



The Right Blend

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FORTY FIFTH ANNUAL GENERAL MEETING

Day & Date : Friday, August 5, 2016
Time : 10:30 a.m.
Venue : Hotel Surya Palace,
Opposite Parsi Agiyari,
Sayajigunj, Vadodara 390007

Cautionary Statement Regarding Forward-Looking Statement

This Report may contain certain forward-looking statements relating to the future business, development and economic performance. Such Statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro-economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigations; (8) adverse publicity and news coverage, which could cause actual developments and results to differ materially from the statements made in this Report. Deepak Nitrite Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.



The Right Blend

Masterpieces are created when colors start to blend. Our right blend of Vision, Strategy and Execution are the cornerstone of our successful and sustainable growth. Over the years, with a dynamically evolving global business environment, we have aptly diversified our three segments, namely, Bulk Chemicals and Commodities (BCC), Fine and Speciality Chemicals (FSC) and Fluorescent Whitening Agent (FWA), product-wise and geographically. As a result we have been steadily delivering value to all our stakeholders. We have blended the trio of Vision, Strategy and Execution in all our processes and have been seamlessly bridging the three to delight our customers, employees, shareholders and society at large.

With a vision to build a diversified organisation with market leadership position, we have been meticulously formulating strategies and flawlessly executing the same. With an impeccable synchronisation among the trio, we have been steadily moving along our growth trajectory by fortifying our business pillars and venturing into sunrise businesses.





About Deepak Nitrite

We are a multi-division and multi-product, India based chemical manufacturing Company with diversified business segments and product portfolios with a strong distribution network in over 30 countries. Our ISO certified manufacturing facilities are located at Nandesari, Dahej (Gujarat), Roha, Taloja (Maharashtra) and Hyderabad (Telangana) and our R & D facility at Nandesari (Gujarat). We are amongst the leading global players for several niche chemical products like Xylidines, Cumidines, Oximes and Colour Intermediates. Our products cater to several industries like Colorants, Petrochemicals, Agrochemicals, Rubber, Pharmaceuticals, Paper, Textile, Detergents, Fine & Speciality

Chemicals, etc. Many of the Fortune 500 companies are among our client list. We are accredited with "Responsible Care" certification - towards global environment, safety and health management. We have a rich heritage of consistently rewarding our shareholders with dividends and for creating wealth for them. As a part of our growth plans, we are foraying into a Greenfield plant at Dahej, Gujarat, for manufacturing phenol and acetone, through our subsidiary, Deepak Phenolics Limited.

Business Segments

- Fine & Speciality Chemicals (FSC)
- Speciality
- Xylidines
- Oximes
- Cumidines

- Bulk Chemicals & Commodities (BCC)
- Nitro Tolunes
- Fuel Additives
- Sodium Nitrite/ Nitrate

- Fluorescent Whitening Agent (FWA)
- DASDA
- Optical Brightening Agent

Key Differentiators

Product profile with varied applications	Leading market position in most of its products	Consistent addition of new product lines
Diverse sales mix - Product & Geography wise	Customised product offerings for multinational companies	Long term customer relationships
Experienced Promoters and qualified & experienced management team	Consistent wealth creation for Investors	



From the desk of Vice-Chairman & Managing Director

The implementation of initiatives, such as Inclusive Banking, Smart Cities, Urban Rejuvenation, Revamp of Power Distribution Companies and the thrust towards renewable energy, improved regional air connectivity, ease of doing business and the Swachh Bharat Abhiyaan are driving meaningful changes within the fabric of the country, while impacting business sentiment positively.

Dear Stakeholders,

The Financial Year (FY) 2015-16 continued to throw up several challenges across the economic landscape. The pattern of heightened volatility and increased uncertainty from the last couple of years spilled over into the current fiscal as well. Amidst the uncertain global scenario, India remains relatively well placed to deliver improving growth, as economic fundamentals remain stronger than in other emerging market economies. Over the last three years, GDP growth is steadily gaining momentum and as per IMF, India is currently the brightest spot amongst the global economies. Where global GDP growth is stagnating around 3.0%, India in FY 2015-16 has achieved a GDP growth of 7.6%, surpassing China's GDP growth. The Central Government has unleashed a slew of initiatives that are directed at changing the landscape and ushering a steady economic revival. The implementation of initiatives, such as Inclusive Banking, Make-in-India, Smart Cities and urban rejuvenation, revamp of Power Distribution Companies and thrust towards renewable energy, ease of doing business and Swachh Bharat Abhiyaan are driving meaningful changes within the fabric of the country while impacting business sentiment positively.

The 'Make in India' campaign has been instrumental in bringing global recognition to the potential of India as a cost effective manufacturing hub. The response thus far has been highly encouraging and several giants of global industry have come forward, committing to set-up manufacturing units in India with some even creating India into a regional hub. The competitive advantage enjoyed by India due to its location, demographics and availability of requisite resources is being appropriately leveraged.

With over 40 years' presence in manufacturing, your Company has been one of the earliest adopters of the 'Make in India' philosophy. Increased globalisation has served to provide greater thrust to develop India as one of the leading manufacturing centers of the world and within that, the chemical industry has been a standout performer. We expect this movement to gain further traction in the backdrop of increased consolidation within the chemical industry. This would throw up plenty of opportunities for the Indian chemical players. As a result, the Indian chemical industry is expected to grow at 11% per annum to reach US\$ 224 billion by 2017.

Your Company recorded a steady volume growth by tapping pockets of demand in key export markets of USA and Europe supported by some exciting initiatives in the domestic market. By religiously pursuing its vision backed by well crafted strategy and flawless execution, your Company today stands as a very strong global brand. Your Company supplies quality and value-added products to renowned multi-national companies across the globe. The supplier excellence award bestowed on your Company by Bayer CropScience this year is testament to the quality and excellence of your Company's products and reflects its exceptional

performance and track record in environmental health, safety and sustainability as a leading supplier of intermediates to the chemical industry.

Your Company reported consistently good performance during the year with balanced growth across domestic and export markets, led by strong demand in the end user industries. While topline growth was muted due to re-pricing of products that are linked to crude oil and related petrochemical intermediates, the positive momentum in business is better represented by the growth in volumes while margins improved. Overall, profitability improved during the year as a result of a favourable product-mix, combined with efficiency gains. On the back of stable performance, the Board of Directors has recommended a dividend of ₹ 1.20 per share of a face value of ₹ 2 on enhanced capital against ₹ 1 per share recommended in the previous year.

Your Company's export revenues stood at ₹ 525.75 crore, which contributed 40% to the total revenues for the year. Europe, USA and China continue to dominate the export revenues with contribution of 48%, 23% and 8% respectively. Your Company anticipates a firm momentum in the export markets led by better demand and customer acceptance for its products.

As you are aware, in order to intensify focus on individual businesses and to drive accelerated growth in both top and bottom line, your Company transformed its operations into Strategic Business Units (SBU) during the previous year. This enabled your Company to assemble products having synergies within a particular business unit for achieving superior end-to-end supply chain management having regard to nature of product and end use applications.

EXPANSION PLANS

Your Company sensed huge untapped opportunity to cater to domestic Phenol and Acetone deficit. Hence, it took investment decision for manufacturing Phenol and Acetone to match the shortfall in domestic market through its wholly owned subsidiary, Deepak Phenolics Limited. The capacity of the proposed Phenol Plant will be 200,000 MTPA and that of co-product Acetone will be 120,000 MTPA. The project aims to tap the entire domestic demand facilitating import substitution.

While the current business of your Company was built on the platform of Nitration and Hydrogenation, as a strategy, the Phenol and Acetone business will bring in new platform for growth. Phenol serves as a major building block for the infrastructure industry including housing, roads, construction as well as for wind mills, automobiles, etc. As the country increases its infrastructure investment and a larger number of smarter cities gets developed, the demand growth for Phenol and Acetone based derivatives would have significant benefits. While initially these products

would be filling imports gap as bulk commodities, in the long run they will support specialities for markets such as perfumeries, plastic additions and decorative laminates. A major contribution from phenol segment would be in offering a range of solvents for the pharma industry, thus strengthening its relationship with pharma industries in India.

Your Company is confident that this project shall take off well and lift your Company into different orbit along with its existing business and hence create higher shareholder value in the near future.

I am happy to highlight that we have tied up for long term debt to finance this project and also raised ₹ 83.31 crore through a Qualified Institutions Placement (QIP) from prominent domestic and foreign institutional investors. Additionally, we have also started seed marketing of phenol with an objective of developing working relationships with all major clients in India.

Your Company will continue to create a large base to outpace the industry and deliver sustained growth year-on-year on the back of its strengths, combined with cost leadership and value-added product offerings. As a strategy, your Company is in the process of creating separate building blocks which can be a strong platform for future growth. In view of creating a strong base due to Phenol and other products, your Company will be in its own league in coming years by creating value for its esteemed shareholders. Stability in the global crude oil prices and related petrochemical intermediates will further support this momentum. The steady economic growth momentum in the domestic economy would lead to growing business opportunities for your Company.

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

With 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 the 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 38 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, a comprehensive approach and possessing strong industry foresight, he has paved the way for innovation and excellence in the Company. An active participant at industry forums, he is the Member of Maharashtra Chamber of Commerce and World Presidents' Organisation. Shri A. C. Mehta is a Science Graduate with Honours and a Masters 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. He has around 37 years of varied experience in the areas of Sales and Marketing, Manufacturing, Commercial and Business Management across industries including pharmaceuticals, vitamins and fine chemicals, glass flacconage, 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 MAULIK MEHTA - Additional Director & Whole-Time Director

Shri Maulik D. Mehta holds a Bachelors degree in Business Administration from University of Liverpool, UK. He has also done Masters in Industrial and Organizational Psychology from Columbia University, USA. Shri Maulik D. Mehta has around 8 years of experience in the areas of Business Development. During the span of his career, he has held important positions including Product Head in the Company.



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 market. 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., Credila Financial Services Pvt. Ltd. & Light Microfinance Pvt. Ltd.



SHRI SUDHIR MANKAD - Independent Director

Shri Sudhir 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.





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 44 years in the field of Project Management, Operations, Corporate Planning, Quality Management, Health, Safety and Environment Management, Energy Management and Strategic Planning in petrochemicals, refining and other allied industries. He has received his Bachelor of Engineering (Chemical) degree from the University of Delhi and has done a Petrochemical Course at I.I.P., Dehradun. He has also done an Advanced Course in Management at the Indian Institute of Management, Ahmedabad.



DR. S. SIVARAM - Independent Director

Dr. Sivaram is a scientist of distinction, having held leadership positions in R&D, in both industry and academia. He has done his M.Sc. from the Indian Institute of Technology, Kanpur, and Ph.D. from Purdue University, W. Lafayette, Indiana, USA. He was a Research Associate at the Institute of Polymer Science, University of Akron, USA before returning to India to pursue his professional career. He is widely recognized for his contributions to polymer science, technology development, institution building and management of innovation in publicly funded organizations. The President of India honoured Dr. Sivaram with the coveted civilian award, Padma Shri, in 2006. He has to his credit over 210 publications in peer reviewed scientific journals and is cited as an inventor in over ninety two patent applications and forty nine US patents.



PROF. INDIRA PARIKH - Independent Director

Prof. Indira Parikh is the Founder President of FLAME (Foundation for Liberal and Management Education). She holds a Ph.D. from the Gujarat University, Ahmedabad and MA from the University of Rochester. She was a faculty member at IIM, Ahmedabad, for over 30 years and the Dean from 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 organizations, both in the private and public sectors.

Senior Management Team



SHRI UMESH ASAIKAR
Executive Director &
Chief Executive Officer



SHRI MAULIK MEHTA
Additional Director &
Whole-Time Director



SHRI SANJAY UPADHYAY
Chief Financial Officer



SHRI PRAMOD GARG
President (BCC)



SHRI SURESH MANERIKAR
President (FSC)



SHRI GIRISH SATARKAR
President (FWA)





Perfect Vision

The global business environment is increasingly becoming very dynamic. We have seen disruptive technologies bring a huge shift in industries and companies. Disruptive technologies have now become a regular phenomenon in many industries. Businesses to grow and sustain have to take cognizance of the facts and continuously keeping an eye on the new emerging business trends. Hence a far-sighted vision is of paramount importance for any organisation for sustainable value creation.

Being cognizant of this fact, we have been proactive to understand the business

environment which will unfold in the years to come. With a deep understanding of our business and the changing needs of our customers, we have been consistently widening our scope on various fronts. For building a robust organisation which would be sustainable in the global economic scenario, we envisage to build a diverse risk mitigating business model, with vast and second to none product offerings, broad client base and geographical presence.

Meticulous Strategy

With a firm belief in our vision that it will not only create an organisation with a strong foundation but also provide the right chemistry for steady growth. Our strategy has been multi-pronged, focusing on the various aspects of our vision. Among the key aspects has been the introduction of new products via strategic acquisitions, backward and forward integration, etc. Hence, we have consistently focused on innovation and significantly invested in our research & development capabilities. This has created a firm base of products that we have steadily introduced and have been well accepted by customers. The products are also being developed with the intent to diversify our customer base. This has prudently diversified

our journey from BCC to FSC to FWA and now Phenol & Acetone are in the pipeline and will soon start to add value.

In order to increase our reach, we have been steady in exploring new horizons. To make significant inroads in global markets, we have been focused on providing value proposition with zero compromise on quality and consistency of product. Our products adhere to global standards. For a hassle free and timely delivery of products to our global customers, we have also been focussed on creating the right delivery network. Our client-friendly approach elevates us and makes us the most preferred suppliers to our esteemed clients.





