief to oil importing economies especially emerging economies like India was the sharp fall in crude oil prices globally towards the second half of the Financial Year. This provided breathing room for these economies but caused fresh concerns to the growth prospects of oil exporting nations.

Emerging economies continued to contribute about two-thirds of global growth; however these economies disappointed as a result of a less favourable investment climate and weak external demand. A number of country specific challenges like infrastructure bottlenecks, increased financial risks and political tensions continued to loom over these economies. However, there is a view that many of these emerging economies including India have put the worst behind them.

Developed economies of America and Asia gathered positive momentum simultaneously for the first time since 2011. However, the potential growth rate remained lower than the early 2000s as a result of the aftermath of the financial crisis. These countries are still confronted by a number of challenges like high unemployment rates and structural bottlenecks. The legacies of the financial crisis continue to linger on these economies. Moreover, the position of Europe remains very fragile. Overall, it is believed that the global economy has bottomed out after the global financial crisis of 2008 and may now consolidate before a sustained recovery takes place. However, as per projections, global growth is not likely to pick-up substantially in the short to medium term as risks to the recovery are significant. Both emerging and developed economies need to undertake significant structural reforms so as to promote growth and employment in a balanced manner.

## DOMESTIC SCENARIO

For India, FY 2014-15 was a year of notable events. India witnessed the largest single party political mandate at the Centre since 1984. This augured well for India as; it meant that a stable government had the opportunity to return the economy to its strong growth trajectory of the previous decade. There was a new perspective, renewed vigour and expectations of a new pace of rolling out of reforms and strong policies.

The Indian economy grew by 7.3% in FY 2014-15 led by strong growth in the industrial and service sectors, despite slowdown in

the agricultural sector due to poor monsoons. Further, this growth is expected to further improve to 7.4% in FY 2015-16 according to the Central Statistics Office. In fact, the International Monetary Fund has also revised India's forecasted growth rate upwards to 7.2% in FY 2015-16 and 7.5% in FY 2016-17 surpassing China, making India the fastest growing major economy in the world by 2016. All estimates for the next two years suggest that the slowdown has bottomed out.

The Government through policy reforms is not only aiming for short term objectives like control over inflation and external sector imbalances but is also focussing on medium to long term objectives for transformation and development. These long-term objectives will be achieved through stimulating civil and social infrastructure projects across the Country. Measures for de-bottlenecking the economy are being carried out like land acquisition for development, ensuring availability of energy along with the rationalization of fuel prices and ending subsidy in the case of fuel. Some of these measures have already been executed, indicating that the Government is very serious about the long-term economic goals of the Country.

Another major initiative of the Government has been to revive manufacturing in India. As a result, the Government has presented the 'Make in India' initiative with an object to lift the economy through job creation and skill enhancement by localisation of manufacturing across 25 key sectors identified under the programme. Various incentives have also been launched before and after unveiling this initiative – these include the removal and relaxation of foreign equity caps in various sectors and liberalisation of foreign direct investment in railways, insurance and defence, which is a major boost in this direction.

The road ahead for India is encouraging. There have been some refreshing changes in foreign policy, tax certainty, efforts to attract FDI and in the auction of natural resources. On the other hand, the pace of progress in other areas such as land acquisition, labour reforms, infrastructure and law & order has been slower than expected. The Government has taken some necessary steps to revive growth and rapid progress on other much needed reforms is required to revive the Indian economy.

## INDUSTRY TRENDS AND OUTLOOK

The chemical industry is dependent on the progress of its key customers, i.e. the manufacturing sector for growth. FY 2014-15 was a soft year for chemical companies as the global manufacturing sector was affected by slowdown in China and other emerging economies. Recovery in the United States along with growing demand for higher value and innovative products were the key driving factors for growth in FY 2014-15.

As we moved into FY 2015-16, there are indications of an upturn in the global industrial cycle with the United States continuing

to witness growth momentum. In fact, due to the competitive advantage of shell gas extraction, North America will continue to witness sustained growth. However, the most promising prospects were found in emerging economies of Asia, Africa and Middle East. Sustained recovery in the manufacturing sector and shift in competitiveness will result in driving the global economic growth. As a result, the size of the global chemical industry will become \$4.7 trillion by 2018 and \$5.8 trillion by 2021 from about \$3.9 trillion in 2013.

Despite the slowdown in export markets and lackluster growth in domestic markets in FY 2013-14, the Indian chemical industry expanded and constituted about 3% of the global chemical industry. The chemical industry contributed about 15% of the manufacturing sectors' GDP and about 9% of total exports in FY 2013-14. Of the total size of the chemical industry, bulk chemicals form about 39% of the market share while agro chemicals is about 20% and specialty chemicals is at about 19% of the market share. The balance 21% is held by Pharmaceuticals and Biotechnology.

Bulk chemicals which comprise of organic and inorganic chemicals are projected to grow by 7.3% CAGR over the next five years taking it to \$25.7 billion by 2018 from \$18 billion in 2013. Organic chemicals, which form 34% of the bulk chemicals market are expected to grow at 9%, driven by strong demand in the end-user market. As a result, plants manufacturing organic chemicals are expected to achieve full capacity utilisation by 2018. Inorganic chemicals are expected to grow by about 6-7% CAGR over the next five years driven by strong demand from the end user industries like alumina, textiles, paper and detergents. Utilization rate will touch 92% by 2018 from 81% in 2013.

The Indian specialty chemicals are the fastest growing segment. This segment witnessed 10% growth rate since 2009 and was valued at about \$23 billion in 2013. This growth has come about as a result of strong demand from end user industries. The specialty chemical market has gathered enough momentum and is expected to do about \$42 billion by 2018 owing to strong domestic demand. Exports are estimated to drive specialty chemicals growth owing to its competitive scale and low cost of production compared to other economies.

Looking forward, the Indian chemical industry is expected to deliver healthy gain from strong production volumes that will be consumed domestically as well as exported. Capacity utilization is also expected to improve further. India is also at the starting point of a new capital spending cycle as the 'Make in India' initiative kicks off. This will not only expand production but also generate significant employment once the projects go online. The Indian chemical sector has the potential to become a global manufacturing hub similar to the Indian pharmaceutical industry. As the global economy recovers and external demand becomes more robust, chemical exports will further accelerate. By 2018, the Indian chemical industry will post record CAGR of 8%.

## COMPANY PERFORMANCE

During the Financial Year 2014-15, your Company recorded

around 4% increase in Total Revenue including Other Income to ₹ 1329.22 crores compared to ₹ 1,271.40 crores in FY 2013-14. Your Company's established businesses continued to gain momentum and contributed to the incremental growth, as new products launched in the last five years have delivered consistent double digit growth. Towards the beginning of the second half of FY 2014-15, due to the sharp decline in international crude oil prices, there was disruption in volume off-take from some of your Company's customers who decided to minimize inventory to insulate them from heightened volatility. As a result of this, some products witnessed temporary decline in demand. However, the impact of this development was temporary and your Company's performance bounced back in Q4 as the global prices of crude oil stabilized albeit at lower levels.

EBITDA for FY 2014-15 was higher by 23% at ₹140.17 crores compared to ₹ 113.54 crores in FY 2013-14. The growth in EBITDA was driven by high value led growth from established business segments due to a favourable shift in product mix along with improved cost efficiencies and positive impact as a result of de-bottlenecking initiatives.

Profit Before Tax was up 16% at ₹ 67.74 crores compared to ₹ 58.15 crores in FY 2013-14. Profit After Tax was higher by 39% at ₹ 53.44 crores in FY 2014-15 compared to ₹ 38.33 crores in FY 2013-14. This growth has come about despite significant increase in interest and depreciation cost on account of full commissioning of Dahej facility. Depreciation increased to ₹ 36.02 crores from ₹ 29.64 crores in FY 2013-14 and finance cost also increased to ₹ 37.99 crores from ₹ 27.97 crores.

Despite the challenges, FY 2014-15 has been a year in which your Company made good progress in strengthening the established business segments through high value products and also reported positive contribution in the FWA segment. Despite the volatility in the second half of the year, your Company was able to deliver continued growth in profitability which enabled it to sustain its dividend paying track record. Consequently, the Board of Directors recommended a Dividend of ₹ 1/- (Rupee One only) per equity share of a Face Value of ₹ 2/- (Rupees Two only) each.

## PERFORMANCE OF STRATEGIC BUSINESS UNITS

### Bulk Chemicals & Commodities (BCC)

In the Bulk Chemicals & Commodities (BCC), your Company manufactures Nitro Toluenes, Fuel Additives and Sodium Nitrite which find application across colourants, rubber chemicals, pharmaceuticals, explosives, dyes, pigments, agrochemicals, diesel blending, food colours, electroplating, etc. This business unit focuses on producing commodity chemicals that are supplied in high volumes. The strategic aim is to manufacture products that are made to standard specifications focussing on quality through improving the process technology. Bulk Specialty Chemicals use cost leadership as their main competitive strategy to gain market share.

In FY 2014-15, revenues for BCC stood at ₹ 749.59 crores compared to ₹ 739.57 crores for FY 2013-14. This segment

contributed 56% of total revenue during the year. The EBIT margin for FY 2014-15 stood at 9.81%, contracting by 269 bps. Lower realisation resulting from sharp decline in crude oil price impacted overall EBIT.

### **FINE & SPECIALITY CHEMICALS (FSC)**

The Fine & Speciality Chemicals business manufactures specialty chemicals, Xylidines, Oximes and Cumidines primarily used as intermediates in colourants, pigment, fuel additive, agro chemicals and pharmaceuticals. These products possess differentiated properties and are manufactured to customer specifications catering to the value added end users. Since these products are customised, it is not a volume focussed business. The business unit focusses on stable, sustainable operations and developing long term strategic relationships with customers by delivering high quality products while adhering to global best practices.

Revenues from Fine & Speciality Chemicals stood at ₹ 326.20 crores for FY 2014-15 compared to ₹ 361.43 crores for FY 2013-14. This segment primarily caters to export market in EU region and overall slowdown in EU region has impacted revenue in this segment. This segment contributed 24% of the total revenue during the year. The EBIT margin stood at 18.90% in FY 2014-15 expanding by 155 bps.

### **FLUORESCENT WHITENING AGENT (FWA)**

Fluorescent Whitening Agents are brighteners commonly used in industries like paper, detergents, textiles, coating applications in printing and photographic paper. Your Company offers its customers products as per their desired specification across liquid, solid and powdered forms. Your Company works closely with customers and through its R&D initiatives is able to enhance their process efficiencies. This strategy is expected to result in repeat orders and long term relationships with the customers. Your Company's fully integrated manufacturing facility from Toluene into PNT and further into DASDA provides competitive advantage over companies that are dependent on other companies for their raw materials. This allows your Company to customise the raw material at each stage of production depending on customer specifications. Further, this business also has very high barriers to entry due to the capital-intensive operations and lack of assured supply of materials across the value chain. The Fluorescent Whitening Agent business unit focuses on capitalizing and building on strengths in order to create a unique market position for itself and become a global leader in terms of market share.

Revenues from Fluorescent Whitening Agent stood at ₹ 265.18 crores in FY 2014-15 compared to ₹ 175.91 crores in FY 2013-14. This segment includes two major products - Optical Brightening Agent (OBA) produced at Dahej and key input of OBA, DASDA produced at Hyderabad. This segment contributed 20% of total revenue during the year. OBA witnessed gradual uptick in volumes in both domestic and export markets and the management is confident that volumes supplied from the facility will increase significantly and enable your Company to benefit from operating leverage.

Export revenues grew by 3% to ₹ 517.00 crores while Domestic revenues were higher by 5% to ₹ 810.00 crores in FY 2014-15. As a contribution to revenues, the mix between exports and domestic markets stands at 39% and 61% respectively. Europe is the largest export market for your Company and currently contributes around 65% of your Company's total export revenue, which is majorly billed in US Dollar.

### **STRATEGIC INITIATIVES AND EXPANSION PLANS**

During the year, your Company announced a Greenfield expansion project through its wholly owned subsidiary Deepak Phenolics Ltd, to manufacture Phenol and Acetone at Dahej, in Gujarat. The project is scheduled to start operations by end of FY 2018 with an annual capacity of 200,000 TPA for Phenol and 120,000 TPA for Acetone.

Phenol is widely used in the manufacturing of various commercial products and finds applications in laminates, paints, automobile lining, etc. while Acetone finds applications in Pharmaceuticals, Paints, Adhesives & Thinners, etc. Further, the demand for Phenol and Acetone in India is expected to grow at 7%-8% CAGR. The facility will help substitute India's imports and give your Company market leadership position in India.

Last year, your Company also incorporated Deepak Nitrite Corporation, Inc. in North Carolina, USA to take care of marketing & operations part of customers in Northern and Southern American region. Your Company is also having an Associate Company Deepak Gulf LLC in Oman with 49% of holding in total Share Capital.

### **SWOT ANALYSIS**

#### **STRENGTHS:**

##### **Technical Competence**

Your Company takes pride on the technical expertise it has built up over more than 40 years of working in the chemical sector. Your Company's expertise includes the knowledge of chemical manufacturing processes such as Hydrogenation, Nitration and Chlorination to name a few. Your Company also has the skill to develop, manage, handle and store hazardous materials involved in the process of manufacturing. Your Company's expertise, experience, capability to custom-build and quality standards allow your Company to undertake, execute and deliver products with best quality while minimizing the overall cost and delivery time.

##### **Senior Leadership Team**

The management team brings abundant expertise and a strong track record of success in managing established businesses and in expansion of businesses through both Greenfield and Brownfield projects. They bring strong strategic expertise with a commitment to realize your Company's long-term objectives. The leadership team has built up your Company with the best-in-class global practices that have directly contributed to the success of your Company.

##### **Diversified Operations**

Your Company has multiple facilities located across Gujarat, Maharashtra and Telangana. These facilities are flexible as

multiple products can be manufactured depending on the demand scenario, given that the processes are easily interchangeable at existing facilities. Your Company also manufactures a variety of chemical intermediates due to its competency in various chemical-manufacturing processes. Diversified production and flexible capacities act as a natural hedge as they allow your Company to shift production towards a product which is witnessing with higher demand.

### **Marquee Customer Profile**

Your Company has fostered long term relationships across a wide range of industries and is a preferred supplier to some of the leading companies both in India and Internationally. Today, your Company's long-term relations with its customers have become more like quasi-partnerships due to a focus by many on value chain. These relationships have become a hallmark of your Company and have introduced a level of stability that is not common in the business world today.

### **Innovation**

Research & Development focus has always been present in all areas of your Company's business resulting in improvements in product quality, cost savings, higher efficiencies and improvements in process competence. Your Company have been investing in Research & Development over a long time and these investments have built a significant base of capabilities. Investments and efforts in Research & Development are showing results; about 50% of incremental annual revenues over the last few years are from products and processes enhanced and developed through the Research & Development initiatives.

## **WEAKNESSES**

### **Volatile and Fluctuating prices of Raw Material**

One of the major hurdles for the chemical industry is its susceptibility to volatile raw material costs particularly BCC. Absorbing cost of this volatile market becomes challenging, as there are time lags before any costs benefit or price hike can be passed on to customers. The chemical industry recently witnessed significant turbulence, due to the sharp and sudden fall in the crude oil price and related petrochemical products. In response, customer companies cut inventories resulting in unusual decline in volumes due to weak demand. Your Company managed to minimize the impact of this development and could quickly bounce back. However, it serves as a reminder of the inherent weakness of the industry.

## **OPPORTUNITIES**

### **Expansion Plans**

The Greenfield expansion plan at Dahej is an example of your Company's forward integration from being a supplier of Nitro-Toluene into the manufacture of DASDA and finally into Optical Brightening Agent (OBA). Your Company has also commissioned its Brownfield expansion plan at Nandesari in the recent past. Your Company's proven track record of organic and inorganic expansions over the last 4 decades have continually added value to its customers. The Management believes that the recently

announced Greenfield expansion plan, through wholly owned subsidiary, Deepak Phenolics Ltd., for the manufacture of Phenol and Acetone at Dahej will be a big catalyst for growth.

### **Manufacturing Shift to India**

Manufacturing in India is expected to ramp up at a greater rate than developed markets. The 'Make in India' campaign focusses on the ease of doing business and is likely to move India ahead in the global manufacturing race. Further, Chinese costs are also increasing resulting in a lot of companies considering shifting their manufacturing from China to other emerging markets like India. Your Company's position as a globally cost competitive manufacturing base has also improved. Your Company will witness increasing number of consumers driven by greater demand from developed markets like Europe, USA, etc. due to its cost leadership and quality.

### **Export Potential**

Due to low cost of infrastructure compared to developed Countries, emerging economies like India have huge export potential. India is also gaining an edge over China as leading Chinese players are facing rising cost pressures. China also lacks strong IPR which Indian companies enjoy. Hence, a minor shift can lead to a huge opportunity for Indian players in export market.

### **Government Support to Lift Manufacturing**

The Government announced a number of measures to improve competitiveness in the chemical sector. Provisions like reduction in basic customs duty and investment allowance or deductions to manufacturing companies that are setting up new plant and machinery is expected to boost growth. Further, Research & Development incentives, tax deductions, state incentives, export incentives and area-based incentives are a few other measures announced by the Government.

## **THREATS**

### **Competitive Intensity and Increasing Resource Cost**

Due to the Indian manufacturing industry gaining global market share and increase in domestic demand, new entrants in the industry bid up prices of key resources resulting in higher production costs and shift in long run average cost. Some new players may also resort to unsustainable pricing in order to gain market share resulting in below normal economic profits for existing firms. In addition to competitive intensity and unstable pricing, increase in inflation could impact pricing.

### **Obsolescence of Product and Processes**

As new technologies are developed, older technologies that are used in manufacture often become obsolete. Rapid obsolescence of products and related methods of manufacturing can pose a serious threat. Because technology changes so rapidly, products become out of date before companies can recoup the costs associated with development and setting up the facilities. Such obsolescence occurring in products and manufacturing processes can limit your Company's ability to respond during crisis. As a result, the capital structure needs to be built very conservatively to



reduce the impact of dilution. Your Company through its Research & Development efforts constantly innovates its product basket and upgrades its technology.

## OUTLOOK

Heading into Fiscal Year 2015-16, your Company expects revenue growth to normalize as International crude oil prices have stabilised at lower levels. Overall, the oil markets uncertainty has reduced significantly and the risk of a sudden demand shock impacting the market has also reduced.

The Optical Brightening Agent (OBA) business of Fluorescent Whitening Agent business unit which was introduced last year saw the first near full year of operation and delivered robust growth due to a low base. We expect this business to ramp up gradually as utilization levels improve. This business is expected to exceed global industry growth rate and to grow rapidly as utilisation levels improve.

Demand for your Company's products like Nitro Toluene derivatives, Fuel Additives, Specialty Agrochemicals and DASDA have driven strong growth over the last 5 years and the expectation of higher economic growth is rooting higher optimism about the demand driven growth in these established businesses. Your Company is well positioned to gain from both domestic and exports markets in the longer term.

During FY 2014-15, your Company has also announced a Greenfield project for manufacture of Phenol and Acetone through wholly owned subsidiary at Dahej in view of the favourable market outlook. Your Company believes that it is well placed to seize the opportunities that the market will present going forward and that your Company will derive all its benefits.

## RISK MANAGEMENT

Risk Management is integral to the creation, protection and enhancement of shareholder value. Risk Management ensures that the management controls all business processes undertaken by your Company by means of a well-defined framework. Your Company has laid down robust risk management framework essential for identification, assessment, monitoring and mitigation of various risks to ensure smooth flow of operations adhering to stringent guidelines.

Your Company's Risk Management practices focusses on providing highest degree of safety to employees, especially at factories, where complex chemical processes are executed. To ensure maximum safety and security, your Company's machinery undergoes real time monitoring and regular inspections 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. The work place is regularly re-assessed to ensure that all equipment and processes do not pose any potential hazard and meet adequate safety requirements.

Your Company understands the importance of Credit Risk Management and has setup a framework that proactively monitors and identifies new and existing customers' financial health to mitigate any risk. Raw material price risks are mitigated through proper inventory control system, procuring raw materials from different sources at competitive prices and by entering into formula-based pricing with customers. Your Company uses financial hedging methods and tools to mitigate the risks of currency fluctuations. Environmental risks represent direct threat to public health and livelihood and it is your Company's responsibility to manage this risk through reduced emissions and treatment of effluents. Overall, your Company has emerged as an organisation that has strong focus on improving process predictability, reducing operational risk, enhancing product quality and improving overall performance.

## INTERNAL CONTROLS

Your Company and the Management has established adequate Internal Control systems to ensure reliable financial reporting. Internal Controls also help in assessing, evaluating, safeguarding and shielding your Company from losses and unofficial use or deposition of assets. This ensures that your Company's resources are put to optimum use and all transactions are authorised, recorded and reported correctly to the Management. Your Company constantly refines and testifies its internal controls to ensure management effectiveness and efficiencies of operating procedures. Your Company always adheres to set guidelines and follows all Accounting Standards prescribed for maintenance of books of accounts and reporting of financial statements. These standards require appointed independent Internal Auditors to plan and execute audits to assess the effectiveness of internal control over various areas of operations and financial reporting throughout the year. Summary of the observation by Internal Auditors is reported to the Audit Committee of the Board of Directors and corrective measures are taken. The Internal Control systems are designed to provide assurances on an ongoing basis so that 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 cordial relationship with every employee across all levels and locations. Your Company, in order to sustain its position as a leading manufacturer of chemicals, emphasizes on customer focus, technical expertise and innovation. In order to fulfill this mandate, the Human Resources division have set up benchmarks for selection of personnel. This process of selection is rigorously implemented on a continuous basis in order to attract new talent and upgrade your Company's competencies and skills.

Your Company continues to foster strong leadership and talent management, which is most critical for your Company's success in the chemical industry. Developing competences continues to remain one of the key areas of strategic focus. Your Company's retention rate is one of the highest in the industry. This is due

to your Company's strong focus on employee satisfaction and development initiatives. In order to enhance employee productivity, your Company continued to train employees across multiple areas related to technical/functional, behavioral/general and health, safety and general environment, ISO certification standards, etc. Your Company's employees receive competitive salaries, benefits and compensation linked to individual as well as Company performance. Your Company continues to maintain cordial industrial relations at all facilities.

The total employee strength including top management stood at 1400 as on March 31, 2015.

#### **CAUTIONARY STATEMENT**

*Certain Statements made in the Management Discussion and Analysis Report relating to your 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 your 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 your Company does not have any direct control.*

# DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting the Forty Fourth Annual Report together with the Audited Statement of Accounts for the Financial Year ended March 31, 2015.

## STANDALONE FINANCIAL RESULTS

Particulars	(₹ in Lacs)	
	2014-15	2013-14
Revenue and Other Income	132,921.70	127,139.61
Gross Profit (before interest, depreciation and tax)	14,017.29	11,354.45
Interest	(3,640.64)	(2,574.85)
Depreciation	(3,602.41)	(2,964.36)
Provision for Current Tax	(1,345.32)	(1,442.73)
MAT Credit Entitlement Recognised	1,122.04	601.99
Provision for Deferred Tax	(1,206.66)	(1,141.64)
Profit After Tax	5,344.30	3,832.86
Surplus in Profit & Loss Account Brought Forward	16,386.72	14,276.90
Transferred to Share Capital towards issuing Bonus Equity Shares.	(1,045.38)	-
Transferred to Depreciation Fund	(99.84)	-
Amount available for appropriation	20,585.80	18,109.76
<b>Appropriation</b>		
Dividend	(1,045.38)	(1,045.38)
Tax on Dividend	(212.82)	(177.66)
General Reserve	(500.00)	(500.00)
Balance carried to Balance Sheet	18,827.60	16,386.72

## FINANCIAL REVIEW

Your Company has been able to report continued growth in the Financial Year 2014-15 and has made progress on growth initiatives and business expansion plans. Business conditions were mixed during the year with a strong first half of the fiscal driven by robust demand from both domestic and export markets, while the second half of the fiscal saw disruptions in customer demand caused by the sharp volatility in global prices of crude oil and related petrochemical products. Notwithstanding this impact, your Company achieved revenue growth of around 5% during FY 2014-15 taking the total revenue to ₹ 1327.16 crores compared to ₹ 1269.62 crores last year. The growth in revenues was primarily achieved due to an improved performance in the Florescent Whitening Agent segment (FWA) and marginal growth in Bulk Chemicals & Commodities (BCC) segment. This momentum in the business is attributable to strong off-take in volumes of select products catering to dyes & pigments and fluorescent whitening agents. The Fine & Speciality Chemicals (FSC) segment primarily caters to export market; during the year under review the performance of the same has witnessed slowdown due to temporary demand disruption across the geography and particularly in the middle of the year which started moderating over the year end.

Export sales aggregated to ₹ 516.76 crores and were higher by 3% compared to the previous year. Exports contributed 39% of the total turnover.

Profit Before Interest, Depreciation and Tax for the FY 2014-15 was ₹ 140.17 crores compared to ₹ 113.54 crores in FY 2013-14. Profit After Tax for the FY 2014-15 was ₹ 53.44 crores compared to ₹ 38.33 crores in FY 2013-14. Earnings per Share in FY 2014-15 were ₹ 5.11 post sub-division of Equity Shares and issue of bonus shares, compared to ₹ 3.67 per Share (adjusted) in FY 2013-14.

The outlook for fiscal year 2016 looks promising. The FWA segment which has been dominant in the domestic market in FY 2014-15, is expected to see higher off-take towards exports. The increased volumes will also result in increased utilisation at the plant and the performance of the segment is expected to benefit from operating leverage. The established businesses are expected to grow strongly led by consistent demand for higher value products and increased volumes from select products. An improving global economic scenario is also expected to further support this growth amidst a stable exchange rate scenario.

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

## DIVIDEND

Your Directors are pleased to recommend the dividend of ₹ 1/- (Rupee One only) per Equity Share of ₹ 2/- (Rupees Two only) each for the year ended March 31, 2015, maintaining the same rate of Dividend of ₹ 1/- (Rupee One only) per Equity Share of ₹ 2/- each declared in the previous year.

The total amount of dividend, if declared by the members, including Dividend Tax, will be ₹ 12.58 crores (previous year ₹ 12.23 crores).

## LIFE TIME ACHIEVEMENT AWARD

During the Financial Year 2014-15, Shri C. K. Mehta, Chairman of your Company has been conferred with the Life Time Achievement Award by the Indian Chemical Council (ICC) for his exemplary and pioneering role in Chemical Industries in our country.

## COMMISSIONING OF OBA PROJECT AT DAHEJ

During the FY 2014-15, your Company's Greenfield Plant at Dahej, Dist. Bharuch in the State of Gujarat, for manufacturing Optical Brightening Agents (OBA) was fully commissioned.

## PHENOL PROJECT

As a part of growth strategy, your Company, through its wholly owned subsidiary, is implementing a Greenfield Project to manufacture Phenol and Acetone. Accordingly, your Directors at their meeting held on August 7, 2014 approved to undertake a project for manufacturing Phenol and Acetone.

The said Project is to be funded with a mix of Debt and Equity of 60:40 and is being implemented through your Company's Wholly Owned Subsidiary Company – Deepak Phenolics Limited.

The Project is under implementation at Dahej in the State of Gujarat. The capacity of the Phenol Plant shall be 200,000 TPA and that of co-product Acetone shall be 120,000 TPA.

Phenol is widely used in the manufacturing of various commercial products and finds applications in Laminates, Foundry, Automobile lining, etc. while Acetone finds applications in Pharmaceuticals, Paints, and Adhesives & Thinners etc. Currently, a majority of India's Phenol and Acetone requirement is met by imports. Considering the manufacturing of Phenol and Acetone as substitute of part of the current imports and in view of the growing domestic demand driven by better expected growth in GDP, we believe that this diversification would allow your Company to service new clients, meet existing demand and consequently, enhance business prospects.

Your Directors are pleased to inform that the Financial Closure, with respect to debt funding, for the Project has been achieved.

## QUALIFIED INSTITUTIONS PLACEMENT OF SHARES

In order to raise the funds for the proposed Phenol and Acetone Project at Dahej, the Board of Directors of your Company, at their meeting held on January 22, 2015 approved issuance of Equity Shares for an aggregate amount upto ₹ 200.00 crores on private placement basis through Qualified Institutions Placement ("QIP").

Accordingly, your Company obtained the approval of Members for the same through Postal Ballot / E-Voting and the result of voting was declared on April 28, 2015. The QIP issue shall be as per the provisions of Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable laws.

## SALE OF LAND AT PUNE

Your Directors, at their meeting held on June 23, 2014, approved the sale of freehold land and surrender of leasehold rights in respect of the lands situated at Sinhagad Road, Pune, Maharashtra, subject to receipt of all requisite approvals and permissions.

The proposal to sell the said lands is with a view to monetize the value of its unutilized assets and improve shareholders value by freeing up capital to facilitate growth.

## FINANCE

Your Company has strong internal guidelines to effectively manage its working capital and to maintain debt at reasonable levels while investing for growth. Due to the growth initiatives in progress, there has been an increase in debt on the books of your Company. These funds have been used to finance the investments in machinery, de-bottlenecking, meeting changing product specification as well as for initial investment in the Phenol project.

Further, interest costs and depreciation have also increased as the second and final phase of the Dahej plant was commissioned during the Financial Year. These are expected to moderate to normalized levels as the FWA business gains further momentum and volumes increase as planned. Your Company has anticipated such expansion in financial parameters and is well placed to manage it effectively. Further, there is active management of foreign exchange exposures to minimise risk to the Company due to exposure from imports and repayment of External Commercial Borrowings as well as receipts from exports.

Prudent management has ensured that the Company has been able to effectively manage its cash flows. The focus to reduce interest costs remains and although the Company has borrowed External Commercial Borrowings of USD 45 million which have been fully drawn and term loan of ₹ 94.00 crores borrowed for other smaller size capital expenditures at various locations. The Debt : Equity has still been maintained at reasonable levels. Debt : Equity as on March 31, 2015 stood at 1.57 times.

ICRA Limited re-affirmed the long-term rating of [ICRA] A+ and Short Term rating of [ICRA] A1+ assigned to the fund based limits and non-fund based limits of the Company. ICRA also re-affirmed the short-term rating of [ICRA] A1+ assigned to the Commercial Paper programme.

## DIRECTORS

The Board of Directors of your Company appointed Prof. Indira Parikh as an Additional Director w.e.f. August 9, 2014. As per provisions of Companies Act, 2013, Prof. Indira Parikh holds



office as an Additional Director upto the ensuing Annual General Meeting. Your Company has received a notice from a Member proposing her candidature for the appointment as an Independent Director for a period of five years along with requisite fees. The resolution for the appointment of Prof. Indira Parikh as an Independent Director is given in the Notice for approval of the Members.

Shri Ajay C. Mehta was re-appointed as the Managing Director for a further period of five years w.e.f. December 1, 2014 and the said re-appointment and remuneration payable to Shri Ajay C. Mehta as Managing Director was approved by the Members by a Special Resolution passed through Postal Ballot/E-Voting, the results of which were declared on April 28, 2015.

In order to comply with the requirement of Companies Act, 2013 and Rules made thereunder, the Board of Directors of your Company has revised the terms of appointment of Shri Ajay C. Mehta, Managing Director and Shri Umesh Asaikar, Executive Director to the effect that their respective offices as Managing Director and Executive Director, shall be liable to retire by rotation.

Accordingly, as per provisions of Section 152 of the Companies Act, 2013, Shri Umesh Asaikar will be retiring at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

### KEY MANAGERIAL PERSONNEL

Shri Umesh Asaikar, Executive Director, Shri Sanjay Upadhyay, Chief Financial Officer and Shri Arvind Bajpai, Company Secretary are Key Managerial Personnel of your Company.

During the year under review, Shri Sanjay Upadhyay who was Chief Financial Officer & Company Secretary of your Company, relinquished the office of Company Secretary and continued as Chief Financial Officer of your Company.

Shri Arvind Bajpai, a fellow member of the Institute of Company Secretaries of India has been appointed as Company Secretary of your Company w.e.f. May 2, 2014.