PRODUCT : PARA CUMIDINE

Net Wt. : 200.00 Kgs
Tare Wt. : 21.25
Gross Wt. : 221.25
Lot No. : 110527
Drum No. : 1948

Manufactured By :
DEEPAK NITRITE LTD., APJ, PUNE

Flawless Execution

It is an unquestionable fact that execution is the better half of strategy. Being conscious of this fact, we have been very meticulous in crafting our strategy with clear visualisation of the execution process. Our execution process has also been very well planned where the team is being very focused on minute details in realising the best potential across various functions. The right resource allocation, optimum utilisation of resources, timely development, steady introduction of products and continuous expansion of reach, are a testimonial to our execution capabilities.

With flawless execution, we have been successful in achieving a diversified and robust business model with a significant reach and strong customer connect. Assiduously following our vision, we are today the leaders in Sodium Nitrite, Sodium Nitrate and Nitro Toulènes in India and among the top three global suppliers for products like Cumidines and Oximes. We have diligently expanded our Research

& Development capabilities and built a state-of-the-art R&D facility with our talent pool of 40 professionals. Our new products launched in the last few years have contributed significantly to revenues. We have also been persistently expanding our manufacturing capacities to serve the growing needs of our customers and also to develop new products by our innovation team. Our new Phenol and Acetone manufacturing capabilities are being developed in collaboration with leading global technology providers and adhere to global standards of production processes and product quality.

With this right blend of the trinity of Perfect Vision, Meticulous Strategy and Flawless Execution, we have been steadily generating value for our shareholders. Over the last five years, our total revenue has grown at a CAGR of 14.6%, EBITDA by 22.0% and net profit by 20.4%. With the new capacities and improving business prospects we are well placed to progressively move along our growth trajectory.



Business Responsibility:

DNL understands its business responsibility and keeps on churning out innovative products keeping strict watch on its Quality, Health & Safety and its Green Endeavours.

QUALITY

DNL believes in the maxim 'quality is not an act but a habit'. We have globally recognised quality standards for competitive products. Our manufacturing facilities are regularly upgraded and all our products are designed and manufactured in line with the latest quality concepts.

Quality Measures:

- Compliant with ISO 9001:2008
- Automated and robotized storage facilities for raw materials and finished products
- Documentation of deviations, investigations and Corrective And Preventive Action (CAPA)
- Quality audits - in-house, by third party and customers
- Quality verification via Design Qualification (DQ), Installation Qualification (IQ) and Operational Qualification (OQ)
- State-of-the-art application labs for paper, detergents and textiles



HEALTH & SAFETY

Being engaged in the business of chemicals, we keep a steadfast focus on the safety of our plants, processes and people.

Safety Measures:

- OHSAS 18001 Certified Organisation
- Emergency preparedness through drills and pre-tests
- Emergency relief valves designed in line with API - 520 & API - 521 standards
- Regular safety studies like HAZOP studies and safety inspections
- Safety training not just for employees, but also for contractors and their employees
- Regular medical check-ups, use of personnel protective equipment
- Fire hydrant system with adequate reservoir capacity
- Each plant equipped with occupational health center, dedicated ambulance and medical staff
- Tie-up with nearby hospitals to manage emergency situations

ENVIRONMENT:


Deepak Nitrite is among the few Indian companies, which are signatories to responsible care principles and holds Responsible Care logo - a recognised benchmark towards global environment safety and health management. We have surpassed the most stringent global environmental standards which has been a key ingredient of our business chemistry. We constantly adhere to the statutory norms and embrace a holistic approach towards environmental protection. We identify opportunities to conserve natural resources by embedding an eco-conscious culture in our people, adopting green measures in our everyday processes and innovating environment-friendly products.

We are proud to say that we are the only company in the world to produce the intermediate for Optical Brightening Agents at a Zero Discharge facility.

Environmental Measures:

- ISO 14001 Certified Organisation
- A dedicated cell responsible towards continual conservation of energy and improvisation in process yields and product quality
- Emphasis on controlled usage of reactants, closed loops operations and automation
- Effluent treatment plants at all our facilities
- Independent HSE department, ISO 14000 compliance
- Regular internal and external audits to monitor EHS standards
- Focus on minimising the generation of liquid / gaseous waste streams
- Waste heat recovery, safe disposal and upcycling
- Monitoring the quality of ambient air, effluents and emissions
- Fully compliant with the regional Pollution Control Authorities





The CSR activities are being undertaken by DNL through the group's Charitable Trust, Deepak Foundation. It touches lives of people who are deprived of Healthcare Delivery, Training & Capacity Building, Sustainable Livelihood and Pre-School Education, etc.

DEEPAK FOUNDATION

The Foundation has pan India presence with expansion of its activities in Maharashtra, Telengana, Madhya Pradesh, Delhi and Gujarat.

The services of the Foundation has reached out to over 3,00,000 beneficiaries located in urban slums, rural and tribal areas through its various social development initiatives in the year 2015-16. The organisation's main focus areas of intervention include healthcare delivery, skills building, livelihood promotion and pre-school education. The Foundation has marked its impact by-

- Delivering door-step healthcare services to more than 2,00,000 marginalised population
- Empowering more than 11,000 women from rural and tribal areas
- Ensuring food security for more than 6,000 women farmers
- Building skills of more than 4,000 grass-root functionaries and youths from rural and tribal areas
- Monitoring nutritional development of approximately 6,000 pre-school children in the age group 0-6 years and developing the reading skills of more than 400 school going children



Major CSR Activities of 2015-16

Healthcare Delivery

Delivering mobile health services to 25,000 tribal population in villages surrounding DNL industrial plant in Roha, Maharashtra

Organising eye-screening camps for children and anemia screening camps for adolescents in Nandesari of Vadodara district, Gujarat

Livelihood Opportunities

Establishment of water conservation structures in tribal villages of Roha block in Raigad district, Maharashtra as a part of CSR activity

Skills Building

Skill building of 104 youth from rural and tribal areas of Gujarat on health courses of Home Health and Nursing Aide recognised under Healthcare Sector Skill Council (HSSC) and National Skill Development Corporation (NSDC)

Pre-school Education

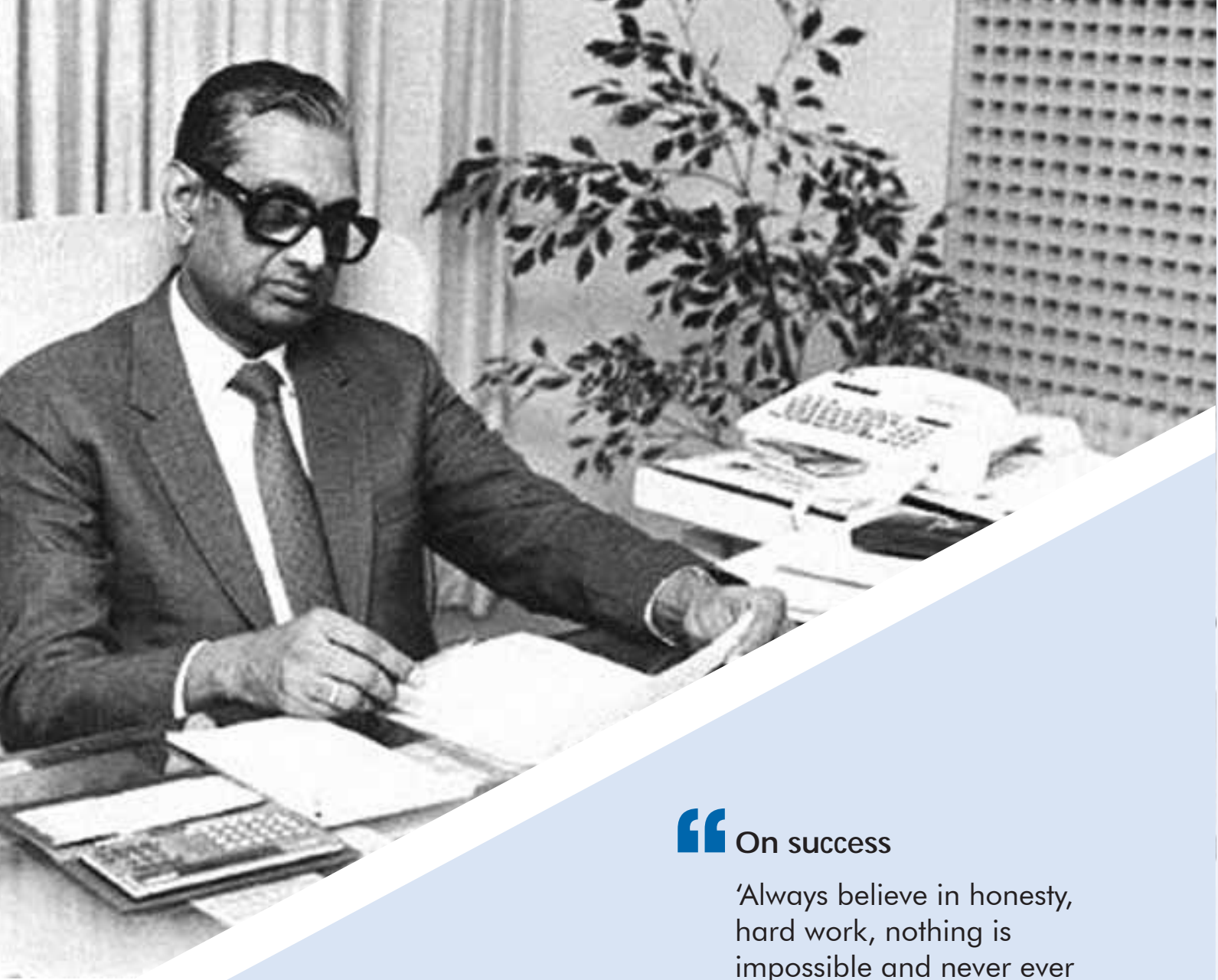
Entered into partnership with Department of Women and Child Development, Government of Gujarat to manage and monitor 65 Anganwadi centres in Nandesari of Vadodara district, Gujarat

Organised Fun Fair event for Anganwadi children with aim of generating awareness on childhood development and malnutrition

Inauguration of Mobile Library for tribal children from Roha block in Raigad district, Maharashtra

Organised health camp in residential tribal schools namely, "Ashram Shalas" in Roha block of Raigad district, Maharashtra





“ On success

‘Always believe in honesty, hard work, nothing is impossible and never ever compromise on ethics.’ ”

Shri C K Mehta the Man behind the Right Blend

Shri C K Mehta started his entrepreneurial journey some six decades ago, at an early age. His dream was to make a fortune in the world of chemicals. He plunged into the business of trading chemicals with Deepak Trading and emerged a winner. During early 1960's, he dominated soda ash, caustic soda and sulphur business.

Going by the tide of import substitution and local manufacturing in the late 60's, he chose his first manufacturing venture in Gujarat. Thus, Deepak Nitrite Limited (DNL) was born in 1970, with the vision to

become the leader in the Indian chemical industry. With an intimate knowledge of the industry and supreme self confidence, Shri C K Mehta went ahead with a public issue to raise funds for his new company. Despite being a new and unknown company, investors were overwhelmed by his vision, and the public issue was oversubscribed 20 times. Backed by this public support, he commenced his first Sodium Nitrite manufacturing plant at Nandesari, near Baroda in Gujarat. He was amongst India's pioneer entrepreneurs to have a technologically indigenised plant and machinery at DNL. The venture was a great

success. Shri Mehta didn't stop there and he immediately laid plans to set up a Nitric Acid Plant. During the time of crisis, he was able with his technological prowess, to manufacture and supply Nitric Acid from a partly erected plant which was instrumental in contributing to India's military requirements during the war with Pakistan. His belief to 'put in your best and leave rest to nature' won the trust of the Company's shareholders. Soon after Nitric Acid, came Ammonium Nitrate for the mining sector and Hexamine and Rubber Blowing Agent for the rubber sector.

By 1979, Shri Mehta has set a very ambitious target from a company with an equity capital of ₹ 1.5 crores. He took a giant leap forward to create Deepak Fertilisers & Petrochemicals Corporation Limited (DFPCL), a company with equity capital ten times as large and assets even more. This time the dream was to build an Ammonia Plant on a large scale. Being the first new Ammonia Plant based on Bombay High Associate gas, it was contributing to reduce the flaring of gas and brought great value addition from day one. The growth engine never slowed down. DFPCL was now pursuing the growth plan for making downstream fertilisers, petrochemicals like Methanol and Industrial chemicals including Ammonium Nitrate for the mining sectors. DFPCL converted itself into a large fertiliser manufacturer from intermediate fertiliser company. One of the largest public issue to fund the project brought in about two lakh shareholders with DFPCL.

Growth was a way of Shri Mehta's life and that too a rapid growth. Sharing returns with his shareholders, DNL was not only paying dividends from its very second year of formation to the shareholders but also declared bonus in 1977 and yet again in 1980. The Economic Times identified DNL as being among the top 10 admired new companies.

During his journey, Shri Mehta faced a large number of business challenges, but his self-belief always enabled him to rise above it and succeed. A couple of major challenges at DFPCL— explosion in methanol plant and sudden change in fertilizer policy, acted as road blocks to the business. However, even during such a tough phase, he ensured that no employee lost his job. He overcame the situation with his characteristic humane approach. This leadership trait filled all his employees with affection for him and proved to be a great motivational fuel for the growth of the Company. Despite odds, Deepak Group always continued to be a stakeholder-friendly Company. In 1989, it created history by being the only company in the corporate world to cover its shareholders for accident insurance with the largest ever cover in those days.