### MEETINGS OF THE BOARD

Six (6) Board Meetings were held during the financial year ended March 31, 2015. The details of the Board Meetings with regard to their dates and attendance of each of the Directors thereat have been set out in the Report on Corporate Governance.

### INDEPENDENT DIRECTORS

The Independent Directors of the Company have given the declaration to the Company that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

### PERFORMANCE EVALUATION

Pursuant to the provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement, the formal annual evaluation has been carried out by the Board of its own performance and that of its Committees and individual Directors through collective feedback.

The Evaluation Criteria for Independent Directors are as under:

- Relevant Knowledge, Expertise and Experience.
- Devotion of time and attention to the Company's long term strategic issues.
- Addressing the most relevant issues for the Company.
- Discussing and endorsing the Company's strategy.
- Professional Conduct, Ethics and Integrity.
- Understanding of Duties, Roles and Function as Independent Director.

Your Directors have expressed their satisfaction to the evaluation process.

### AUDIT COMMITTEE

The Audit Committee consists of all Independent Directors with Shri Sudhin Choksey as Chairman and Shri Sudhir Mankad and Shri S. K. Anand as members. The terms of reference of the Audit Committee, details of meetings held during the year and attendance of members are set out in the Report on Corporate Governance.

### STATUTORY 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. There is no qualification, reservation, adverse remark or disclaimer by the Statutory Auditors in their Report.

### SECRETARIAL AUDITOR'S REPORT

The Secretarial Audit Report of M/s. KANJ & Associates, Company Secretaries, for the Financial Year ended March 31, 2015 is annexed as Annexure - A.

As regards the observations made in the said Secretarial Audit Report, regarding shortfall in the spend on CSR activities, explanation is given in this Directors' Report under the heading 'Corporate Social Responsibility'.

### AUDITORS

#### (A) Statutory Auditors:

In compliance with the Companies (Audit and Auditors) Rules, 2014, the Members, at the 43rd Annual General Meeting of the Company held on August 8, 2014, appointed M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold the office until the conclusion of 46th Annual General Meeting of the Company.

As required under the provisions of Section 139 of the Companies Act, 2013, their appointment as Statutory Auditors is subject to the ratification by the Members at every Annual General Meeting. Accordingly, Members are requested to ratify their said appointment at the ensuing Annual General Meeting of the Company.

## **(B) Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit for the year ended March 31, 2015 was carried out by the Secretarial Auditor, M/s. KANJ & Associates, Company Secretaries, Pune.

## **(C) 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 2015-16 at a remuneration of ₹ 6,00,000/- (Rupees Six Lacs only) plus out of pocket expenses. As required under the provisions of Companies Act, 2013, the remuneration of Cost Auditor as approved by the Board of Directors is subject to ratification by the shareholders at the ensuing Annual General Meeting.

The Cost Audit Report will be filed within the prescribed period of 180 days from the close of the Financial Year.

## **(D) Internal Auditors:**

The Board of Directors has appointed M/s. Deloitte Haskins & Sells as Internal Auditors of your Company to conduct the Internal Audit for the Financial Year 2015-16.

## **FIXED DEPOSITS**

As per requirement of Section 74 of the Companies Act, 2013, the Board of Directors at their meeting held on May 2, 2014 decided to repay all the Fixed Deposits accepted by your Company along with the interest thereon and accordingly, all the Fixed Deposits outstanding as on April 1, 2014 along with interest thereon have been repaid by your Company during the Financial Year.

As on March 31, 2015, 210 warrants aggregating to ₹ 58,20,268/- issued by your Company to the respective deposit holders, for repayment of deposits and interest thereon, remained uncleared. There has been no default in repayment of deposits or interest thereon during the year and there are no deposits outstanding as on March 31, 2015.

## **VIGIL MECHANISM**

In accordance with the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, your Company has a vigil mechanism which has been incorporated in the Whistle Blower Policy for Directors and employees to report genuine concerns. The Whistle Blower Policy also provides for adequate safeguards against victimization of persons who use vigil mechanism and for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The Whistle Blower Policy is uploaded on the website of your Company.

## **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the year ended March 31, 2015 were on arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by your Company during the year

and hence no information is required to be provided as prescribed under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

## **SUBSIDIARIES AND ASSOCIATES**

As required under Rule 8(1) of the Companies (Accounts) Rules, 2014, the Board's Report has been prepared on a Standalone basis and a report on performance and financial position of each of the subsidiaries and associates, included in the Consolidated Financial Statements, is presented as under:

### **(a) Deepak Phenolics Limited**

Your Company's Phenol and Acetone Project is being undertaken through Deepak Phenolics Limited, the wholly owned subsidiary of your Company. The Project is at initial stage.

### **(b) Deepak Nitrite Corporation Inc., (USA)**

A wholly owned subsidiary company is formed in the United States to cater to the marketing requirements of your Company in the North and South American region. The said company is not operative yet.

### **(c) Deepak Gulf LLC (Associate)**

Deepak Gulf LLC is an associate Company where your Company has 49% shareholding. The said company is not operative yet.

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Particulars of Loans granted and Investments made by your Company during the year ended March 31, 2015, as required under the provisions of Section 134 of the Companies Act, 2013 are given under Annexure - B.

## **MATERIAL CHANGES**

There have been no material changes and commitments affecting the financial position of your Company since the close of Financial Year i.e. since March 31, 2015. Further, it is hereby confirmed that there has been no change in the nature of business of your Company.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the provisions of Companies Act, 2013, the Board of Directors of the Company confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards had been followed and there were no material departures.
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for that period.
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of

the Company and for preventing and detecting fraud and other irregularities.

- (d) the Directors had prepared the Annual Accounts on a going concern basis.
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

## 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.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company works with a deep sense of social commitment and contributes generously towards the welfare of the society that it is part of. Your Company's concerns are focussed on Women and Child Welfare, Integrated Livelihood Promotion, Disaster Relief and Rehabilitation and Integrated Child Development.

The Corporate Social Responsibility (CSR) activities are being undertaken by your Company through Deepak Foundation, the Group's charitable trust, as implementing agency for CSR activities of your Company. Through Deepak Foundation, your Company supports the development of communities through social interventions spanning over 1,500 villages in Gujarat.

The strategies and CSR activities during the year 2014-15 were focussed on women empowerment through training and capacity building, livelihood promotion and child development.

In compliance with requirements of Section 135 of the Companies Act, 2013 ("the Act"), your Company has laid down a CSR Policy. The amount required to be spent on CSR activities during the year ended March 31, 2015 in accordance with the provisions of Section 135 of the Act was ₹ 92.06 Lacs and your Company had spent ₹ 76.34 Lacs. The said amount was spent on the CSR activities undertaken by your Company mostly in the vicinity of its plants at Nandesari and Dahej and as well as around Vadodara, where the Registered Office and Corporate Office of your Company are located. However, certain projects / programs in the vicinity of other plant locations at Roha, Taloja and Hyderabad were under consideration and necessary baseline study is to be conducted. Based on the base line survey study, the spending on CSR activities at such locations will be decided. Accordingly, the shortfall of ₹ 15.72 Lacs in the amount spent on CSR activities during the year ended March 31, 2015 is intended to be utilized in future upon identification of suitable projects within your Company's CSR Policy.

The composition of the Committee, contents of CSR Policy and report on CSR activities carried out during the Financial Year ended March 31, 2015 in the format prescribed under the Companies (Corporate Social Responsibility) Rules, 2014 is annexed herewith as Annexure - C.

## REMUNERATION POLICY

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 (IV) of the Listing Agreement, the Remuneration Policy of your Company is set out as Annexure - D.

## EXTRACTS OF ANNUAL RETURN

The extract of Annual Return as required under Section 134(3)(a) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, forms part of this Report and annexed as Annexure - E.

## PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as Annexure - F.

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

As required by the Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the relevant data pertaining to the conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure - G forming part of this report.

## STATE OF COMPANY'S AFFAIRS

The state of Company's affairs is given under the heading 'Financial Review' and various other headings in this Report and in the Management Discussion and Analysis Report annexed to the Directors' Report.

## INTERNAL CONTROL SYSTEMS

Your Company's internal control procedures which includes internal financial controls, ensure compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations. The Internal Auditor's team carries out extensive audits throughout the year across all locations and across all functional areas and submits its reports to the Audit Committee of Directors.

## RISK MANAGEMENT

Your Company has in place a Risk Management Framework adopted by the Board of Directors of your Company. The Framework provides an integrated approach to identify, assess, monitor and mitigate risks in various aspects of the Company's business. Risks identified by the functions are systematically addressed through mitigating actions on a continuing basis. Your Company has a duly constituted Risk Management Committee in accordance with Clause 49 of the Listing Agreement which

oversees the Risk assessment and mitigation process regularly. The details of composition of Risk Management Committee are set out in the Report on Corporate Governance.

## RESEARCH & DEVELOPMENT

Your Company spends around 1% of its revenues on Research & Development annually. Your Company has well-equipped Research & Development facilities for innovation and to meet customer requirements. Your Company conducts Research & Development initiatives with a focus on innovation in order to help your Company scale greater heights, as discovery of new products can have long lasting impact on revenues. Your Company's efforts and investments on Research & Development have seen fruition. Your Company continues to develop new products with improved margin and improve existing processes that deliver better yields.

## SAFETY, HEALTH & ENVIRONMENT

Safety, Health and Environment is an integral part of how your Company does business. It is your Company's objective to protect its employees, property and environment in which it operates. As your Company deals in chemicals, it has to make sure that the highest degree of safety measures is maintained in order to avoid any risk at the workplace. Your Company has set up control systems at order to monitor the condition of its machinery and equipments to mitigate any potential risk to its employees. Your Company has introduced training programs that educate employees on how to safely operate in a workplace that involves hazardous materials. Such programs have to a great extent made your Company's workplace much safer.

Your Company regularly monitors the occupational health of employees working in designated hazardous areas with respect to exposure to hazardous chemicals and processes. Your Company's well-equipped Occupational Health Centers at all manufacturing locations conduct preventive counseling and monitor health of employees on regular basis.

All the manufacturing locations of your Company have well defined Environment Management system. It follows well-mapped procedure in order to select projects, assess impacts on society and environment and mitigate any adverse impacts. It has instituted a compliance management system which, mandates undertaking an adverse impact analysis and risk analysis study and implementation of actions based on such analysis.

Environmental performance indicators of your Company are defined and monitored by the top management. Special emphasis is given on resource conservation and process innovations to convert waste streams into saleable products and minimize use of water in processing.

Your Company proactively fulfills the environmental requirements of customers by delivering products that match international standards. Your Company continues to focus on proper treatment of effluents and reduction of pollution as a part of its Green and ecofriendly initiatives. This has made your Company a safe and healthy place to work.

Your Company is permitted to use the Responsible Care Certification in its representation to the customers.

Quality, Environment & Occupational Health & Safety Management System at all manufacturing plants and corporate office have been assessed, registered and certified as per ISO 9001, ISO 14001 & OHSAS 18001.

Your Company has conceptualized, and is developing and supporting Nicer Globe, a Responsible Care initiative of Indian Chemical Council (ICC), along with 6 other chemical companies. Nicer Globe is all about safe transportation of chemicals and providing proper emergency response.

## HUMAN RESOURCES

During the year under review, your Company's industrial relations at all manufacturing and other locations have remained amicable. Your Company has been able to attract and retain employees of requisite qualification, technical expertise and rich experience. This has been possible due to the various initiatives undertaken by your Company to build a constructive work environment. All efforts are concentrated on attracting and retaining the best talent in the industry as people are at the center of your Company's growth strategy. Fostering an attitude for learning and skill development is the key to the success at your Company's workplace.

## INSURANCE

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

## DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Discrimination and Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee ("ICC") has been set up to redress the complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of the complaints received and disposed off during the Financial Year 2014-15:

a) No. of complaints received	:	NIL
b) No. of complaints disposed off	:	NIL

## 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 recognize and appreciate the hard work and efforts put in by all the employees of your Company and their contribution to the progress of your Company in a very challenging environment.

For and on behalf of the Board

Place: Mumbai  
Date: May 13, 2015

**C.K. MEHTA**  
Chairman



# ANNEXURE - A

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[PURSUANT TO SECTION 204(1) OF THE COMPANIES ACT, 2013 AND RULE

NO.9 OF THE COMPANIES (APPOINTMENT AND REMUNERATION PERSONNEL) RULES, 2014]

**To,**

**The Members,  
Deepak Nitrite Limited,  
9/10, Kunj Society, Alkapuri,  
Vadodara - 390 007  
Gujarat.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Deepak Nitrite Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, it's officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2015, generally complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2015 according to the provisions of:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>(i) The Companies Act, 2013 (the Act) and the rules made thereunder;</li> <li>(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;</li> <li>(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;</li> <li>(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;</li> <li>(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-</li> </ul> | <ul style="list-style-type: none"> <li>(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;</li> <li>(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;</li> <li>(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;</li> <li>(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – There are no events occurred during the period which attracts provisions of these guidelines, hence not applicable;</li> <li>(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – There are no events occurred during the period which attracts provisions of these guidelines, hence not applicable;</li> <li>(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 – regarding the Companies Act and dealing with client; There are no events occurred during the period which attracts provisions of these guidelines, hence not applicable;</li> <li>(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – There are no events occurred during the period which attracts provisions of these guidelines, hence not applicable; and</li> <li>(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – There are no events occurred during the period which attracts provisions of these guidelines, hence not applicable.</li> </ul> |
|--|--|

- (vi) The Environment (Protection) Act, 1986;
- (vii) The Water (Prevention & Control of Pollution) Act, 1974;
- (viii) The Air (Prevention & Control of Pollution) Act, 1981;
- (ix) Public Liability Insurance Act, 1991;
- (x) Indian Factories Act, 1948;
- (xi) Explosives Act, 1884;
- (xii) Hazardous Wastes (Management, Handling And Transboundary Movement) Rules, 2008;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. Secretarial Standards were not made mandatory by the Government of India during the period, hence clauses of such standards are not made applicable and hence not commented upon.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has generally complied with the provisions of these Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- The Company has complied with the provisions of Section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibility except Section 135(5). The Company has informed that the shortfall of ₹ 15.72 Lacs in the amount spent during the year under report is intended to be utilized in future upon identification of suitable projects within the Company's CSR Policy.

#### **We further report that**

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

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

All the decision in the Board Meetings were carried through by majority while there were no dissenting members' views and hence not captured and recorded as part of the minutes.

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

**We further report that** during the audit period the Company has taken following actions or enter into events having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- Sub division of 1 Equity Share of ₹ 10/- each into 5 Equity Shares of ₹ 2/- each.
- 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).

- Company has realigned its primary business segments of Organic Intermediates, Inorganic Intermediates and Fine & Speciality Chemicals into three Strategic Business Units, viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent.
- Acquiring the entire Share Capital of Deepak Phenolics Limited (earlier known as Deepak Clean Tech Limited) and then investing in the said wholly owned subsidiary company. Deepak Phenolics Limited is used as Special Purpose Vehicle for setting up a Green Field Project for manufacturing of Phenol and Acetone. It was agreed in-principle, to transfer part of leasehold rights in respect of the land situated at Plot No. 12/B, GIDC, Dahej, Gujarat held by the Company, in favour of Deepak Phenolics Limited (earlier known as Deepak Clean Tech Limited) for a consideration based on the valuation report by an independent valuer, for setting up the said project.
- Issue of Commercial papers for the short term working capital requirements as per the Guidelines issued by the Reserve Bank of India.
- Decision taken by Board of Directors for sale of freehold land admeasuring about 12,141 sq. mtrs situated at Survey No. 115/3/2 of Village Parvati at Sinhagad Road, Pune and for surrender of lease hold rights for leasehold land, admeasuring about 8,093 sq. mtrs situated at Survey No. 115/3/1 of Village Parvati at Sinhagad Road, Pune. These lands were part of Sahyadri Dyestuffs & Chemicals division acquired by the Company from Mafatlal Industries Limited in the year 1985.
- Discontinuation of accepting or renewing of the Fixed Deposits from Public and compulsory repayment of the deposit accepted from the Public.

**Dinesh Joshi**

Partner,  
KANJ & Associates,  
Company Secretaries  
FCS No: 3752  
C P No.:2246

Place : Pune  
Date : May 13, 2015

To,  
The Members,  
Deepak Nitrite Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express as opinion on these secretarial record based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, I followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Dinesh Joshi**

Partner,  
KANJ & Associates,  
Company Secretaries  
FCS No: 3752  
C P No.:2246

Place : Pune  
Date : May 13, 2015

## ANNEXURE - B

### PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS MADE BY THE COMPANY:

₹ in Lacs

Nature of Transaction (whether loan/ guarantee/ investments)	Date of making loans, giving guarantee or making investments	Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired	Amount	Purpose of loan/ guarantee/ Investments
Investment	1-8-2014	Deepak Phenolics Limited* 9/10, Kunj Society, Alkapuri, Vadodara – 390007	5.00	Acquisition of Shares of the Company to make it a wholly owned subsidiary of the Company.
Investment	18-12-2014	Deepak Phenolics Limited* 9/10, Kunj Society, Alkapuri, Vadodara – 390007	1000.00	Further Capital infusion in the wholly owned subsidiary of the Company.
Investment	07-01-2015	Deepak Phenolics Limited* 9/10, Kunj Society, Alkapuri, Vadodara – 390007	400.00	Further Capital infusion in the wholly owned subsidiary of the Company.
Investment	31-03-2015	Deepak Phenolics Limited* 9/10, Kunj Society, Alkapuri, Vadodara – 390007	510.00	Further Capital infusion in the wholly owned subsidiary of the Company.#

\* Deepak Phenolics Limited was formerly known as Deepak Clean Tech Limited.

# Share Application Money, pending allotment.

For and on behalf of the Board

Place: Mumbai  
Date: May 13, 2015

**C.K. MEHTA**  
Chairman

# ANNEXURE - C

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY

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

Outline of Company's CSR Policy:

The Company's CSR policy is to remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including consumers, shareholders, employees, local community and society at large.

Overview of Projects or programs undertaken:

Various projects and programs being undertaken include Computer Training Centre, English Training Centre, Help Desk Project (Health), Mobile Health Unit etc.

Weblink to the CSR Policy of the Company:

[http://deepaknitrite.com/pdf/investor/DNL\\_Corporate%20Social%20Responsibility%20Policy.pdf](http://deepaknitrite.com/pdf/investor/DNL_Corporate%20Social%20Responsibility%20Policy.pdf)

2. The Composition of CSR Committee:

Shri Sudhir Mankad	- Chairman
Dr. S. Sivaram	- Member
Shri D. C. Mehta	- Member
Shri Umesh Asaikar	- Member

3. Average Net Profit of the Company for the last three financial years: ₹ 4603.00 Lacs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 92.06 Lacs.
5. Details of CSR Spent during the financial year
  - (a) Total amount to be spent for the financial year: ₹ 92.06 Lacs
  - (b) Amount unspent, if any: ₹ 15.72 Lacs
  - (c) Manner in which the amount was spent during the financial year is detailed below:

₹ in Lacs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads 1. Direct Expenditure on projects or programs 2. Overheads:	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
1	Computer Training Center for Local Youth	Skill Development / Education Clause ii	Dahej, Bharuch (Gujarat)	4.00	1.84 0.28	2.12	Implementing Agency
2	Computer Training Center for Local Youth	Skill Development / Education Clause ii	Nandesari, Vadodara (Gujarat)	3.32	3.02 0.30	3.32	Implementing Agency



₹ in Lacs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads 1. Direct Expenditure on projects or programs 2. Overheads:	Cumulative expenditure upto the reporting period	Amount Spent: Direct or through implementing agency
3	English Training Center for Local Youth	Skill Development / Education Clause ii	Nandesari Vadodara (Gujarat)	3.25	2.96 0.29	3.25	Implementing Agency
4	Help Desk Project	Health Clause i	Vadodara (Gujarat)	4.00	3.50 0.50	4.00	Implementing Agency
5	Mobile Health Unit	Health Clause i	Dahej Bharuch (Gujarat)	25.00	22.77 2.23	25.00	Implementing Agency
6	Baseline Survey	-	Roha, Taloja & Hyderabad	30.00	0	0	Implementing Agency
7	ICDS	Health Clause i	Nandesari Vadodara (Gujarat)	8.00	4.32 0.35	4.67	Implementing Agency
8	DOHC	Health Clause i	Nandesari Vadodara (Gujarat)	18.43	15.03 3.40	18.43	Implementing Agency
9	Monitoring & Evaluation	-	Vadodara (Gujarat)	4.00	4.00	4.00	Implementing Agency
10	Management Cost	-	Vadodara (Gujarat)	5.00	5.00	5.00	Implementing Agency
11	Home Health Aid Course	Skill Development / Education Clause ii	Vadodara (Gujarat)		5.78 0.77	6.55	Implementing Agency
	<b>TOTAL</b>			<b>105.00</b>	<b>76.34</b>	<b>76.34</b>	

During the year ended March 31, 2015, the Company had spent amount in CSR activities undertaken mostly in the vicinity of its plants at Nandesari and Dahej as well as near Vadodara where the Registered Office & Corporate Office of the Company are located. However, certain projects in the vicinity of other plants locations at Roha, Taloja and Hyderabad were under consideration and necessary base line study was to be conducted. Based on the base line survey study, the spending on CSR activities at such locations will be decided. The shortfall of ₹ 15.72 Lacs in the amount spent on CSR activities during the year ended March 31, 2015 is intended to be utilized in future upon identification of suitable projects within your Company's CSR Policy.

6. Subject to the above, the CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

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

**Shri Sudhir Mankad**  
Chairman of CSR Committee

# ANNEXURE - D

## NOMINATION AND REMUNERATION POLICY

### 1. INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the rules made thereunder and the Listing Agreement as amended from time to time, this policy on nomination and remuneration of Directors on the Board of the Company, Key Managerial Personnel and other employees is formulated in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and Clause 49 of the Listing Agreement with the Stock Exchanges.

This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, appointment and removal of the Directors, Key Managerial Personnel and Senior Management employees and matters relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

Pursuant to the requirement of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has a duly constituted Nomination and Remuneration Committee.

### 2. OBJECTIVE OF THE POLICY

2.1. The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with best industry practices and are good enough to attract and retain competent Directors on the Board, Key Managerial Personnel and the Senior Management Personnel of the quality required. The key objectives of this Policy include:

- (i) guiding the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management employees.
- (ii) evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- (iii) recommending to the Board the remuneration payable to the Directors and setting forth a policy for determining remuneration payable to Key Managerial Personnel and Senior Management employees.

2.2. While determining the remuneration for the Directors, Key Managerial Personnel and Senior Management employees, regard should be given to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the

Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the levels of remuneration remain appropriate.

2.3. While designing the remuneration package it should be ensured:

- (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate person, to ensure the quality required to run the Company successfully.
- (ii) Remuneration to Directors, Key Managerial Personnel and Senior Management employees involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

2.4. Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.

2.5. The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 (including Section 178 thereof), rules framed there under and clause 49 of the Listing Agreement including, inter-alia, principles pertaining to determining qualifications, positives attributes, integrity and independence.

2.6. In this context, the following Policy has been formulated by the Nomination and Remuneration Committee and recommended to the Board of Directors for adoption.

### 3. EFFECTIVE DATE

This Policy shall be effective from the date of its adoption by the Board.

### 4. DEFINITIONS

4.1. In this Policy the following terms shall have the meaning assigned to them:

- (i) "Act" means The Companies Act, 2013 and rules made thereunder.
- (ii) "Board of Directors" or "Board" means the Board of Directors of the Company.
- (iii) "Committee" means Nomination and Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Listing Agreement.
- (iv) "Company" means "Deepak Nitrite Limited."
- (v) "Director" shall mean a member of the Board of Directors of the Company appointed from time to time

in accordance with the Articles of Association of the Company and provisions of the Act.

- (vi) "Employees' Stock Option" means the option given to the Directors, other than Independent Directors, officers or employees of a Company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.
- (vii) "Executive Director" shall mean a Director who is in the whole-time employment of the Company other than Managing Director.
- (viii) "Financial Year" shall mean the period ending on the 31st day of March every year.
- (ix) "Independent Director" shall mean a Director referred to in Section 149 (6) of the Act read with Clause 49 of the Listing Agreement.
- (x) "Key Managerial Personnel" or "KMP" shall have the meaning ascribed to it in the Act.
- (xi) "Listing Agreement" shall mean the Listing Agreement entered into by the Company with the Stock Exchanges where the shares / securities of the Company are listed.
- (xii) "Managing Director" means a Director who, by virtue of the Articles of Association of the Company or an agreement with the Company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a Director occupying the position of Managing Director, by whatever name called.
- (xiii) "Policy" or "this Policy" means, "Nomination and Remuneration Policy."
- (xiv) "Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.
- (xv) "Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Executive Directors, including all the functional heads.

4.2. Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and/or Listing Agreement as may be amended from time to time shall have the meaning respectively assigned to them therein.

## 5. APPLICABILITY

This Policy is applicable to:

- (i) Directors (Managing Director, Executive Director, Independent Director and Non-Independent Director)

- (ii) Key Managerial Personnel
- (iii) Senior Management employees
- (iv) Other Employees

## 6. NOMINATION AND REMUNERATION COMMITTEE

### 6.1. Role of the Committee:

- (a) Identifying persons who are qualified to become Director and who may be appointed in Senior Management cadre 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.
- (b) Formulating 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 Senior Management employees.
- (c) Formulating the criteria for evaluation of Independent Directors and the Board.
- (d) Devising a policy on Board diversity.
- (e) Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors.
- (f) The Committee shall take into consideration and ensure the compliance of provisions under Schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors / Executive Directors.
- (g) While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.
- (h) any other role as may be specified by the Board.

### 6.2. Composition of the Committee

- (a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent Directors.
- (b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and/or the Listing Agreement.
- (c) Membership of the Committee shall be disclosed in the Annual Report.
- (d) Term of the Committee shall continue unless terminated by the Board of Directors.

### 6.3. Chairman of the Committee

- (a) Chairman of the Committee shall be an Independent Director.

- (b) Chairman of the Company (whether Executive or non-Executive) may be appointed as a member of the Committee but shall not Chair the Committee.
  - (c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
  - (d) Chairman of the Committee shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.
- 6.4. Frequency of the Meetings of the Committee
- The meeting of the Committee shall be held at such intervals as may be required.
- 6.5. Committee Member's Interest
- (a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
  - (b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.
- 6.6. Quorum
- The quorum necessary for transacting business at a meeting of the Committee shall be two (2) members or one-third of the members of the Committee, whichever is greater.
- 6.7. Voting at the Meeting
- (a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.
  - (b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **7. APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES**

- 7.1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and Senior Management employee.
- 7.2. A person should possess adequate qualifications, expertise and experience for the position he/ she is considered for appointment as a Director, Key Managerial Personal or Senior Management employee.
- 7.3. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for such appointment.

- 7.4. The appointment as recommended by the Committee to the Board shall be subject to the approval of the Board.

### **7.5. Criteria for appointment of Independent Director:**

- 7.5.1. The proposed appointee shall comply with the criteria specified in the relevant provisions of the Act and/or the Listing Agreement. He or she shall not, directly or indirectly, represent the interest of any specific vendor or customer or stakeholder and shall have business reputation and strong ethical standards and possess leadership skills and business experience including board procedures.
- 7.5.2. The Independent Director shall fulfill the qualification and requirements specified under the Act and Listing Agreement.
- 7.5.3. He or she shall also declare his or her independent status prior to their appointment to the Board and maintain the same during his or her tenure as an Independent Director. Being a Director of the Company, he or she shall adhere to the Code of Conduct stipulated for the Director.

### **7.6. Criteria for appointment of Managing Director / Executive Director:**

- 7.6.1. The Company can have more than one Managing Director or Executive Director.
- 7.6.2. The appointee(s) shall have good educational background, preferably with specialization in the field. He shall have exemplary skills and leadership qualities to lead the Company or as the case may be the function assigned to him.
- 7.6.3. Depending on the role and responsibility, he shall have hands on experience in the relevant filed. For example as ED (Operations) is expected to have adequate knowledge and experience about the plant operations and related issues. The suitability of the candidate shall be determined on a case to case basis by the Committee. Being a Director of the Company, Managing Director / Executive Director shall adhere to the Code of Conduct stipulated for the Director.
- 7.6.4. He shall fulfill the conditions as specified under Part I of Schedule V of the Act. However, in case the conditions specified under Part I of Schedule V of the Act is not fulfilled, such appointments shall be subject to the approval of the Central Government.

### **7.7. Criteria for appointment of KMPs:**

- 7.7.1. Pursuant to the requirement of Section 203 of the Act, the Company is required to appoint a Managing Director / Manager / Chief Executive Officer and in their absence an Executive Director as Whole Time KMP.
- 7.7.2. The Company may also appoint a Chief Executive Officer (CEO) who may or may not be a Director.



The qualification, experience and stature of the CEO could be in line with that of the Executive Director. Where the CEO is designated as KMP, he shall act subject to the superintendence and control of the Board.

7.7.3. The Company is also required to appoint a Chief Financial Officer (CFO) as KMP as per the requirement of the Act. The CFO shall preferably be a Chartered Accountant or a Cost & Management Accountant or holds an equivalent qualification and have relevant work experience. He shall be well versed with finance function including but not limited to funding, taxation, forex and other core matters. As required under the Listing Agreement, the appointment of CFO shall be subject to approval of the Audit Committee.

7.7.4. As required under the said Section of the Act, a Company Secretary (CS) is also required to be appointed by the Company as a KMP. The CS shall have the prescribed qualification and requisite experience to discharge the duties specified in law and as may be assigned by the Board / Managing Director / Executive Director from time to time.

7.7.5. KMPs, other than Managing Director and/or Executive Director shall adhere to the Code of Conduct stipulated for the Senior Management.

7.8. Criteria for appointment of Senior Management employees:

7.8.1. Senior Management employees shall possess the requisite qualifications, expertise and experience depending upon the requirement of the relevant position.

7.8.2. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

7.8.3. Senior Management employees shall adhere to the Code of Conduct stipulated for the Senior Management.

7.9. Term / Tenure

7.9.1. Managing Director and Executive Director

The Company shall appoint or re-appoint any person as its Managing Director / Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

7.9.2. Independent Director

(a) An Independent Director shall hold office for a term upto five consecutive years on the Board of the Company and will be eligible for re appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

(b) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

(c) The Independent Director shall comply with the requirement of number of directorships he or she can hold as prescribed under the provisions of the Act or the Listing Agreement including any amendment thereto from time to time.

7.10. Familiarisation Programme for Independent Directors

The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., through various programmes.

7.11. Evaluation

7.11.1. Subject to Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Committee shall carry out the evaluation of Directors periodically.

7.11.2. The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

7.11.3. The Independent Directors at their separate meeting shall review, on yearly basis, the performance of Non-Independent Directors and the Board as a whole.

7.11.4. The Independent Directors at their separate meeting shall also review, on yearly basis, the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

7.11.5. The entire process of the Performance Evaluation shall be kept in strict confidence and shall not be disclosed to any person except to those required to perform their duties under the Act.

7.11.6. All the records of Performance Evaluation process and outcome shall be maintained by the Company Secretary of the Company and shall be kept at the Registered Office of the Company. Such records shall be preserved till such time as may be decided by the Board from time to time or as required under the Act.

#### 7.12. Removal

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP and Senior Management employees subject to the provisions and compliance of the applicable laws, rules and regulations.

#### 7.13. Retirement

The Director, KMP and Senior Management employees shall retire as per the applicable provisions of the Act and/or the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management employees in the same position / remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company, in accordance with the provisions of the Act and approval of members, wherever required.

### 8. REMUNERATION

#### 8.1. Remuneration to Managing Director:

8.1.1. The remuneration comprising of salary, allowance, perquisites and other benefits payable to Managing Director will be determined by the Committee and recommended to the Board for approval.

8.1.2. In addition to the remuneration as stated in 8.1.1. above, Managing Director 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 and other relevant provisions of the Act.

8.1.3. The Managing Director shall be entitled to the following perquisites / allowances:

- (i) Housing – Rent free furnished residential accommodation. In case no accommodation is provided by the Company, Managing Director 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.