Under his leadership, DNL has grown into a multi-division and multi-product Company, growing segments, acquiring businesses and serving Fortune 500 MNC's.

Shri C K Mehta was amongst the few first generation entrepreneurs who clearly understood the importance of social responsibility. He lived by the adage 'You must be the change you wish to see the world'. While he was building the Deepak Group, he simultaneously thought of the development of the society. As a testament to this, are his tireless efforts towards helping the people of Amreli, Gujarat who were affected by floods in 1980. The flood led to severe devastation of property and also led to drowning of 50,000 farm animals. Shri Mehta came forward wholeheartedly to re-establish an end-to-end Animal Husbandry business in the floods impacted Amreli area. Along with DNL team, Shri Mehta re-established the Animal Husbandry project, partnering with Government of Gujarat. This was a first amongst PPP projects in those days.

Going forward with his dreams and need for social development, in 1982 marked the beginning of Deepak Foundation, the Corporate Social Responsibility arm of Deepak Group, with a vision to provide healthcare facilities to the families of workers and local communities residing in the industrial area of Nandesari. He embraced the entire District of Baroda, covering 2,000 villages and created the largest ever program for the reduction of women and child mortality rate. A huge team of 2,500 people were recruited / trained and put into action to take care of over 180,000 families.

Today, the Foundation has presence across Maharashtra, Telangana, Madhya Pradesh, Delhi and Gujarat. In continuance with the journey to touch as many lives as possible, the Foundation has reached out to over 3,00,000 beneficiaries located in urban slums, rural and tribal areas through its various social development initiatives during the year 2015-16.

Shri C K Mehta's journey is indeed an inspiring one, having made it big despite starting life with almost nothing. He is a great role model as an entrepreneur who dares to dream big and think big, be it in industry or in service towards the society and achieve his dreams.

SHRI C K MEHTA'S FAMOUS QUOTES

ON FATE

'We believe in nature, that God will take care of us'.

ON PEOPLE

'People make their own lives, good or bad'.

ON ADVISE

'I have adopted my father's habit of not advising everybody in my life. I never advise my sons. Advice does not count for much, anyway. Instead, I let them learn by observation; I am a role model to them.'

THE JOURNEY SO FAR...



1970

Incorporation of DNL as a private company

1971

Public issue



1972

Commissioned Sodium Nitrite Plant at Nandesari, Gujarat

1974

DNL bagged Sir P. C. Ray award for Best Chemical Industry unit developed by indigenous endeavor

1979

Established DFPCCL

1982

Started Deepak Foundation with focus on community development

1989

Announcement of unique Investor's Welfare Scheme



1992

Commissioned Nitro Aromatic Plant at Nandesari and ventured into overseas markets

ON HIS FATHER

'His attitude in life was always to help, a definite impact on me'.

ON EMPHASIS

'The long term-always'

ON PERSPECTIVE

'Philosophical life is in your hands. Materialistic life is in the hands of destiny'.



1998

Shri Mehta won the Federation of Indian Chambers of Commerce & Industry (FICCI) award for the Institutional Initiatives in the Field of Family Welfare, presented by then Prime Minister Shri I. K. Gujral.

2013

Deepak Nitrite was awarded the 'BusinessWorld FICCI CSR Award 2011-12' for its notable contributions towards social development.



2014

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

2015

Shri Mehta received a Lifetime Achievement Award from the Indian Chemical Council for his valuable contributions to the Industry.



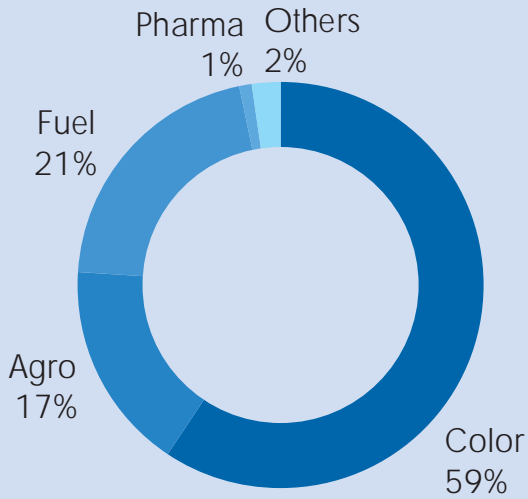
2012

Accredited with "Responsible Care" accreditation – a global benchmark towards global environment safety and health management

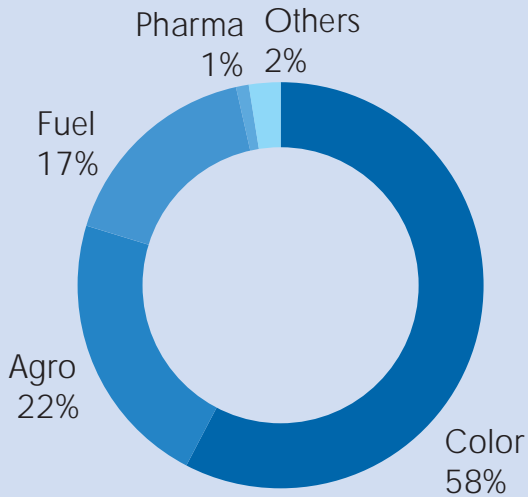
Financial Highlights

Application-Wise Sales

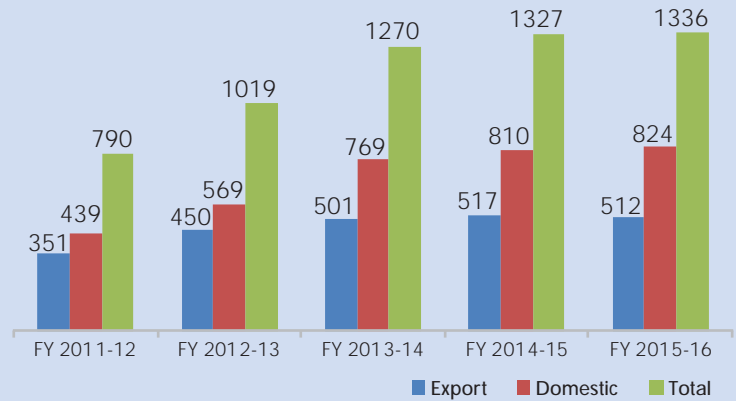
FY 2014-15



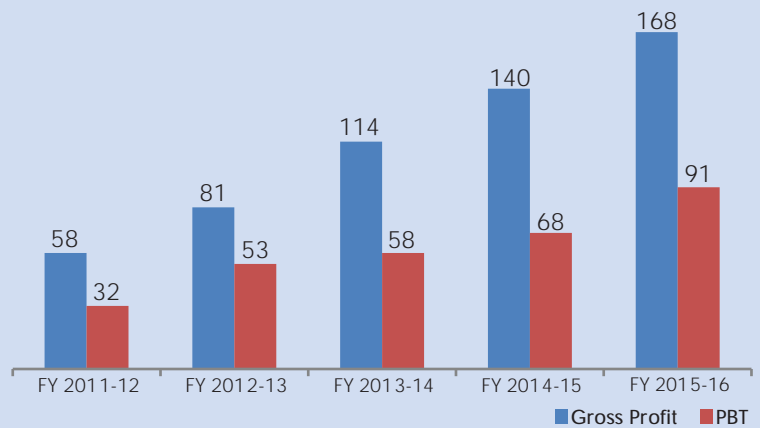
FY 2015-16



Revenue (₹ in Crores)

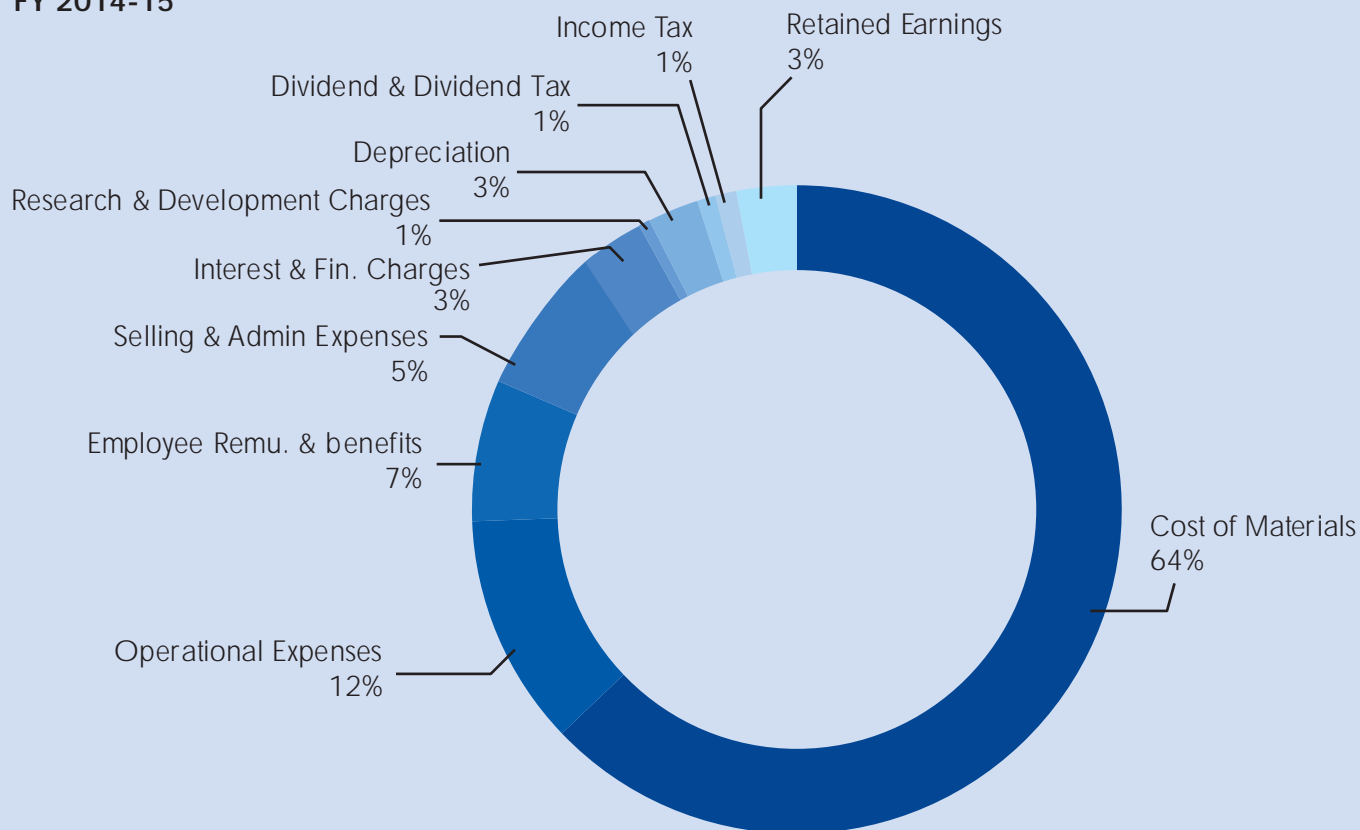


Profit/PBT (₹ in Crores)

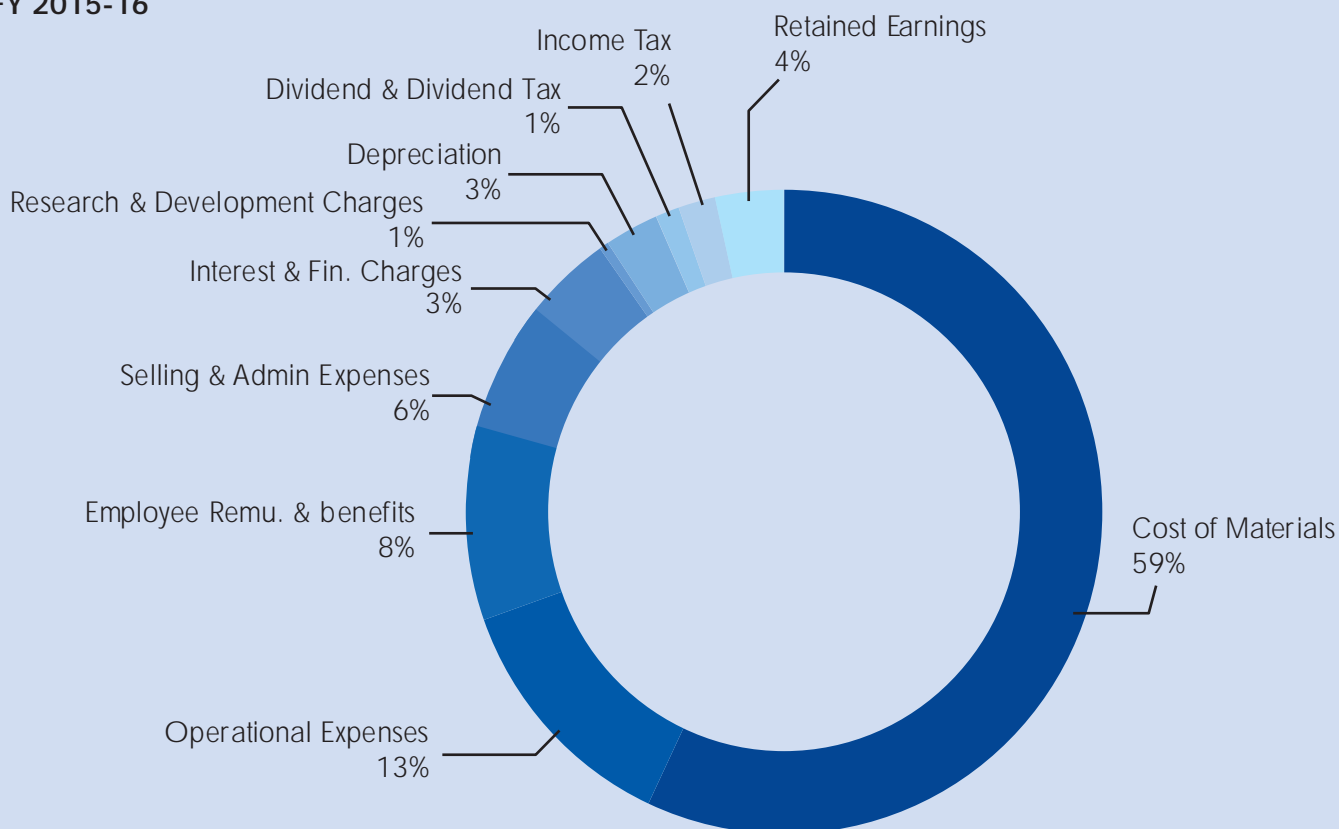


Fund Outflow

FY 2014-15



FY 2015-16



Financial Highlights for the last Ten Years

Sr. No.	Particulars	UOM*	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
1	Total Income	` in Lacs	133727	132922	127140	103010	79273	67742	54646	58289	47213	45218
	YoY Growth	%	0.61	4.55	23.42	29.94	17.02	23.97	(6.25)	23.46	4.41	27.80
2	EBIDTA	` in Lacs	16822	14017	11354	8122	5811	6217	5449	7838	3848	6619
3	Profit/Loss, Before Taxation	` in Lacs	9133	6774	5815	5258	3159	3696	3032	4286	674	3790
	Percentage to Total Income	%	6.83	5.10	4.57	5.10	3.98	5.46	5.55	7.35	1.43	8.38
4	Profit / (Loss) After Taxation	` in Lacs	6515	5344	3833	3782	2308	2580	2001	2828	702	3568
	Percentage to Total Income	%	4.87	4.02	3.01	3.67	2.91	3.81	3.66	4.85	1.49	7.89
5	Equity	` in Lacs	2326	2091	1045	1045	1045	1045	1045	896	896	896
6	Net worth	` in Lacs	47589	34683	30752	28060	25278	23791	21944	19064	16765	16518
7	Debt	` in Lacs	49520	54451	50504	33546	17096	5958	9256	8955	13502	17045
8	Dividend on Equity Capital	` in Lacs	1395	1045	1045	837	628	628	523	448	359	359
	Percentage	%	60	50	100	80	60	60	50	50	40	40
9	EPS	`	6.07	5.11	36.63	36.15	22.06	24.65	21.82	31.55	7.84	40.58
10	Book Value	`	44	34	294	268	242	235	210	213	187	184
11	Net Debt/ Equity Ratio	%	104.06	157.00	164.23	119.55	67.63	25.04	30.33	46.97	80.54	103.19

* UOM: Units Of Measurement

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 Maulik D. Mehta
Additional Director & Whole-Time Director (Since May 9, 2016)

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
Independent Director

AUDIT COMMITTEE

Shri Sudhin Choksey
Chairman

Shri Sudhir Mankad
Member

Shri S. K. Anand
Member

STAKEHOLDER'S RELATIONSHIP & INVESTORS GRIEVANCE COMMITTEE

Shri S. K. Anand
Chairman

Shri D. C. Mehta
Member

Shri Umesh Asaikar
Member

NOMINATION & REMUNERATION COMMITTEE

Shri Sudhir Mankad
Chairman

Shri Sudhin Choksey
Member

Shri S. K. Anand
Member

CHIEF FINANCIAL OFFICER

Shri Sanjay Upadhyay

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Arvind Bajpai

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
Mumbai-400 078

BANKERS

State Bank of India
Bank of Baroda
Dena Bank
ICICI Bank Ltd
Axis Bank Ltd
DBS Bank Ltd
Standard Chartered Bank
The Hongkong & Shanghai Banking Corporation Ltd.

STATUTORY AUDITORS

B. K. KHARE & Co.
Chartered Accountants, Mumbai

SECRETARIAL AUDITORS

KANJ & Associates
Company Secretaries, Pune

COST AUDITORS

B. M. Sharma & Co.
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: +91-265-233 094
Email: investor@deepaknitrite.com
Website: www.deepaknitrite.com

CORPORATE OFFICE

Aaditya-I, National Highway No.8,
Chhani Road, Vadodara – 390 024
Tel: +91-265-2765200,
Fax: +91-265-2340506

PLANTS

Nitrite & Nitroaromatics Division
4-12, GIDC Chemical Complex,
Nandesari-Dist., Vadodara - 391 340

Taloja Chemical Division

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

APL Division

Plot Nos. 1, 2, 26 & 27
MIDC DhataV, Roha,
Dist. Raigad - 402 116

Hyderabad Specialities Division

Plot No.70 A & B, 90-F/70-A and 22
Phase I, Industrial Development Area,
Jeedimetla, Tal. Quthbullapur Madal,
Dist. Ranga Reddy,
Hyderabad - 500 055

Dahej

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

NOTICE

NOTICE is hereby given that the Forty Fifth Annual General Meeting of the Company will be held at Hotel Surya Palace, opposite Parsi Agiyari, Sayajigunj, Vadodara – 390 005 on Friday, August 5, 2016 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, 2016, together with the Directors' Report and the Auditor's Report thereon.
- 2) To declare a Dividend on Equity Shares.
- 3) To consider and ratify the appointment of M/s. B. K. Khare & Co., Chartered Accountants (Firm Registration No.:105102W) as the Statutory Auditors of the Company approved by the Shareholders at the 43rd Annual General Meeting for a term of three years i.e. till the conclusion of the 46th Annual General Meeting of the Company.

SPECIAL BUSINESS:

- 4) **To resolve not to fill up vacancy caused by retirement of Shri C. K. Mehta (DIN: 00028289) by rotation.**

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

"RESOLVED THAT the vacancy caused on the Board of Directors due to retirement by rotation of Shri C. K. Mehta (DIN: 00028289) at this Annual General Meeting, as he has not offered himself for re-appointment, be not filled up."

- 5) **Appointment of Shri Maulik D. Mehta (DIN: 05227290), as a Director liable to retire by rotation.**

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 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") Shri Maulik D. Mehta, (DIN: 05227290) who was appointed as an Additional Director of the Company by the Board of Directors with effect from May 9, 2016 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

- 6) **Appointment of Shri Maulik D. Mehta (DIN: 05227290) as Whole-Time Director of the Company for a period of five years.**

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

"RESOLVED THAT in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the Company, be and is hereby accorded to the appointment of Shri Maulik D. Mehta (DIN: 05227290) as a Whole-Time Director of the Company, for a period of 5 (five) years with effect from May 9, 2016, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) be and is hereby authorised to alter and/or vary the terms and conditions of the said appointment including remuneration payable to Shri Maulik D. Mehta within the overall limits specified under Sections 197 read with Schedule V of the Companies Act, 2013 and rules made thereunder or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT where in any financial year during the tenure of Shri Maulik D. Mehta as Whole-Time Director, the Company incurs a loss or its profits are inadequate, the Company shall continue to pay to Shri Maulik D. Mehta, the remuneration, set out in the Explanatory Statement, by way of salary, perquisites and other allowances, as a minimum remuneration subject to the limits and conditions specified under Schedule V to the Companies Act, 2013 and rules made thereunder or such other limits as may be prescribed by the Central Government from time to time and approval of members and/or Central Government, if so required.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem necessary and authorise executives of the Company for the purpose of giving effect to the appointment of Shri Maulik D. Mehta as a Whole-Time Director of the Company as aforesaid."

7) Ratification of remuneration of the Cost Auditors for the Financial Year 2016-17.

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 ₹ 6,50,000 (Rupees Six Lacs Fifty Thousand only) to M/s. B. M. Sharma & Co., Cost Accountants (Firm Registration No.: 00219), the Cost Auditors, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2017, 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

Place: Mumbai
Date: May 9, 2016

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 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 (enclosed separately), in order to be valid and effective, should be lodged / deposited with the Company at its Registered Office not less than 48 (forty eight) hours before the commencement of the Annual General Meeting (“the Meeting”).

A person can act as a proxy on behalf of Members not exceeding 50 (fifty) and holding in the aggregate not more than 10% (ten percent) of the total share capital of the company carrying voting rights. A member holding more than 10% (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 Annual General 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 (enclosed separately) to attend the Meeting, along with their copy of Annual Report.
5. The relevant documents referred to in this Notice requiring approval of the Members at the Meeting shall be available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays and Sundays, during business hours up to the date of the Meeting.

This Notice and the Annual Report will also be available on the Company’s website www.deepaknitrite.com for download.

6. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, July 30, 2016 to Friday, August 5, 2016 (both days inclusive).
7. The dividend as recommended by the Board of Directors, if approved at the Meeting, will be paid on or after August 8, 2016 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 29, 2016.
 - (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 29, 2016.
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. **The Shareholders are requested to note that the Company has changed its Registrar and Share Transfer Agent from M/s. Sharepro Services (I) Private Limited to M/s. Link Intime India Private Limited. The address of the new Registrar and Share Transfer Agent of the Company for Shareholders' Communication is provided in the Report on Corporate Governance and on the Corporate Information Page.** 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 well in advance, so as to enable the Management to keep the information ready at the Meeting.
12. In terms of provisions of Section 205A and other applicable provisions of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), 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 Central Government. Accordingly, the unclaimed dividend in respect of Financial Year 2008-09 is due for transfer to the said Fund in August, 2016. Members who have not yet encashed their dividend warrant(s) pertaining to the dividend for the Financial Year 2008-09 onwards, are requested to lodge their claims with the Company for the same.
13. The Notice of the Annual General Meeting along with the Annual Report for the Financial Year 2015-16 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.
- The route map showing directions to reach the venue of the Meeting is appended to the Notice.
14. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar & Share Transfer Agent/ Depositories. 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. 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 Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.
17. Members, whose names appear in the Register of Members / list of Beneficial Owners as on July 29, 2016 ("Cut-off Date") are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the Cut-off Date should treat this Notice for information purposes only.
18. The Company has entered into an arrangement with National Securities Depository Limited ("NSDL") for facilitating remote e-Voting for the Meeting. The Members may cast their votes on electronic voting system to be provided by NSDL from place other than the venue of the Meeting ("remote e-Voting"). The remote e-Voting will commence on **August 2, 2016 (9:00 a.m.)** and will end on **August 4, 2016 (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.

19. 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.
20. 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.
21. 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.
22. The voting rights of Members shall be in the proportion of their shareholding in the Company as on Cut-off Date.
23. 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 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 the email and open PDF file viz; "DNL 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) If you are already registered with NSDL for e-voting, then you can use your existing user ID and password for casting your vote.
- (v) If you are logging in for the first time, please enter the User ID and password provided in the PDF file attached with the e-mail as initial password. The Password Change Menu will appear on your screen. Change the password with new password of your choice with minimum 8 digits or characters or a combination of both. 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) Once the Home page of remote "e-Voting" opens, click on remote "e-Voting > Active Voting Cycles".

- (vii) Select "EVEN" (E-Voting Event Number) of "Deepak Nitrite Limited".
- (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 at 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. I (ii) to (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.
- III. Members can cast their vote online from August 2, 2016 (9:00 a.m.) till August 4, 2016 (5:00 p.m.). Remote e-Voting shall not be allowed beyond the said period.
- 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. July 29, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-Voting then he/she can use his/her existing User ID and password for casting vote. If you forgot your password, you can reset

your password by using “Forgot User Details/Password” option available on 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 Forty Eight Hours of the conclusion of the Meeting.
- VII. The result declared along with the Report of the Scrutinizer shall be placed on the website of the Company 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 Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of Limited where the shares of the Company are listed.

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

ITEM NO. 3

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 the appointment of 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 or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for ratification by the Members.

ITEM NO. 4

Shri C. K. Mehta (DIN: 00028289), Non Executive Chairman of the Company, liable to retire by rotation, is due to

retire by rotation at the ensuing Annual General Meeting. Shri C. K. Mehta, although eligible for re-appointment, due to his advancing age, has not offered himself for the re-appointment at the ensuing Annual General Meeting. The Board of Directors while extending their gratitude for the valuable contribution of Shri C. K. Mehta as the Chairman of the Company, have decided not to fill the vacancy that will be caused by Shri C. K. Mehta not offering himself for reappointment on retirement. However, in order to continue to have the guidance and benefit from the wealth of experience of Shri C. K. Mehta, the Board of Directors has requested Shri C. K. Mehta to continue as the Chairman - Emeritus and Shri C. K. Mehta has assented to the request.

In terms of provisions of Section 152, it is proposed to expressly resolve not to fill the vacancy caused by the retirement of Shri C. K. Mehta as the Chairman of the Company. Hence, the resolution at Item No. 4 is placed before the Members for their approval.

None of the Directors except Shri C. K. Mehta, Shri D. C. Mehta, Shri A. C. Mehta and Shri Maulik D. Mehta or any Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the Ordinary Resolution as set out at Item No. 4 of the Notice.

ITEM NOS. 5 & 6

Shri Maulik D. Mehta was appointed as an Additional Director on the Board of the Company by the Board of Directors at their meeting held on May 9, 2016.

In terms of Section 161 of the Companies Act, 2013, Shri Maulik D. Mehta holds office up to the date of the ensuing Annual General Meeting. The Company has received Notice from a member of the Company under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director.