8.1.4. The remuneration and commission to be paid to the Managing Director shall be as per the statutory provisions of the Act and the rules made thereunder for the time being in force and shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

8.1.5. The remuneration / commission payable to Managing Director 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, Managing Director 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.

8.1.6. The Managing Director shall not be entitled to sitting fees for attending the meetings of the Board or any Committee thereof.

#### 8.2. Remuneration to Executive Director:

##### 8.2.1. Fixed Pay

(a) Executive Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Act and rules made thereunder for the time being in force.

(b) The Fixed Pay of Executive Director shall comprise of salary, perquisites, allowances and other benefits. The perquisites, allowances and other benefits to the Executive Director shall include but not be limited to the following:

- (i) Re-imbursement of medical expenses incurred for self and members of his family, as per policy of the Company.
- (ii) Leave travel concession for self and members of his family, as per policy of the Company.
- (iii) Medical and other insurances, as per policy of the Company.
- (iv) Company Car with Driver.
- (v) Company's contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave, as per the policy of the Company.
- (vi) Retirement and other benefits, as per policy of the Company.

(vii) Hardship Allowance as applicable in accordance with the policy of the Company.

(c) The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

#### 8.2.2. Variable Pay

In addition to the salary, perquisites, allowances and other benefits as mentioned above, Executive Director will also be entitled to a Variable Pay by way of Performance Linked Incentive. This amount shall be paid annually after the end of each Financial Year. The Performance Linked Incentive shall be in the range of 25% to 40% of cost to the Company, which will be entirely based on the individual's performance and Company's performance and may vary from 80% to 125% of the Variable Pay as per policy of the Company.

#### 8.2.3. Loyalty Bonus

In addition to the above, Executive Director shall also be entitled for the Loyalty Bonus as per policy of the Company.

#### 8.2.4. Payment of Variable component / Increments

(a) Payment of Variable component of the remuneration of the Executive Director for a particular Financial Year and increments to the existing remuneration structure of Executive Director shall be recommended by the Managing Director to the Committee based upon the individual performance and also the Company's performance as per policy of the Company.

(b) The Committee shall review the payment of Variable component of the remuneration of the Executive Director for a particular Financial Year and increments to the existing remuneration structure of Executive Director as recommended by the Managing Director and recommend the same to the Board for its approval. Such Variable component and proposed enhanced remuneration as recommended by the Committee to the Board should be within the overall limits of managerial remuneration as prescribed under the Act and rules made thereunder.

(c) The Executive Director shall also be entitled to reimbursement of all legitimate expenses incurred by him while performing his duties and such reimbursement will not form part of his remuneration.

8.2.5. Executive Director shall not be entitled to sitting fees for attending meetings of the Board or any Committee thereof.

#### 8.3. Minimum Remuneration

Where, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director(s) and Executive Director(s) in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

#### 8.4. Remuneration to Independent Director and Directors other than Managing Director/ Executive Director:

##### 8.4.1. Sitting Fees

The Independent Director / Directors other than Managing Director and Executive Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

The Sitting Fee paid to Independent Directors, shall not be less than the Sitting Fees payable to other Directors.

##### 8.4.2. Commission on the Net Profits

Apart from receiving the Sitting Fees, Independent Director(s) / Non-Executive Director(s) may be paid Commission on the Net Profits of the Company for a particular Financial Year within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the Net Profits of the Company computed as per the applicable provisions of the Act. The amount of Commission payable to each Independent Director / Non-Executive Director for a particular Financial Year shall be decided by the Chairman of the Company and shall be approved by the Board.

##### 8.4.3. Stock Options

Independent Director shall not be entitled to any stock option of the Company.

#### 8.5. Provisions for excess remuneration

If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. Subject to the approval of Central Government, the Shareholders of the Company may waive recovery of such excess remuneration by passing an Ordinary Resolution.

#### 8.6. Remuneration to KMP and Senior Management employees:

8.6.1. The remuneration to KMP and Senior Management employees shall comprise of Fixed Pay and Variable Pay and governed by the DNL HR Policy.

8.6.2. The Committee may authorize the Managing Director / Executive Director to determine from time to time the remuneration payable to KMP and Senior Management employee including their increments. The powers of the Committee in this regard may be delegated to the Managing Director / Executive Director.

8.6.3. Remuneration of a KMP at the time of their appointment will be recommended by the Managing Director / Executive Director to the Committee. The Committee shall review such remuneration and recommend the same to the Board for approval. Any subsequent modification to the remuneration of KMP shall be decided by the Managing Director / Executive Director as may be authorized by the Committee.

#### 8.6.4. Fixed Pay

The Fixed Pay of KMP and Senior Management employees shall comprise of salary, perquisites, allowances and other benefits as per policy of the Company. The break-up of the pay scale and quantum of perquisites including but not limited to employer's contribution to P.F, pension scheme, medical expenses etc. shall be decided by the Managing Director / Executive Director.

#### 8.6.5. Variable Pay

The remuneration of KMP and Senior Management employees will also comprise performance linked variable pay which may vary from 25% to 40% of the cost to the Company. This amount of variable pay shall be paid annually after the end of each Financial Year and will be entirely based on the individual's performance and Company's performance and may vary from 80% to 125% of the variable pay as per policy of the Company. Such Variable Pay for a particular Financial Year shall be decided by the Managing Director / Executive Director.

#### 8.6.6. Hardship Allowance and Loyalty Bonus

In addition to the above, KMP and Senior Management employees shall also be entitled for the Hardship Allowance, as may be applicable and Loyalty Bonus as per policy of the Company.

8.7. The remuneration to other employees of the Company shall be governed by DNL HR Policy.

#### 8.8 Loans and Advances to Employees

- (a) The Loan, advance and other financial assistance facilities to the employees shall be governed by the DNL HR policy as amended from time to time and shall be considered as a part of 'conditions of service' for employees of the Company.
- (b) Advances to the employees for the purpose of performance of their duties shall be governed by the DNL HR Policy as amended from time to time and shall be considered as a part of 'conditions of service' for employees of the Company.

### 9. BOARD DIVERSITY

9.1. The Board of Directors shall have the optimum combination of Directors from the different areas / fields like production, management, quality assurance, finance, sales and marketing, research and development, human resources etc. or as may be considered appropriate.

9.2. The Board shall have at least one Director who has accounting or related financial management expertise.

### 10. DISCLOSURE

This Policy shall be disclosed in the Board's Report.

### 11. REVIEW OF THE POLICY

This Policy shall be reviewed by the Committee after every three years.

### 12. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

*In case of any amendment(s), clarification(s), circular(s) etc. issued by the competent authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.*



# ANNEXURE - E

## FORM NO. MGT - 9

### EXTRACT OF ANNUAL RETURN

(AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2015)

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN	L24110GJ1970PLC001735
ii) Registration Date	June 6, 1970
iii) Name of the Company	Deepak Nitrite Limited
iv) Category/Sub-Category of the Company	Public Company
v) Address of the Registered Office and Contact Details	9/10, Kunj Society, Alkapuri, Vadodara - 390 007 Tel: 91-265-235 1013, 233 4481 Fax No. : 91-265- 233 0994
vi) Whether listed company	Yes
vii) Name, Address and Contact Details of Registrar and Transfer Agent, if any:	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 No. : 91-22- 22825484

#### II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Business activities contributing 10% or more of the total turnover of the company:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the company
1.	Sodium Nitrite	24121	13%
2.	2 Ethyl Hexyl Nitrate	24121	21%
3.	4-4 Diamino Stilbene	24121	11%

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

Sr. No	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Deepak Phenolics Limited 9/10, Kunj Society, Alkapuri, Vadodara -390 007	U24100GJ2011PLC064669	Subsidiary	100%	2(87)(ii)
2	Deepak Nitrite Corporation, Inc. 10801, Johnston Road, Suit 204, Charlotte, NC 28226, USA	NA	Subsidiary	100%	2(87)(ii)
3	Deepak Gulf LLC P.O. Box, 128, Wadi Kabir, PC 117, Sultanate of Oman	NA	Associate	49%	2(6)

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
Indian									
Individuals/ H.U.F	2190107	-	2190107	20.95	22231070	-	22231070	21.27	0.32
Central/State Government(s)									
Bodies Corporate	3722800	-	3722800	35.61	37653000	-	37653000	36.02	0.41
Financial Institutions/ Banks									
Any Other (specify)									
Sub-Total (A)(1)	<b>5912907</b>	<b>-</b>	<b>5912907</b>	<b>56.56</b>	<b>59884070</b>	<b>-</b>	<b>59884070</b>	<b>57.28</b>	<b>0.72</b>
Foreign									
Non Resident Individuals/ Foreign Nationals									
Bodies Corporate									
Institutions									
Qualified Foreign Investor									
Any Other (specify)									
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total holding of Promoter	<b>5912907</b>	<b>-</b>	<b>5912907</b>	<b>56.56</b>	<b>59884070</b>	<b>-</b>	<b>59884070</b>	<b>57.28</b>	<b>0.72</b>
(A) = (A)(1) + (A)(2)									
B. Public Shareholding									
Institutions									
Mutual Fund/ UTI	-	1800	1800	0.02	-	18000	18000	0.02	-
Financial Institutions/ Banks	225	110	335	-	6249	1100	7349	0.01	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
Central/State Government(s)									
Venture Capital Funds									
Insurance Companies	115000	-	115000	1.10	640000	-	640000	0.61	-0.49
Foreign Institutional Investors	650000	-	650000	6.22	5000000	-	5000000	4.78	-1.43
Foreign Venture Cap. Inv									
Qualified Foreign Investor									
Any Other (specify)									
Sub-Total (B)(1)	<b>765225</b>	<b>1910</b>	<b>767135</b>	<b>7.34</b>	<b>5646249</b>	<b>19100</b>	<b>5665349</b>	<b>5.42</b>	<b>-1.92</b>
Non Institutions									
Bodies Corporate	1109296	16255	1125551	10.77	10058721	162050	10220771	9.78	-0.99
Individuals									
i) Holding nominal share capital upto ₹ 1 lakh	1818607	263187	2081794	19.91	18467642	2144010	20611652	19.72	-0.20
ii) Holding nominal share capital in excess of ₹ 1 lakh	479199	24217	503416	4.82	7092938	174140	7267078	6.95	2.14
Qualified Foreign Investor		-				-			
Any Other(specify)									
Overseas Corporate Bodies									
Individual NRI-Rep.- Non Rep.	62366	605	62971	0.60	882770	6050	888820	0.85	0.25
Trust	45	-	45	-	450	-	450	-	-
Sub-Total (B)(2)	3469513	304264	3773777	36.10	36502521	2486250	38988771	37.30	1.20
Total Public shareholding (B)=(B)(1)+(B)(2)	4234738	306174	4540912	43.44	42148770	2505350	44654120	42.72	-0.72
TOTAL (A)+(B)	10147645	306174	10453819	100.00	102032840	2505350	104538190	100.00	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A) + (B) + (C)	10147645	306174	10453819	100.00	102032840	2505350	104538190	100.00	-

## (ii) Shareholding of Promoters

### A. Details of Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% shares pledged/encumbered to total shares	
1.	C. K. MEHTA	8643	0.08	NIL	86430	0.08	NIL	NIL
2.	DEEPAK C. MEHTA	2027004	19.39	NIL	20600040	19.71	NIL	0.32
3.	A. C. MEHTA	NIL	NIL	NIL	NIL	NIL	NIL	NIL
4.	STIFFEN CREDITS AND CAPITAL PVT LTD	837994	8.02	NIL	8379940	8.02	NIL	NIL
5.	CHECKPOINT CREDITS AND CAPITAL PVT LTD	720605	6.89	NIL	7206050	6.89	NIL	NIL
6.	STEPUP CREDITS AND CAPITAL PVT LTD	691558	6.61	NIL	6915580	6.61	NIL	NIL
7.	STIGMA CREDITS AND CAPITAL P LTD	617810	5.91	NIL	6178100	5.91	NIL	NIL
8.	SKYROSE FINVEST PVT LTD	357125	3.42	NIL	3691250	3.53	NIL	0.11
9.	FOREX LEAFIN PVT LTD	216978	2.08	NIL	2169780	2.08	NIL	NIL

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% shares pledged/encumbered to total shares	
10.	PRANAWA LEAFIN PVT LTD	215000	2.06	NIL	2190000	2.09	NIL	0.03
11.	KANTABEN CHIMANLAL MEHTA	97000	0.93	NIL	970000	0.93	NIL	NIL
12.	SUNDOWN FINVEST PVT LTD	65730	0.63	NIL	812300	0.78	NIL	0.15
13.	ILA DEEPAK MEHTA	39601	0.38	NIL	396010	0.38	NIL	NIL
14.	MAULIK DEEPAK MEHTA	13130	0.13	NIL	131300	0.13	NIL	NIL
15.	MEGHAV DEEPAK MEHTA	4729	0.04	NIL	47290	0.04	NIL	NIL
16.	HARDIK LEAFIN PVT LTD	-	-	NIL	110000	0.11	NIL	0.11

Shareholders listed under Sr. No. 1 to 3 are Promoters and other persons / entities are Promoter Group.

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

Sr. No.	Name	Shareholding at the beginning (01.04.2014) / end of the year (31.03.2015)		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	Shri D. C. Mehta	2027004	19.39	--	--	--	2027004	19.39
				24-06-2014	--	Split & Bonus	20270040	19.39
				26-02-2015	290000	Purchase from open market	20560040	19.67
				17-03-2015	40000	Purchase from open market	20600040	19.71
		20600040	19.71				--	--
2.	Shri C. K. Mehta	8643	0.08	--	--	--	8643	0.08
				24-06-2014	77787	Split & Bonus	86430	0.08
		86430	0.08	--	--	--	--	--
3.	Shri A. C. Mehta	Nil	NA	--	--	--	--	--



(iv) Shareholding Pattern of Top Ten Shareholders

Sr. No.	Name	Shareholding at the beginning (01.04.2014) / end of the year (31.03.2015)		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Stiffen Credits and Capital Pvt Ltd	837994	8.02	01.04.2014				
				24.06.2014	7541946	Split & Bonus	8379940	8.02
		8379940	8.02	31.03.2015				
2	Checkpoint Credit and Capital Pvt Ltd	720605	6.89	01.04.2014				
				24.06.2014	6485445	Split & Bonus	7206050	6.89
		7206050	6.89	31.03.2015				
3	Stepup Credits & Capital Pvt. Ltd	691558	6.62	01.04.2014				
				24.06.2014	6224022	Split & Bonus	6915580	6.62
		6915580	6.62	31.03.2015				
4	Fidelity Puritan Trust	650000	6.22	01.04.2014				
				18.04.2014	-1793	Transfer	648207	6.20
				25.04.2014	-10010	Transfer	638197	6.10
				02.05.2014	-31057	Transfer	607140	5.81
				09.05.2014	-7140	Transfer	600000	5.74
				24.06.2014	5400000	Split & Bonus	6000000	5.74
				05.12.2014	-25200	Transfer	5974800	5.72
				12.12.2014	-474800	Transfer	5500000	5.26
				27.02.2015	-154217	Transfer	5345783	5.11
				06.03.2015	-27568	Transfer	5318215	5.09
				13.03.2015	-44491	Transfer	5273724	5.04
				20.03.2015	-273724	Transfer	5000000	4.78
		5000000	4.78	31.03.2015				
5	Stigma Credits and Capital Pvt. Ltd	617810	5.91	01.04.2014				
				24.06.2014	5560290	Split & Bonus	6178100	5.91
6	DCS Infotech Pvt Ltd	499872	4.78	01.04.2014				
				24.06.2014	4498848	Split & Bonus	4998720	4.78
		4998720	4.78	31.03.2015				
7	SkyroseFinvest Pvt. Ltd	357125	3.42	01.04.2014				
				24.06.2014	3214125	Split & Bonus	3571250	
				18.03.2015	120000	Transfer	3691250	3.53
		3691250	3.53	31.03.2015				
8	Forex Leafin Pvt Ltd	216978	2.08	01.04.2014				
				24.06.2014	1952802	Split & Bonus	2169780	2.08
		2169780	2.08	31.03.2015				

Sr. No.	Name	Shareholding at the beginning (01.04.2014) / end of the year (31.03.2015)		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
9	Quest Investment Advisors Private Limited	215409	2.06	01.04.2014				
				25.04.2014	11569	Transfer	226978	2.17
				20.06.2014	-51978	Transfer	175000	1.67
				24.06.2014	1575000	Split & Bonus	1750000	1.67
		1750000	1.67	31.03.2015				
10	Pranawa Leafin Pvt Ltd	215000	2.06	01.04.2014				
				24.06.2014	1935000	Split & Bonus	2150000	2.06
				19.03.2015	40000	Transfer	2190000	2.09
		2190000	2.09	31.03.2015				
11	General Insurance Corporation Of India	115000	1.1	01.04.2014				
				25.04.2014	-685	Transfer	114315	1.09
				02.05.2014	-10119	Transfer	104196	0.97
				09.05.2014	-39196	Transfer	65000	0.62
				24.06.2014	585000	Split & Bonus	650000	0.62
				27.02.2015	-10000	Transfer	640000	0.62
12	Vision Management Services Private Limited	100841	0.96	01.04.2014				
				24.06.2014	907569	Split & Bonus	1008410	0.96
				31.12.2014	-500000	Transfer	508410	0.48
		508410	0.48	31.03.2015				
13	Kantaben Chimanlal Mehta	97000	0.93	01.04.2014				
				24.06.2014	873000	Split & Bonus	970000	0.93
		970000	0.93	31.03.2015				
14	Sundown Finvest Pvt Ltd	65730	0.63	01.04.2014				
				24.06.2014	591570	Split & Bonus	657300	0.63
				10.02.2015	155000	Transfer	812300	0.78
		812300	0.78	31.03.2015				

Sr. No.	Name	Shareholding at the beginning (01.04.2014) / end of the year (31.03.2015)		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
15	Techno Broking & Financial Services Pvt. Ltd.	64894	0.62	01.04.2014				
				24.06.2014	584046	Split & Bonus	648940	0.62
				30.06.2014	-10000	Transfer	638940	0.61
				25.07.2014	66060	Transfer	705000	0.67
				01.08.2014	40000	Transfer	745000	0.71
				31.10.2014	-350000	Transfer	395000	0.38
				07.11.2014	-395000	Transfer	-	-
				14.11.2014	936	Transfer	936	-
				21.11.2014	-700	Transfer	236	-
				28.11.2014	2000	Transfer	2236	-
				12.12.2014	1	Transfer	2237	-
				31.12.2014	300000	Transfer	302237	0.29
				20.02.2015	-30000	Transfer	272237	0.26
				27.02.2015	-5000	Transfer	267237	0.26
				27.03.2015	227987	Transfer	495224	0.47
		495224	0.47	31.03.2015				
16	Il And Fs Securities Services Limited	-	-	01.04.2014				
				05.09.2014	50	Transfer	50	-
				30.09.2014	25	Transfer	75	-
				10.10.2014	-75	Transfer	-	-
				17.10.2014	8748	Transfer	8748	-
				31.10.2014	350430	Transfer	359178	0.34
				07.11.2014	395000	Transfer	754178	0.72
				14.11.2014	-60500	Transfer	693678	0.66
				21.11.2014	-19248	Transfer	674430	0.65
				05.12.2014	6	Transfer	674436	0.65
				19.12.2014	-50000	Transfer	624436	0.6
				31.12.2014	-400000	Transfer	224436	0.22
				09.01.2015	50000	Transfer	274436	0.26
				16.01.2015	820	Transfer	275256	0.26
				23.01.2015	-53500	Transfer	221756	0.21
				23.01.2015	53500	Transfer	275256	0.26
				06.02.2015	50	Transfer	275306	0.26
				20.03.2015	2030	Transfer	277336	0.27
				27.03.2015	-261326	Transfer	16010	0.02
		16010	-	31.03.2015				

**(v) Shareholding of Directors and Key Managerial Personnel:**

None of the Directors or KMP, except Shri C. K. Mehta and Shri D. C. Mehta (covered under point (iii) above), hold any Shares of the Company nor there has been any change in such holdings during the Financial Year.

## V. INDEBTEDNESS

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

₹ in Lacs

Indebtedness at the beginning of the financial year 2014-15	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	44,772	4,450	1,245	50,466
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	105	5	62	173
<b>Total (i+ii+iii)</b>	<b>44,877</b>	<b>4,455</b>	<b>1,307</b>	<b>50,639</b>
<b>Change in Indebtedness during the financial year 2014-15</b>				
• Addition	8,882	2,643	-	11,525
• Reduction	5,349	956	1,245	7,550
Net Change	<b>3,533</b>	<b>1,687</b>	<b>(1,245)</b>	<b>3,975</b>
<b>Indebtedness at the end of the financial year 2014-15</b>				
i) Principal Amount	48,305	6,136	-	54,441
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	91	33	-	124
<b>Total (i+ii+iii)</b>	<b>48,396</b>	<b>6,170</b>	<b>-</b>	<b>54,565</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ in Lacs

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		Shri D. C. Mehta	Shri A. C. Mehta	Shri Umesh Asaikar	
<b>1</b>	<b>Gross Salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	60.00	44.67	271.39	376.07
	(b) Value of Perquisites u/s 17(2) Income Tax Act, 1961	20.16	14.98	28.15	63.29
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-	-
<b>2.</b>	<b>Stock Option</b>	-	-	-	-
<b>3.</b>	<b>Sweat Equity</b>	-	-	-	-
<b>4.</b>	<b>Commission</b>				
	- as % of profit	188.17	188.17	-	376.34
	- others	-	-	-	-
<b>5.</b>	<b>Others, please specify</b>	-	-	-	-
	<b>Total (A)</b>	<b>268.33</b>	<b>247.82</b>	<b>299.54</b>	<b>815.70</b>
	Ceiling as per the Act ₹ 770.04 Lacs (being 10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

Note: The overall Managerial Remuneration provided during the year is within the limit of 11% of net profit of the Company as prescribed under Section 197 of the Companies Act, 2013. However, the Managerial Remuneration to the Managing Director(s) and Executive Director is in excess of the limit prescribed under clause (i) of second proviso to sub-section (1) of section 197 of the Companies Act, 2013 by ₹ 45.66 Lacs for which steps are being taken by the Company to obtain the Shareholders' approval in the ensuing Annual General Meeting.

B. Remuneration to other Directors:

₹ in Lacs

Particulars of Remuneration	Name of Directors								Total Amount
	Chairman*	Independent Directors							
	Shri C. K. Mehta	Shri Nimesh Kampani	Shri Sudhin Choksey	Shri Sudhir Mankad	Dr. R. H. Rupp	Shri S. K. Anand	Dr. S. Sivaram	Prof. Indira Parikh	
Fee for attending Board/Committee Meetings	1.40	1.85	3.77	4.19	1.10	4.22	2.27	0.90	18.30
Commission	3.00	3.50	5.50	5.50	3.00	5.50	3.00	1.00	30.00
Total (B)	4.40	5.35	9.27	9.69	4.10	9.72	5.27	1.90	49.70

Ceiling as per the Act ₹ 77.00 Lacs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)

**Total Managerial Remuneration 845.70**

Overall Ceiling as per the Act ₹ 847.31 Lacs (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)

\* Non-Executive Non-Independent Director

REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

₹ in Lacs

Sr. No.	Particulars of Remuneration			
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	23.53	117.26	<b>140.79</b>
	(b) Value of Perquisites u/s 17(2) Income Tax Act, 1961	0.75	9.04	<b>9.79</b>
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify .	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>24.28</b>	<b>126.30</b>	<b>150.58</b>



I. PENALTIES/PUNISHMENT/COMPUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. Company Penalty Punishment Compounding			NIL		
B. Directors Penalty Punishment Compounding			NIL		
C. Other Officers in default Penalty Punishment Compounding			NIL		

For and on behalf of the Board

Place: Mumbai  
Date: May 13, 2015

**C.K. MEHTA**  
Chairman

# ANNEXURE - F

## DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

- Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year ended March 31, 2015:

Name of the Director / KMP	Remuneration (₹ in Lacs)	% increase in Remuneration in the F.Y. 2014-15	Ratio to median remuneration	Comparison of the Remuneration of the KMP against the performance of the Company
Shri C. K. Mehta Chairman	4.40	33.33	1.21	-
Shri D. C. Mehta, Vice Chairman & Managing Director	268.33	17.72	73.52	-
Shri A. C. Mehta, Managing Director	247.82	23.95	67.90	-
Shri Nimesh Kampani Independent Director	5.35	62.12	1.47	-
Shri Sudhin Choksey Independent Director	9.27	44.84	2.54	-
Shri Sudhir Mankad Independent Director	9.69	36.67	2.65	-
Dr. R. H. Rupp Independent Director	4.10	215.38	1.12	-
Shri S. K. Anand Independent Director	9.72	43.15	2.66	-
Dr. S. Sivaram Independent Director	5.27	70.00	1.44	-
Prof. Indira Parikh* Independent Director	1.90	NA	0.52	-
Shri Umesh Asaikar Executive Director	299.54	35.42	82.07	Profit Before Tax increased by 16.49 % and Profit After Tax increased by 39.43 %
Shri Sanjay Upadhyay Chief Financial Officer	126.30	27.04	NA	
Shri Arvind Bajpai Company Secretary	24.28	22.58	NA	

\* Prof. Indira Parikh was appointed w.e.f. August 9, 2014.

- In the Financial Year, there was an increase of 11% in the median remuneration of employees.
- There were 1400 permanent employees on the rolls of the Company as on March 31, 2015.

4. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:

Total Remuneration of Key Managerial Personnel increased by 28.35 % as compared to Financial Year 2013-14, whereas the Profit After Tax increased by 39.43 % as compared to Financial Year 2013-14.

5. The Market Capitalisation of the Company has increased by ₹ 262 crores from ₹ 448 crores to ₹ 710 crores. It represents a growth of 58.48%.
6. Price Earning Ratio as at closing of current and previous Financial Year: 13.29 as at March 31, 2015 and 11.70 as at March 31, 2014.
7. The Company had come out with initial public offer (IPO) in 1971. An amount of ₹ 1,000 invested in the said IPO would be worth ₹ 3.67 Lakh as on March 31, 2015 indicating a gain of 356.66 times of the amount invested. This is excluding the dividend accrued thereon.
8. Average Percentile increase in Remuneration of employees other than Managerial Personnel was 12.19% and average increase in remuneration of Managerial Personnel was 25.67%.

Average increase in remuneration of both, managerial and non-managerial personnel were determined based on the overall performance of the Company.

Key result areas of the managerial personnel are broadly to achieve Company's growth and performance target, achieving the same against various adverse externalities globally, devising sustenance strategy to combat global forces like competition, exchange rate etc, which, in turn, enhance shareholders' value. Remuneration of the managerial personnel is based on the Remuneration Policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

As against above, remuneration for non-managerial personnel is based on an internal evaluation of assigned target areas which are broken into subsets of key result areas of the managerial personnel.

9. Explanation on the relationship between average increase in remuneration and company performance: The average remuneration increase is linked to various parameters like – Company's overall performance, Rate of Inflation and Industry Benchmarks.
10. The key parameters for any variable component of remuneration availed by the Directors: Key Parameters include – performance of the Company vis-à-vis individual Director's performance against set Key Result Areas.
11. The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: NA
12. It is affirmed that the remuneration is as per the Remuneration Policy of the Company.

Sl. No.	Name of Employee	Designation	Remuneration Received	Nature of Employment	Qualification	Experience	Date of commencement of Employment	Age	The Last Employment held before joining the Company	% of Equity shares held
(a)	if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;									
1	Deepak C. Mehta	Vice Chairman & Managing Director	26,833,000	Permanent	B.Sc	37 Years	14-Jun-1978	59	Industrialist	19.71
2	Ajay C. Mehta	Managing Director	24,782,000	Permanent	B.Sc. (Hons.), M.S. Chem. Engg.	31 Years	12-Sep-1984	56	Deepak Fertilisers & Petrochemicals Corpn. Ltd.	NIL
3	Umesh M. Asaikar	Chief Executive Officer	29,954,000	Permanent	B.Tech, MMS, AICWA	36 Years	1-Sep-2008	60	Defiance Knitting Industries Ltd	NIL
4	Sanjay B. Upadhyay	Chief Financial Officer	12,630,057	Permanent	M.Com, AICWA, FCS, AMP (Wharton USA)	33 Years	1-Apr-1994	54	Bhar Industries Ltd.	NIL
5	Pramod B. Talegaon	Vice President - Technology	7,176,388	Permanent	B.Tech, M. Tech (UDCT)	33 Years	29-Dec-2010	54	SRF Ltd.	NIL
6	Pramod K. Garg	President - BCC	7,435,877	Permanent	M.Sc., Ph.D. (Agri. Chem.)	32 Years	1-Jun-2006	57	Jay Research Foundation	NIL
(b)	if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;									
1	Harshit D. Kapoor	General Manager (Project)	2,615,112	Permanent	B.E. (Chem), MDP	10 Years	1-Dec-2014	31	L&T Limited	NIL
2	Ajay A. Patwardhan	President OBA	8,530,717	Permanent	B.E. Civil, M.B.A.	24 Years	3-Sep-2013	51	DSM India	NIL
3	Rao Ramalinga Prasad	Vice President - HR	6,471,040	Permanent	B. Com., Dip In Per.Mgt.&Ind. Rel.	30 Years	30-May-2013	54	Tavrita Consulting Services	NIL
(c)	if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.									
	NIL	NA	NA	NA	NA	NA	NA	NA	NA	NA

**Note:** Shri C. K. Mehta is father of Shri D. C. Mehta and Shri A. C. Mehta.

For and on behalf of the Board

Place: Mumbai  
Date: May 13, 2015

**C.K. MEHTA**  
Chairman

## ANNEXURE - G

**Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

### (A) Conservation of Energy

- (i) Steps taken or impact on conservation of energy:
  - Changed column packings, replacement of chilling units, air compressors with high efficiency system
  - Processes improved to reduce utility and improve energy conservation.
- (ii) Steps taken for utilising alternate sources of energy:
  - Power trading through open access and bilateral agreements
- (iii) Capital Investment on energy conservation equipments: ₹ 95.41 Lacs

### (B) Technology Absorption:

- i. Efforts made towards technology absorption:
  - Technology under development for NO<sub>x</sub> utilization in chemical reactions
- ii. Benefits derived like product improvement, cost reduction, product development or import substitution:
  - Process improved by in-house research to reduce consumption norms, by products valorization, evaluated alternative routes to make cheaper and cleaner technologies.
- iii. Information regarding technology imported, during the last 3 years: NIL
- iv. Expenditure incurred on Research and Development:

Particulars	₹ in Lacs	
	2014-15	2013-14
a) Capital	97.48	255.16
b) Recurring	759.99	625.74
c) Total	857.47	880.90
d) Total R&D expenditure as a percentage to total turnover	0.65%	0.69%

### (C) Foreign Exchange Earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

Particulars	₹ in Lacs	
	2014-15	2013-14
Total Foreign Exchange Earned	51,377.60	49,331.09
Total Foreign Exchange Outgo	28,453.23	33,076.31

For and on behalf of the Board

Place: Mumbai  
Date: May 13, 2015

**C.K. MEHTA**  
Chairman



# Report On Corporate Governance for the year ended March 31, 2015

## 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:

### Composition of Board

The Board of Directors is headed by the Non-Executive Chairman. As on March 31, 2015, the strength of the Board was eleven members comprising of three Executive Directors and eight Non-Executive Directors. Out of Eight Non-Executive Directors, Seven are Independent Directors including Prof. Indira Parikh. Accordingly, the composition of Board is in conformity with the code of Corporate Governance under the Listing Agreement with the Stock Exchanges. The Directors of the Company are highly experienced professionals in their fields and brings in a wide range of skills and experience to the Board.

The composition of the Board of Directors of the Company as on March 31, 2015 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 &amp; Managing Director</i>  Shri Ajay C. Mehta <i>Managing Director</i>
III.	Executive Director	Shri Umesh Asaikar
IV.	Non-Executive and Independent Directors	Shri Nimesh Kampani  Shri Sudhin Choksey  Shri Sudhir Mankad  Dr. Richard H. Rupp  Shri Sandesh Kumar Anand  Dr. Swaminathan Sivaram  Prof. Indira Parikh

### Board Meetings

During the year under review, six Board Meetings were held on May 2, 2014, June 23, 2014, August 7, 2014, November 7, 2014, January 22, 2015 and March 4, 2015. The maximum time gap between the two Board Meetings was not more than one hundred twenty days as prescribed under the Listing Agreement with the Stock Exchanges.

Attendance of Directors at the Board Meetings, last Annual General Meeting and their directorship, chairmanship and membership in committees of other Companies as on March 31, 2015:

Name of the Director	No. of Board Meetings held during the year / tenure of Director	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	6	5	YES	1	-
Shri D. C. Mehta	6	6	YES	2	1 (C)
Shri A. C. Mehta	6	6	YES	2	1 (C) & 1 (M)
Shri Nimesh Kampani	6	5	YES	7	2 (C) & 3 (M)
Shri Sudhin Choksey	6	6	YES	2	1 (C) & 1 (M)
Shri Sudhir Mankad	6	6	YES	9	2 (C) & 3 (M)
Dr. R. H. Rupp	6	3	YES	-	-
Shri S. K. Anand	6	6	YES	2	-
Dr. S. Sivaram	6	5	NO	4	2 (M)
Shri Umesh Asaikar	6	6	YES	-	-
Prof. Indira Parikh*	3	2	NA	8	6 (M)

\* Prof. Indira Parikh was appointed as Additional Director w.e.f. August 9, 2014.

Note:

- (1) Number of directorships held by Directors as mentioned above excludes directorships in Private Limited Companies, Section 8 companies, Foreign Companies, Membership of Managing Committee of various chambers/bodies and alternate directorships.
- (2) In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only Audit Committee and Stakeholders' Relationship Committee in all public limited companies (excluding Deepak Nitrite Limited) have been considered.

### Selection of Independent Directors

The selection of eminent people for appointment as Independent Directors on the Board is considered by the Nomination and Remuneration Committee. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such person and recommend the same to the Board. The Board considers the Committee's recommendation and takes appropriate decision.

### Familiarisation program for Independent Directors

The Company has conducted a Familiarisation Program for Independent Directors. The details for the same have been disclosed on the website of the Company at [http://deepaknitrite.com/pdf/investor/DNL\\_Familiarisation%20program.pdf](http://deepaknitrite.com/pdf/investor/DNL_Familiarisation%20program.pdf).

### Performance Evaluation

A duly constituted Nomination and Remuneration Committee of Directors has laid down criteria for performance evaluation of Independent Directors and the same has been approved by the Board of Directors. The criteria for performance evaluation of Independent Directors has been disclosed in the Directors' report.

### Separate Meeting of Independent Directors

A separate meeting of Independent Directors was held on March 4, 2015, inter alia to:

- Review performance of Non-Independent Directors and the Board of Directors as a whole;
- Review performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors;
- Assess the quality, quantity and timelines of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All Independent Directors were present at the meeting.

### 3. COMMITTEES OF BOARD OF DIRECTORS:

#### (i) Audit Committee:

##### Composition of 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 Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. All members of the Audit Committee are financially literate and Shri Sudhin Choksey possesses financial / accounting expertise.

The Statutory Auditors, Internal Auditors and other relevant Senior Management persons are invited to attend the meetings of Audit Committee. Shri Sudhin Choksey, Chairman of the Audit Committee, was present at the last Annual General Meeting held on August 8, 2014.

The Company Secretary acts as Secretary to the Committee.

##### Terms of Reference

The terms of reference of the Audit Committee are wide enough to cover the matters prescribed under provisions of section 177(4) and clause 49(III)(D) of the Listing Agreement viz. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company; Approval and subsequent modification of transactions of the Company with related parties; Scrutiny of Inter-Corporate Loans and Investments; Evaluation of Internal Financial Control and Risk Management Systems; Oversee the Vigil Mechanism; Monitoring the end use of funds raised through public offers and related matters; Recommend remuneration of Cost Auditor of the Company; Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible; Approval of payment to statutory auditors for any other services rendered by the statutory auditors; Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to: (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013 (b) Changes, if any, in accounting policies and practices and reasons for the same (c) Major accounting entries involving estimates based on the exercise of judgment by management (d) Significant adjustments made in the financial statements arising out of audit findings (e) Compliance with listing and other legal requirements relating to financial statements (f) Qualifications in the draft audit report; Reviewing, with the management, the quarterly financial statements before submission to the Board for approval; Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter; Review and monitor the auditor's independence and performance, and effectiveness of audit process; Valuation of undertakings or assets of the Company, wherever it is necessary; Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems; Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; Discussion with internal auditors of any significant findings and follow up thereon; Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board; Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern; To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; To review the functioning of the Whistle Blower mechanism; Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

##### Meetings and Attendance thereof

Four meetings of the Audit Committee were held during the year under review. The meetings of the Audit Committee were held on May 1, 2014, August 7, 2014, November 6, 2014 and January 21, 2015.

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

Name of Member	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
Shri Sudhin Choksey	4	4
Shri Sudhir Mankad	4	4
Shri S. K. Anand	4	4

**(ii) Nomination and Remuneration Committee:**
**Composition**

The Nomination and Remuneration Committee comprises of the following members:

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

The Committee's composition meets with the requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Company Secretary acts as Secretary to the Committee.

**Terms of Reference**

The terms of reference of the 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 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.

**Meetings and Attendance thereof**

During the financial year 2014-15, the Nomination and Remuneration Committee met on May 1, 2014, August 7, 2014, January 22, 2015 and March 4, 2015 and all the Members of the Committee were present at the said meetings. Shri Sudhir Mankad, Chairman of the Nomination and Remuneration Committee, was present at the previous Annual General Meeting of the Company held on August 8, 2014.

**(iii) Stakeholders' Relationship & Investors Grievance Committee:**
**Composition**

The Stakeholders' Relationship & Investors Grievance 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

Shri Arvind Bajpai, Company Secretary, is the Compliance Officer.

**Terms of Reference**

The brief terms of reference of the Committee are 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.

**Investors Grievance**

Continuous efforts are being made to ensure that investor's 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 their receipt, either directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs etc.

The details of complaints received and resolved during the Financial Year ended March 31, 2015 were as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	1	1	Nil

**(iv) Corporate Social Responsibility Committee:**

**Composition**

Pursuant to the requirement of Section 135 of the Companies Act, 2013, a duly constituted Corporate Social Responsibility Committee is in place.

The Corporate Social Responsibility Committee comprises of the following members:

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

**Terms of Reference**

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.

**Report on CSR activities**

As required under the Companies Act, 2013 and Rules made thereunder, the information on the CSR activities undertaken by the Company during the year ended March 31, 2015 is annexed to the Directors' Report.

**(v) Project Committee:**

**Composition**

A Project Committee has been constituted by the Board which meets from time to time to review projects.

The Project Committee comprises of the following Directors:

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

Shri Sudhir Mankad ceased to be a member of the Project Committee w.e.f. November 7, 2014.

**Terms of Reference**

The Project Committee is constituted inter alia to evaluate the proposed projects / expansion plans and recommend them to the Board for approval and also to review the progress of ongoing projects.

**(vi) Risk Management Committee:**

**Composition**

The Company has a comprehensive Risk Management Framework and the same is periodically reviewed by the Board of Directors of the Company. A Risk Management Committee has been constituted by the Board to monitor and review the Risk Management Framework of the Company.

The Risk Management Committee comprises of the following Directors & Officers:

Name of Member	Designation	Category
Shri D. C. Mehta	Chairman	Vice Chairman & Managing Director
Shri S. K. Anand	Member	Independent Director
Shri Umesh Asaikar	Member	Executive Director
Shri Sanjay Upadhyay	Member	Chief Financial Officer
Shri P. K. Garg	Member	President - BCC



### Terms of Reference

The terms of reference of the Risk Management Committee are inter alia to ensure that appropriate methodology, processes and systems are in place to monitor, evaluate and report risks associated with the business of the Company; to review the adequacy of the existing measures in place to mitigate risks covering various functions of the Company; to evaluate and approve mitigation measures that may be recommended by the Risk Manager(s) in respect of any function and review the action taken for its implementation on an ongoing basis; to review and recommend to the Board, amendment of any of the provisions of the Risk Management Framework.

## 4. REMUNERATION TO DIRECTORS:

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as Annexure D to the Directors' Report. The said Policy is directed towards rewarding performance based on review of achievements periodically and is in consonance with the existing industry practice.

The details of Managing Directors' & Executive Director's Remuneration for the Financial Year 2014-15 are as under:

(₹ in Lacs)					
Name	Salary & Allowances	Perquisites	Retirement Benefits	Commission / Variable Pay	Total
Shri D. C. Mehta	48.55	20.16	11.45	188.17	268.33
Shri A. C. Mehta	35.34	14.98	9.33	188.17	247.82
Shri Umesh Asaikar	170.37	28.15	26.02	75.00	299.54

Service contracts with Vice Chairman & Managing Director and Managing Director are for a period of five years from the date of their respective appointments sans notice period. The appointment of Executive Director is for a period of five years from the date of his appointment with notice period of 3 months. Shri A. C. Mehta and Shri Umesh Asaikar are liable to retire by rotation.

There is no provision for payment of severance fees.

The Company does not have any Stock Options Scheme.

The remuneration of Managing Directors comprises of salary, allowances, perquisites and other benefits. In addition, the Managing Directors are also 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 and other relevant provisions of the Companies Act, 2013.

The remuneration of Executive Director comprises of fixed pay and variable pay. The variable pay ranges from 80% to 125% of the variable pay fixed for a particular Financial Year based on the performance rating depending upon his individual and also the Company's performance as per policy of the Company.

The Non-Executive Directors of the Company are paid sitting fees for attending the meetings of the Board or Committees thereof. Apart from the sitting fees, the Non-Executive Directors are also paid commission not exceeding 1% of the Net Profits of the Company for the particular year, computed in accordance with the provisions of Companies Act, 2013. The amount of Commission is determined on the basis of the attendance of the Non-Executive Director at the Board, Committee or General Meeting(s) of the Company during the particular year, the number of memberships/chairmanships held of Committees of the Board and the time devoted on various matters of the Company.

The details of remuneration paid/payable to Non-Executive Directors for the Financial Year 2014-15 are as under:

	Sitting Fees	Commission	Total
Shri C. K. Mehta	1,40,000	3,00,000	4,40,000
Shri Nimesh Kampani	1,85,000	3,50,000	5,35,000
Shri Sudhin Choksey	3,77,000	5,50,000	9,27,000
Shri Sudhir Mankad	4,19,000	5,50,000	9,69,000
Dr. R. H. Rupp	1,10,000	3,00,000	4,10,000
Shri S. K. Anand	4,22,000	5,50,000	9,72,000
Dr. S. Sivaram	2,27,000	3,00,000	5,27,000
Prof. Indira Parikh	90,000	1,00,000	1,90,000

The details of Equity Shares of the Company held by Non-Executive Directors as on March 31, 2015 are as under:

Sr. No.	Name of Non-Executive Director	No. of shares held
1	Shri C. K. Mehta	86430*
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
8	Prof. Indira Parikh	Nil

\* Includes 8040 shares held as a Karta of HUF

## 5. GENERAL BODY MEETINGS :

Details of last three Annual General Meetings held:

Meeting	Date	Time	Venue	No. of Special Resolution Passed
41 <sup>st</sup> AGM	August 4, 2012	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005	-
42 <sup>nd</sup> AGM	August 2, 2013	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005	-
43 <sup>rd</sup> AGM	August 8, 2014	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005	4

Postal Ballot conducted during the year and procedure thereof:

During the year under review and upto the date of this Report, two Postal Ballot exercises were undertaken. The first one was undertaken in the month of May 2014 and result of the Postal Ballot was declared on June 11, 2014. The details and voting pattern of the Resolutions passed through the said Postal Ballot exercise are as under:

Sr. No.	Resolution	Special / Ordinary	No. of Valid Votes received	No. and % of Votes in Favour	No. and % of Votes Against
1	Sub-division of Equity Shares of ₹ 10/- each into 5 Equity Shares of ₹ 2/- each.	Ordinary	7393420	7393304 (99.999%)	116 (0.001%)
2	Amendment to Clause V of Memorandum of Association of the Company.	Special	7384495	7383663 (99.988%)	832 (0.012%)
3	Issue of Bonus Shares by capitalization of Reserves/ Securities Premium Account.	Special	7376935	7376910 (99.999%)	25 (0.001%)
4	Authorisation for Borrowings under section 180(1) (c) of the Companies Act, 2013	Special	7385535	7383703 (99.98%)	1832 (0.02%)
5	Creation of Security under section 180(1)(a) of the Companies Act, 2013	Special	7383842	7382518 (99.98%)	1324 (0.02%)

The second Postal Ballot exercise was undertaken in the month of March 2015 and result of the Postal Ballot was declared on April 28, 2015. The details and voting pattern of the Resolutions passed through the said Postal Ballot exercise are as under:

Sr. No.	Resolution	Special / Ordinary	No. of Valid Votes received	No. and % of Votes in Favour	No. and % of Votes Against
1	Issue of Equity Shares of face value of ₹ 2/- each for an aggregate amount not exceeding ₹ 200 crores through Qualified Institutional Placement	Special	71482795	71440050 (99.94%)	42,745 (0.06%)
2	Re-appointment of Shri Ajay C. Mehta as Managing Director for further period of 5 years with effect from December 1, 2014 and remuneration payable to him.	Special	71622720	71608464 (99.98%)	14,256 (0.02%)

The Company had provided e-voting facility as an alternate, to its Members to enable them to cast their vote electronically. Shri Dinesh Joshi, Practicing Company Secretary, Partner of M/s. KANJ & Associates, Company Secretaries, Pune was the Scrutinizer for both the Postal Ballot exercises.

No Special Resolution is proposed to be conducted through Postal Ballot.

## 6. DISCLOSURE:

### Related Party Transactions

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, in the ordinary course of business and on arm's length basis or for which shareholders' approval were obtained, were entered into by the Company with the Related Parties. Disclosure on Related Party Transactions as per Accounting Standard 18 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, 2015.

The Board has approved a policy on materiality of Related Party Transactions which has been uploaded on the Company's website. The weblink to the said policy is as under:

[http://deepaknitrite.com/pdf/investor/DNL\\_Policy%20on%20Materiality%20of%20Related%20Party%20Transactions.pdf](http://deepaknitrite.com/pdf/investor/DNL_Policy%20on%20Materiality%20of%20Related%20Party%20Transactions.pdf)

### Details of non-compliance

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 in any matter relating to capital markets during the last three years.

### Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has established a vigil mechanism for Directors and employees to report concern about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. During the year under review, no employee was denied access to the Audit Committee.

The Whistle Blower Policy is placed on the website of the Company and weblink to the same is as under:

[http://deepaknitrite.com/pdf/investor/DNL\\_Whistle%20Blower%20Policy.pdf](http://deepaknitrite.com/pdf/investor/DNL_Whistle%20Blower%20Policy.pdf)

### Adoption of Mandatory and Non-mandatory requirements of Clause 49

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted Non-Mandatory requirements to the extent that it has separate posts of Chairman and CEO.

### 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.

### Policy for Material Subsidiaries

In accordance with the provisions of Clause 49 of the Listing Agreement, the Company has formed a policy for Material Subsidiaries in order to determine the Material Subsidiaries and to provide governance framework for such subsidiaries. The said policy has been placed on the website of the Company and weblink to the same is as under:

[http://deepaknitrite.com/pdf/investor/DNL\\_Policy%20on%20Material%20Subsidiaries.pdf](http://deepaknitrite.com/pdf/investor/DNL_Policy%20on%20Material%20Subsidiaries.pdf)

### Details of Directors seeking appointment or re-appointment:

The details of Directors seeking appointment or re-appointment form part of Notes to the Notice convening the ensuing Annual General Meeting.

### Unclaimed Share Certificates

In terms of the provisions of Clause 5A of the Listing Agreement, the Company is required to transfer the shares issued pursuant to the public issues or any other issue, the certificates of which remained unclaimed, to an Unclaimed Suspense Account to be opened by the Company for this purpose. However, before transferring the Shares to the Unclaimed Suspense Account, the Company is required to send three reminders to the concerned shareholders.

The Company has initiated the process and two reminders to the Shareholders have been sent. All the corporate benefits accruing on such Shares viz. bonus, share splits etc. shall be credited to such Unclaimed Suspense Account. The voting rights on such Shares shall remain frozen till the rightful owner claims the Shares.

## 7. 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 the Company's website at [www.deepaknitrite.com](http://www.deepaknitrite.com)

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

## 8. CODE OF CONDUCT:

The Company has framed and adopted a Code of Conduct for the members of the Board and the Senior Management ("the Code") in terms of Clause 49 of the Listing Agreement. The Code 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](http://www.deepaknitrite.com). The Code lays the general principles designed to guide all Directors and members of the Senior Management for ethical conduct of business and compliance of laws.

All Directors and members of the Senior Management have affirmed their adherence to the provisions of the 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 2014-15.	
Mumbai May 13, 2015	<b>D. C. Mehta</b> Vice Chairman & Managing Director

## 9. MANAGEMENT DISCUSSION AND ANALYSIS:

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

## 10. CEO / CFO CERTIFICATION

The Vice Chairman & Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The Vice Chairman & Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

## 11. GENERAL SHAREHOLDER INFORMATION:

### Annual General Meeting:

Day & Date	: Friday, August 7, 2015
Time	: 10:30 a.m.
Venue	: Hotel Surya Palace, Opp. Parsi Agiyari, Sayajigunj, Vadodara 390 005.
Date of Book Closure	: Saturday, August 1, 2015 to Friday, August 07, 2015 (both days inclusive)
Dividend payment date	: Within the statutory time limit of 30 days, subject to Shareholders' approval.

### Financial Calendar:

Results for the Quarter ending	Tentative Time of Reporting
June 30, 2015	On or before August 14, 2015
September 30, 2015	On or before November 14, 2015
December 31, 2015	On or before February 14, 2016
Audited Annual Accounts for the year ended March 31, 2016	On or before May 30, 2016

### 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 Limited (NSE).  
Listing fees for financial year 2015-16 has 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) : INE288B01029

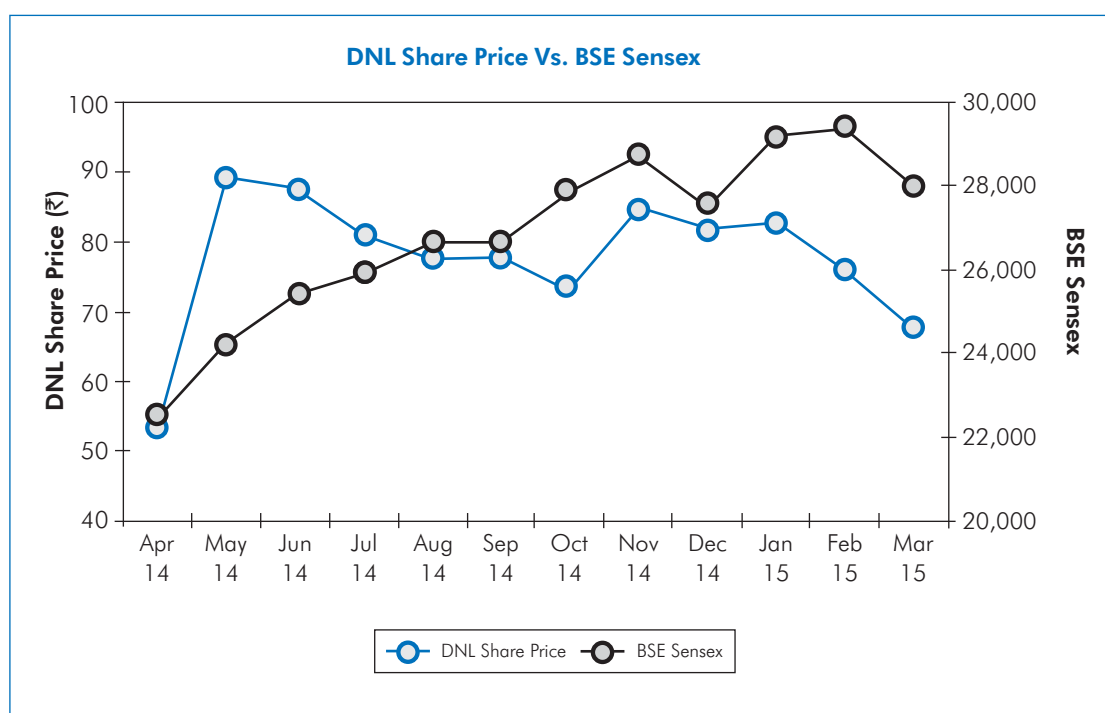
**Market Price Data of Equity Shares:**

Monthly high & low during the year 2014-15 at BSE and NSE:

Month	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2014	553.55	431.40	548.60	425.05
May, 2014	925.00	530.10	922.40	530.20
June, 2014	975.00	*82.50	975.10	*82.90
July, 2014	92.90	78.25	92.90	78.10
August, 2014	85.00	68.80	84.90	68.50
September, 2014	89.80	71.80	88.20	70.00
October, 2014	79.60	68.00	80.00	67.65
November, 2014	91.45	73.15	91.65	73.35
December, 2014	90.60	79.65	90.50	79.00
January, 2015	86.90	79.15	87.55	79.50
February, 2015	85.75	74.00	86.00	73.60
March, 2015	76.75	64.00	77.00	63.00

Source: Respective Websites of BSE and NSE.

\*Share Price adjustment due to sub-division of shares from face value of ₹ 10/- each to ₹ 2/- each and Issue of Bonus Shares in the ratio of 1:1 effective June 20, 2014



The above chart is prepared, considering adjusted price for sub division and bonus. (The Ex-date for which was June 20, 2014)

**Distribution of Shareholding as on March 31, 2015:**

Range	No. of Holders	%	No. of Shares	%
1 – 500	7169	55.75	1362864	1.30
501 – 1000	1797	13.98	1530138	1.46
1001 – 5000	2711	21.08	6694611	6.40
5001 – 10000	666	5.18	4625780	4.43
10001 & above	516	4.01	90324797	86.41
<b>TOTAL</b>	<b>12859</b>	<b>100.00</b>	<b>104538190</b>	<b>100.00</b>



**Shareholding Pattern as on March 31, 2015:**

Category of Shareholders	No. of Shares	% of Capital
Promoters	59884070	57.28
Mutual Fund & Unit Trust of India	18000	0.02
Financial Institutions, Banks, Insurance Companies	647349	0.62
Foreign Institutional Investor	5000000	4.78
Bodies Corporate	10220771	9.78
Non Resident Individuals	888820	0.85
Resident Individuals & Trust	27879180	26.67
<b>TOTAL</b>	<b>104538190</b>	<b>100.00</b>

The Company has not issued any GDRs/ADRs.

**Dematerialisation of Equity Shares:**

Electronic holding by Members comprises 97.60 % of the paid up equity capital of the Company as on March 31, 2015 held through National Securities Depository Limited and Central Depository Services (India) Limited.

**Share Transfer System:**

Share transfers are processed and Share Certificates duly endorsed are delivered within a period of 15 days from the date of receipt, subject to documents being valid and complete 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) 67720300, 67720400  
Fax Number: (022) 28591568, 28508927  
E-mail : sharepro@shareproservices.com

**Investor Relation Centre :**

912, Raheja Centre  
Free Press Journal Road  
Nariman Point  
Mumbai – 400 021  
Telephone Numbers :  
(022) 2282 5163, 22881569  
(022) 66134700,  
Fax Number: (022) 22825484  
E-mail : sharepro@shareproservices.com

**Address for Correspondence and Investor Assistance:**

Deepak Nitrite Limited  
9/10, Kunj Society  
Alkapuri  
Vadodara – 390 007  
Contact Person: Mr. Shailesh Vaidya  
Corporate Identity Number : L24110GJ1970PLC001735

Telephone Numbers:  
(0265) 235 1013, 233 4481  
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 related to change of address or bank details or NECS mandate to their respective Depository Participants.

### Unclaimed/Unpaid Dividend:

As per the provisions of 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*
2007-2008	August 18, 2008	August 17, 2015
2008-2009	August 3, 2009	August 2, 2016
2009-2010	August 5, 2010	August 4, 2017
2010-2011	August 10, 2011	August 9, 2018
2011-2012	August 9, 2012	August 8, 2019
2012-2013	August 5, 2013	August 4, 2020
2013-2014	August 11, 2014	August 10, 2021

\* Indicative dates, actual date may vary.

### Plant Locations:

<b>1. Nitrite &amp; Nitroaromatics Division</b> 4/12 GIDC Chemical Complex Nandesari - 391 340. Dist. Vadodara	<b>3. APL Division</b> Plot Nos. 1, 2, 26 & 27 MIDC Dhatav, Roha - 402 116, Dist. Raigad
<b>2. Taloja Chemical Division</b> Plot Nos. K/9-10, MIDC Taloja, Dist. Raigad - 410 208	<b>4. Hyderabad Specialities Division</b> Plot Nos. 90-F/70-A and B, Phase II, Industrial Development Area, Jeedimetla, Tal. Quthbullapur Madal, Dist. Ranga Reddy, Hyderabad 500 055
<b>5. Dahej Division:</b> 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, 2015 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 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 13, 2015

# INDEPENDENT AUDITOR'S REPORT

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## To the Members of DEEPAK NITRITE LIMITED

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Deepak Nitrite Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

### Emphasis of Matter

9. We draw your attention to Note 43 of the financial statements, the managerial remuneration is in excess of the limits prescribed under clause(i) of second proviso to sub section(1) of section 197 of the Companies Act, 2013 by ₹ 45.66 Lacs for which steps are being taken by the Company to obtain the shareholder's approval in the ensuing Annual General Meeting. Pending the approval of the shareholder's, no adjustments have been made in the financial statements.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (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 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - 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;
  - In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - On the basis of written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33 to the financial statements.
    - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivation contracts.
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Prasad Paranjape**  
Partner

Membership Number: 47296

Mumbai, May 13, 2015

## Annexure to paragraph 10 referred to in our report of even date:

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.  
  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- 2 (a) The inventory has been physically verified by the management during the year. Confirmations have been received in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable.  
  
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of the inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.
- 3 As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, provision of the clause 3(iii) of the Companies (Auditor's Report) Order, 2015 is not applicable and hence not commented upon.
- 4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets & and sale of goods and services. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- 5 In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified with regard to the deposits accepted from the public. According to the information and explanations given to us, 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 on the Company in respect of the aforesaid deposits.
- 6 We have broadly reviewed the books of account 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 clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 7 (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax and Service tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues are in arrears, as on 31<sup>st</sup> March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, duty of Excise, duty of Customs, Value Added Tax, and Cess which have not been deposited on account of any dispute except the following :

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, Works Contract Tax (Appeals)
Central Excise Act, 1944	Excise duty	2.62	April 11 to Oct 14	Assistant Commissioner, Central Excise
Central Excise Act, 1944	Excise duty	10.09	Oct'10 to Nov'13	Commissioner, Central Excise
Central Excise Act, 1944	Excise duty	206.79	July'98 to March'14	Central Excise & Service Tax Appellate Tribunal
Central Sales Tax	Sales tax	23.42	2005-06	Additional Commissioner, Sales Tax
Mumbai Stamp Act	Stamp duty	22.85	March 2010	Chief Controller of Revenue Authorities
Hyderabad Metropolitan Water Supply & Sewerage Act, 1989	Sewerage Cess	11.13	2008-09 to 2013-14	High Court of Andhra Pradesh

- (c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.
- 8 The Company does not have accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- 9 Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- 10 The company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
- 11 In our opinion, and according to the information and explanations given to us, during the year, the term loans were, prima facie, applied for the purposes for which they were obtained.
- 12 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's Registration Number 105102W

**Prasad Paranjape**  
Partner

Mumbai, May13, 2015

Membership Number: 47296



# BALANCE SHEET

as at March 31, 2015

		₹ in Lacs	
	Note No.	As At March 31, 2015	As At March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	2,090.76	1,045.38
Reserves and Surplus	4	32,592.02	29,706.84
		<b>34,682.78</b>	<b>30,752.22</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	5	23,860.03	27,125.26
Other Long-Term Liabilities	6	267.04	244.39
Long-Term Provisions	7	526.01	418.57
Deferred Tax Liability	8	4,632.40	3,477.13
		<b>29,285.48</b>	<b>31,265.35</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	9	23,101.09	19,071.61
Trade Payables	10a	10,938.27	14,118.93
Other Current Liabilities	10b	12,915.00	9,123.50
Short-Term Provisions	7	1,432.33	1,323.98
		<b>48,386.69</b>	<b>43,638.02</b>
<b>TOTAL</b>		<b>112,354.95</b>	<b>105,655.59</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	54,281.45	45,601.53
Intangible Assets	12a	591.02	526.52
Capital Work-in-Progress	12b	3,692.12	7,003.48
Intangible Assets under Development	12c	106.24	106.24
Non-Current Investments	13	1,717.22	312.22
Long-Term Loans and Advances	14	4,131.45	2,512.36
Other Non-Current Assets	15	-	-
		<b>64,519.50</b>	<b>56,062.35</b>
<b>Current Assets</b>			
Inventories	16	10,504.09	12,995.06
Trade Receivables	17	31,099.22	29,224.06
Cash and Cash Equivalents	18	274.07	644.14
Short-Term Loans and Advances	14	5,198.52	6,597.94
Other Current Assets	15	759.55	132.04
		<b>47,835.45</b>	<b>49,593.24</b>
<b>TOTAL</b>		<b>112,354.95</b>	<b>105,655.59</b>
Notes to Financial Statements	1 & 2		
The accompanying notes form an integral 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 13, 2015

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

**SUDHIN CHOKSEY**  
**SUDHIR MANKAD**  
**SANDESH ANAND** } Directors

Mumbai: May 13, 2015

# STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015

		₹ in Lacs	
	Note No.	Current Year	Previous Year
<b>INCOME</b>			
Revenue from Operations (Gross)		141,532.42	135,224.80
Less: Excise Duty		8,816.19	8,261.93
<b>Revenue from Operations (Net)</b>	19	<b>132,716.23</b>	<b>126,962.87</b>
Other Income	20	205.47	176.74
<b>Total Revenue (I)</b>		<b>132,921.70</b>	<b>127,139.61</b>
<b>EXPENSES</b>			
Cost of Raw Material and Components Consumed	21	84,307.94	84,854.63
Purchase of Traded Goods	22	243.71	1,814.31
(Increase) / Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	1,153.04	(3,494.17)
Employee Benefits Expenses	24	10,009.60	8,835.10
Power & Fuel Expenses	25	11,592.18	11,057.59
Depreciation and Amortisation Expenses	26	3,604.07	2,967.22
(Less): Recoupment from Revaluation Reserve		(1.66)	(2.86)
Net Depreciation and Amortisation Expenses		3,602.41	2,964.36
Finance Costs	27	3,799.35	2,797.37
Other Expenses	28	11,439.23	12,495.18
<b>Total Expenses (II)</b>		<b>126,147.46</b>	<b>121,324.37</b>
<b>Profit/(Loss) before Tax (I) - (II)</b>		<b>6,774.24</b>	<b>5,815.24</b>
<b>Tax Expenses</b>			
Current Tax		1,345.32	1,442.73
Mat Credit Entitlements recognised		(1,122.04)	(601.99)
Deferred Tax		1,206.66	1,141.64
<b>Total Tax Expenses</b>		<b>1,429.94</b>	<b>1,982.38</b>
<b>Profit/(Loss) for the year</b>		<b>5,344.30</b>	<b>3,832.86</b>
<b>Earning per Equity Share</b>			
<b>Basic &amp; Diluted (in ₹)</b>	31	5.11	3.67
<b>Face Value Per Share (in ₹)</b>		2.00	2.00
Notes to Financial Statements	1 & 2		
The accompanying notes form an integral part of the Statement of Profit & Loss.			