Further, the Board of Directors at their said meeting held on May 9, 2016, have subject to the approval of Members at the Annual General Meeting, also appointed Shri Maulik D. Mehta as Whole-Time Director of the Company for a period of five years effective from May 9, 2016.

The terms of appointment including remuneration of Shri Maulik D. Mehta as Whole-Time Director, as recommended by the Nomination and Remuneration Committee are as under:

- (A) Shri Maulik D. Mehta shall, during the Financial Year 2016-17, be paid proportionate fixed amount of ₹ 67.50 Lacs (Rupees Sixty Seven Lacs Fifty Thousand only) per annum, with effect from May 9, 2016, by way of salary, perquisites, allowances and other benefits and for subsequent years, such amount as may be determined by the Board or Committee thereof from time to time. The perquisites, allowances and other benefits shall include but not be limited to the following:

1. Re-imbursement of medical expenses incurred for self and members of his family, as per policy of the Company.
2. Leave travel concession for self and members of his family, as per policy of the Company.
3. Medical and other insurances, as per policy of the Company.
4. Company car with driver.
5. Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity and encashment of leave, as per policy of the Company.
6. Retirement and other benefits, as per policy of the Company.
7. Hardship Allowance and Retention Bonus as per policy of the Company.

- (B) In addition to the salary, perquisites, allowances and other benefits as mentioned above, Shri Maulik D. Mehta will also be paid Variable Pay by way of Performance Linked Incentive.

The amount of variable pay shall be paid annually after the end of each Financial Year. The base amount (being 100%) of Variable Pay for the Financial Year 2016-17 is ₹ 22.50 Lacs (Rupees Twenty Two Lacs Fifty Thousand only), which may vary from 80% to 125% depending upon his individual as well as the Company's performance, as per policy of the Company. During the tenure of Shri. Maulik D. Mehta as Whole-Time Director, the Board or Committee thereof shall determine the amount of Variable Pay, for subsequent years.

- (C) The aggregate remuneration inclusive of Fixed Pay, Variable Pay and other benefits as stated above, payable to Shri Maulik D. Mehta, as Whole Time Director, during any Financial Year, shall always be subject to the overall ceilings laid down in Section 197 read with Schedule V of the Companies Act, 2013 and rules made thereunder.
- (D) Shri Maulik D. Mehta shall also be entitled to reimbursement of all legitimate expenses incurred by him while performing his duties and such reimbursement will not form part of his remuneration.
- (E) Where in any Financial Year during the tenure of Shri Maulik D. Mehta, the Company incurs a loss or its profits are inadequate, the Company shall continue to pay to Shri Maulik D. Mehta, the above remuneration by way of salary, perquisites and other allowances as a minimum remuneration subject to the conditions specified under Schedule V to the Companies Act, 2013 and rules made thereunder or such other limits as may be prescribed by the Central Government from time to time and approval

of Members and/or Central Government required, if any.

- (F) Shri Maulik D. Mehta, as a Whole-Time Director, shall perform such duties and exercise such powers bestowed on him from time to time by the Vice Chairman & Managing Director and/or Board of Directors.
- (G) Shri Maulik D. Mehta shall not be entitled to sitting fees for attending meetings of the Board or any Committee thereof.
- (H) Shri Maulik D. Mehta shall be liable to retire by rotation as a Director of the Company.
- (I) The Board of Directors or any Committee thereof, shall have authority to alter or vary the terms of appointment and remuneration payable to Shri Maulik D. Mehta within the overall limits specified under Sections 197 and Schedule V of the Companies Act, 2013 and rules made thereunder.

A brief profile of Shri Maulik D. Mehta together with other details as required under provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standard – 2 are as under:

Shri Maulik D. Mehta, aged 33 years, holds a Bachelor's degree in Business Administration from University of Liverpool, UK. He has also done Masters in Industrial and Organisational Psychology from Columbia University, USA. Shri Maulik D. Mehta has around 8 years of experience in the areas of Business Development. During the span of his career, he has held important positions including Product Head & Associate Vice President in the Company. His last drawn remuneration as Associate Vice President was ₹ 46.70 Lacs per annum. He holds 1,31,300 Equity Shares of the Company. He has attended Board Meeting held on May 9, 2016 where he was appointed as an Additional Director.

He is also a Director of Deepak Cybit Private Limited. He does not hold any Chairmanship or Membership of any Committees of the Board.

Shri Maulik D. Mehta is son of Shri Deepak C. Mehta, Vice Chairman and Managing Director, grandson of Shri C. K. Mehta, Chairman and nephew of Shri Ajay C. Mehta, Managing Director of the Company.

Accordingly, approval of the Members is sought for the Ordinary Resolutions as set out at Items No. 5 & 6 of the Notice for appointment of Shri Maulik D. Mehta as a Director liable to retire by rotation and Whole-Time Director of the Company.

None of the Directors except Shri C. K. Mehta, Shri D. C. Mehta, Shri A. C. Mehta and Shri Maulik D. Mehta, or any Key Managerial Personnel of the Company or their relatives, are concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 5 & 6 of the Notice.

The Board recommends the Ordinary Resolutions set out at Item Nos. 5 & 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, 2017.

The remuneration of the Cost Auditors was fixed by the Board of Directors as ₹ 6,50,000/- (Rupees Six Lacs Fifty Thousand only) upon the recommendation of the Audit Committee.

In accordance with the provisions of Section 148 of the Companies Act, 2013 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, 2017.

None of the Directors or Key Managerial Personnel of the Company or 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

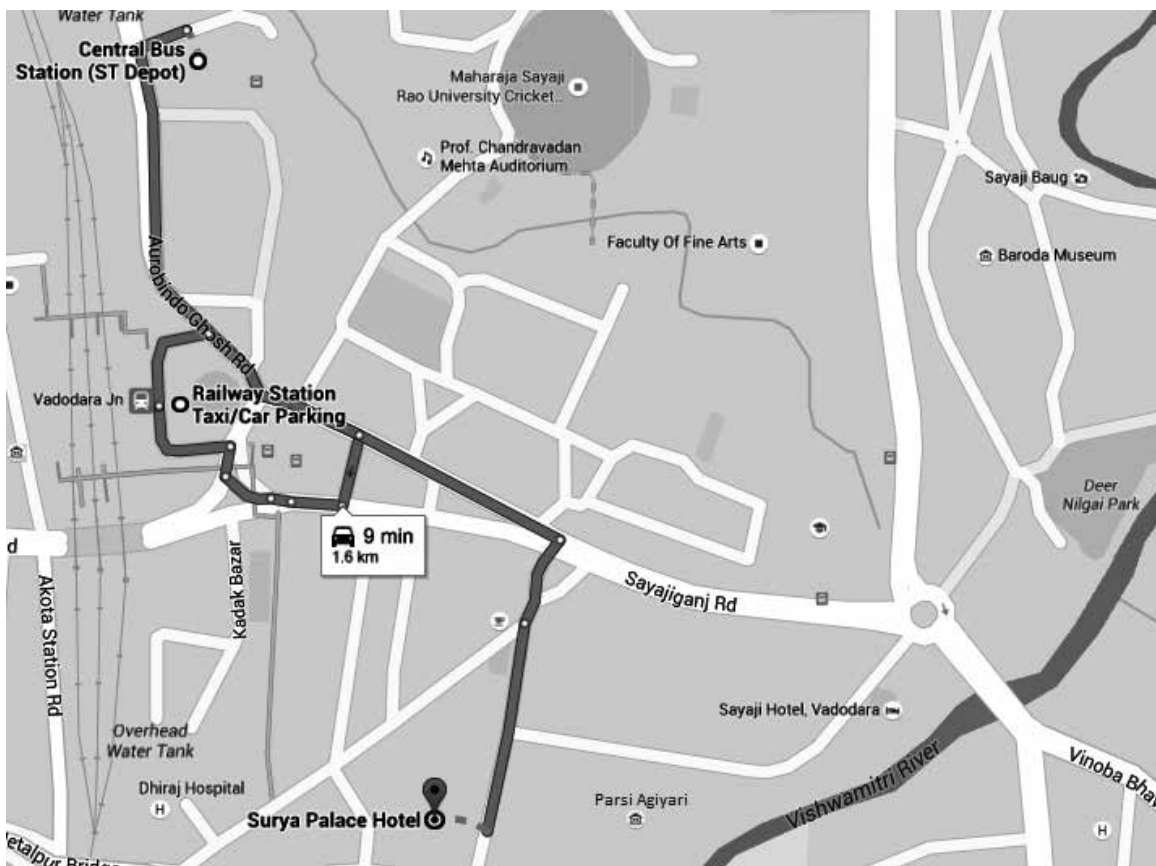
Place: Mumbai
Date: May 9, 2016

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

Route map to the venue of 45th Annual General Meeting of Deepak Nitrite Limited



Landmark : Parsi Agiyari

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL SCENARIO

During the year 2015, the global economic growth continued to remain subdued due to the overall slowdown in world economies. However, Advanced Economies (Exhibit 1) grew by 1.9% in 2015 vis-a-vis 1.8% in 2014. Thus, for the second year, Advanced Economies have shown some signs of revival. On the other hand, the Emerging Markets & Developing Economies (EMDEs) witnessed deceleration. EMDEs which contribute over 70% of the global growth, declined for the fifth consecutive year due to fall in commodity prices, volatile currency rates and turbulent financial markets.

As per International Monetary Fund (IMF) estimates, the growth in Advanced Economies is anticipated to remain flat at 1.9% in 2016. Revival is likely to be stressed by weak demand, unresolved crisis, unfavourable demographics and low productivity growth.

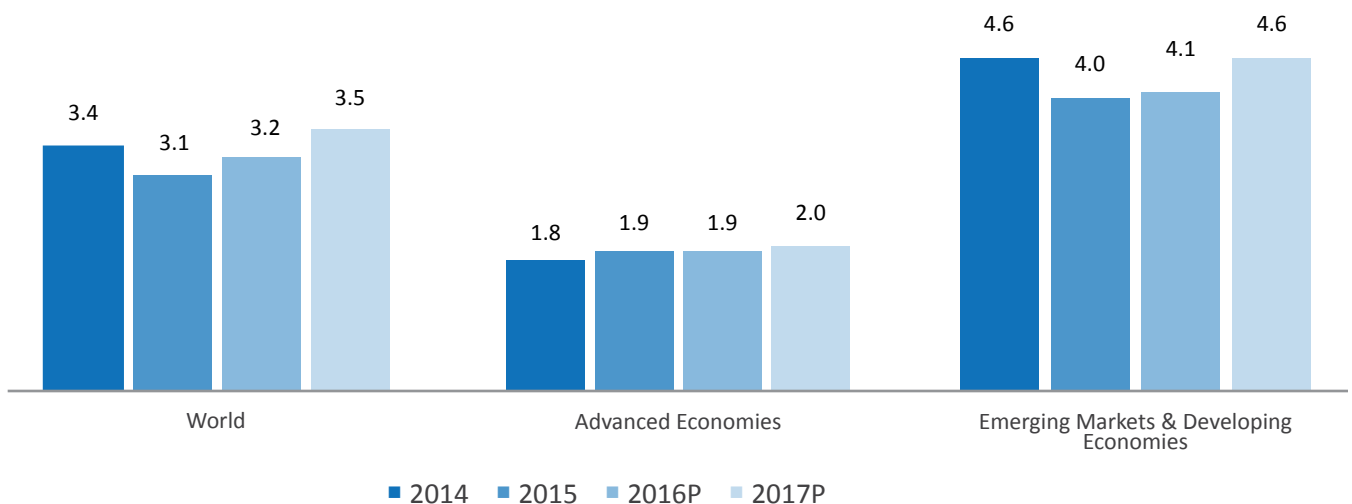
Due to slowdown, EMDEs GDP growth dived from 4.6% in 2014 to 4.0% in 2015. It is further expected to remain tepid at 4.1% in 2016. The global demand growth for 2016 is pegged at 3.2% due to slowdown and rebalancing of economic activities in China, stubbornly low prices for energy and other

commodities and ongoing tightening of the U.S. monetary policy.

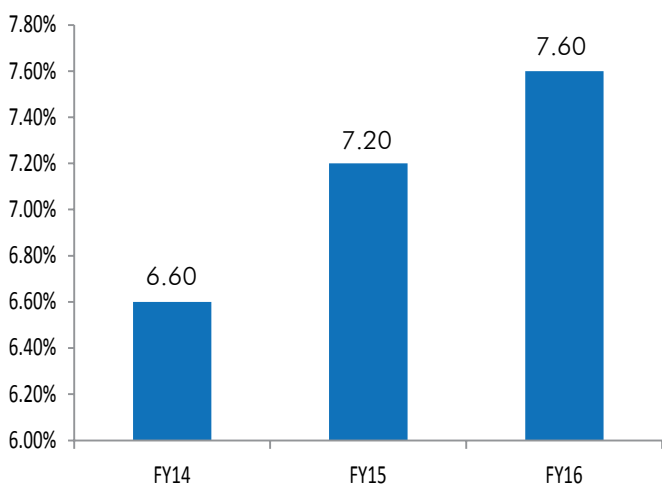
DOMESTIC SCENARIO

During FY 2016, India remained steady on its growth trajectory backed by stable domestic consumption and increased government push towards reviving the infrastructure sector. Key macroeconomic parameters like inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement during the fiscal. The Reserve Bank of India (RBI) opted to cut the repo rate by 75 basis points during the year retaining its target of 5% CPI by March 2017. Exports remained muted due to global slowdown. The rupee continued to show resilience as compared to the currencies of other EMDEs. India has been one of the key beneficiaries from the fall in the commodity prices, especially crude oil, resulting in moderate trade and current account deficits. As per Central Statistics Office (CSO) estimates, the Indian economy is expected to grow at 7.6% in FY 2016. Weathered by two successive monsoon failures plus damage from unseasonal rains, CSO has mooted strengthening the domestic capex cycle in order to give thrust to investments in infrastructure sector.