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

**PRASAD PARANJPE**  
Partner  
Membership No. 47296

Mumbai: May 13, 2015

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

**SUDHIN CHOKSEY**  
**SUDHIR MANKAD**  
**SANDESH ANAND** } Directors

Mumbai: May 13, 2015

# CASH FLOW STATEMENT

	₹ in Lacs	
	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax from Continuing Operations	6,774.24	5,815.24
Profit Before Tax from Discontinuing Operations	-	-
<b>Profit Before Tax</b>	<b>6,774.24</b>	<b>5,815.24</b>
<b>Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows</b>		
Add:		
1. Depreciation / Amortisation on Continuing Operations	3,602.41	2,964.36
2. Impairment / (Write back) on Tangible/ Intangible Assets pertaining to Continuing Operations	(23.03)	13.66
3. Loss on Sale of Fixed Assets	132.36	206.21
4. Profit on Sale of Fixed Assets	(98.83)	(1.64)
5. Provision for Doubtful Debts	82.66	85.42
6. Wealth Tax	16.80	16.08
7. Realised / Unrealised Foreign Exchange Loss on Foreign Currency Monetary Item Translation amortised during the year	-	85.52
8. Interest expenses	3,640.64	2,574.85
9. Interest (Income)	(62.45)	(109.64)
10. Dividend (Income)	(1.55)	(5.19)
<b>Operating Profit Before Working Capital changes</b>	<b>14,063.25</b>	<b>11,644.87</b>
Less:		
Movements in Working Capital :		
1. Increase / (Decrease) in Trade Payables	(3,180.67)	(5,804.02)
2. Increase / (Decrease) in Other Current Liabilities & Provision	(347.23)	1,685.42
3. Decrease / (Increase) in Trade Receivables	(1,875.16)	(5,053.35)
4. Decrease / (Increase) in Inventories	2,490.97	(2,559.22)
5. Decrease / (Increase) in Long-Term Loans and Advances	68.84	(132.12)
6. Decrease / (Increase) in Short-Term Loans and Advances	1,399.47	(252.72)
7. Decrease / (Increase) in Other Current Assets	(700.55)	64.55
<b>Cash generated from / (used in) Operations</b>	<b>11,918.92</b>	<b>(406.59)</b>
Direct taxes paid (net of refunds)	(1,401.22)	(1,014.93)
<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)</b>	<b>10,517.70</b>	<b>(1,421.52)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
1. Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(8,445.36)	(9,694.52)
2. Proceeds from Sale of Fixed Assets	124.86	46.71
3. Advance towards proposed sale of land	1,500.00	-
4. Investment in Associates/Subsidiaries	(1,915.00)	(179.30)
5. Interest received	74.32	113.36
6. Dividends received	1.55	5.19
<b>NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES (B)</b>	<b>(8,659.63)</b>	<b>(9,708.56)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
1. Proceeds from Long-Term Borrowings	4,202.07	5,875.85
2. Repayment of Long-Term Borrowings	(5,494.20)	(3,592.79)
3. Net Proceeds from Working Capital Borrowings	4,029.48	12,039.31
4. Interest paid	(3,748.93)	(2,523.75)
5. Dividend paid on Equity Shares	(1,038.90)	(832.19)
6. Tax on Equity Dividend paid	(177.66)	(142.26)
<b>NET CASH FLOW FROM/ (USED IN) IN FINANCING ACTIVITIES (C)</b>	<b>(2,228.14)</b>	<b>10,824.17</b>

	₹ in Lacs	
	Current Year	Previous Year
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(370.07)</b>	<b>(305.91)</b>
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>644.14</b>	<b>950.05</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>274.07</b>	<b>644.14</b>
<b>Components of Cash and Cash equivalents</b>		
Balances with Banks:		
- In Current Accounts	70.17	88.43
- In EEFC Accounts	20.30	337.37
- On Unpaid Dividend / Interest Account (Refer Note below (a))	48.64	56.03
Cash on hand	0.36	-
	<b>139.47</b>	<b>481.83</b>
Other Bank Balances		
- Deposits with original maturity for more than three months but less than twelve months	134.60	160.20
- Margin money deposit (Refer Note below (b))	-	2.11
	<b>134.60</b>	<b>162.31</b>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>274.07</b>	<b>644.14</b>

a) Unpaid Dividend / Interest Account can be used for earmarked liabilities.

b) Margin money deposits with a carrying amount of Nil (Previous year, ₹ 2.11 Lacs) is lien 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 13, 2015

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

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**UMESH ASAIKAR**  
Executive Director

**SUDHIN CHOKSEY**  
**SUDHIR MANKAD**  
**SANDESH ANAND** } Directors

Mumbai: May 13, 2015

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## COMPANY OVERVIEW

Deepak Nitrite Limited ('DNL' or 'the Company') is a leading chemical manufacturing company. The Company manufactures Bulk Chemicals & Commodities, Fine & Speciality Chemicals and Fluorescent Whitening Agents.

## 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, 2013. 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 Schedule III notified under the Companies Act, 2013, 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 Straight Line Method (SLM) except in respect of Aromatics Amines plant where depreciation in respect of plant & machinery is provided on Written Down Value (WDV). Depreciation on all tangible assets is provided at the rates and in the manner prescribed by Schedule II to the Companies Act, 2013 except in case of leasehold land which is amortised over the period of lease term and certain components of plant & machinery such as Reactors, Centrifuge, Cooling towers, Air Compressor etc. which are depreciated over its useful life as technically assessed by Independent Technical Personnel after taking into consideration past experience of the company, chemical processes and chemical industry norms.

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 life prescribed in Schedule II to the Companies Act, 2013.

### (ii) Intangible Fixed Assets

Intangible Assets are stated at their original cost of acquisition, less accumulated amortisation and impairment losses, if any. 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.

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

## 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.



# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

## i) Foreign Currency Transactions

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

During the year Company has re-aligned its primary business segments of Organic Intermediates, Inorganic Intermediates and Fine & Speciality Chemicals into 3 (three) Strategic Business Units, viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

Chemicals and (iii) Fluorescent Whitening Agent. This will enable more appropriate segmentation of revenues, related costs and capital employed consistent with relative risks & rewards as also managerial controls. Accordingly, previous year figures have been regrouped / reclassified.

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

Revenue and Expenses have been accounted on the basis of their relationship to the operating activities of the segment. Revenue and Expenses, which relate to the enterprise as a whole and are not allocable to segments on 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 ₹ 974.58 Lacs (Previous year, ₹ 2,715.94 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 previous year, the remaining balance of ₹ 85.52 Lacs was fully amortised during the previous year under the head 'Exchange Fluctuation Loss Account'.

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 3. SHARE CAPITAL

	₹ in Lacs	
	As At March 31, 2015	As At March 31, 2014
<b>Authorised Shares:</b>		
150,000,000 Equity Shares of ₹ 2/- each (Previous year, 30,000,000 Equity Shares of ₹ 10/- each)	3,000.00	3,000.00
2,000,000 (Previous year, 2,000,000) Preference Shares of ₹ 100/- each	2,000.00	2,000.00
	<b>5,000.00</b>	<b>5,000.00</b>
<b>Issued, Subscribed and fully Paid-up Shares:</b>		
104,538,190 Equity Shares of ₹ 2/- each fully paid-up (Previous year, 10,453,819 Equity Shares of ₹ 10/- each) (Refer Note (a)(ii) below)	2,090.76	1,045.38
<b>Total Issued, Subscribed and fully Paid-up Share Capital</b>	<b>2,090.76</b>	<b>1,045.38</b>

(a) Shares:- Terms/Rights:

- Authorised shares have been classified into Equity and Preference Shares.
- During the year, Company has sub-divided its Equity Shares of face value of ₹ 10/- (Rupees Ten only) each, fully paid-up, into 5 (five) Equity Shares of face value of ₹ 2/- (Rupees Two only) each. Further, the Company has allotted Bonus Equity Shares of ₹ 2/- (Rupees Two only) each, fully paid-up, in the ratio of 1:1 (one Bonus Equity Share of ₹ 2/- each) to all registered Shareholders as on the record date.
- Each holder of the Equity Share is entitled to one vote per Share. The Company declares and pays Dividend 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, 2015, the amount of per Share Dividend recognised as distribution to Equity Shareholders is ₹ 1/- (Previous year, ₹ 1/-).
- 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. 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 Preference Shares during the year.

### Equity Shares

	As At March 31, 2015		As At March 31, 2014	
	No.	₹ in Lacs	No.	₹ in Lacs
At the beginning of the period	10,453,819	1,045.38	10,453,819	1,045.38
Add: Sub-division during the year (Refer Note (a) (ii) above)	41,815,276	-	-	-
Issued during the period – Bonus issue (Refer Note (a) (ii) above)	52,269,095	1,045.38	-	-
Outstanding at the end of the year	104,538,190	2,090.76	10,453,819	1,045.38

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

Name of the Shareholder	As At March 31, 2015		As At March 31, 2014	
	No.	% holding	No.	% holding
Equity shares of ₹ 2 each fully paid (Previous year, ₹ 10 each fully paid) (Refer Note (a) (ii) above)				
Shri Deepak Chimanlal Mehta	20,600,040	19.71	2,027,004	19.39
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	8.02	837,994	8.02
Check Point Credit & Capital Pvt. Ltd.	7,206,050	6.89	720,605	6.89
Stepup Credits & Capital Pvt. Ltd.	6,915,580	6.62	691,558	6.62
Stigma Credits & Capital Pvt. Ltd.	6,178,100	5.91	617,810	5.91
Fidelity Puritan Trust - Fidelity Low Priced	5,000,000	4.78	650,000	6.22

(d) During the year 2010-11, 1,490,586 (1,490,586) 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, 2015	As At March 31, 2014
<b>Capital Reserve</b>	<b>51.27</b>	<b>51.27</b>
<b>Capital Redemption Reserve</b>	<b>15.00</b>	<b>15.00</b>
<b>Capital Reserve</b> (relating to Capital Subsidy received from SICOM)	<b>20.00</b>	<b>20.00</b>
<b>Securities Premium Account</b>	<b>6,711.77</b>	<b>6,711.77</b>
<b>Revaluation Reserve</b>		
Balance as per the last Financial Statements	133.64	136.50
Less: Transferred to Statement of Profit & Loss for recoupment of Depreciation	1.66	2.86
Less: Transfer to Depreciation Fund (Refer Note 45)	54.04	-
Closing Balance	<b>77.94</b>	<b>133.64</b>
<b>General Reserve</b>		
Balance as per the last Financial Statements	6,388.44	5,888.44
Add: Appropriated out of the Profit available for appropriation	500.00	500.00
Closing Balance	<b>6,888.44</b>	<b>6,388.44</b>
<b>Foreign Currency Monetary Item Translation Reserve</b>		
Balance as per Financial Statements (Refer Note 2)	-	(85.52)
Add: Foreign Exchange Loss during the year	-	-
Less: Amortised during the year	-	85.52
Closing Balance	-	-
<b>Surplus</b>		
Balance as per last Financial Statements	16,386.72	14,276.90
Less: Transferred to Share Capital towards issuing Bonus Equity Shares.	1,045.38	-
Less: Transferred to Depreciation Fund (Net of Deferred Tax Asset ₹ 51.39 Lacs (Previous year, Nil)) (Refer Note 45)	99.84	-
Profit/(Loss) for the year	5,344.30	3,832.86
<b>Amount available for Appropriation</b>	<b>20,585.80</b>	<b>18,109.76</b>
Less: Appropriations		
Proposed Final Equity Dividend (amount per Share ₹ 1/-) (Previous year, ₹ 1/-)	1,045.38	1,045.38
Tax on proposed Equity Dividend	212.82	177.66
Transfer to General Reserve	500.00	500.00
Total Appropriations	<b>1,758.20</b>	<b>1,723.04</b>
<b>Surplus</b>	<b>18,827.60</b>	<b>16,386.72</b>
<b>TOTAL</b>	<b>32,592.02</b>	<b>29,706.84</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 5. LONG TERM BORROWINGS

	₹ in Lacs			
	Non-Current As at March 31, 2015	Non-Current As at March 31, 2014	Current As at March 31, 2015	Current As at March 31, 2014
<b>Term Loans</b> (Refer Note below)				
<b>Secured</b>				
Loan from Banks	7,602.07	5,200.00	1,800.00	-
External Commercial Borrowings	16,257.96	21,064.98	5,680.12	4,222.01
<b>Other Loans and Advances</b>				
<b>Unsecured</b>				
Deferred Sales Tax Loan	-	10.20	10.20	27.00
Deposits from Shareholders	-	20.45	-	22.18
Deposits from Public	-	829.63	-	372.93
<b>TOTAL</b>	<b>23,860.03</b>	<b>27,125.26</b>	<b>7,490.32</b>	<b>4,644.12</b>
<b>The above amount includes:</b>				
Secured Borrowings	23,860.03	26,264.98	7,480.12	4,222.01
Unsecured Borrowings	-	860.28	10.20	422.11
Current maturities of long term borrowings have been disclosed under the head "Current Liabilities" (Refer Note 10b)	-	-	(7,490.32)	(4,644.12)
<b>NET AMOUNT</b>	<b>23,860.03</b>	<b>27,125.26</b>	<b>-</b>	<b>-</b>

### Term Loans:-

The Loans from Banks pertain to term loan obtained from State Bank of India during the year amounting to ₹ 4,202.07 Lacs (Previous year, ₹ 5,200.00 Lacs), which 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. External Commercial Borrowings are obtained from (a) Standard Chartered Bank ₹ 5,195.04 Lacs (Previous year, ₹ 6,430.68 Lacs) (b) HSBC Bank (Mauritius) Limited ₹ 7,041.47 Lacs (Previous year, ₹ 8,338.85 Lacs) and (c) DBS Bank Limited ₹ 9,701.57 Lacs (Previous year, ₹ 10,517.46 Lacs). These loans are secured by a 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 is 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 instalment payable in November, 2021.
- Rate of interest of External Commercial Borrowings is in the range of LIBOR plus 2.50% to 3.00% p.a.
- 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 instalment 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 instalment 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 instalment payable on November 1, 2018.

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

The instalments payable are as under:

Year	₹ in Lacs
2015-16	10.20
<b>TOTAL</b>	<b>10.20</b>

## 6. OTHER LONG TERM LIABILITIES

	As At March 31, 2015	As At March 31, 2014
Security Deposits Received	267.04	244.39
<b>TOTAL</b>	<b>267.04</b>	<b>244.39</b>

## 7. SHORT TERM AND LONG TERM PROVISIONS

	Long-Term As at March 31, 2015	Long-Term As at March 31, 2014	Short-Term As at March 31, 2015	Short-Term As at March 31, 2014
<b>Provision for Employee Benefits</b>				
Provision for Gratuity (Refer Note 29 A (iii))	-	-	74.20	33.73
Provision for Leave Benefits (Refer Note 29 B (iii))	526.01	418.57	99.93	67.21
	<b>526.01</b>	<b>418.57</b>	<b>174.13</b>	<b>100.94</b>
<b>Other Provisions</b>				
Proposed Equity Dividend	-	-	1,045.38	1,045.38
Provision for tax on proposed Equity Dividend	-	-	212.82	177.66
	-	-	<b>1,258.20</b>	<b>1,223.04</b>
<b>TOTAL</b>	<b>526.01</b>	<b>418.57</b>	<b>1,432.33</b>	<b>1,323.98</b>

## 8. DEFERRED TAX LIABILITY

	As At March 31, 2015	As At March 31, 2014
<b>Deferred Tax Liability</b>		
Fiscal difference due to Depreciation on Fixed Assets	5,072.41	3,931.08
<b>Gross Deferred Tax Liability (A)</b>	<b>5,072.41</b>	<b>3,931.08</b>
<b>Deferred Tax Asset</b>		
Disallowances u/s 43 B	264.41	222.29
Provisions & Contingencies	175.60	231.66
<b>Gross Deferred Tax Asset (B)</b>	<b>440.01</b>	<b>453.95</b>
<b>Net Deferred Tax Liability / (Asset) Recognised (A-B)</b>	<b>4,632.40</b>	<b>3,477.13</b>



# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 9. SHORT TERM BORROWINGS

	As At March 31, 2015	₹ in Lacs As At March 31, 2014
<b>Working Capital Borrowing from Banks</b> (Refer Note a & b below)		
Secured	16,964.74	14,622.10
Unsecured	4,672.68	4,449.51
<b>Total of Working Capital Borrowing from Bank</b>	<b>21,637.42</b>	<b>19,071.61</b>
<b>Commercial paper</b>		
Unsecured Borrowings (Refer Note c below)	1,463.67	-
<b>Total of Commercial paper</b>	<b>1,463.67</b>	<b>-</b>
<b>TOTAL</b>	<b>23,101.09</b>	<b>19,071.61</b>

- a) Working Capital Borrowings from Banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit with rate of interest as Base Rate of respective banks plus spread ranging from 0% - 3.50% p.a., Packing Credit in Foreign Currency, Buyers' Credit against Letter of Undertaking with rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.25% p.a. to 1.10% p.a.. These borrowings are repayable on demand.
- b) Secured Working Capital borrowings are Secured by way of first Hypothecation charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and second charge on all Fixed Assets by way of hypothecation and mortgage.
- c) Commercial Paper placed by the Company at interest rate ranging from 8.47% p.a. to 9.80% p.a., for tenure of each placement ranging from 37 days to 99 days. Commercial Papers issued during the year were unsecured.

## 10a. TRADE PAYABLES

	As At March 31, 2015	₹ in Lacs As At March 31, 2014
Trade payables (including acceptances) (Refer Note 40 for details of dues to Micro and Small Enterprises)	10,938.27	14,118.93
<b>TOTAL</b>	<b>10,938.27</b>	<b>14,118.93</b>

## 10b. OTHER CURRENT LIABILITIES

	As At March 31, 2015	₹ in Lacs As At March 31, 2014
Current maturities of Long-Term Borrowings (Refer Note 5)	7,490.32	4,644.12
Creditors for Projects	559.06	497.57
Interest accrued but not due on borrowings	123.33	217.75
Advance from Customers	55.37	101.13
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	41.14	34.66
Unclaimed Matured Deposits	-	3.81
Unpaid Interest on Matured Fixed Deposits	7.50	21.37
Provision for expenses	2,516.03	2,960.89
Advance received against Land Sale	1,500.00	-
Excise duty on stock of finished goods	294.49	358.49
Others	327.76	283.71
<b>TOTAL</b>	<b>12,915.00</b>	<b>9,123.50</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## FIXED ASSETS

### 11. TANGIBLE ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK		₹ in Lacs	
		As at April 1,2014	Additions	Deletions	Total March 31,2015	Upto April 1,2014	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletions	Total March 31,2015	As at March 31,2015		As at March 31,2014
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)	14 (3-7)	
1	Freehold Land	581.11	-	-	581.11	-	-	-	-	-	-	581.11	581.11	
2	Leasehold Land	2,375.72	625.98	-	3,001.70	170.41	28.84	-	-	-	199.25	2,802.45	2,205.31	
3	Plant and Machinery	56,097.05	10,585.31	707.81	65,974.55	20,784.13	2,808.89	-	44.03	611.59	23,025.46	42,949.09	35,312.92	
4	Factory and Other													
	Buildings	7,259.04	964.95	2.40	8,221.59	1,402.73	306.20	(23.03)	87.76	0.86	1,795.83	6,448.79	5,856.31	
5	Roads	472.70	70.70	-	543.40	22.89	96.06	-	35.63	1.49	153.09	390.31	449.81	
6	Office Equipment's	470.54	15.07	3.99	481.62	196.75	84.08	-	29.58	3.22	307.19	174.43	273.79	
7	Furniture & Fixture	748.51	47.71	-	796.22	346.83	64.11	-	7.86	-	418.80	377.42	401.68	
8	Vehicles	726.56	164.09	87.70	802.95	205.96	91.27	-	0.43	52.56	245.10	557.85	520.60	
	<b>Total - Current Year</b>	<b>68,731.23</b>	<b>12,473.81</b>	<b>801.90</b>	<b>80,403.14</b>	<b>23,129.70</b>	<b>3,479.45</b>	<b>(23.03)</b>	<b>205.29</b>	<b>669.72</b>	<b>26,144.72</b>	<b>54,281.45</b>	<b>45,601.53</b>	
	<b>Total - Previous Year</b>	<b>53,456.63</b>	<b>16,244.21</b>	<b>969.61</b>	<b>68,731.23</b>	<b>21,028.51</b>	<b>2,877.20</b>	<b>13.66</b>	<b>-</b>	<b>789.67</b>	<b>23,129.70</b>	<b>-</b>	<b>-</b>	

### 12a. INTANGIBLE ASSETS

₹ in Lacs													
1	Goodwill	233.50	-	-	233.50	233.50	-	-	-	-	233.50	-	-
2	Computer Software (Office-equipment)	538.58	76.21	-	614.79	329.85	55.59	-	-	-	385.44	229.35	208.73
3	Others	373.74	112.91	-	486.65	55.95	69.03	-	-	-	124.98	361.67	317.79
	<b>Total - Current Year</b>	<b>1,145.82</b>	<b>189.12</b>	<b>-</b>	<b>1,334.94</b>	<b>619.30</b>	<b>124.62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>743.92</b>	<b>591.02</b>	<b>526.52</b>
	<b>Total - Previous Year</b>	<b>643.06</b>	<b>502.76</b>	<b>-</b>	<b>1,145.82</b>	<b>529.28</b>	<b>90.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>619.30</b>	<b>-</b>	<b>-</b>

- Notes:**
- 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.
  - Certain Assets of Nitrite Unit at Nandesari, Vadodara were revalued on October 31, 1985 as per the valuation report submitted by M/s. P. C. 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 :

₹ in Lacs			
Sr. No.	Assets	Original Cost	Replacement Cost
1	Leasehold Land	16.53	124.10
2	Plant & Machinery	264.20	559.70
3	R&D Equipment	16.17	23.67
4	Factory & Other Buildings	56.45	150.04
5	R&D Building	2.11	5.61
	<b>Total</b>	<b>355.46</b>	<b>863.12</b>
	Previous year	384.40	922.36

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 3. Capitalised Borrowing Costs:

Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to ₹ 2,466.64 Lacs (Previous year, ₹ 3,196.87 Lacs)

		₹ in Lacs	
Sr. No.	Particulars	Capitalised during the Current Year	Capitalised during the previous Year
i	<b>Interest on External Commercial Borrowings Capitalised</b>		
a	Plant & Machinery	485.44	496.10
b	Factory & Other Buildings	30.99	-
	<b>Total</b>	<b>516.43</b>	<b>496.10</b>
ii	<b>Exchange Loss/(Gain) Capitalised</b>		
a	Plant & Machinery	1,836.21	2539.07
b	Factory & Other Buildings	114.00	161.70
	<b>Total</b>	<b>1950.21</b>	<b>2700.77</b>
	<b>TOTAL</b>	<b>2,466.64</b>	<b>3,196.87</b>

4. (a) Out of fixed assets amounting to ₹ 89.91 Lacs pertaining to Fine & Speciality Chemicals segment forming part of Nandesari Division and which were held for disposal, assets worth ₹ 8.26 Lacs (Previous year, ₹ 67.71 Lacs) were sold during the year at a loss of ₹ 5.49 Lacs (Previous year, ₹ 46.16 Lacs) recognised in Statement of Profit & Loss. The remaining assets were revalued at ₹ 26.02 Lacs (Previous year, ₹ 89.91 Lacs) and loss on revaluation of ₹ 21.01 Lacs (Previous year, ₹ 30.57 Lacs) is recognised in Statement of Profit & Loss. Also during the year assets amounting to ₹ 34.62 Lacs were transferred back to fixed assets as the same are used in manufacturing activity of the Company.
- (b) In respect of Building held under Capital work in progress at Roha Division which was impaired in the year 2008-09, cumulative provision stands at ₹ 397.88 Lacs as on Balance Sheet date.
- (c) Further, in respect of Factory Building at Roha Division which was impaired in the year 2008-09, during the year impairment provision of ₹ 23.03 Lacs was reversed as the said asset was put to alternate use. Cumulative provision stands at Nil (Previous year, ₹ 23.03 Lacs) as on Balance Sheet date.
- (d) During the year, the Company has provided for impairment loss of Nil (Previous year, ₹ 13.66 Lacs) in respect of Plant & Machinery pertaining to Fine & Speciality Chemicals segment at Taloja Division.
5. Remaining useful life of Intangible assets and balance carrying amount

Sr. No.	Particulars	Remaining useful life	Balance carrying amount ₹ in Lacs
1	Software and related implementation costs	6 years	229.35
2	Rights to use facilities	5 years	177.12
3	Technical Know How	10 years	184.55

## 6. Research & Development Assets included in Fixed Assets

		₹ in Lacs											
Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION						NET BLOCK	
		As at April 1, 2014	Additions	Deletions	Total March 31, 2015	Upto April 1, 2014	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletions	Total March 31, 2015	As at March 31, 2015	As at March 31, 2014
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)	14 (3-7)
1	Plant and Machinery	1,089.51	91.71	0.10	1,181.12	525.55	96.05	-	1.16	-	622.76	558.36	563.96
2	Buildings	64.47	-	-	64.47	11.93	27.25	-	11.44	-	50.62	13.85	52.54
3	Office Equipments	34.58	0.42	-	35.00	28.21	2.31	-	1.89	-	32.41	2.59	6.37
4	Furniture & Fixture	76.56	5.35	-	81.91	29.51	12.26	-	-	-	41.77	40.14	47.05
	<b>Total - Current Year</b>	<b>1,265.12</b>	<b>97.48</b>	<b>0.10</b>	<b>1,362.50</b>	<b>595.20</b>	<b>137.87</b>	<b>-</b>	<b>14.49</b>	<b>-</b>	<b>747.56</b>	<b>614.94</b>	<b>669.92</b>
	<b>Total - Previous Year</b>	<b>1,110.16</b>	<b>255.16</b>	<b>100.20</b>	<b>1,265.12</b>	<b>595.81</b>	<b>49.76</b>	<b>-</b>	<b>-</b>	<b>50.37</b>	<b>595.20</b>		

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 12b. CAPITAL WORK IN PROGRESS

Sr. No.	Particulars	₹ in Lacs	
		March 31, 2015	March 31, 2014
1	Capital work in Progress (Others)	3,692.12	560.64
2	Capital Work in Progress (Projects)	-	6,442.84
3	Capital work in Progress (Building)	397.88	397.88
4	Less: Impairment Loss	(397.88)	(397.88)
	Capital Work in Progress (Net)	<b>3,692.12</b>	<b>7003.48</b>

### Details of Capital Work in Progress - Projects

Sr. No.	Particulars	₹ in Lacs			
		Incurred till March 31, 2014	Incurred during the year	Capitalised / Transferred during the year	Total as on March 31, 2015
	<b>Capital Work In Progress</b>				
1	Land & Site Development	8.47	6.42	14.89	-
2	Building (under construction)	147.00	47.10	194.10	-
3	Plant & Machinery	3,420.67	424.19	3,844.86	-
4	Other Assets	466.87	-	466.87	-
5	Pre Commissioning, Testing etc.	111.56	-	111.56	-
	<b>Preoperative expenses</b>				
1	Employees emoluments	285.56	21.87	307.43	-
2	Other Expenses	539.49	9.53	549.02	-
3	Foreign Exchange differences	975.63	974.58	1,950.21	-
4	Interest (net) on loans & finance charges	487.59	28.84	516.43	-
	<b>Total</b>	<b>6,442.84</b>	<b>1,512.53</b>	<b>7,955.37</b>	<b>-</b>

### Note to above:

Foreign Exchange difference and Interest includes:-

- In 2014-15 ₹ 974.58 Lacs (Previous year, ₹ 2,715.94 Lacs) being exchange difference considered as an adjustments to borrowing costs. Foreign Exchange difference of ₹ 1,950.21 Lacs (Previous year, ₹ 2,700.77 Lacs) has been capitalised during the year.
- In 2014-15 ₹ 28.84 Lacs (Previous year, ₹ 505.21 Lacs) being interest (net of interest earned) considered as an adjustments to borrowing costs. Out of the above, ₹ 516.43 Lacs (Previous year, ₹ 496.10 Lacs) has been capitalised and transferred to Fixed Assets.

## 12c. INTANGIBLE ASSETS UNDER DEVELOPMENT

Sr. No.	Particulars	₹ in Lacs	
		March 31, 2015	March 31, 2014
1	Supply Chain Software	106.24	106.24
	<b>Total Intangible Assets under Development</b>	<b>106.24</b>	<b>106.24</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 13. NON CURRENT INVESTMENTS

₹ in Lacs

	As At March 31, 2015	As At March 31, 2014
<b>Long Term Investments at Cost</b>		
<b>Trade (Unquoted ) Investments in Equity Shares - Fully Paid up</b>		
<b>Investment in Subsidiaries</b>		
14,050,000 (Nil) Equity Shares of Deepak Phenolics Limited ₹ 10/- each, fully paid up.	1,405.00	-
<b>Investment in Associates</b>		
122,500 (122,500) Equity Shares of Deepak Gulf LLC of Omani Riyal 1 each, fully paid up.	179.30	179.30
<b>Other Investment</b>		
73,706 (73,706) Equity Shares of Deepak International Limited of GBP 1 each, fully paid up.	57.36	57.36
	<b>1,641.66</b>	<b>236.66</b>
<b>Non Trade (Unquoted)</b>		
a) Investment in Equity Instruments - Fully Paid up		
800 (800) Equity Shares of Nandesari Environment Control Ltd	0.08	0.08
20 (20) Equity Shares of Baroda Co-operative Bank Ltd.	0.01	0.01
2,000 (2,000) Equity Shares of Shamrao Vitthal Co-op Bank Ltd.	0.50	0.50
798 (798) Equity Shares New India Co-op Bank Ltd.	0.08	0.08
52,342 (52,342) Equity Shares of Jedimetla Effluent Treatment Ltd.	52.49	52.49
	<b>53.16</b>	<b>53.16</b>
b) Investment in Government Securities		
National Saving Certificate	<b>0.01</b>	<b>0.01</b>
<b>Quoted (Non trade) (Valued at cost)</b>		
50,000 (10,000) Equity Shares of Bank of Baroda (Refer Note iv below)	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
	<b>22.39</b>	<b>22.39</b>
<b>TOTAL</b>	<b>1,717.22</b>	<b>312.22</b>

- Aggregate amount of Unquoted Investments is ₹ 1,694.83 Lacs (Previous year, ₹ 289.83 Lacs).
- Aggregated amount of Quoted Investments is ₹ 22.39 Lacs (Previous year, ₹ 22.39 Lacs).
- Aggregate Market Price of Investment in Equity Instrument (Quoted) ₹ 101.07 Lacs (Previous year, ₹ 94.02 Lacs).
- Equity Shares of Bank of Baroda were sub-divided during the year. Bank has issued five shares for every one Share held by the Company.

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

	₹ in Lacs			
	Non-Current As at March 31, 2015	Non-Current As at March 31, 2014	Current As at March 31, 2015	Current As at March 31, 2014
<b>Capital Advances</b>				
Unsecured, considered good	178.10	94.89	-	-
	<b>178.10</b>	<b>94.89</b>	<b>-</b>	<b>-</b>
<b>Security Deposit</b>				
Unsecured, considered good (Refer Note 3 below)	815.99	824.07	11.44	11.67
	<b>815.99</b>	<b>824.07</b>	<b>11.44</b>	<b>11.67</b>
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	716.53	868.22
	<b>-</b>	<b>-</b>	<b>716.53</b>	<b>868.22</b>
<b>Other Loans and Advances</b>				
Advance to Company towards Share application money (Refer Note 1 below)	510.00	-	-	-
Loan to Company (Refer Note 2 below)	22.10	110.53	165.81	77.38
Advance Income-Tax (Net of Provisions)	96.05	40.16	-	-
MAT Credit Entitlements	1,975.26	853.22	-	-
Prepaid Expenses	65.35	104.64	86.79	41.39
Loans to Employees (Refer Note 3 below)	377.14	374.50	249.16	112.97
Balances with Statutory / Government Authorities	91.46	110.35	3,968.79	5,486.31
	<b>3,137.36</b>	<b>1,593.40</b>	<b>4,470.55</b>	<b>5,718.05</b>
<b>TOTAL</b>	<b>4,131.45</b>	<b>2,512.36</b>	<b>5,198.52</b>	<b>6,597.94</b>

### Notes:

- Advance towards Share application money pending allotment to Deepak Phenolics Limited (Wholly Owned Subsidiary). On April 16, 2015, the Company was allotted 5,100,000 Equity Shares of ₹ 10/- each.
- Loan to Company have been given for business purpose.
- Loans and advances due by directors or other officers, etc.