Exhibit 1: World GDP Growth, %



Source: IMF's World Economic Outlook, April 2016

Exhibit 2: India GDP Growth, %


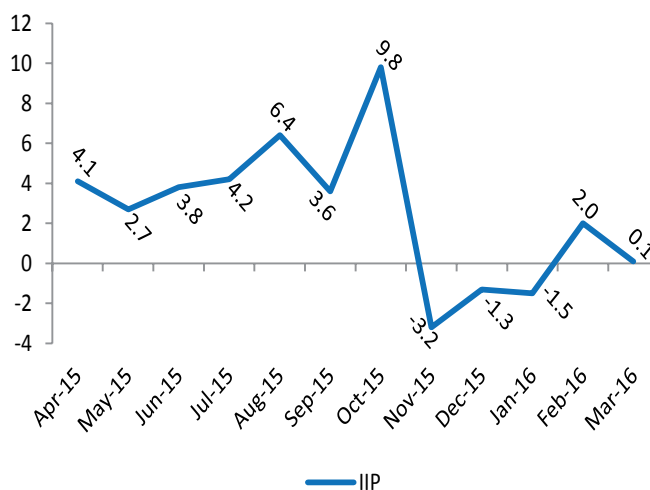
Source: CSO

The government concentrated on key issues in the Union Budget 2016-17 which would propel the economy progressively on its recovery trajectory. The IMF hailed India as a 'bright spot' amidst a slowing global economy. The economy would also reap benefits from implementation of the salary and pension revisions recommended by the One Rank One Pension Scheme and the Seventh Pay Commission. A normal monsoon as forecast by India Meteorological Department (IMD) in 2016, will further cheer the economy.

INDUSTRY TRENDS AND OUTLOOK

The global chemical industry witnessed steady progress in the last decade reflecting an average annual growth of about 11%*. The industry however witnessed a gradual shift to the emerging Asian regions from the developed western world which led to 'easternisation' in production of chemicals. While this was largely led by China where chemicals sales swelled rapidly, other emerging markets also contributed to this growth.

While China continues to remain the most important chemical market, the recent slowdown in that country is viewed as a positive factor for chemical manufacturers in other emerging markets like India where the chemical industry is worth US\$ 144 billion# and IBEF expecting the industry to touch US\$ 224 billion by FY 2017. The Indian chemical industry forms a backbone for the Indian economy, accounting for about 2.5% of the Gross Domestic Product (GDP), 16% of India's manufacturing and 9%* of the exports. Robust demand

Exhibit 3: Index of Industrial Production, %


Source: CSO

for chemicals over the past few years has been fuelled by strong economic growth, large population and rise in per-capita income. As a result of strong domestic demand and Asia's increasing contribution to the global chemicals industry, India has emerged as one of the 'focus destinations' of companies worldwide.

The Indian chemical industry enjoys the position of third largest producer in Asia and sixth largest producer in the world, in terms of volume of production. Bulk chemicals account for 39% of the Indian chemical industry, followed by agrochemicals 20.3% and speciality chemicals 19.5%#. Pharmaceuticals and biotechnology account for the remaining share. India's growing per capita consumption and demand for agriculture-related chemicals offer huge scope of growth for the sector in the near-term. Consequently foreign firms have increasingly strengthened their presence in the Indian chemical space attracted by the emerging size and returns. From April 2000 to May 2015, the total foreign direct investment (FDI) into the Indian chemicals industry (excluding fertilisers) stood at US\$ 10.49 billion#.

In line with increase in the demand of value-added products, the Indian speciality chemicals, is now one of the fastest growing industries globally (next only to China), delivering 13% annual average growth over the last five years reaching US\$ 25 billion* in 2014. Apart from exports, steadily rising domestic demand has supported this momentum. This is further backed by faster GDP growth, domestic demand attaining critical mass, low-cost manufacturing, and enhanced focus on process R&D

* PhillipCapital Report on Speciality Chemicals

IBEF Report on Chemicals

and engineering capabilities. More importantly, several bulk chemical producers have started moving up the value chain to manufacture speciality chemicals with applications across consumer, industrial and infrastructure segments which are driven by the overall growth of the economy. On the other hand, exports have been growing rapidly as India is becoming an important manufacturing hub for such chemicals. Tightening environmental norms in developed countries and slowdown in China (in certain segments) are key contributors to export-led growth.

The road ahead looks encouraging with healthy double-digit growth expected in the end-user industries, which will help the Indian speciality chemical industry to continue to deliver robust growth. The 'Make in India' initiative of the Government of India is also likely to add impetus to the emergence of India as a manufacturing hub for the chemical industry in the medium term. Overall, the Indian speciality chemical space is set to emerge as the fastest growing globally and is projected to reach US\$ 80-100 billion* by FY 2023.

COMPANY PERFORMANCE

For the Financial Year (FY) 2015-16, your Company reported Total Income of ₹ 1,335.73 crore, an increase of 0.6% against ₹ 1,327.16 crore in FY 2014-15. The prices of crude oil and related petrochemical intermediates, which form an important source of raw materials for your Company declined significantly over the past one year thereby impacting top-line growth. Despite this, overall volume growth stood healthy at 9% driven by balanced growth across all the segments. Export volumes also increased during the year on the back of higher quantities being shipped to international customers.

EBITDA for FY 2015-16 improved by 20.01% to ₹ 168.22 crore from ₹ 140.17 crore in FY 2014-15. Your Company was able to maintain the spread in key products despite the reduction in selling prices of certain products, namely those that are linked to petrochemical intermediates. A combination of factors including favourable product mix, efficiency gains and better realisations across key products also contributed to better EBITDA performance.

Profit Before Tax came in at ₹ 91.33 crore, higher by 34.8% compared to ₹ 67.74 crore in FY 2014-15. Profit After Tax increased to ₹ 65.15 crore against ₹ 53.44 crore in the previous year, representing a growth of 21.9%. This was achieved despite the increase in interest and depreciation due to investments in de-bottlenecking and post full commissioning of the Dahej facility. Depreciation and finance cost during the year increased to ₹ 39.45 crore and ₹ 37.45 crore respectively.

Financial Year 2015-16 was a challenging year for the industry owing to slowdown in emerging markets combined with lower commodity prices. However, your Company was able to maintain its trend of steady growth in profitability

and delivered a healthy performance backed by focus on value-added products. Further, your Company forayed into high-potential segments of pharma and personal care intermediates expanding the scope of the Fine and Speciality segment. During the year, deeper customer engagement in FWA segment and finalisation of the plan for Phenol & Acetone project has been other notable achievements. Your Company sustained the dividend paying track record during the year and the Board of Directors recommended a dividend of ₹ 1.20 (Rupee One and Paise Twenty only) per Equity Share of a Face Value of ₹ 2/- (Rupees Two only) each. Your Company also received the Supplier Excellence Award in the Outstanding Performance category from Bayer CropScience for the year 2015.

PERFORMANCE OF STRATEGIC BUSINESS UNITS

Bulk Chemicals and Commodities

In Bulk Chemicals and Commodities (BCC), your Company manufactures Nitro Toluenes, Fuel Additives and Sodium Nitrite. These chemicals find application across colourants, rubber chemicals, explosives, dyes, pigments, food colours, pharma, petrol & diesel blending and agrochemicals among others. These are commodity chemicals supplied in high volumes. Your Company manufactures these chemicals as per standard specifications, with better quality through process excellence across product offerings. Cost leadership is the chief objective in order to enhance volumes & drive profitability.

In FY 2015-16, revenues for Bulk Chemicals and Commodities stood at ₹ 674.56 crore compared to ₹ 749.59 crore for FY 2014-15. This segment contributed 51% to total revenues during the year, with EBIT margin of 11.8%, higher by 199 bps. A sharp fall in the prices of crude oil led to muted top-line, but the BCC volumes were higher as compared to the previous year. Your Company witnessed balanced volume growth in domestic as well as export markets.

Fine and Speciality Chemicals

The Fine and Speciality Chemicals (FSC) segment includes niche products that require greater value addition. This business manufactures Speciality Agrochemicals, Xylidines, Oximes and Cumidines primarily used as intermediates in colorants, pigment, fuel additive, agrochemicals, personal care and pharma intermediaries. These products are manufactured in low volumes and enjoy higher value as they are customised to specific customer requirements. Due to the differentiation from standardised products, the focus is based on quality of product, long-term relationships, stable and sustainable operations and global best practices for suppliers and customers.

Revenues from Fine and Speciality Chemicals stood at ₹ 393.37 crore for FY 2015-16 compared to ₹ 326.20 crore for FY 2014-15. This segment contributed 29% to the total revenues during the year. FSC segment benefited from healthy traction in select products and contribution from newly

introduced pharma and personal care intermediates, revenues for which stood at ₹ 30.87 crore. The EBIT margin stood at 24.7% in FY 2015-16, higher by 570 bps. The shift towards higher contribution products in the overall product mix and traction from newly introduced products has been instrumental in the strong performance of this segment. Sales of established products positively contributed to the top-line of FSC segment.

Fluorescent Whitening Agent

Fluorescent Whitening Agent (FWA) is an application chemical and is commonly known as Optical Brightening Agent (OBA). FWA are brighteners, commonly used in industries like paper, detergents, textiles, coating applications in printing and photographic paper. These products are offered to the customers as per their desired specification across liquid, solid and powdered forms. Your Company is the only fully-integrated manufacturer of FWA having vertical integration from Toluene to PNT and further into DASDA and OBA. The FWA business is backed by a strong innovation focused team and application labs in all segments for testing and post-sales support. Your Company has an extensive global clientele for OBA supplies and enjoys an edge over peers due to vertical integration from Toluene to OBA. Thus, your Company customises the raw material at each stage depending upon the customer specification resulting in superior quality and enhanced profitability compared to other players that are dependent on suppliers for raw materials. Going forward, the Fluorescent Whitening Agents business will continue to capitalise on the upcoming demand in the end user industries, better acceptance of your Company's products, doubling the customer base and expanding the geographies. Your Company will maintain its strategy of creating a unique market positioning which would result in a sizeable market share globally.

Revenues from Fluorescent Whitening Agents stood at ₹ 273.68 crore in FY 2015-16 compared to ₹ 266.18 crore in FY 2014-15. This segment contributed 20% to total revenues during the year. Your Company witnessed healthy traction in FWA segment during the year with higher volumes reported in both domestic as well as export markets. Your Company is confident of maintaining the momentum in the ensuing year with steady increase in volumes.

Geographic Performance

Domestic revenues were higher by 0.9% to ₹ 794.58 crore, while export revenues improved by 2% to ₹ 525.75 crore in FY 2015-16. The proportion of domestic and exports markets stood at 60% and 40% respectively. Europe continues to be the largest export market for your Company, contributing close to 48% to the total export revenues, followed by USA and China, which contribute 23% and 8% respectively. Steady sales in Europe and USA led to higher exports contribution.

STRATEGIC INITIATIVES AND EXPANSION PLANS

Your Company is implementing a Greenfield project to manufacture Phenol and Acetone at Dahej in the State of Gujarat through its wholly owned subsidiary, viz. Deepak Phenolics Limited. The capacity of the Phenol Plant will be 200,000 MTPA and that of co-product Acetone will be 120,000 MTPA. The total capital outlay for this project would be around ₹ 1,200 crore, which will be raised through a combination of debt and equity. The Company has already tied up the debt portion, while the equity funds will be raised in a progressive manner. During the year, your Company raised ₹ 83.31 crore through a Qualified Institutions Placement (QIP) from prominent domestic and foreign institutional investors.

Phenol and Acetone are basic organic chemicals. Phenol is an aromatic compound derived from cumene, a benzene and propylene derivative. Phenol is primarily used in manufacturing of various commercial products and finds applications in laminates, paints and automobile lining among others, while Acetone finds applications in pharma, paints, adhesives & thinners, acrylic sheets, etc. India currently produces ~50,000 MT of Phenol while close to 225,000 MT is imported in order to meet the overall demand. Likewise, Indian Acetone production stands at ~30,000 MT whereas close to 140,000 MT is imported. The upcoming Phenol and Acetone plant will thus help bridge this gap and give your Company a market leadership position in India.

Kellogg, Brown & Root International, Inc. has been appointed for technology and engineering services while M/s. ThyssenKrupp Industrial Solutions (India) Pvt. Ltd. has been selected as the Engineering, Procurement, and Construction Management (EPCM) contractor. Most of the basic engineering work is completed and orders for major long lead items have already been placed or are in process of negotiation.

With an objective to test the Phenol market and also develop working relationships with major clients across India, Deepak Phenolics has already started seeding Phenol in the key markets and the response so far has been encouraging. Phenol imports remained strong and the country's current demand will absorb the entire capacity that the Company plans to install. Changing consumption trends of end-user industries will further boost this momentum.

SWOT ANALYSIS

STRENGTH

Technical Expertise

Over the years, your Company has built and enriched its expertise of undertaking numerous chemical processes such as hydration, nitration and chlorination among others. Your Company executes complex and hazardous chemical processes with high success rates by leveraging its experience

in indigenous development and capability in developing, managing, storing and handling various types of chemicals in quantities ranging from a few kilos to several tonnes. Your Company's expertise and competence provides customers the comfort that it will undertake these complex processes safely and in a cost competitive manner while adhering to the highest standards of quality. This is a key differentiator for your Company in the market place.