	₹ in Lacs			
	Non-Current As at March 31, 2015	Non-Current As at March 31, 2014	Current As at March 31, 2015	Current As at March 31, 2014
<b>Loans to Employees include</b>				
Dues from officers	1.17	1.43	0.26	0.26
<b>Loans and Advances to related parties include</b>				
Security Deposit towards lease of residential premises	400.00	400.00	-	-
<b>TOTAL</b>	<b>401.17</b>	<b>401.43</b>	<b>0.26</b>	<b>0.26</b>



# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 15. OTHER NON-CURRENT AND CURRENT ASSETS

	₹ in Lacs			
	Non-Current As at March 31, 2015	Non-Current As at March 31, 2014	Current As at March 31, 2015	Current As at March 31, 2014
<b>Unsecured, considered good unless stated otherwise</b>	-	-	-	-
<b>Unamortised expenditure</b>				
Interest receivable on loans	-	-	20.81	32.73
Assets held for disposal	-	-	35.42	99.31
Others*	-	-	703.32	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>759.55</b>	<b>132.04</b>

\* Others includes expenses recoverable from M/s. Deepak Phenolics Limited (Wholly Owned Subsidiary) ₹ 545.72 Lacs (Previous year, Nil)

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

	₹ in Lacs			
	Non-Current As at March 31, 2015	Non-Current As at March 31, 2014	Current As at March 31, 2015	Current As at March 31, 2014
Raw Materials and Components (including Packing Material)	-	-	2,609.23	4,427.44
Stock in Process	-	-	2,384.42	2,503.61
Finished Goods	-	-	4,620.11	5,653.96
Stores and Spares	-	-	1,115.93	857.49
	-	-	10,729.69	13,442.50
Provision for Obsolescence	-	-	(225.60)	(447.44)
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>10,504.09</b>	<b>12,995.06</b>

## 17. TRADE RECEIVABLES

	₹ in Lacs			
	Non-Current As at March 31, 2015	Non-Current As at March 31, 2014	Current As at March 31, 2015	Current As at March 31, 2014
<b>Debts outstanding for a period exceeding six months</b>				
Unsecured, considered good	-	-	1,507.89	13.37
Doubtful Debts	-	-	229.83	147.17
	-	-	1,737.72	160.54
Provision for Doubtful Debts	-	-	(229.83)	(147.17)
	-	-	<b>1,507.89</b>	<b>13.37</b>
<b>Other receivables</b>				
Unsecured, considered good	-	-	29,591.33	29,210.69
	-	-	<b>29,591.33</b>	<b>29,210.69</b>
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>31,099.22</b>	<b>29,224.06</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 18. CASH AND CASH EQUIVALENTS

	₹ in Lacs			
	Non-Current As at March 31, 2015	Non-Current As at March 31, 2014	Current As at March 31, 2015	Current As at March 31, 2014
<b>Cash and Cash Equivalents</b>				
Balances with Banks:				
– In Current Accounts	-	-	70.17	88.43
– In EEFC Accounts	-	-	20.30	337.37
– On Unpaid Dividend / Interest Account (Refer Note below (a))	-	-	48.64	56.03
Cash on hand	-	-	0.36	-
	-	-	<b>139.47</b>	<b>481.83</b>
<b>Other Bank Balances</b>				
– Deposits with original maturity for more than three months but less than twelve months	-	-	134.60	160.20
– Margin money deposit (Refer Note below (b))	-	-	-	2.11
	-	-	<b>134.60</b>	<b>162.31</b>
<b>TOTAL</b>	-	-	<b>274.07</b>	<b>644.14</b>

**Note :**

- Unpaid Dividend / Interest Account can be used for earmarked liabilities.
- Margin money deposits with a carrying amount of Nil (Previous year, ₹ 2.11 Lacs) is liened as a Security against Bank Guarantee issued.

## 19. REVENUE FROM OPERATIONS

	₹ in Lacs	
	Current Year	Previous Year
<b>Revenue from Operations</b>		
Sale of Products		
Finished Goods (Refer Note below)	139,703.01	131,979.47
Traded Goods (Refer Note below)	257.85	1,989.82
Sale of Services (Conversion Charges)	539.29	638.19
Other Operating Revenue		
Scrap sales	489.70	614.17
Foreign Exchange Gain	522.46	-
Others	20.11	3.15
<b>Revenue from Operations (Gross)</b>	<b>141,532.42</b>	<b>135,224.80</b>
Less: Excise duty	8,816.19	8,261.93
<b>Revenue from Operations (Net)</b>	<b>132,716.23</b>	<b>126,962.87</b>

**Note:**

Detail of Products Sold (Net of Excise Duty)

	₹ in Lacs	
	Current Year	Previous Year
<b>a) Finished Goods Sold</b>		
i) Inorganic Salts	32,365.87	30,206.10
ii) Nitro Aromatic (including related by-products)	46,613.85	50,499.96
iii) Aromatics Amines	15,998.69	18,539.87
iv) Colour Intermediates (including related by-products)	15,247.71	12,932.68
v) Agro- Chemicals Intermediates	16,641.17	13,679.65
vi) Optical Brightening Agent	12,816.30	5,764.33
vii) Others	19.42	356.88
	<b>139,703.01</b>	<b>131,979.47</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

	₹ in Lacs	
	Current Year	Previous Year
<b>b) Traded Goods Sold</b>		
Organic Chemicals	257.85	1989.82
<b>c) Conversion Charges (Service Income)</b>	539.29	638.19
<b>d) Other Operation Revenue</b>	1,032.27	617.32
<b>Revenue from Operations (Gross) (a+b+c+d)</b>	141,532.42	135,224.80
Less: Excise Duty	8,816.19	8,261.93
<b>Revenue from Operations (Net)</b>	<b>132,716.23</b>	<b>126,962.87</b>

## 20. OTHER INCOME

	₹ in Lacs	
	Current Year	Previous Year
Interest income on		
Bank deposits	23.48	31.24
Long-Term Investments	38.97	78.40
Dividend Income on		
Current Investments	-	-
Long-Term Investments	1.55	5.19
Rent	1.69	1.64
Profit on Sale of Assets	98.83	1.64
Sundry Receipts	40.95	58.63
<b>TOTAL</b>	<b>205.47</b>	<b>176.74</b>

## 21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	₹ in Lacs	
	Current Year	Previous Year
<b>a) Raw Material and Components Consumed</b>		
Inventory at the beginning of the year	4,427.44	4,860.63
Add: Purchases during the year	80,386.87	82,416.29
	84,814.31	87,276.92
Less: Inventory at the end of the year	2,609.23	4,427.44
<b>Cost of Raw Material and Components Consumed (Refer Note below)</b>	<b>82,205.08</b>	<b>82,849.48</b>
<b>b) Cost of Packing Material Consumed</b>	2,102.86	2,005.15
<b>TOTAL (a+b)</b>	<b>84,307.94</b>	<b>84,854.63</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

**Note:-**

Details of Raw Material Consumed:

	₹ in Lacs	
Raw Material	Current Year	Previous Year
1) Caustic Soda/Soda Ash	11,300.63	9,650.80
2) Ammonia	4,188.98	3,621.82
3) Nitric Acid	6,132.04	5,408.14
4) Sulphuric Acid	1,399.51	1,229.70
5) Benzene	5,702.13	6,327.53
6) Toluene	9,536.83	11,128.27
7) Metaxyline	1,427.31	1,710.20
8) Cumene	1,788.72	2,523.67
9) Para Nitro Toluene	1,722.21	4,230.18
10) Oleum	1,025.70	908.19
11) Iron Powder	1,561.14	1,350.27
12) 2, Ethyl Hexanol	17,462.84	18,610.14
13) Others	18,957.04	16,150.57
<b>TOTAL</b>	<b>82,205.08</b>	<b>82,849.48</b>

## 22. DETAILS OF PURCHASE OF TRADED GOODS

	₹ in Lacs	
	Current Year	Previous Year
Purchase of Finished Goods for Resale	243.71	1,814.31
<b>TOTAL</b>	<b>243.71</b>	<b>1,814.31</b>

## 23. (INCREASE)/DECREASE IN INVENTORIES

	₹ in Lacs	
	Current Year	Previous Year
Inventories at the beginning of the year		
Stock in Process	2,503.61	2,231.49
Finished Goods	5,653.96	2,431.91
	<b>8,157.57</b>	<b>4,663.40</b>
Less:		
Inventories at the end of the year		
Stock in Process	2,384.42	2,503.61
Finished Goods	4,620.11	5,653.96
	<b>7,004.53</b>	<b>8,157.57</b>
<b>TOTAL</b>	<b>1,153.04</b>	<b>(3,494.17)</b>

## 24. EMPLOYEE BENEFITS EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
Salaries, Wages and Bonus	8,776.23	7,762.33
Contribution to Provident and Other Funds	469.28	401.69
Gratuity Expenses (Refer Note 29 A(iv))	229.27	107.52
Staff Welfare Expenses	534.82	563.56
<b>TOTAL</b>	<b>10,009.60</b>	<b>8,835.10</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 25. POWER & FUEL EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
Consumption of Gas	1,641.66	1,812.52
Consumption of Furnace Oil	918.18	1,345.29
Consumption of High Speed Diesel	283.70	177.50
Consumption of Coal and Coke	3,669.29	3,370.76
Electricity Expenses	4,460.54	3,875.92
Water Charges	584.23	441.90
Other Expenses	34.58	33.70
<b>TOTAL</b>	<b>11,592.18</b>	<b>11,057.59</b>

## 26. DEPRECIATION AND AMORTISATION EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
Depreciation of Tangible Assets	3,479.45	2877.20
Amortisation of Intangible Assets	124.62	90.02
	<b>3,604.07</b>	<b>2,967.22</b>
Less: Recoupment from Revaluation Reserve	1.66	2.86
<b>TOTAL</b>	<b>3,602.41</b>	<b>2,964.36</b>

## 27. FINANCE COSTS

	₹ in Lacs	
	Current Year	Previous Year
Interest	3,074.21	2,034.95
Bank charges	158.71	222.52
Exchange difference to the extent considered as an adjustment to Borrowing Costs	566.43	539.90
<b>TOTAL</b>	<b>3,799.35</b>	<b>2,797.37</b>

## 28. OTHER EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
Conversion Charges	<b>630.13</b>	<b>1,174.38</b>
Excise Duty paid	<b>40.17</b>	<b>13.93</b>
(Increase)/ Decrease of Excise Duty on Inventories	<b>(63.55)</b>	<b>208.71</b>
Other Manufacturing Expenses	<b>601.53</b>	<b>466.74</b>
Loss on Sale / Discard of Fixed Assets	132.36	206.21
Impairment Provision /(Reversal) (Refer foot Note 4 (c) (Previous year, 4(d)) of Note 11 Fixed Assets)	(23.03)	13.66
	<b>109.33</b>	<b>219.87</b>
Insurance	<b>227.37</b>	<b>213.60</b>
Repairs and Maintenance		
Plant and machinery	<b>1,546.67</b>	<b>1,356.13</b>
Buildings	<b>154.19</b>	<b>75.45</b>
Others	<b>75.20</b>	<b>76.72</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

	₹ in Lacs	
	Current Year	Previous Year
Freight and Forwarding Charges	3,006.78	2,527.11
Consumption of Stores, Components and Spare parts	1,450.11	1,084.02
Sales Commission	181.34	178.74
Corporate Social Responsibility Activity Expenditure (Refer Note 44) / Donations	81.95	85.51
Rent (Refer Note 42)	112.40	93.93
Rates and Taxes	205.99	201.04
Travelling and Conveyance	428.34	327.50
Vehicle Expenses	274.53	260.28
General Expenses	2,447.49	3,078.16
Foreign Exchange Loss	-	368.05
Provision / (Reversal ) for Inventory Obsolescence (net)	(221.84)	351.16
Provision for Doubtful Debts	84.23	94.11
Add:- Bad Debts / (recovered)	(12.74)	(9.42)
Less:- Transfer from Provision for Doubtful Debts	1.57	8.69
	69.92	76.00
Directors' Sitting Fees	19.70	9.72
Payment to Auditor (Refer Note below)	44.68	32.35
Wealth Tax	16.80	16.08
<b>TOTAL</b>	<b>11,439.23</b>	<b>12,495.18</b>

## Note:

Payment to Auditor:

	₹ in Lacs	
	Current Year	Previous Year
i) As Auditor:		
Audit fees	20.00	14.00
Tax Audit fees	3.50	2.50
Quarterly Limited Review	4.50	3.60
ii) In Other Capacity:		
Taxation Matters	12.00	8.50
Other Services (Certification Fees)	4.00	2.10
iii) Reimbursement of Expenses	0.68	1.65
<b>TOTAL</b>	<b>44.68</b>	<b>32.35</b>



# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 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	952.37	848.09
Current Service Cost	66.84	58.24
Interest Cost	88.86	69.97
Actuarial (gain)/losses	158.64	51.86
Benefits Paid	(91.19)	(75.79)
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
<b>Balance at the end of the year</b>	<b>1,175.52</b>	<b>952.37</b>

#### ii) Fair Value of Plan Assets

	₹ in Lacs	
	As At March 31, 2015	As At March 31, 2014
Balance at the beginning of the year	918.64	833.80
Expected Return on Plan Assets	79.92	70.47
Actuarial (Gain)/Losses	5.16	2.08
Contribution by the Company	188.79	88.08
Benefits Paid	(91.19)	(75.79)
Settlements	-	-
<b>Balance at the end of the year</b>	<b>1,101.32</b>	<b>918.64</b>

Actual Return on Plan Assets

7.50% to 9.00 % 7.50% to 9.00 %

#### iii) Assets and Liabilities Recognised in the Balance Sheet

	₹ in Lacs	
	As At March 31, 2015	As At March 31, 2014
Present Value of Defined Benefit Obligation	1,175.52	952.37
Less: Fair Value of Plan Assets	1,101.32	918.64
Less: Unrecognised Past Service costs	-	-
<b>Amounts recognised as liability</b>	<b>74.20</b>	<b>33.73</b>
Recognised under:		
Long Term provision (Refer Note 7)	-	-
Short Term provision (Refer Note 7)	74.20	33.73
<b>Total</b>	<b>74.20</b>	<b>33.73</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## iv) Expenses recognised in the statement of Profit and Loss

	₹ in Lacs	
	Current Year	Previous Year
Current Service Cost	66.84	58.24
Interest Cost	88.86	69.97
Expected return on Plan Assets	(79.92)	(70.47)
Actuarial (gain)/losses	153.49	49.78
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
<b>Total Expenses</b> (Refer Note 24)	<b>229.27</b>	<b>107.52</b>

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

	March 31, 2015	March 31, 2014
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, 2015	March 31, 2014
Discount Rate	7.92% to 7.96 %	9.33%
Expected Return on Plan Assets	7.92% to 7.96 %	8.50% to 8.70 %
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, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined Benefit Obligation	1175.52	952.37	848.09	734.87	631.12
Plan Assets	1101.32	918.64	833.80	705.81	582.02
Surplus/Deficit	74.20	33.73	14.29	29.06	49.10
Experience adjustments in plan liabilities	49.98	51.86	49.10	-	-
Experience adjustments in plan assets	5.16	2.08	(0.20)	-	-

## viii) Expected Contribution to the Fund in the next Year

	₹ in Lacs	
	Current Year	Previous Year
Gratuity	250.00	120.00

## 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	7.92% to 7.96 %	9.33%

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

- iii) The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2015, is ₹ 625.94 Lacs (Previous year, ₹ 485.78 Lacs), which is determined on actuarial basis using Projected Unit Credit Method.

## C) Defined Contribution Plan

	₹ in Lacs	
	Current Year	Previous Year
Employer's Contribution to Provident Fund	314.45	257.26
Employer's Contribution to Superannuation Fund	125.96	116.56
		₹ in Lacs
<b>Expected Contribution for the next year</b>		Current Year
Employer's Contribution to Provident Fund		377.34
Employer's Contribution to Superannuation Fund		137.30

## 30. SEGMENT REPORTING

- (a) During the year Company has re-aligned its primary business segments of Organic Intermediates, Inorganic Intermediates and Fine & Speciality Chemicals into 3 (three) Strategic Business Units, viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent. This will enable more appropriate segmentation of revenues, related costs and capital employed consistent with relative risks & rewards as also managerial controls. Accordingly, previous year figures have been regrouped / reclassified.

	₹ in Lacs	
	Current Year	Previous Year
<b>I) Segment Revenue</b>		
a) Bulk Chemicals & Commodities	74,958.52	73,957.02
b) Fine & Speciality Chemicals		
Own Manufactured	32,362.54	34,153.09
Traded	257.85	1,989.82
<b>Total</b>	<b>32,620.39</b>	<b>36,142.91</b>
c) Fluorescent Whitening Agent	26,618.48	17,590.66
d) Un-allocable	541.89	356.87
<b>Total</b>	<b>134,739.28</b>	<b>128,047.46</b>
Less: Inter Segment Revenue	2,023.05	1,084.59
<b>Net Sales/Income from operations</b>	<b>132,716.23</b>	<b>126,962.87</b>
<b>II) Segment Results</b>		
Profit (+) Loss (-) Before Tax & Interest		
a) Bulk Chemicals & Commodities	7,354.19	9,241.15
b) Fine & Speciality Chemicals	6,187.88	6,294.51
c) Fluorescent Whitening Agent	65.66	(2,712.78)
<b>Total</b>	<b>13,607.73</b>	<b>12,822.88</b>
Less: i) Interest	3,640.64	2,574.85
ii) Un-allocable expenditure net of un-allocable Income	3,192.85	4,432.79
<b>III) Profit Before Tax</b>	<b>6,774.24</b>	<b>5,815.24</b>
<b>Provision for Taxation</b>		
Current Tax	1,345.32	1,442.73
Mat Credit Entitlements	(1,122.04)	(601.99)
Deferred Tax	1,206.66	1,141.64
<b>IV) Profit After Tax</b>	<b>5,344.30</b>	<b>3,832.86</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

	₹ in Lacs	
	Current Year	Previous Year
<b>V) Segment Assets</b>		
a) Bulk Chemicals & Commodities	32,995.30	35,099.72
b) Fine & Speciality Chemicals	24,508.30	22,316.56
c) Fluorescent Whitening Agent	44,666.85	41,972.32
e) Un-allocable	10,184.51	6,266.99
<b>Total</b>	<b>112,354.95</b>	<b>105,655.59</b>
<b>VI) Segment Liabilities</b>		
a) Bulk Chemicals & Commodities	6,737.99	10,258.45
b) Fine & Speciality Chemicals	3,399.82	2,824.50
c) Fluorescent Whitening Agent	3,599.55	4,126.85
e) Un-allocable	59,302.41	54,216.44
<b>Total</b>	<b>73,039.77</b>	<b>71,426.24</b>
<b>VII) Capital Expenditure</b>		
a) Bulk Chemicals & Commodities	771.22	8,344.97
b) Fine & Speciality Chemicals	2,895.47	1,238.00
c) Fluorescent Whitening Agent	8,017.32	6,529.52
e) Un-allocable	978.93	634.74
<b>Total</b>	<b>12,662.94</b>	<b>16,747.23</b>
<b>VIII) Depreciation</b>		
a) Bulk Chemicals & Commodities	939.35	945.63
b) Fine & Speciality Chemicals	732.97	614.84
c) Fluorescent Whitening Agent	1,540.02	1,201.59
e) Un-allocable	390.07	202.30
<b>Total</b>	<b>3,602.41</b>	<b>2,964.36</b>

**Note:**

Current year Segmental Results are net of Impairment Loss Reversal of ₹ 23.03 Lacs ( Previous year, provision of ₹ 13.66 Lacs) for Fine and Speciality Chemicals 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	81,039.92	76,907.22
Outside India	51,676.31	50,055.65
<b>Total</b>	<b>132,716.23</b>	<b>126,962.87</b>

	₹ in Lacs	
Carrying Amount of Segment Assets	Current Year	Previous Year
In India	94,920.92	90,977.40
Outside India	17,434.03	14,678.19
<b>Total</b>	<b>112,354.95</b>	<b>105,655.59</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

	₹ in Lacs	
Addition to Fixed Assets	Current Year	Previous Year
In India		
- Tangible	12,473.81	16,244.21
- Intangible	189.12	502.76
Outside India		
- Tangible	-	-
- Intangible	-	-
<b>Total</b>	<b>12,662.93</b>	<b>16,746.97</b>

## 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, 2014 (Nos. in Lacs).	1,045.38	1,045.38
Number of Shares as on March 31, 2015 (Nos. in Lacs).	1,045.38	1,045.38
Weighted Average Number of Shares considered for Basic Earning Per Share (Nos. in Lacs).	1,045.38	1,045.38
Net Profit after Tax available for Equity Shareholders (₹ in Lacs)	5,344.30	3,832.86
Basic Earning (in Rupees) Per Share of ₹ 2/- each.	5.11	3.67
Diluted Earning (in Rupees) Per Share of ₹ 2/- each.	5.11	3.67

**Note:** During the year Company has sub-divided the Equity Shares of ₹ 10 (Rupees Ten only) each to ₹ 2 (Rupees Two only) each. The Company has issued Bonus Shares in the Ratio of 1:1 Equity Share post sub-division. Previous year data of Earning Per Share has been reclassified accordingly.

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

### (i) Subsidiary Companies

Deepak Nitrite Corporation Inc, United States of America.  
Deepak Phenolics Limited

### (ii) Associate Companies

Deepak Gulf LLC, Sultanate of 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 Credit & Capital Private Limited \* Crossover Advisors Private Limited \* Crossover Trustees Private Limited \* Deepak Asset Reconstruction \* Deepak Cybit Private Limited \* Deepak Fertilizers & 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 Credits & 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

### (v) Relative of Key Management Personnel

Shri Maulik D. Mehta  
Shri Meghav D. Mehta

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## (vi) Transaction with Related Parties

Sr. No.	Nature of Transaction	March 31, 2015					March 31, 2014					Total	Relative of Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Key Management Personnel	Associate Companies	Subsidiary Company	Relative of Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Key Management Personnel	Associate Companies	Subsidiary Company	Relative of Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Key Management Personnel	Associate Companies	Subsidiary Company	Relative of Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	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₹ in Lacs



# NOTES TO FINANCIAL STATEMENTS

## for the year ended March 31, 2015

₹ in Lacs

Sr. No.	Nature of Transaction	March 31, 2015					March 31, 2014						
		Subsidiary Company	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	Subsidiary Company	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 Credit & Capitals Private Limited	-	-	-	72.06	-	72.06	-	-	-	57.65	-	57.65
	Sigma Credits & Capital Private Limited	-	-	-	61.78	-	61.78	-	-	-	49.42	-	49.42
	Siffen Credits & Capital Private Limited	-	-	-	83.80	-	83.80	-	-	-	67.04	-	67.04
	Stepup Credits & Capital Private Limited	-	-	-	69.16	-	69.16	-	-	-	55.32	-	55.32
	Skyrose Finvest Private Limited	-	-	-	35.71	-	35.71	-	-	-	28.57	-	28.57
	Shri D. C. Mehta	-	-	202.70	-	-	202.70	-	-	138.16	-	-	138.16
	Shri C.K. Mehta	-	-	0.86	-	-	0.86	-	-	24.69	-	-	24.69
	Shri Maulik D. Mehta	-	-	-	-	1.31	1.31	-	-	-	-	1.05	1.05
	Shri Meghav D. Mehta	-	-	-	-	0.47	0.47	-	-	-	-	0.38	0.38
	Others	-	-	-	49.78	13.66	63.44	-	-	-	34.56	10.93	45.49
10	Donation / CSR												
	Deepak Foundation	-	-	-	58.24	-	58.24	-	-	-	27.41	-	27.41
	Deepak Medical Foundation	-	-	-	23.10	-	23.10	-	-	-	28.25	-	28.25
11	Net Accounts Receivable / (Payable)												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	(1,086.93)	-	(1,086.93)	-	-	-	(842.87)	-	(842.87)
	Deepak Novachem Technologies Limited	-	-	-	149.35	-	149.35	-	-	-	177.43	-	177.43
	Deepak Phenolics Limited	545.72	-	-	-	-	545.72	-	-	-	-	-	-
	Shri D. C. Mehta	-	-	211.84	-	-	211.84	-	-	251.96	-	-	251.96
	Shri A. C. Mehta	-	-	(188.16)	-	-	(188.16)	-	-	(148.04)	-	-	(148.04)
	Shri C. K. Mehta	-	-	(3.00)	-	-	(3.00)	-	-	(2.50)	-	-	(2.50)
	Shri Umesh Asolkar	-	-	(75.00)	-	-	(75.00)	-	-	(57.87)	-	-	(57.87)
	Deepak Foundation	-	-	-	(0.07)	-	(0.07)	-	-	-	-	-	-

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 33. CONTINGENT LIABILITIES NOT PROVIDED FOR

	₹ in Lacs	
	As At March 31, 2015	As At March 31, 2014
a) In respect of Income Tax matters	98.60	147.46
b) In respect of Sales Tax / VAT matters	35.07	11.65
c) In respect of Excise matters	219.50	221.51
d) Bank Guarantees:		
-Financial	816.60	449.68
-Performance	3,003.11	2,825.51
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.		
<b>Total</b>	<b>4,195.73</b>	<b>3,678.66</b>

## 34. CAPITAL COMMITMENTS (NET OF ADVANCES)

	₹ in Lacs	
	As At March 31, 2015	As At March 31, 2014
Capital Commitments	466.46	793.00

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
<b>USD</b>		
Amount USD (in Lacs)	61.50	70.00
Equivalent INR (in Lacs)	3956.88	4428.90
<b>EURO</b>		
Amount EURO (in Lacs)	5.87	24.80
Equivalent INR (in Lacs)	425.96	2,218.61

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

	Currency	Current Year	Previous Year
<b>Payables</b>			
Working Capital Loans	USD Lacs	207.61	192.50
(Net of Balances in EEFC account)	EURO Lacs	9.70	(3.04)
	USD Lacs	40.52	86.13
Trade Payables	EURO Lacs	0.19	2.68
	GBP Lacs	0.05	0.18
<b>Receivables (Net of Forward Contracts)</b>			
Export Trade Receivables	USD Lacs	176.52	131.72
(Net of forward contracts upto 3 months)	EURO Lacs	30.63	30.14
	GBP Lacs	-	0.09
<b>Term Loans</b>			
External Commercial Borrowings	USD Lacs	350.50	420.75

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 36. CIF VALUE OF IMPORTS

	₹ in Lacs	
	Current Year	Previous Year
1 Raw Materials	26,149.06	30,516.29
2 Components and Spare Parts	4.67	9.18
3 Capital Goods	60.77	112.43
<b>Total</b>	<b>26,214.50</b>	<b>30,637.90</b>

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

	₹ in Lacs	
	Current Year	Previous Year
i) Travelling	89.10	110.31
ii) Interest on Loans	1168.79	1,413.56
iii) Professional fees for market survey	320.68	385.60
iv) Commitment Charges / Bank Charges	2.25	2.48
v) Commission on Export Sales	47.16	69.07
vi) Others	610.75	457.39
<b>Total</b>	<b>2,238.73</b>	<b>2,438.41</b>

## 38. CONSUMPTION OF RAW MATERIALS, STORES, COMPONENTS AND SPARES 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	34.16	28,084.94	35.26	29,215.91
ii) Indigenous	65.84	54,120.14	64.74	53,633.57
	<b>100.00</b>	<b>82,205.08</b>	<b>100.00</b>	<b>82,849.48</b>
II. STORES, COMPONENTS AND SPARE PARTS				
i) Imported	0.30	4.34	0.85	9.18
ii) Indigenous	99.70	1,445.77	99.15	1,074.84
	<b>100.00</b>	<b>1,450.11</b>	<b>100.00</b>	<b>1,084.02</b>

## 39. EARNING IN FOREIGN EXCHANGE

	₹ in Lacs	
	Current Year	Previous Year
F.O.B. Value of Exports	51,377.60	49,331.09

## 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.	117.36	93.28
(ii) Interest due thereon remaining unpaid as on March 31.	-	-
(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.	0.34	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.	0.22	0.12
(v) Interest accrued and remaining unpaid as at March 31 (net of tax deducted at source).	-	0.12
(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

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 41a RESEARCH AND DEVELOPMENT EXPENSES

	₹ in Lacs	
	Current Year	Previous Year
(i) Capital Expenditure (Refer Note 11 (6) of Fixed Assets)	97.48	255.16
(ii) Revenue Expenditure		
Materials	23.74	24.14
Utilities	13.45	4.62
Maintenance	37.56	63.67
Personnel	410.82	356.18
Others	136.51	74.62
	<b>622.08</b>	<b>523.23</b>
Lease Rent	-	3.19
Discarding of Assets	0.05	49.55
Depreciation	137.86	49.77
	<b>137.91</b>	<b>102.51</b>
Total Revenue Expenditure	<b>759.99</b>	<b>625.74</b>
(iii) Total Capital & Revenue Expenditure	<b>857.47</b>	<b>880.90</b>

## 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				
	2014-15	2013-14	2012-2013	2011-2012	2010-2011
(i) Capital Expenditure					
Nandesari	97.48	255.16	5.99	41.81	46.24
Roha	-	-	-	16.73	13.52
<b>Total</b>	<b>97.48</b>	<b>255.16</b>	<b>5.99</b>	<b>58.54</b>	<b>59.76</b>
(ii) Revenue Expenditure					
Nandesari	673.67	528.99	472.78	497.70	457.42
Roha	86.32	96.75	102.36	118.67	95.64
<b>Total</b>	<b>759.99</b>	<b>625.74</b>	<b>575.14</b>	<b>616.37</b>	<b>553.06</b>
(iii) Total Capital & Revenue Expenditure					
Nandesari	771.15	784.15	478.77	539.51	503.66
Roha	86.32	96.75	102.36	135.40	109.16
<b>Total</b>	<b>857.47</b>	<b>880.90</b>	<b>581.13</b>	<b>674.91</b>	<b>612.82</b>
(iv) Sales Proceeds – Prototypes					
Nandesari	-	-	-	-	-
Roha	-	-	-	-	1.10
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.10</b>

## 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 ₹ 44.70 Lacs (Previous year, ₹ 42.59 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	46.95	44.72
Greater than 1 year but less than 5 years	45.04	91.97
Greater than 5 years	-	-

43. The overall Managerial Remuneration provided during the year is within the limit of 11% of net profit of the Company as prescribed under Section 197 of the Companies Act, 2013. However, the Managerial Remuneration to the Managing Director(s) and Executive Director is in excess of the limit prescribed under clause (i) of second proviso to sub-section (1) of section 197 of the Companies Act, 2013 by ₹ 45.66 Lacs for which steps are being taken by the Company to obtain the Shareholder's approval in the ensuing Annual General Meeting. Pending the approval of the Shareholder's, no adjustments have been made in the Financial Statements.

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2015

44. During the year, the Company has incurred ₹ 76.34 Lacs for CSR Activities against prescribed amount of ₹ 92.06 Lacs (two percent of ₹ 4,603.00 Lacs). The amounts spend on CSR Activities were mostly in the vicinity of its plants at Nandesari and Dahej as well as near Vadodara where the Registered Office & Corporate office of the Company are located. However, certain projects in the vicinity of other plants locations at Roha, Taloja and Hyderabad were under consideration and necessary base line study has to be conducted. Based on the base line survey study, the spending on CSR Activities at these locations shall be decided. In view of this, Company could not spend ₹ 15.72 Lacs during the year under review.
45. In pursuant to Schedule II of the Companies Act, 2013, the Company has decided to account for depreciation based on useful life determined by Independent valuer. Consequently, ₹ 99.84 Lacs (net of deferred tax of ₹ 51.39 Lacs) transferred to retained earnings and ₹ 54.04 Lacs has been transferred to Revaluation reserve on revalued assets where remaining useful life of assets is Nil as on April 1, 2014 and the depreciation charged for the year is higher by ₹ 63.73 Lacs.
46. 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 13, 2015

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

**SUDHIN CHOKSEY**  
**SUDHIR MANKAD**  
**SANDESH ANAND** } Directors

Mumbai: May 13, 2015

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

### Part "A" : Subsidiary

1	Name of the Subsidiary	Deepak Phenolics Limited
2	Reporting period for the Subsidiary concerned, if different from the holding Company's reporting period	Not applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR in Lacs
4	Share Capital	1,405.00
5	Reserves & Surplus	(46.28)
6	Total Assets	2,433.21
7	Total Liabilities	564.49
8	Investments	-
9	Turnover (Dividend Income)	1.42
10	Profit before Taxation	(45.11)
11	Provision for Taxation	-
12	Profit after Taxation	(45.11)
13	Proposed Dividend	-
14	% of Shareholding	100%

### Part "B": Associates (Investment as per Equity Method)

#### Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

1	Name of Associates	Deepak Gulf LLC
2	Latest audited Balance Sheet Date	31/03/2015
3	Shares of Associate held by the Company on the year end	
4	No. of Shares held (Face value of OMR 10/- each)	122500
5	Amount of Investment in Associates (in ₹ Lacs)	179.30
6	Extend of Holding %	49%
7	Description of how there is significant influence	By virtue of Shareholding
8	Reason why the Associate/Joint Venture is not consolidated	Not applicable
9	Networth attributable to Shareholding as per latest audited Balance Sheet (in ₹ Lacs)	380.68
10	Profit / Loss for the year	
	i. Considered in Consolidation (in ₹ Lacs)	(8.93)
	ii. Not Considered in Consolidation (in ₹ Lacs)	(9.30)

Note: The Company has incorporated a subsidiary Deepak Nitrite Corporation, Inc. in United States of America. The said subsidiary has no transaction upto March 31, 2015.

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 13, 2015

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

**SUDHIN CHOKSEY**  
**SUDHIR MANKAD**  
**SANDESH ANAND** } Directors

Mumbai: May 13, 2015

# INDEPENDENT AUDITOR'S REPORT

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## To the Members of Deepak Nitrite Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated financial statements of Deepak Nitrite Limited ("the Holding Company"), its Subsidiaries (the collectively referred to as "the Group") and an Associate, comprise the Balance Sheet as at March 31, 2015, and the Consolidated Statement of Profit and Loss and Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and an associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st March, 2015, and their consolidated statement of profit and loss and their consolidated cash flows for the year ended on that date.

### Emphasis of Matter

8. We draw your attention to Note 37 of the financial statements, the managerial remuneration is in excess of the limits prescribed under clause (i) of second proviso to subsection (1) of section 197 of the Companies Act, 2013 by ₹ 45.66 lacs for which steps are being taken by the Company to obtain the shareholder's approval in the ensuing Annual General Meeting. Pending the approval of the shareholder's, no adjustments have been made in the financial statements.

Our opinion is not modified in respect of this matter.



## Other Matters

9. The consolidated financial statements include the Group's share of net loss of ₹ 8.93 lakhs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of an associate, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the said associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid associate, is based solely on the reports of the other auditors
10. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management

## Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiaries company incorporate in India and associate company incorporated outside India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books;
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and its subsidiaries company, and the reports of the statutory auditors of associate company incorporated outside India, none of the directors of the Group companies and its associate company incorporated outside India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and an associate – Refer Note 33 to the financial statements.
    - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts in respect of such items as it relates to the Group and (b) the Group's share of net profit/loss in respect of an associate.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and an associate.

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

Chartered Accountants

Firm's Registration Number 105102W

**Prasad Paranjape**

Partner

Membership Number: 47296

Mumbai, May13, 2015

## Annexure to paragraph 11 referred to in our report of even date:

- i. (a) The Holding company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets of the Holding Company have been physically verified by the Management during the year. The discrepancies noticed, if any on such verification were not material and have been properly dealt with in the books of account. The Subsidiaries & Associate companies are not having substantial fixed assets. Accordingly, provision of clause 3 (i) (a) & (b) of the Companies (auditor's report) Order, 2015 is not applicable and hence not commented upon.
- ii. (a) The inventory of the holding company has been physically verified by the management during the year. Confirmations have been received in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of the inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.  
The Subsidiaries & Associate companies are not having inventory. Accordingly, provision of clause 3 (ii) (a), (b) & (c) of the Companies (auditor's report) Order, 2015 is not applicable and hence not commented upon.
- iii. As informed, the group has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, provision of the clause 3(iii) of the Companies (Auditor's Report) Order, 2015 is not applicable and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Group and the nature of its business, for the purchase of inventory and fixed assets & sale of goods and services. On the basis of our examination of the books and records of the Group and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.
- v. In our opinion, and according to the information and explanations given to us, the Holding company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified with regard to the deposits accepted from the public. According to the information and explanations given to us, 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 on the Company in respect of the aforesaid deposits. The Subsidiaries & Associate companies has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Accordingly, provision of clause 3 (v) of the Companies (auditor's report) Order, 2015 is not applicable and hence not commented upon.
- vi. We have broadly reviewed the books of account maintained by the Holding 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 clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. Operational activities of the Subsidiaries & Associate companies are not yet started. Accordingly, provision of clause 3 (vi) of the Companies (auditor's report) Order, 2015 is not applicable and hence not commented upon.
- vii. (a) According to the records of the Group and information and explanations given to us, the Group is regular in depositing undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax and Service tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues are in arrears, as on 31st March 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the Group examined by us, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, duty of Excise, duty of Customs, Value Added Tax, and Cess which have not been deposited on account of any dispute except the following dues of Holding company:

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, Works Contract Tax (Appeals)
Central Excise Act, 1944	Excise duty	2.62	April 11 to Oct 14	Assistant Commissioner, Central Excise
Central Excise Act, 1944	Excise duty	10.09	Oct'10 to Nov'13	Commissioner, Central Excise
Central Excise Act, 1944	Excise duty	206.79	July'98 to March'14	Central Excise & Service Tax Appellate Tribunal
Central Sales Tax	Sales tax	23.42	2005-06	Additional Commissioner, Sales Tax
Mumbai Stamp Act	Stamp duty	22.85	March 2010	Chief Controller of Revenue Authorities
Hyderabad Metropolitan Water Supply & Sewerage Act, 1989	Sewerage Cess	11.13	2008-09 to 2013-14	High Court of Andhra Pradesh

- (c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.
- viii. The Holding company does not have accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year. The Subsidiaries & Associate Companies are registered for a period of less than Five years and accordingly, provision of clause 3 (viii) of the Companies (auditor's report) Order, 2015 is not applicable and hence not commented upon.
- ix. Based on the records examined by us and according to the information and explanations given to us, the Group has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- x. According to the information and explanations given to us, the Group has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi. In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.
- xii. During the course of our examination of the books and records of the Group, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material on or by the Group, noticed or reported during the year, nor have we been informed of any such instance by the Management.

For **B. K. Khare & Co.**  
Chartered Accountants  
Firm's Registration Number 105102W

**Prasad Paranjape**  
Partner

Membership Number: 47296

Mumbai, May 13, 2015

# CONSOLIDATED BALANCE SHEET

as at March 31, 2015

		₹ in Lacs
	Note No.	As At March 31, 2015
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' funds</b>		
Share Capital	3	2,090.76
Reserves and Surplus	4	32,531.38
		<b>34,622.14</b>
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	5	23,860.03
Other Long-Term Liabilities	6	267.04
Long-Term Provisions	7	526.01
Deferred Tax Liability	8	4,632.40
		<b>29,285.48</b>
<b>Current Liabilities</b>		
Short-Term Borrowings	9	23,101.09
Trade Payables	10a	10,955.08
Other Current Liabilities	10b	12,916.96
Short-Term Provisions	7	1,432.33
		<b>48,405.46</b>
<b>TOTAL</b>		<b>112,313.08</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	11	54,281.44
Intangible Assets	12a	591.02
Capital Work-in-Progress	12b	5,010.49
Intangible Assets under Development	12c	106.24
Non-Current Investments	13	297.86
Long-Term Loans and Advances	14	4,700.74
Other Non-Current Assets	15	1.57
		<b>64,989.36</b>
<b>Current Assets</b>		
Inventories	16	10,504.09
Trade Receivables	17	31,099.22
Cash and Cash Equivalents	18	306.42
Short-Term Loans and Advances	14	5,199.63
Other Current Assets	15	214.36
		<b>47,323.72</b>
<b>TOTAL</b>		<b>112,313.08</b>
Notes to Financial Statements	1 & 2	
The accompanying notes form an integral 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 13, 2015

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

**SUDHIN CHOKSEY**  
**SUDHIR MANKAD**  
**SANDESH ANAND** } Directors

Mumbai: May 13, 2015

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2015

		₹ in Lacs
	Note No.	Current Year
<b>INCOME</b>		
Revenue from Operations (Gross)		141,532.42
Less: Excise Duty		8,816.19
<b>Revenue from Operations (Net)</b>	19	<b>132,716.23</b>
Other Income	20	206.89
<b>Total Revenue (I)</b>		<b>132,923.12</b>
<b>EXPENSES</b>		
Cost of Raw Material and Components Consumed	21	84,307.94
Purchase of Traded Goods	22	243.71
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	1,153.04
Employee Benefits Expenses	24	10,009.60
Power & Fuel Expenses	25	11,592.18
Depreciation and Amortisation Expenses	26	3,604.07
(Less): Recoupment from Revaluation Reserve		(1.66)
Net Depreciation and Amortisation Expenses		3,602.41
Finance Costs	27	3,799.35
Other Expenses	28	11,485.76
<b>Total Expenses (II)</b>		<b>126,193.99</b>
<b>Profit/(Loss) before Tax (I) - (II)</b>		<b>6,729.13</b>
<b>Tax Expenses</b>		
Current Tax		1,345.32
Mat Credit Entitlements recognised		(1,122.04)
Deferred Tax		1,206.66
<b>Total Tax Expenses</b>		<b>1,429.94</b>
<b>Profit/(Loss) for the year</b>		<b>5,299.19</b>
<b>Less:</b>		
Share of Profit / (Loss) for the year from Associate		(8.93)
<b>Profit/(Loss) for the year</b>		<b>5,290.26</b>
<b>Earning per Equity Share</b>		
<b>Basic &amp; Diluted (in ₹)</b>	31	5.06
<b>Face Value Per Share (in ₹)</b>		2.00
Notes to Financial Statements	1 & 2	
The accompanying notes form an integral part of the Statement of Profit & Loss.		

As per our report of even date

For **B.K.KHARE & COMPANY**  
Chartered Accountants  
Firm Registration No.105102W

**PRASAD PARANJPE**  
Partner  
Membership No. 47296

Mumbai: May 13, 2015

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

**SUDHIN CHOKSEY**  
**SUDHIR MANKAD**  
**SANDESH ANAND** } Directors

Mumbai: May 13, 2015

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

Deepak Nitrite Limited ('DNL' or 'the Company') is a leading chemical manufacturing company. The Company manufactures Bulk Chemicals & Commodities, Fine & Speciality Chemicals and Fluorescent Whitening Agents. The company along with its subsidiary and associate entity which are consolidated (Refer Note 2 below) are referred to as the "Company".

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Accounting Convention

The consolidated 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, 2013.

#### a) Use of Estimates

The preparation of the consolidated 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 Schedule III notified under the Companies Act, 2013, 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 Straight Line Method (SLM) except in respect of Aromatics Amines plant where depreciation in respect of plant & machinery is provided on Written Down Value (WDV). Depreciation on all tangible assets is provided at the rates and in the manner prescribed by Schedule II to the Companies Act, 2013 except in case of leasehold land which is amortised over the period of lease term and certain components of plant & machinery such as Reactors, Centrifuge, Cooling towers, Air Compressor etc. which are depreciated over its useful life as technically assessed by Independent Technical Personnel after taking into consideration past experience of the company, chemical processes and chemical industry norms.

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 life prescribed in Schedule II to the Companies Act, 2013.

#### (ii) Intangible Fixed Assets

Intangible Assets are stated at their original cost of acquisition, less accumulated amortisation and impairment losses, if any. 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

## 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.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 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.

## 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) The 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 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 Profit & Loss Statement 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## l) Segment Reporting - Basis of Information

During the year Company has re-aligned its primary business segments of Organic Intermediates, Inorganic Intermediates and Fine & Speciality Chemicals into 3 (three) Strategic Business Units, viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent. This will enable more appropriate segmentation of revenues, related costs and capital employed consistent with relative risks & rewards as also managerial controls.

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

Revenue and Expenses have been accounted on the basis of their relationship to the operating activities of the segment. Revenue and Expenses, which relate to the enterprise as a whole and are not allocable to segments on 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

This being the first year of preparing Consolidated Financial Statements, Cash Flow Statement is not furnished.

## 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.

## q) 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 ₹ 974.58 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 previous year, the remaining balance of ₹ 85.52 Lacs was fully amortised during the previous year under the head 'Exchange Fluctuation Loss Account'.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 2. PRINCIPLES OF CONSOLIDATION :

The Consolidated Financial Statements (CFS) comprise the Financial Statements of Deepak Nitrite Limited and its Subsidiary and Associate as at March 31, 2015. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements" and Accounting Standard (AS-23) "Accounting for Investment in Associate in Consolidated Financial Statement" notified by Companies (Accounting Standard) Rules, 2006 (as amended). The basis for preparing the consolidated financial statements is given below:

- (i) The Financial Statements of the Company and its Subsidiary have been consolidated on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits / losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's separate Financial Statements. The financial statements of all entries used for consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2015.
- (ii) Investments in Associate Companies are accounted under the equity method as per the Accounting Standard – 23 (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006 (as amended). Under the equity method, the investment in associates is carried in the Balance Sheet at cost plus post acquisition changes in the Group's Share of net assets of the Associate. The Statement of Profit and Loss reflects the Group's share of the results of operations of the Associates.
- (iii) On first occasion of investment in an Associate is accounted for in Consolidated Financial Statements in accordance with AS-23, the carrying amount of investment is brought to the amount that would have resulted had the Equity method of accounting been followed as per this standard since the acquisition of Associate and corresponding adjustment is made in the retained earnings in the Consolidated Financial Statements.
- (iv)

Name of Entity	Ownership in % either directly or through subsidiaries		Nature	Country of Incorporation
	2014-15	2013-14		
Deepak Phenolics Limited	100%	Nil	Subsidiary	India
Deepak Gulf LLC	49%	49%	Associate	Sultanate of Oman

Note: The Company has incorporated a subsidiary Deepak Nitrite Corporation, Inc. in United States of America. The said Subsidiary has no transaction upto March 31, 2015.

## 3. SHARE CAPITAL

	As At March 31, 2015
<b>Authorised Shares:</b>	
150,000,000 Equity Shares of ₹ 2/- each	3,000.00
2,000,000 Preference Shares of ₹ 100/- each	2,000.00
	<b>5,000.00</b>
<b>Issued, Subscribed and fully Paid-up Shares:</b>	
104,538,190 Equity Shares of ₹ 2/- each fully paid-up (Refer Note (a) (ii) below)	2,090.76
<b>Total Issued, Subscribed and Fully Paid-Up Share Capital</b>	<b>2,090.76</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

- (a) Shares:- Terms/Rights:
- Authorised shares have been classified into Equity and Preference shares.
  - During the year, Company has sub-divided its Equity Shares of face value of ₹ 10/- (Rupees Ten only) each, fully paid-up, into 5 (five) Equity Shares of face value of ₹ 2/- (Rupees Two only) each. Further, the Company has allotted Bonus Equity Shares of ₹ 2/- (Rupees Two only) each, fully paid-up, in the ratio of 1:1 (one Bonus Equity Share of ₹ 2/- each) to all registered Shareholders as on the record date.
  - Each holder of the Equity Share is entitled to one vote per Share. The Company declares and pays Dividend 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, 2015, the amount of per Share Dividend recognised as distribution to Equity Shareholders is ₹ 1/-.
  - 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. 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 Preference Shares during the year.

## Equity Shares

	As At March 31, 2015	
	No.	₹ in Lacs
At the beginning of the period	10,453,819	1,045.38
Add: Sub division during the year (Refer Note (a) (ii) above)	41,815,276	-
Issued during the period – Bonus issue (Refer Note (a) (ii) above)	52,269,095	1,045.38
Outstanding at the end of the year	104,538,190	2,090.76

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

Name of the Shareholder	As At March 31, 2015	
	No.	% holding
Equity Shares of ₹ 2 each fully paid (Refer Note (a) (ii) above)		
Shri Deepak Chimanlal Mehta	20,600,040	19.71
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	8.02
Check Point Credit & Capital Pvt. Ltd.	7,206,050	6.89
Stepup Credits & Capital Pvt. Ltd.	6,915,580	6.62
Stigma Credits & Capital Pvt. Ltd.	6,178,100	5.91
Fidelity Puritan Trust - Fidelity Low Priced	5,000,000	4.78

- (d) During the year 2010-11, 1,490,586 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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 4. RESERVES & SURPLUS

	₹ in Lacs
	As At March 31, 2015
<b>Capital Reserve</b>	<b>51.27</b>
<b>Capital Redemption Reserve</b>	<b>15.00</b>
<b>Capital Reserve</b> (relating to Capital Subsidy received from SICOM)	<b>20.00</b>
<b>Securities Premium Account</b>	<b>6,711.77</b>
<b>Revaluation Reserve</b>	
Balance as per the last Financial Statements	133.64
Less: Transferred to Statement of Profit & Loss for recoupment of Depreciation	1.66
Less: Transfer to Depreciation Fund (Refer Note 39)	54.04
Closing Balance	<b>77.94</b>
<b>General Reserve</b>	
Balance as per the last Financial Statements	6,388.44
Add: Appropriated out of the Profit available for appropriation	500.00
Closing Balance	<b>6,888.44</b>
<b>Foreign Currency Monetary Item Translation Reserve</b>	
Balance as per Financial Statements (Refer Note 1q)	-
Add: Foreign Exchange Loss during the year	-
Less: Amortised during the year	-
Closing Balance	-
<b>Surplus</b>	
Balance as per last Financial Statements	16,380.12
Less: Transferred to Share Capital towards issuing Bonus Equity Shares	1,045.38
Less: Transferred to Depreciation Fund (Net of Deferred Tax Asset ₹ 51.39 Lacs (Refer Note 39)	99.84
Profit/(Loss) for the year	5,290.26
<b>Amount available for Appropriation</b>	<b>20,525.16</b>
Less: Appropriations	
Proposed Final Equity Dividend (amount per Share ₹ 1/-)	1,045.38
Tax on proposed Equity Dividend	212.82
Transfer to General Reserve	500.00
Total Appropriations	<b>1,758.20</b>
<b>Surplus</b>	<b>18,766.96</b>
<b>TOTAL</b>	<b>32,531.38</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 5. LONG TERM BORROWINGS

	₹ in Lacs	
	Non-Current As at March 31, 2015	Current As at March 31, 2015
<b>Term Loans</b> (Refer Note below)		
<b>Secured</b>		
Loan from Banks	7,602.07	1,800.00
External Commercial Borrowings	16,257.96	5,680.12
<b>Other Loans and Advances</b>		
<b>Unsecured</b>		
Deferred Sales Tax Loan	-	10.20
Deposits from Shareholders	-	-
Deposits from Public	-	-
<b>TOTAL</b>	<b>23,860.03</b>	<b>7,490.32</b>
<b>The above amount includes:</b>		
Secured Borrowings	23,860.03	7,480.12
Unsecured Borrowings	-	10.20
Current maturities of long term borrowings have been disclosed under the head "Current Liabilities" (Refer Note 10b)	-	(7,490.32)
<b>NET AMOUNT</b>	<b>23,860.03</b>	<b>-</b>

### Term Loans:-

The Loans from Banks pertain to term loan obtained from State Bank of India during the year amounting to ₹ 4,202.07 Lacs, which 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. External Commercial Borrowings are obtained from (a) Standard Chartered Bank ₹ 5,195.04 Lacs (b) HSBC Bank (Mauritius) Limited ₹ 7,041.47 Lacs and (c) DBS Bank Limited ₹ 9,701.57 Lacs. These loans are secured by a 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 is 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 instalment payable in November, 2021.
- Rate of interest of External Commercial Borrowings is in the range of LIBOR plus 2.50% to 3.00% p.a.
- 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 instalment 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 instalment 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.
- Deferred sales tax loan is interest free and payable in 8 yearly instalments starting from April 2008 and last instalment payable before March, 2016.

The instalments payable are as under:

Year	₹ in Lacs
2015-16	10.20
<b>TOTAL</b>	<b>10.20</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 6. OTHER LONG TERM LIABILITIES

	₹ in Lacs
	As At March 31, 2015
Security Deposits Received	267.04
<b>TOTAL</b>	<b>267.04</b>

## 7. SHORT TERM AND LONG TERM PROVISIONS

	Long-Term As at March 31, 2015	Short-Term As at March 31, 2015
<b>Provision for Employee Benefits</b>		
Provision for Gratuity (Refer Note 29 A (iii))	-	74.20
Provision for Leave Benefits (Refer Note 29 B (iii))	526.01	99.93
	<b>526.01</b>	<b>174.13</b>
<b>Other Provisions</b>		
Proposed Equity Dividend	-	1,045.38
Provision for tax on proposed Equity Dividend	-	212.82
	<b>-</b>	<b>1,258.20</b>
<b>TOTAL</b>	<b>526.01</b>	<b>1,432.33</b>

## 8. DEFERRED TAX LIABILITY

	₹ in Lacs
	As At March 31, 2015
<b>Deferred Tax Liability</b>	
Fiscal difference due to Depreciation on Fixed Assets	5,072.41
<b>Gross Deferred Tax Liability (A)</b>	<b>5,072.41</b>
<b>Deferred Tax Asset</b>	
Disallowances u/s 43 B	264.41
Provisions & Contingencies	175.60
<b>Gross Deferred Tax Asset (B)</b>	<b>440.01</b>
<b>Net Deferred Tax Liability / (Asset) Recognised (A-B)</b>	<b>4,632.40</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 9. SHORT TERM BORROWINGS

	₹ in Lacs
	As At March 31, 2015
<b>Working Capital Borrowing from Banks</b> (Refer Note a & b below)	
Secured	16,964.74
Unsecured	4,672.68
<b>Total of Working Capital Borrowing from Bank</b>	<b>21,637.42</b>
<b>Commercial paper</b>	
Unsecured Borrowings (Refer Note c below)	1,463.67
<b>Total of Commercial paper</b>	<b>1,463.67</b>
<b>TOTAL</b>	<b>23,101.09</b>

- Working Capital Borrowings from Banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit with rate of interest as Base Rate of respective banks plus spread ranging from 0% - 3.50% p.a., Packing Credit in Foreign Currency, Buyers' Credit against Letter of Undertaking with rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.25% p.a. to 1.10% p.a.. These borrowings are repayable on demand.
- Secured Working Capital borrowings are Secured by way of first Hypothecation charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and second charge on all Fixed Assets by way of hypothecation and mortgage.
- Commercial Paper placed by the Company at interest rate ranging from 8.47% p.a. to 9.80% p.a., for tenure of each placement ranging from 37 days to 99 days. Commercial Papers issued during the year were unsecured.

## 10a. TRADE PAYABLES

	₹ in Lacs
	As At March 31, 2015
Trade payables (including acceptances) (Refer Note 40 for details of dues to Micro and Small Enterprises)	10,955.08
<b>TOTAL</b>	<b>10,955.08</b>

## 10b. OTHER CURRENT LIABILITIES

	₹ in Lacs
	As At March 31, 2015
Current maturities of Long-Term Borrowings (Refer Note 5)	7,490.32
Creditors for Projects	559.06
Interest accrued but not due on Borrowings	123.33
Advance from Customers	55.37
Investor Education and Protection Fund will be credited by following amounts (as and when due)	
Unpaid Dividend	41.14
Unclaimed Matured Deposits	-
Unpaid Interest on Matured Fixed Deposits	7.50
Provision for expenses	2,516.03
Advance received against Land Sale	1,500.00
Excise duty on stock of finished goods	294.49
Others	329.72
<b>TOTAL</b>	<b>12,916.96</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## FIXED ASSETS

### 11. TANGIBLE ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
		As at April 1, 2014	Additions	Deletions	Total March 31, 2015	Upto April 1, 2014	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletions	Total March 31, 2015	As at March 31, 2015
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)
1	Freehold Land	581.11	-	-	581.11	-	-	-	-	-	-	581.11
2	Leasehold Land	2,375.72	625.98	-	3,001.70	170.41	28.84	-	-	-	199.25	2,802.45
3	Plant and Machinery	56,097.05	10,585.31	707.81	65,974.55	20,784.13	2,808.89	-	44.03	611.59	23,025.46	42,949.09
4	Factory and Other Buildings	7,259.04	964.95	2.40	8,221.59	1,402.73	306.20	(23.03)	87.76	0.86	1,795.83	6,448.79
5	Roads	472.70	70.70	-	543.40	22.89	96.06	-	35.63	1.49	153.09	390.31
6	Office Equipment's	470.54	15.07	3.99	481.62	196.75	84.08	-	29.58	3.21	307.20	174.42
7	Furniture & Fixture	748.51	47.71	-	796.22	346.83	64.11	-	7.86	-	418.80	377.42
8	Vehicles	726.56	164.09	87.70	802.95	205.96	91.27	-	0.43	52.56	245.10	557.85
Total - Current Year		68,731.23	12,473.81	801.90	80,403.14	23,129.70	3,479.45	(23.03)	205.29	669.71	26,144.73	54,281.44

### 12a. INTANGIBLE ASSETS

Sr. No.	Assets	Original Cost			Replacement Cost			Method and Indices	
		As at April 1, 2014	Additions	Deletions	Total March 31, 2015	Upto April 1, 2014	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning
1	Goodwill	233.50	-	-	233.50	233.50	-	-	-
2	Computer Software (Office-equipment)	538.58	76.21	-	614.79	329.85	55.59	-	-
3	Others	373.74	112.91	-	486.65	55.95	69.03	-	-
	<b>Total - Current Year</b>	<b>1,145.82</b>	<b>189.12</b>	<b>-</b>	<b>1,334.94</b>	<b>619.30</b>	<b>124.62</b>	<b>-</b>	<b>-</b>

**Notes:** 1. Building includes ₹ 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. P.C. 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
1	Leasehold Land	16.53	124.10	Prevailing market price on the date of valuation.
2	Plant & Machinery	264.20	559.70	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	16.17	23.67	
4	Factory & Other Buildings	56.45	150.04	
5	R&D Building	2.11	5.61	
	<b>Total</b>	<b>355.46</b>	<b>863.12</b>	

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 3. Capitalised Borrowing Costs:

Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to ₹ 2,466.64 Lacs.

		₹ in Lacs
Sr. No.	Particulars	Capitalised during the Current Year
i	<b>Interest on External Commercial Borrowings Capitalised</b>	
a	Plant & Machinery	485.44
b	Factory & Other Buildings	30.99
	<b>Total</b>	<b>516.43</b>
ii	<b>Exchange Loss/(Gain) Capitalised</b>	
a	Plant & Machinery	1,836.21
b	Factory & Other Buildings	114.00
	<b>Total</b>	<b>1950.21</b>
	<b>TOTAL</b>	<b>2,466.64</b>

4. (a) Out of fixed assets amounting to ₹ 89.91 Lacs pertaining to Fine & Speciality Chemicals segment forming part of Nandesari Division and which were held for disposal, assets worth ₹ 8.26 Lacs were sold during the year at a loss of ₹ 5.49 Lacs recognised in Statement of Profit & Loss. The remaining assets were revalued at ₹ 26.02 Lacs and loss on revaluation of ₹ 21.01 Lacs is recognised in Statement of Profit & Loss. Also during the year assets amounting to ₹ 34.62 Lacs were transferred back to fixed assets as the same are used in manufacturing activity of the Company.
- (b) In respect of Building held under Capital work in progress at Roha Division which was impaired in the year 2008-09, cumulative provision stands at ₹ 397.88 Lacs as on Balance Sheet date.
- (c) Further, in respect of Factory Building at Roha Division which was impaired in the year 2008-09, during the year impairment provision of ₹ 23.03 Lacs was reversed as the said assets was put to alternate use. Cumulative provision stands at Nil as on Balance Sheet date.

## 5. Remaining useful life of Intangible assets and balance carrying amount

Sr. No.	Particulars	Remaining useful life	Balance carrying amount ₹ in Lacs
1	Software and related implementation costs	6 years	229.35
2	Rights to use facilities	5 years	177.12
3	Technical Know How	10 years	184.55

## 6. Research & Development Assets included in Fixed Assets

		₹ in Lacs									
Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK
		As at April 1, 2014	Additions	Deletions	Total March 31, 2015	Upto April 1, 2014	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletions	Total March 31, 2015
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12 (7+8+10-11)
1	Plant and Machinery	1,089.51	91.71	0.10	1,181.12	525.55	96.05	-	1.16	-	622.76
2	Buildings	64.47	-	-	64.47	11.93	27.25	-	11.44	-	50.62
3	Office Equipments	34.58	0.42	-	35.00	28.21	2.31	-	1.89	-	32.41
4	Furniture & Fixture	76.56	5.35	-	81.91	29.51	12.26	-	-	-	41.77
	<b>Total - Current Year</b>	<b>1,265.12</b>	<b>97.48</b>	<b>0.10</b>	<b>1,362.50</b>	<b>595.20</b>	<b>137.87</b>	<b>-</b>	<b>14.49</b>	<b>-</b>	<b>747.56</b>
											<b>614.94</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 12b. CAPITAL WORK IN PROGRESS

		₹ in Lacs
Sr. No.	Particulars	March 31, 2015
1	Capital work in Progress (others)	3,692.12
2	Capital Work in Progress (Projects)	1,318.37
3	Capital work in Progress (Building)	397.88
4	Less: Impairment Loss	(397.88)
	Capital Work in Progress (Net)	<b>5,010.49</b>

### Details of Capital Work in Progress - Projects

		₹ in Lacs		
Sr. No.	Particulars	Incurred till March 31, 2014	Incurred during the year	Capitalised / Transferred during the year
	<b>Capital Work In Progress :</b>			<b>Total as on March 31, 2015</b>
1	Land & Site Development	8.47	7.75	14.89
2	Building (under construction)	147.00	47.10	194.10
3	Plant & Machinery	3,420.67	487.99	3,844.86
4	Other Assets	466.87	-	466.87
5	Pre Commissioning, Testing etc.	111.56	-	111.56
	<b>Preoperative expenses :</b>			
1	Employees emoluments	285.56	187.22	307.43
2	Other Expenses	539.49	377.02	549.02
3	Foreign Exchange differences	975.63	974.58	1,950.21
4	Interest (net) on loans & finance charges	487.59	749.04	516.43
	<b>Total</b>	<b>6,442.84</b>	<b>2,830.70</b>	<b>7,955.37</b>
				<b>1,318.17</b>

### Note to above

Foreign Exchange difference and Interest Includes:-

- In 2014-15 ₹ 974.58 Lacs being exchange difference considered as an adjustments to borrowing costs. Foreign Exchange difference of ₹ 1,950.21 Lacs has been capitalised during the year.
- In 2014-15 ₹ 28.84 Lacs being interest (net of interest earned) considered as an adjustments to borrowing costs. Out of the above, ₹ 516.43 Lacs has been capitalised and transferred to Fixed Assets.
- Finance charges of ₹ 720.20 Lacs as comprise of processing fees/underwriting fees paid for project finance facility sanctioned by Axis Bank to Subsidiary Company.