Experienced Management Team

Your Company is led by a strong and experienced management team with strong fundamental knowledge and keen awareness of the shifts in the industry landscape. The management team possesses a proven track record in the chemical intermediates industry and has been instrumental in formulating strategies to accelerate the growth momentum. They have contributed to your Company's consistent progress and the establishment of best-in-class global practices which have enabled your Company to enhance stakeholder value while adhering to the code of Responsible Care and ethical values.

Diversified Product Portfolio

Your Company has built a wide portfolio of products across various chemical intermediates thereby insulating itself from a sharp slowdown in a single product or category. Your Company's ability to produce a spectrum of chemicals combined with its expertise in custom manufacturing services provides it with a competitive edge and helps cater to a host of chemical majors across the globe. Quality infrastructure at multiple locations and balanced exposure in domestic and export markets have ensured steady growth for your Company.

Long Standing Client Relationships

Your Company is a preferred supplier to some of the leading companies, both in India & internationally. This has come about through a customer-centric approach with a focus on quality, safety and consistency over the last 4 decades. Your Company continues to follow this path and has developed long term working relations with all its clients and partners. Your Company has consistently received supplier excellence awards from its customers and has been acknowledged for its competence and quality.

Innovation Centric

Innovation is deep-rooted in the DNA of your Company. Your Company has a dedicated Research & Development facility which consistently evaluates existing products and processes to drive improvements in product quantity, process, higher efficiencies and cost savings. Over 50% of the incremental revenues over the past few years have come from products and processes developed indigenously by your Company. This has helped your Company to emerge as a market leader in several products both domestically and internationally.

WEAKNESSES

Non-availability of Alternate Energy Sources

Chemicals manufacturing Industry consistently requires high amount of energy in production processes. Your Company uses conventional fuels like coal, furnace oil, etc. for generation of power. Use of non-conventional energy like wind power, solar power or natural gas becomes unfeasible as these alternate fuels have shortcomings like lack of reliability of continual supply, inability to generate energy in large quantity, sizeable capital expenditure, availability at higher costs, etc. However, being amongst one of the 'Responsible Care' certified company, your Company continues to focus sharply on improving power efficiencies at its facilities along with widening its scope of Green Endeavours.

Volatility in Raw Materials Prices

Volatility in the prices of raw materials is the foremost challenges faced by the chemical industry. Volatility in the global prices of raw materials has to be managed well due to the time lag before price hikes or cost revision can be passed on to customers. While your Company has enhanced its inventory management procedure and regularly reviews prices with suppliers, this remains an inherent weakness in the industry.

OPPORTUNITIES

Import Substitution

Your Company was founded with the intention of capturing the opportunity of import substitution for Sodium Nitrite. The pursuit of such opportunities is in the DNA of your Company. Your Company is now implementing a Greenfield project at Dahej, for manufacture of Phenol and Acetone. Once operational, this project plan will change the demand-supply dynamics of Phenol and Acetone in India, as the country's current demand outpaces its supplies resulting in imports from various countries. Your Company remains confident of bridging this gap and delivering a robust performance in the ensuing period. There are several high potential opportunities for substituting imports in the country.

Make In India - Manufacturing Boost

The Government's ambitious 'Make in India' initiative has given tremendous boost to the Indian manufacturing sector. 'Make in India' was launched to encourage manufacturing in India with an objective to attract capital and technological investment in the country. This initiative will add impetus to the emergence of India as a manufacturing hub for the chemical industry in the medium term. Further, China's cost disadvantage is likely to benefit India by way of manufacturing shift. Given the cost competitiveness, your Company will capitalise on this opportunity and expand its presence across the developed markets.

India's Export Potential

India's export competitiveness is expected to strengthen its position as a manufacturing hub for chemicals. A glimpse of India's emergence as a major export hub is already seen in various segments such as agrochemicals and colorants, in which a significant part of India's production is exported. Moreover, softening of Chinese chemical exports, with environmental issues leading to a shut down and relocation of chemical plants, adds zing to India's chemical exports potential for the next couple of years.

Supportive Government Policies

The Government has taken several steps to improve the productivity and efficiency in the chemical sector. Simplified procedures for FDIs with 100% permissible investments combined with tax deduction to promote Research & Development activities and formation of industrial clusters & parks will provide impetus to the sector. This along with export incentives and a number of other measures will improve the competitiveness of the sector and drive sustained growth.

THREATS

Lack of availability of skilled manpower

Despite having a favourable demographic profile, labour and skill shortage continues to be one of the key concerns for the Indian chemical industry. The Government along with Industry bodies are putting their best foot forward to have education and vocational training institution arming the manpower with appropriate skill set. The special mention for development of skilled manpower in the Union Budget 2015-16 is expected to resolve the dearth of skilled manpower. Your Company conducts regular training and development programs to upgrade its 'human capital' skills.

Obsolescence of Product and Processes

Obsolescence of products and current manufacturing processes pose a threat to the global chemical industry. Rapid technological advances, changes in materials and innovation-driven changes in manufacturing process render existing products and processes obsolete. Newer technologies can impact the overall market dynamics and on existing operations of the industry. Your Company continues to spend on up-gradation of Research and Development activities to enhance its existing products and processes.

OUTLOOK

The roadmap for FY 2016-17 looks encouraging, as your Company makes continued progress on value maximisation to further elevate the performance across all the segments viz. Bulk Chemicals & Commodities, Fine & Speciality Chemicals & Fluorescent Whitening Agents. Moreover, with global crude oil prices having stabilised at the current levels there is limited further downside and a reduced degree of volatility of raw material prices.

During the year, your Company strengthened its Fine & Speciality Chemicals segment by successfully foraying into high-potential and fast-growing segments of pharma and personal care intermediates. Within pharma and personal care, your Company started offering multiple new drug intermediates for which your Company received favourable response from multinational companies. Owing to these additions, the FSC segment remains well placed to deliver upsides from end-user industries of agrochemicals, pharma and personal care.

The Fluorescent Whitening Agent business delivered steady performance during the year assisted by better customer acceptance and steadily higher offtake from end-user industries. We expect this trend to continue in the ensuing year which will increase plant utilisation rates and improve the profitability profile. Furthermore, your Company anticipates strong demand in the export markets which would drive overall sales.

The above initiatives have favourably positioned your Company to drive sustainable growth in medium-term in both domestic and exports market. In addition, your Company has announced a Greenfield expansion through its Wholly Owned Subsidiary in Dahej for manufacture of Phenol and Acetone. This will provide further impetus to the growth prospects of your Company.

RISK MANAGEMENT

Your Company regularly identifies and evaluates multiple risk factors and implements strategies to mitigate the impact of the same. The risk management function is vital to your Company and its objectives includes ensuring that critical risks are continuously identified, monitored and managed effectively in order to protect your Company's business. It ensures that the business processes undertaken by your Company are undertaken within a well-defined framework. Your Company has laid down vigorous risk management framework to ensure steady flow of operations adhering to stringent guidelines.

Your Company's risk management strategy emphasises a high level of safety for employees, especially factory workers, who perform complex chemical processes. In order to ensure high level of safety and security, your Company's plant and machinery undergoes real time monitoring and regular inspection and upgradation to ensure smooth functioning and to mitigate any potential threat that may lead to accidents at the workplace. The work place is periodically re-assessed to ensure that all equipment and processes are in prime condition and best in class procedures and protocols are implemented regularly.

Credit Risk is a threat to any company and in order to mitigate this, your Company undertakes a systematic assessment of the financial health of its customers. Raw material price risks are mitigated through well planned and timely purchases and also by entering into formula-based pricing with customers. Currency fluctuation risks are proactively managed through simple hedge with forward contracts/option, while the environmental risk is managed through multiple measures by way of reducing the

emissions and treatment of effluents. Your Company has over the years built a solid risk management strategy with focus on reducing the overall risk, at the same time delivering a robust performance with better product quality.

INTERNAL CONTROLS

Your Company has implemented a comprehensive internal control system to drive adoption of global best practices with an objective to monitor, measure and optimise its resources. Proper internal control helps in assessing, evaluating, safeguarding and shielding your Company from losses and unauthorised use or deposition of assets. The internal control has been established by standardising and documenting policies and procedures for all major processes, to ensure the reliability of financial reporting, timely feedback on the achievement of operational and strategic goals and compliance with laws and regulations. Your Company periodically reviews and enhances its internal controls to ensure management effectiveness and efficiencies of operating procedures. Strong and robust management information system provides timely and detailed metrics to the management team. This is reinforced by regular internal audits. Verification of processes and systems by customers further validates the robustness of operations of your Company.

HUMAN RESOURCES

Talented manpower is an important enabler for your Company to grow and maintain competitiveness. Your Company continues to maintain cordial relationship with all its employees across various levels and locations. Human resources are considered as most significant and valuable asset for your Company and continuous commitment towards upgrading

skills is a vital part of the human resource development programme of your Company. In order to maintain its leadership position in the industry, your Company focuses on technical expertise, innovation and customer satisfaction. This can be achieved through rigorous selection process which is implemented to attract skilled talent, followed by upgradation of their competencies.

Your Company values human talent and lays great emphasis on retention of employees. The retention rate of your Company is one of the highest in the industry and this is on the back of continued focus on various development activities as well as employee satisfaction programs. Your Company continues to train employees across several functions connected to technical, behavioural/general and health, safety and general environment and ISO certification standards among others. The total employee strength including top management stood at 1,405 as on March 31, 2016.

CAUTIONARY STATEMENT

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Forty Fifth Annual Report together with the Audited Financial Statements for the year ended March 31, 2016.

FINANCIAL RESULTS

(₹ in Crore)

Particulars	STANDALONE		CONSOLIDATED	
	2015-16	2014-15	2015-16	2014-15
Sales & Other Income	1,337.27	1,329.22	1,374.52	1,329.23
Gross Profit (before interest, depreciation, and tax)	168.22	140.17	166.32	139.72
Less:				
Interest	37.45	36.41	37.65	36.41
Depreciation	39.45	36.02	39.54	36.02
Provision for Current Tax	19.85	13.45	19.90	13.45
Provision for Deferred Tax	10.32	12.07	10.32	12.07
MAT Credit Entitlement Recognised	(3.99)	(11.22)	(3.99)	(11.22)
Loss for the year from Associates	-	-	0.17	0.09
Profit After Tax	65.14	53.44	62.73	52.90
Surplus in Profit & Loss Account Brought Forward	188.28	163.87	187.67	163.80
Transferred to Share Capital towards issuing Bonus Equity Shares	-	(10.45)	-	(10.45)
Depreciation Adjustment on Account of Schedule II net of Deferred Tax Asset	-	(1.00)	-	(1.00)
Amount available for appropriation	253.42	205.86	250.40	205.25
Appropriation:				
Dividend	13.95	10.45	13.95	10.45
Corporate Dividend Tax	2.84	2.13	2.84	2.13
General Reserve	5.00	5.00	5.00	5.00
Balance carried to the Balance Sheet	231.63	188.28	228.61	187.67

PERFORMANCE REVIEW

The Financial Year 2015-16 ("FY 2015-16") was an extremely challenging year for the chemical industry. The sharp decline in the prices of global crude oil and related petrochemical intermediates as well as continuous weakness in key emerging markets had an adverse impact on the chemical industry. In this backdrop, your Company delivered a strong performance. It has reported a steady growth in profitability during the year while recording progress on several strategic initiatives, including expansion plans.

On a standalone basis, your Company registered a marginal growth of 0.6% in revenues which stood at ₹ 1,335.73 crore in FY 2015-16 compared to ₹ 1,327.16 crore in FY 2014-15. This was driven by healthy volume growth of 9%. Due to the decline in the prices of crude oil and related petrochemical intermediates, there was a commensurate reduction in

realisations of some products. As a result, the strong growth in volumes has been offset by lower realisation leading to moderate growth in absolute revenues though operating margins improved. Initiatives taken by your Company to improve operating efficiency, de-bottlenecking of production lines, improvement in working capital and control of operating and finance cost helped to register 35% growth in Profit Before Tax as compared to the previous year.

The commendable growth in volumes was backed by healthy trajectory in the Fine & Speciality Chemicals (FSC) segment which includes agrochem intermediates as well as pharma and personal care intermediates. The shift towards higher contribution products in the overall product mix and traction from newly introduced products has been instrumental in the strong performance of this segment. Within the Fluorescent Whitening Agent (FWA) segment, the performance of Optical

Brightening Agents (OBA) improved due to volume growth on account of better acceptance of your Company's products, doubling the customer base and expanding the geographies in both domestic and export markets. Your Company is able to acquire orders from large MNC customer in paper and detergent industry. The revenue performance of the Bulk Chemicals & Commodities (BCC) segment reflects the situation of lower crude oil prices during FY 2015-16. The fall in crude oil prices and related petrochemical intermediates had a cascading effect on the top line of this segment. Your Company was, however, able to maintain the spread.

Export markets of Europe, USA and China supported the momentum with procurement of high volumes on the back of high visibility. Export markets contributed 40% to your Company's topline, while the contribution from domestic market stood at 60%. Export revenue was marginally higher by 2% to ₹ 525.75 crore. Your Company launched a special grade of Sodium Nitrite for exports market in FY 2015-16 and the response so far has been promising.