## 12c. INTANGIBLE ASSETS UNDER DEVELOPMENT

		₹ in Lacs
Sr. No.	Particulars	March 31, 2015
1	Supply Chain Software	106.24
	<b>Total Intangible Assets under Development</b>	<b>106.24</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 13. NON CURRENT INVESTMENTS

	₹ in Lacs
	As At March 31, 2015
<b>Long Term Investments at Cost</b>	
<b>Trade (Unquoted) Investments in Equity Shares - Fully Paid up</b>	
<b>Investment in Associates</b>	
122,500 Equity Shares of Deepak Gulf LLC of Omani Riyal 1 each, fully paid up.	179.30
Less: Share of Loss of Associate	(14.36)
	164.94
<b>Other Investment</b>	
73,706 Equity Shares of Deepak International Limited of GBP 1 each, fully paid up.	57.36
	<b>222.30</b>
<b>Non Trade (Unquoted)</b>	
a) Investment in Equity Instruments - Fully Paid up	
800 Equity Shares of Nandesari Environment Control Ltd.	0.08
20 Equity Shares of Baroda Co-operative Bank Ltd.	0.01
2,000 Equity Shares of Shamrao Vitthal Co-op Bank Ltd.	0.50
798 Equity Shares New India Co-op Bank Ltd.	0.08
52,342 Equity Shares of Jedimetla Effluent Treatment Ltd.	52.49
	<b>53.16</b>
b) Investment in Government Securities	
National Saving Certificate	<b>0.01</b>
<b>Quoted (Non trade) (Valued at cost)</b>	
50,000 Equity Shares of Bank of Baroda (Refer Note iv below)	8.50
6,240 Equity Shares of IDBI Bank	5.07
29,400 Equity Shares of Dena Bank	8.82
	<b>22.39</b>
<b>TOTAL</b>	<b>297.86</b>

- i) Aggregate amount of Unquoted Investments is ₹ 275.47 Lacs
- ii) Aggregated amount of Quoted Investments is ₹ 22.39 Lacs
- iii) Aggregate Market Price of Investment in Equity Instrument (Quoted) ₹ 101.07 Lacs.
- iv) Equity Shares of Bank of Baroda were sub-divided during the year. Bank has issued five Shares for every one Share held by the Company.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

₹ in Lacs

	Non-Current As at March 31, 2015	Current As at March 31, 2015
<b>Capital Advances</b>		
Unsecured, considered good	1,023.64	-
	<b>1,023.64</b>	<b>-</b>
<b>Security Deposit</b>		
Unsecured, considered good (Refer Note 2 below)	815.99	11.44
	<b>815.99</b>	<b>11.44</b>
<b>Advances recoverable in cash or kind</b>		
Unsecured, considered good	-	717.64
	<b>-</b>	<b>717.64</b>
<b>Other Loans and Advances</b>		
Loan to Company (Refer Note 1 below)	22.10	165.81
Advance Income-Tax (Net of Provisions)	96.05	-
MAT Credit Entitlements	1,975.27	-
Prepaid Expenses	65.35	86.79
Loans to Employees (Refer Note 2 below)	377.14	249.16
Balances with Statutory / Government Authorities	325.20	3,968.79
	<b>2,861.11</b>	<b>4,470.55</b>
<b>TOTAL</b>	<b>4,700.74</b>	<b>5,199.63</b>

### Notes:

1. Loan to Company have been given for business purpose.
2. Loans and advances due by directors or other officers, etc.

₹ in Lacs

	Non-Current As at March 31, 2015	Current As at March 31, 2015
<b>Loans to Employees include</b>		
Dues from officers	1.17	0.26
<b>Loans and Advances to related parties include</b>		
Security Deposit towards lease of residential premises	400.00	-
<b>TOTAL</b>	<b>401.17</b>	<b>0.26</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 15. OTHER NON-CURRENT AND CURRENT ASSETS

	₹ in Lacs	
	Non-Current As at March 31, 2015	Current As at March 31, 2015
<b>Unsecured, considered good unless stated otherwise</b>	-	-
<b>Unamortised expenditure</b>		
Interest receivable on loans	-	20.81
Assets held for disposal	-	35.42
Others	1.57	158.13
<b>TOTAL</b>	<b>1.57</b>	<b>214.36</b>

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

	₹ in Lacs	
	Non-Current As at March 31, 2015	Current As at March 31, 2015
Raw Materials and Components (including Packing Material)	-	2,609.23
Stock in Process	-	2,384.42
Finished Goods	-	4,620.11
Stores and Spares	-	1,115.93
	-	10,729.69
Provision for Obsolescence	-	(225.60)
<b>TOTAL</b>	<b>-</b>	<b>10,504.09</b>

## 17. TRADE RECEIVABLES

	₹ in Lacs	
	Non-Current As at March 31, 2015	Current As at March 31, 2015
<b>Debts outstanding for a period exceeding six months</b>		
Unsecured, considered good	-	1,507.89
Doubtful Debts	-	229.83
	-	1,737.72
Provision for Doubtful Debts	-	(229.83)
	-	<b>1,507.89</b>
<b>Other receivables</b>		
Unsecured, considered good	-	29,591.33
	-	<b>29,591.33</b>
<b>TOTAL</b>	<b>-</b>	<b>31,099.22</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 18. CASH AND CASH EQUIVALENTS

₹ in Lacs

	Non-Current As at March 31, 2015	Current As at March 31, 2015
<b>Cash and Cash Equivalents</b>		
Balances with Banks:		
- In Current Accounts	-	102.52
- In EEFC Accounts	-	20.30
- On Unpaid Dividend / Interest Account (Refer Note below)	-	48.64
Cash on hand	-	0.36
	-	<b>171.82</b>
<b>Other Bank Balances</b>		
- Deposits with original maturity for more than three months but less than twelve months	-	134.60
- Margin money deposit	-	-
	-	<b>134.60</b>
<b>TOTAL</b>	-	<b>306.42</b>

### Note:

Unpaid Dividend / Interest Account can be used for earmarked liabilities.

## 19. REVENUE FROM OPERATIONS

₹ in Lacs

	Current Year
<b>Revenue from Operations</b>	
Sale of Products	
Finished Goods	139,703.01
Traded Goods	257.85
Sale of Services (Conversion Charges)	539.29
Other Operating Revenue	
Scrap sales	489.70
Foreign Exchange Gain	522.46
Others	20.11
<b>Revenue from Operations (Gross)</b>	<b>141,532.42</b>
Less: Excise duty	8,816.19
<b>Revenue from Operations (Net)</b>	<b>132,716.23</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 20. OTHER INCOME

	₹ in Lacs
	Current Year
Interest income on	
Bank deposits	23.48
Long-Term Investments	38.97
Dividend Income on	
Current Investments	1.42
Long-Term Investments	1.55
Rent	1.69
Profit on Sale of Assets	98.83
Sundry Receipts	40.95
<b>TOTAL</b>	<b>206.89</b>

## 21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	₹ in Lacs
	Current Year
<b>a) Raw Material and Components Consumed</b>	
Inventory at the beginning of the year	4,427.44
Add: Purchases during the year	80,386.87
	84,814.31
Less: Inventory at the end of the year	2,609.23
Cost of Raw Material and Components Consumed	<b>82,205.08</b>
<b>b) Cost of Packing Material Consumed</b>	2,102.86
<b>TOTAL (a+b)</b>	<b>84,307.94</b>

## 22. DETAILS OF PURCHASE OF TRADED GOODS

	₹ in Lacs
	Current Year
Purchase of Finished Goods for Resale	243.71
<b>TOTAL</b>	<b>243.71</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 23. (INCREASE)/DECREASE IN INVENTORIES

	₹ in Lacs
	Current Year
Inventories at the beginning of the year	
Stock in Process	2,503.61
Finished Goods	5,653.96
	<b>8,157.57</b>
Less:	
Inventories at the end of the year	
Stock in Process	2,384.42
Finished Goods	4,620.11
	<b>7,004.53</b>
<b>TOTAL</b>	<b>1,153.04</b>

## 24. EMPLOYEE BENEFITS EXPENSES

	₹ in Lacs
	Current Year
Salaries, Wages and Bonus	8,776.23
Contribution to Provident and Other Funds	469.28
Gratuity Expenses (Refer Note 29 A(iv))	229.27
Staff Welfare Expenses	534.82
<b>TOTAL</b>	<b>10,009.60</b>

## 25. POWER & FUEL EXPENSES

	₹ in Lacs
	Current Year
Consumption of Gas	1,641.66
Consumption of Furnace Oil	918.18
Consumption of High Speed Diesel	283.70
Consumption of Coal and Coke	3,669.29
Electricity Expenses	4,460.54
Water Charges	584.23
Other Expenses	34.58
<b>TOTAL</b>	<b>11,592.18</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 26. DEPRECIATION AND AMORTISATION EXPENSES

	₹ in Lacs
	Current Year
Depreciation of Tangible Assets	3,479.45
Amortisation of Intangible Assets	124.62
	<b>3,604.07</b>
Less: Recoupment from Revaluation Reserve	1.66
<b>TOTAL</b>	<b>3,602.41</b>

## 27. FINANCE COSTS

	₹ in Lacs
	Current Year
Interest	3,074.21
Bank charges	158.71
Exchange difference to the extent considered as an adjustment to Borrowing Costs	566.43
<b>TOTAL</b>	<b>3,799.35</b>

## 28. OTHER EXPENSES

	₹ in Lacs
	Current Year
Conversion Charges	<b>630.13</b>
Excise Duty paid	<b>40.17</b>
(Increase)/ Decrease of Excise Duty on Inventories	<b>(63.55)</b>
Other Manufacturing Expenses	<b>601.53</b>
Loss on Sale / Discard of Fixed Assets	132.36
Impairment Provision /(Reversal) (Refer foot Note 4(c) of Note 11 Fixed Assets)	(23.03)
	<b>109.33</b>
Insurance	<b>227.37</b>
Repairs and Maintenance	
Plant and machinery	<b>1,546.67</b>
Buildings	<b>154.19</b>
Others	<b>75.20</b>
Freight and Forwarding Charges	<b>3,006.78</b>
Consumption of Stores, Components and Spare parts	<b>1,450.11</b>
Sales Commission	<b>181.34</b>
Corporate Social Responsibility Activity Expenditure (Refer Note 38) / Donations	<b>81.95</b>
Rent (Refer Note 36)	<b>112.40</b>
Rates and Taxes	<b>248.80</b>
Travelling and Conveyance	<b>428.34</b>
Vehicle Expenses	<b>274.53</b>
General Expenses	<b>2,450.96</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

	₹ in Lacs
	Current Year
Foreign Exchange Loss	-
Provision / (Reversal ) for Inventory Obsolescence (net)	(221.84)
Provision for Doubtful Debts	84.23
Add:- Bad Debts / (recovered)	(12.74)
Less:- Transfer from Provision for Doubtful Debts	1.57
	<b>69.92</b>
Directors' Sitting Fees	<b>19.70</b>
Payment to Auditor (Refer Note below)	<b>44.93</b>
Wealth Tax	<b>16.80</b>
<b>TOTAL</b>	<b>11,485.76</b>

Note:

## Payment to Auditor:

	₹ in Lacs
	Current Year
i) As Auditor:	
Audit fees	20.25
Tax Audit fees	3.50
Quarterly Limited Review	4.50
ii) In Other Capacity:	
Taxation Matters	12.00
Other Services (Certification Fees)	4.00
iii) Reimbursement of Expenses	0.68
<b>TOTAL</b>	<b>44.93</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 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
Balance at the beginning of the year	952.37
Current Service Cost	66.84
Interest Cost	88.86
Actuarial (Gain)/Losses	158.64
Benefits Paid	(91.19)
Past Service Costs	-
Curtailements	-
Settlements	-
<b>Balance at the end of the year</b>	<b>1,175.52</b>

#### ii) Fair Value of Plan Assets

	₹ in Lacs
	As At March 31, 2015
Balance at the beginning of the year	918.64
Expected Return on Plan Assets	79.92
Actuarial (Gain)/Losses	5.16
Contribution by the Company	188.79
Benefits Paid	(91.19)
Settlements	-
<b>Balance at the end of the year</b>	<b>1,101.32</b>

Actual Return on Plan Assets

**7.50% to 9.00 %**

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## iii) Assets and Liabilities Recognised in the Balance Sheet

	₹ in Lacs
	As At March 31, 2015
Present Value of Defined Benefit Obligation	1,175.52
Less: Fair Value of Plan Assets:	1,101.32
Less: Unrecognised Past Service costs	-
<b>Amounts recognised as liability</b>	<b>74.20</b>
Recognised under	
Long Term provision (Refer Note 7)	-
Short Term provision (Refer Note 7)	74.20
<b>Total</b>	<b>74.20</b>

## iv) Expenses recognised in the statement of Profit and Loss

	₹ in Lacs
	Current Year
Current Service Cost	66.84
Interest Cost	88.86
Expected return on Plan Assets	(79.92)
Actuarial (gain)/losses	153.49
Past Service Costs	-
Curtailments	-
Settlements	-
<b>Total Expenses</b> (Refer Note 24)	<b>229.27</b>

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

	March 31, 2015
a) Government Securities, being not less than	20%
b) Government Securities or other approved Securities (inclusive (a) above, being not less than)	40%
c) Balance to be invested in Approved Investment as specified in Schedule I.	Not exceeding 60%

## vi) Actuarial Assumptions

	March 31, 2015
Discount Rate	7.92% to 7.96 %
Expected Return on Plan Assets	7.92% to 7.96 %
Salary Growth Rate	6.50%
Attrition rate	2.00%



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## vii) Amount Recognised in current year

	₹ in Lacs
	March 31, 2015
Defined Benefit Obligation	1175.52
Plan Assets	1101.32
Surplus/Deficit	74.20
Experience adjustments in plan liabilities	49.98
Experience adjustments in plan assets	5.16

## viii) Expected Contribution to the Fund in the next Year

	₹ in Lacs
	Current Year
Gratuity	250.00

## 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
Discount Rate	7.92% to 7.96 %

- The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2015, is ₹ 625.94 Lacs which is determined on actuarial basis using Projected Unit Credit Method.

## C) Defined Contribution Plan

	₹ in Lacs
	Current Year
Employer's Contribution to Provident Fund	314.45
Employer's Contribution to Superannuation Fund	125.96

	₹ in Lacs
Expected Contribution for the next year	Current Year
Employer's Contribution to Provident Fund	377.34
Employer's Contribution to Superannuation Fund	137.30

## 30. SEGMENT REPORTING

- During the year Company has re-aligned its primary business segments of Organic Intermediates, Inorganic Intermediates and Fine & Speciality Chemicals into 3 (three) Strategic Business Units, viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent. This will enable more appropriate segmentation of revenues, related costs and capital employed consistent with relative risks & rewards as also managerial controls.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

		₹ in Lacs
		Current Year
<b>I)</b>	<b>Segment Revenue</b>	
a)	Bulk Chemicals & Commodities	74,958.52
b)	Fine & Speciality Chemicals	
	Own Manufactured	32,362.54
	Traded	257.85
	<b>Total</b>	<b>32,620.39</b>
c)	Fluorescent Whitening Agent	26,618.48
d)	Un-allocable	541.89
	<b>Total</b>	<b>134,739.28</b>
	Less: Inter Segment Revenue	2,023.05
	<b>Net Sales/Income from operations</b>	<b>132,716.23</b>
<b>II)</b>	<b>Segment Results</b>	
	Profit (+) Loss (-) Before Tax & Interest	
a)	Bulk Chemicals & Commodities	7,354.19
b)	Fine & Speciality Chemicals	6,187.88
c)	Fluorescent Whitening Agent	65.66
	<b>Total</b>	<b>13,607.73</b>
	Less: i) Interest	3,640.64
	ii) Un-allocable expenditure net of un-allocable Income	3,237.96
<b>III)</b>	<b>Profit Before Tax</b>	<b>6,729.13</b>
	<b>Provision for Taxation</b>	
	Current Tax	1,345.32
	Mat Credit Entitlements	(1,122.04)
	Deferred Tax	1,206.66
<b>IV)</b>	<b>Profit After Tax</b>	<b>5,299.19</b>
<b>V)</b>	<b>Segment Assets</b>	
a)	Bulk Chemicals & Commodities	32,995.30
b)	Fine & Speciality Chemicals	24,508.30
c)	Fluorescent Whitening Agent	44,666.85
e)	Un-allocable	12,617.72
	<b>Total</b>	<b>114,788.17</b>
<b>VI)</b>	<b>Segment Liabilities</b>	
a)	Bulk Chemicals & Commodities	6,737.99
b)	Fine & Speciality Chemicals	3,399.82
c)	Fluorescent Whitening Agent	3,599.55
e)	Un-allocable	58,062.98
	<b>Total</b>	<b>71,800.34</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

		₹ in Lacs
		Current Year
<b>VII)</b>	<b>Capital Expenditure</b>	
	a) Bulk Chemicals & Commodities	771.22
	b) Fine & Speciality Chemicals	2,895.47
	c) Fluorescent Whitening Agent	8,017.32
	e) Un-allocable	978.93
	<b>Total</b>	<b>12,662.94</b>
<b>VIII)</b>	<b>Depreciation</b>	
	a) Bulk Chemicals & Commodities	939.35
	b) Fine & Speciality Chemicals	732.97
	c) Fluorescent Whitening Agent	1,540.02
	e) Un-allocable	390.07
	<b>Total</b>	<b>3,602.41</b>

## Notes:

Current year Segmental Results are Net of Impairment Loss Reversal of ₹ 23.03 Lacs for Fine and Speciality Chemicals 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
		Current Year
<b>Revenue</b>		
	In India	81,039.92
	Outside India	51,676.31
	<b>Total</b>	<b>132,716.23</b>

		₹ in Lacs
		Current Year
<b>Carrying Amount of Segment Assets</b>		
	In India	97,354.14
	Outside India	17,434.03
	<b>Total</b>	<b>112,313.08</b>

		₹ in Lacs
		Current Year
<b>Carrying Amount of Segment Assets</b>		
	In India	
-	Tangible	12,473.81
-	Intangible	189.12
	Outside India	
-	Tangible	-
-	Intangible	-
	<b>Total</b>	<b>12,662.93</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

	₹ in Lacs
	Current Year
Basic and Diluted Earning per Share	
Number of Shares as on April 1, 2014 (Nos. in Lacs).	1,045.38
Number of Shares as on March 31, 2015 (Nos. in Lacs).	1,045.38
Weighted Average Number of Shares considered for Basic Earning Per Share (Nos. in Lacs).	1,045.38
Net Profit after Tax available for Equity Shareholders (₹ in Lacs)	5,290.26
Basic Earning (in Rupees) Per Share of ₹ 2/- each.	5.06
Diluted Earning (in Rupees) Per Share of ₹ 2/- each.	5.06

**Note:** During the year Company has sub divided the Equity Shares of ₹ 10 (Rupees Ten only) each to ₹ 2 (Rupees Two only) each. The Company has issued Bonus Shares in the Ratio of 1:1 Equity Share post sub division.

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

### (i) Subsidiary Companies

Deepak Nitrite Corporation Inc., United States of America.  
Deepak Phenolics Limited

### (ii) Associate Companies

Deepak Gulf LLC, Sultanate of 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 Credit & Capital Private Limited \* Crossover Advisors Private Limited \* Crossover Trustees Private Limited \* Deepak Asset Reconstruction \* Deepak Cybit Private Limited \* Deepak Fertilizers & 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 Credits & 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

### (v) Relative of Key Management Personnel

Shri Maulik D. Mehta  
Shri Meghav D. Mehta

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## (vi) Transaction with Related Parties

Sr. No.	Nature of Transaction	March 31, 2015				
		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	<b>Purchase of Goods</b>					
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	6,285.32	-	6,285.32
	Deepak Novachem Technologies Limited	-	-	224.42	-	224.42
2	<b>Sale of Goods</b>					
	Deepak Novachem Technologies Limited	-	-	13.45	-	13.45
3	<b>Conversion Charges Received</b>					
	Deepak Novachem Technologies Limited	-	-	559.51	-	559.51
4	<b>Sale of Fixed Assets</b>					
	Deepak Novachem Technologies Limited	-	-	-	-	-
5	<b>Rendering of Services / Reimbursement of Expenses</b>					
	Deepak Novachem Technologies Limited	-	-	-	-	-
6	<b>Receiving of services / Reimbursement of Expenses</b>					
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	1.77	-	1.77
	Deepak Novachem Technologies Limited	-	-	2.76	-	2.76
	Deepak Foundation	-	-	1.59	-	1.59
	Deepak Medical Foundation	-	-	0.77	-	0.77
	Sofotel Infra Private Limited	-	-	0.01	-	0.01
	Shri D. C. Mehta	-	9.60	-	-	9.60
	Shri C. K. Mehta	-	4.41	-	-	4.41
	Shri Maulik D. Mehta	-	-	-	36.56	36.56
	Shri Meghav D. Mehta	-	-	-	12.40	12.40
7	<b>Managerial Remuneration</b>					
	Shri D. C. Mehta	-	258.72	-	-	258.72
	Shri A. C. Mehta	-	247.83	-	-	247.83
	Shri Umesh Asaikar	-	299.54	-	-	299.54
8	<b>Subscription of Investment / Acquisition of Investment</b>					
	Deepak Gulf LLC	-	-	-	-	-
	Shri D. C. Mehta	-	2.78	-	-	2.78
	Others	-	1.00	-	1.20	2.20
9	<b>Dividend Paid</b>					
	Check Point Credit & Capitals Private Limited	-	-	72.06	-	72.06
	Stigma Credits & Capital Private Limited	-	-	61.78	-	61.78
	Stiffen Credits & Capital Private Limited	-	-	83.80	-	83.80
	Stepup Credits & Capital Private Limited	-	-	69.16	-	69.16
	Skyrose Finvest Private Limited	-	-	35.71	-	35.71
	Shri D. C. Mehta	-	202.70	-	-	202.70
	Shri C. K. Mehta	-	0.86	-	-	0.86
	Shri Maulik D. Mehta	-	-	-	1.31	1.31
	Shri Meghav D. Mehta	-	-	-	0.47	0.47
	Others	-	-	49.78	13.66	63.44
10	<b>Donation / CSR Activity</b>					
	Deepak Foundation	-	-	58.24	-	58.24
	Deepak Medical Foundation	-	-	23.10	-	23.10
11	<b>Net Accounts Receivable / (Payable)</b>					
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	(1,086.93)	-	(1,086.93)
	Deepak Novachem Technologies Limited	-	-	149.35	-	149.35
	Shri D. C. Mehta	-	211.84	-	-	211.84
	Shri A. C. Mehta	-	(188.16)	-	-	(188.16)
	Shri C. K. Mehta	-	(3.00)	-	-	(3.00)
	Shri Umesh Asaikar	-	(75.00)	-	-	(75.00)
	Deepak Foundation	-	-	(0.07)	-	(0.07)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 33. CONTINGENT LIABILITIES NOT PROVIDED FOR

	₹ in Lacs
	As At March 31, 2015
a) In respect of Income Tax matters	98.60
b) In respect of Sales Tax / VAT matters	35.07
c) In respect of Excise matters	219.50
d) Bank Guarantees:	
- Financial	816.60
- Performance	3,003.11
e) In respect of Stamp duty matter	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.	
<b>TOTAL</b>	<b>4,195.73</b>

## 34. CAPITAL COMMITMENTS (NET OF ADVANCES)

	₹ in Lacs
	As At March 31, 2015
Capital Commitments	<b>5,282.95</b>

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
<b>USD</b>	
Amount USD (in Lacs)	61.50
Equivalent INR (in Lacs)	3956.88
<b>EURO</b>	
Amount EURO (in Lacs)	5.87
Equivalent INR (in Lacs)	425.96

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

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

	Currency	Current Year
<b>Payables</b>		
Working Capital Loans (Net of Balances in EEFC account)	USD Lacs	207.61
	EURO Lacs	9.70
Trade Payables	USD Lacs	40.52
	EURO Lacs	0.19
	GBP Lacs	0.05
<b>Receivables</b> (Net of Forward & Option Contracts)		
Export Trade Receivables (Net of forward contracts upto 3 months)	USD Lacs	176.52
	EURO Lacs	30.63
	GBP Lacs	0.00
<b>Term Loans</b>		
External Commercial Borrowings	USD Lacs	350.50

## 36. 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 ₹ 44.70 Lacs.

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

	₹ in Lacs
	Current Year
Up to 1 year	46.95
Greater than 1 year but less than 5 years	45.04
Greater than 5 years	-

- 37.** The overall Managerial Remuneration provided during the year is within the limit of 11% of net profit of the Company as prescribed under Section 197 of the Companies Act, 2013. However, the Managerial Remuneration to the Managing Director(s) and Executive Director is in excess of the limit prescribed under clause (i) of second proviso to sub-section (1) of section 197 of the Companies Act, 2013 by ₹ 45.66 Lacs for which steps are being taken by the Company to obtain the Shareholder's approval in the ensuing Annual General Meeting. Pending the approval of the Shareholder's, no adjustments have been made in the Financial Statements.
- 38.** During the year, the Company has incurred ₹ 76.34 Lacs for CSR Activities against prescribed amount of ₹ 92.06 Lacs (two percent of ₹ 4,603.00 Lacs). The amounts spend on CSR Activities were mostly in the vicinity of its plants at Nandesari and Dahej as well as near Vadodara where the Registered Office & Corporate office of the Company are located. However, certain projects in the vicinity of other plants locations at Roha, Taloja and Hyderabad were under consideration and necessary base line study has to be conducted. Based on the base line survey study, the spending on CSR Activities at these locations shall be decided. In view of this, Company could not spend ₹ 15.72 Lacs during the year under review.
- 39.** In pursuant to Schedule II of the Companies Act, 2013, the Company has decided to account for depreciation based on useful life determined by Independent valuer. Consequently, ₹ 99.84 Lacs (net of deferred tax of ₹ 51.39 Lacs) transferred to retained earnings and ₹ 54.04 Lacs has been transferred to Revaluation reserve on revalued assets where remaining useful life of assets is Nil as on April 1, 2014 and the depreciation charged for the year is higher by ₹ 63.73 Lacs.
- 40.** As this is the first occasion when investment in an Associate is accounted for in Consolidated Financial Statements in accordance with Accounting Standard 23, the carrying amount of investment in the Associate is brought by ₹ 5.43 Lacs as if the equity method of accounting been followed as per this AS since the acquisition of the associate. The corresponding adjustment in this regard is made in the retained earnings in the Consolidated Financial Statements.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2015

## 41 ADDITIONAL INFORMATION IN CONSOLIDATED FINANCIAL STATEMENTS AS PER SCHEDULE III OF COMPANIES ACT, 2013

Sr No.	Name of the Entity	Net Assets, i.e., Total Assets minus Total Liabilities		Share in Profit or Loss	
		As % of Consolidated Net Assets	Amount ₹ in Lacs	As % of Consolidated Profit or Loss	Amount ₹ in Lacs
1	Parent	100.18%	34,682.78	101.02%	5344.30
2	Subsidiaries Indian:				
	Deepak Phenolics Limited	5.40%	1,868.72	(0.85%)	(45.11)
3	Minority Investment in all subsidiaries	-	-	-	-
4	Associated (investment as per the equity method)				
	Foreign				
	Deepak Gulf LLC	0.54%	186.53	(0.17%)	(8.93)
5	Total Eliminations	(6.12%)	(2,115.89)	-	-
	<b>Total</b>	<b>100.00%</b>	<b>34,622.14</b>	<b>100.00%</b>	<b>5,290.26</b>

42 This being the first year of Consolidation, previous year figures & Cash Flow Statement are not furnished.

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 13, 2015

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

**SUDHIN CHOKSEY**  
**SUDHIR MANKAD**  
**SANDESH ANAND** } Directors

Mumbai: May 13, 2015

## 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 1500	₹ 40,000/-
1501 to 5000	₹ 60,000/-
5001 and above	₹ 80,000/-

### 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*<br>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.

[illegible]



Corporate Office: Aaditya-I, National Highway No. 8, Chhani Road,  
Vadodara – 390 024

Tel: +91-265-276 5200 | Fax: +91-265-276 5300

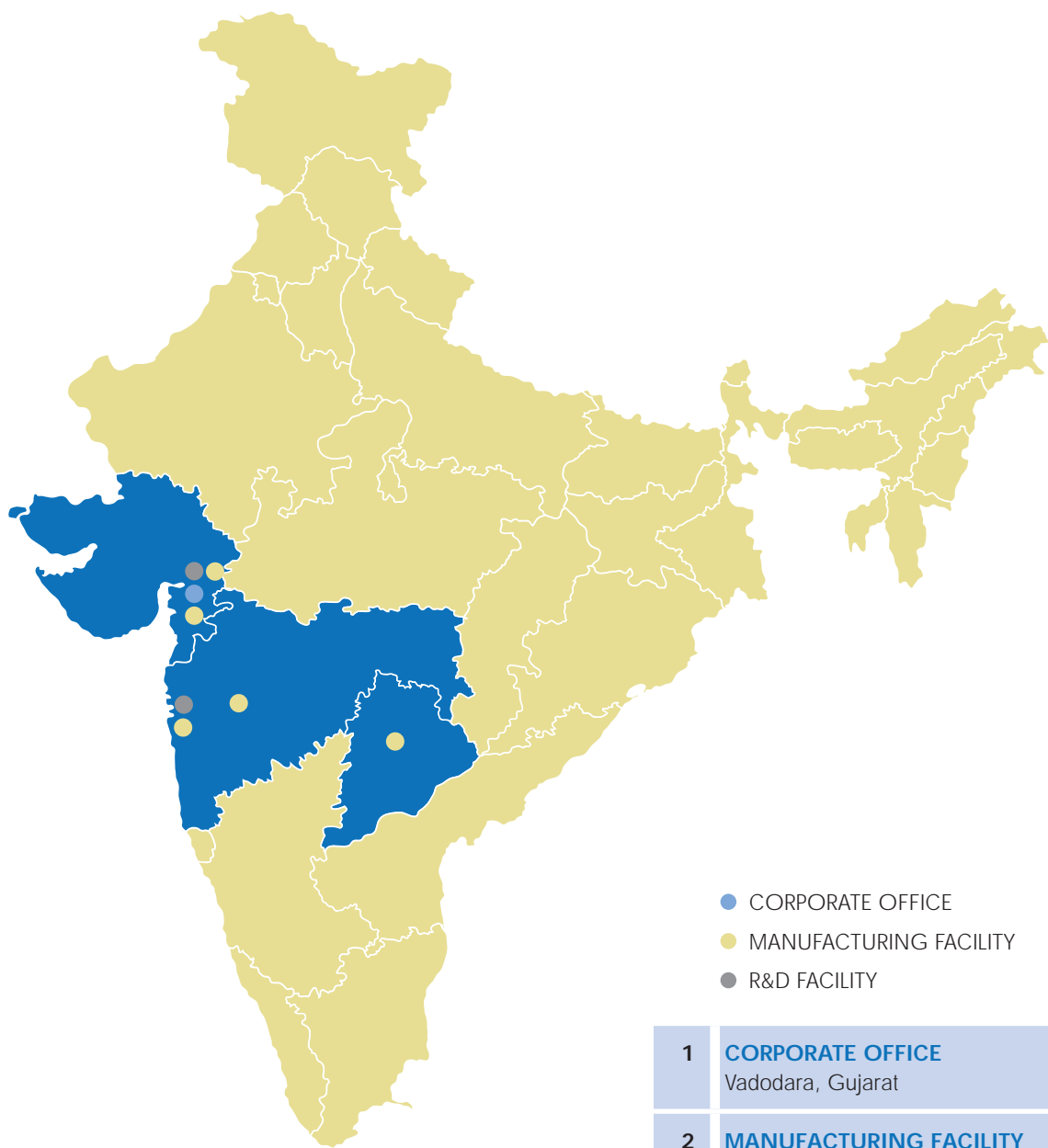
Registered Office: 9/10, Kunj Society, Alkapuri, Vadodara – 390 007,  
Gujarat, India.

CIN: L24110GJ1970PLC001735

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

[www.deepaknitrite.com](http://www.deepaknitrite.com)

# Deepak Nitrite Limited's Presence in India



- CORPORATE OFFICE
- MANUFACTURING FACILITY
- R&D FACILITY

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

Sr. No.	Particulars	Details
1	Name of the company	Deepak Nitrite Limited
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2015
3	Type of Audit observation	Emphasis of Matter
4	Frequency of observation	First Time



Deepak C Mehta  
Vice Chairman & Managing Director



Sanjay Upadhyay  
Chief Financial Officer

For B. K. Khare & Company,  
Chartered Accountants  
FRN: 105102W



Prasad Paranjape  
Partner  
M. No.: 47296



Sudhin Choksey  
Chairman, Audit Committee  
Deepak Nitrite Limited