Profit before Tax for FY 2015-16 came in at ₹ 91.33 crore compared to ₹ 67.74 crore in FY 2014-15. Your Company was able to successfully maintain the spread in most of its products in the face of reduced realisations, especially for the products linked to crude oil and petrochemical intermediates. Profit After Tax for the year was higher by 21.9% to ₹ 65.14 crore compared to ₹ 53.44 crore in FY 2014-15. Earnings Per Share in FY 2015-16 was ₹ 6.07 on enhance capital compared to ₹ 5.11 per Share in FY 2014-15.

The outlook remains favourable. Your Company is confident of delivering value-led growth in all the three SBUs of Bulk Chemicals & Commodities, Fine & Speciality Chemicals and Fluorescent Whitening Agents. Significant efforts have been undertaken to customise the product portfolio and drive customer acceptance which are expected to result in higher volumes of OBA products. This will lead to an increase in the utilisation rate at the FWA facility in Dahej. Your Company's established business segments will continue to see enhanced momentum given the relative stability in the global prices of crude oil, improved sentiment in both domestic and international markets, the foray into complementary segments of pharma and personal care intermediates and an improved outlook for agrochem products in light of expectations of a normal monsoon. In addition, further improvements in operational efficiency along with cost reduction initiatives will help improve the overall profitability in the near future.

A review of the performance during the year is given under the section Management Discussion and Analysis Report, which forms part of this report.

ISSUE OF SHARES

During FY 2015-16, your Company, offered Equity Shares to the Qualified Institutional Buyers ("QIBs") on private placement

basis through Qualified Institutions Placement ("QIP"), in accordance with Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Accordingly, 11,750,000 Equity Shares of ₹ 2/- each were allotted to QIBs on January 6, 2016 at an issue price of ₹ 70.90 per Equity Share (including premium of ₹ 68.90 per Equity Share). The QIP issue proceeds aggregating to ₹ 83.31 crore will be utilized in accordance with the objects stated in the offer document. Pending utilization, the unutilised amount of issue proceeds have been invested in Liquid Mutual Funds.

Post issuance of Equity Shares under QIP, the issued, subscribed and paid-up capital of your Company has increased from ₹ 20.91 crore in FY 2014-15 to ₹ 23.26 crore in FY 2015-16.

DIVIDEND

Based on your Company's performance, the Board of Directors has recommended payment of dividend of ₹ 1.20 (Rupee One and Paise Twenty only) per Equity Share for the year ended March 31, 2016 on 11,62,88,190 Equity Shares of ₹ 2/- each, as against ₹ 1/- (Rupee One only) per Equity Share (after adjustment for sub-division and bonus) in the previous year.

The total sum of the dividend, if approved, including Corporate Dividend Tax, will be ₹ 16.79 crore (previous year ₹ 12.58 crore).

TRANSFER TO RESERVES

Your Company proposes to transfer ₹ 5 crore to the General Reserves out of the amount available for appropriation and an amount of ₹ 231.63 crore is proposed to be retained in the Statement of Profit and Loss.

UPDATE ON PHENOL AND ACETONE PROJECT

Last year your Company announced setting up of a Greenfield project to manufacture Phenol and Acetone at Dahej, in the State of Gujarat, through its wholly owned subsidiary, Deepak Phenolics Limited. Till March 2016, total investment made by your Company in Deepak Phenolics Limited was ₹ 61.84 crore. Kellogg Brown & Root International, Inc. has been selected for technology and engineering services while M/s. ThyssenKrupp Industrial Solutions (India) Pvt. Ltd. has been selected as the Engineering, Procurement, and Construction Management (EPCM) contractor. Basic engineering has been completed and significant progress has been made on detailed engineering. The Project management team is established and the Project is being implemented as per schedule. On Project procurement side, orders for majority of long lead items have been placed or are in the process of negotiation.

Deepak Phenolics Limited has started seeding phenol market with an objective to develop relationships with all major clients in India. The demand for phenol continues to be buoyant in India and is expected to increase steadily based on consumption trends of end-user industries. Phenol imports remain strong and the country's current demand will absorb

the entire capacity that your Company plans to install thereby substituting imports. Further, the abundant availability of phenol in the local market is expected to spur pent-up demand which is expected to further expand the market.

SALE OF LAND AT PUNE

In order to monetise the value of your Company's unutilised assets and improve shareholders value by freeing up capital to facilitate growth, your Directors had approved the sale of freehold land and surrender / assignment of leasehold rights in respect of lands situated at Sinhagad Road, Pune, Maharashtra.

Your Directors are pleased to inform that during April, 2016, the said transactions were concluded for a total consideration of ₹ 79.26 crore. The profit on sale of land and surrender / assignment of leasehold rights will be recognized in the first quarter of FY 2016-17.

FINANCE

Your Company adheres to strict guidelines to efficiently manage its working capital level and maintain its debt at a reasonable level. The long term debt of your Company decreased during the year due to repayment of external commercial borrowing and term loan borrowed in earlier years. Interest cost is expected to moderate further as the FWA business gains momentum with increase in volumes. Depreciation increased due to capitalisation of the Hydrogenation facility. Your Company's improved financials have helped improvement in the financial parameters. In addition, there is active management of foreign exchange exposures to minimize risk to your Company arising out of imports and repayment of external commercial borrowings.

Your Company has been able to effectively manage its cash flows due to prudent management. There has been a continued focus to reduce the overall interest costs. Healthy cash flow, repayment of term loan and effective management of working capital led to decrease in overall debt level to ₹ 495 crore. The Debt to Equity ratio is now at a better and comfortable level at 1.04 times as on March 31, 2016.

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 your Company. ICRA also re-affirmed the short-term rating of [ICRA] A1+ assigned to the Commercial Paper programme.

DIRECTORS

The Board of Directors at their meeting held on May 9, 2016, appointed Shri Maulik D. Mehta as an Additional Director and subject to the approval of shareholders, also approved the appointment of Shri Maulik D. Mehta as a Whole-Time Director of your Company w.e.f. May 9, 2016. As per provisions of Companies Act, 2013, Shri Maulik D. Mehta holds office as an Additional Director upto the ensuing Annual General Meeting. Your Company has received a notice from a Member proposing the candidature of Shri Maulik D. Mehta for appointment as a

Director along with requisite fees. The respective resolutions for the appointment of Shri Maulik D. Mehta as a Director and Whole-Time Director for approval by the Members are given in the Notice for the Annual General Meeting.

As required under the provisions of Section 152 of the Companies Act, 2013, Shri C. K. Mehta, a Director liable to retire by rotation, will be retiring at the ensuing Annual General Meeting. Although he is eligible for re-appointment at the ensuing Annual General Meeting, he has not offered himself for the re-appointment due to his advancing age. The Board of Directors while extending their gratitude for the valuable contribution of Shri C. K. Mehta as the Chairman of your Company, have decided not to fill the vacancy that will be caused by the retirement of Shri C. K. Mehta not offering himself for re-appointment. However, in order to continue to have the guidance and benefit from the wealth of experience of Shri C. K. Mehta, the Board of Directors has requested Shri C. K. Mehta to continue as the Chairman - Emeritus and Shri C. K. Mehta has assented to the request.

Shri C. K. Mehta is the founder of your Company and has been the Chairman since October, 1998. He is an eminent personality with proven business acumen of successfully building formidable corporate conglomerates in his illustrious career spanning over six decades. The able leadership of Shri C. K. Mehta, his futuristic vision, dedication and commitment for the service of the society, has taken your Company to such greater heights and earned its name not only at the national level but has achieved international acclaim too. Shri C. K. Mehta has also been at the forefront for promoting several philanthropic activities, especially for education and health care. The Board of Directors of your Company places on record their sincere appreciation for the relentless guidance and support of Shri C. K. Mehta and his contribution towards growth of your Company.

KEY MANAGERIAL PERSONNEL

Shri Umesh Asaikar, Executive Director, Shri Sanjay Upadhyay, Chief Financial Officer and Shri Arvind Bajpai, Company Secretary are the Key Managerial Personnel of your Company. There has been no change in Key Managerial Personnel of your Company during the FY 2015-16.

MEETINGS OF THE BOARD

During FY 2015-16, five (5) Board Meetings were held. 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, which forms part of this Report.

INDEPENDENT DIRECTORS

The Independent Directors of your Company have furnished the declaration that they meet the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013.

PERFORMANCE EVALUATION

Pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Board of Directors have carried out annual evaluation of its own performance, Board Committees and individual Directors.

The performance of the Board / Committee was evaluated after seeking inputs from all the Directors / Committee members on the basis of the defined criteria including composition and structure, effectiveness of meetings, information and functioning.

Performance evaluation of Independent Directors was done by the entire board, excluding the Independent Director being evaluated, on the basis of following evaluation criteria:

- 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 for the evaluation process.

AUDIT COMMITTEE

The Audit Committee consists of all Independent Directors with Shri Sudhin Choksey as the Chairman of the Committee. The other members of the Audit Committee are Shri Sudhir Mankad and Shri S. K. Anand. 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, which forms part of this Report.

STATUTORY AUDITOR'S REPORT

The observations made in the Auditor's Report of M/s. B. K. Khare & Co., Chartered Accountants, 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 year ended March 31, 2016 do not contain any qualification, reservation, adverse remark or disclaimer by the Secretarial Auditors. The Secretarial Audit Report is annexed as Annexure - A, which forms part of this Report.

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 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, 2016 was carried out by the Secretarial Auditor, M/s. KANJ & Associates, Company Secretaries, Pune. The Board of Directors of your Company has appointed M/s. KANJ & Associates, Company Secretaries, Pune to carry out Secretarial Audit of the Company for FY 2016-17.

(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 FY 2016-17 at a remuneration of ₹ 6,50,000/- (Rupees Six Lacs Fifty Thousands only) plus out of pocket expenses. As required under the provisions of Companies Act, 2013, the remuneration of Cost Auditors 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 FY 2016-17.

CHANGE IN REGISTRAR & SHARE TRANSFER AGENT

The Company has changed its Registrar & Share Transfer Agent from M/s. Sharepro Services (I) Pvt. Ltd. to M/s. Link Intime India Pvt. Ltd.

FIXED DEPOSITS

During FY 2015-16, your Company has not accepted or renewed any Fixed Deposits.

As on March 31, 2016, 44 warrants aggregating to ₹ 9,23,437 issued by your Company to the respective deposit holders towards compulsory repayment of deposits and interest thereon in accordance with the provisions of Section 74 of the Companies Act, 2013, 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, 2016.

VIGIL MECHANISM

In accordance with the provisions of Section 177 of the Companies Act, 2013 and requirements of Listing Regulations, 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, 2016 were at arm's length basis and in the ordinary course of business. There were no materially significant related party transactions entered into 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.

Your Company has following subsidiaries and associate:

(a) Deepak Phenolics Limited

Your Company's Phenol and Acetone Project is being undertaken through Deepak Phenolics Limited, a wholly owned subsidiary of your Company.

(b) Deepak Nitrite Corporation Inc. (USA)

A wholly owned subsidiary company is formed in the United States of America to cater to the marketing requirements of your Company in the North and South American region.

(c) Deepak Gulf LLC

Deepak Gulf LLC is an associate company where your Company has 49% shareholding.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 8(1) of the Companies (Accounts)

Rules, 2014, a statement containing salient features of the financial statements of your Company's subsidiaries in Form AOC-1 is attached to the Financial Statements.

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 have been disclosed in the Financial Statements.

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, 2016 except as disclosed in this Report. Further, it is hereby confirmed that there has been no change in the nature of business of your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013 ("the Act"), the Board of Directors of your Company, to the best of their knowledge and ability, confirm that:

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures;
- (b) they have 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;
- (c) they have 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) they have prepared the Annual Accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

As required under Listing Regulations, a Report on Corporate Governance with a Certificate from the Statutory Auditors of your Company confirming compliance of the conditions of Corporate Governance and a Management Discussion and Analysis are attached, which form part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) activities are being undertaken by your Company through Deepak Foundation, a charitable trust of the group as implementing agency for CSR activities of your Company. Through Deepak Foundation, your Company supports in development of underprivileged communities through various social interventions. The CSR activities during FY 2015-16 were focused on women empowerment through skills building in health and livelihood promotion, primary healthcare services, early childhood care and development and education. The interventions were spread around the plants of your Company, located at Dahej & Nandesari in Gujarat, Roha & Taloja in Maharashtra and Hyderabad in Telangana.

During FY 2015-16, your Company has spent ₹ 157.60 Lacs (including the unspent amount of ₹ 15.72 Lacs in the previous year) on CSR activities, against the requirement of ₹ 122 Lacs, being 2% of average of the net profits for the preceding three years.

The major CSR activities carried during FY 2015-16 were:

Comprehensive Emergency Obstetric and Newborn Care (CEmONC)

It was constructed by Deepak Foundation within the premise of the government's Community Health Centre (CHC), Jabugam, Pavi Jetpur of Chhota Udepur district in February 2006 under the large scale intervention project of Safe Motherhood and Child Survival (SMCS). This is the only First Referral Unit (FRU) at the CHC in the area serving a tribal population of 9,00,000 round the clock with availability of skilled manpower. CEmONC operates under the specific objectives of strengthening the health delivery system for maternal and child care; providing immediate care to the emergency obstetric cases referred from grassroots level and public health facilities; providing timely referral of complicated cases to tertiary level hospitals

Mobile Health Unit (MHU)

MHU was initiated as a means to ensure delivery of general health care services to the poorest and vulnerable segments of population in rural and tribal areas. The MHU operate with the overall goal of providing access to primary healthcare with the objectives for deploying primary healthcare and speciality services at the doorstep; facilitate basis diagnostic care services; community health education for poor and vulnerable segments of population.

Integrated Child Development Services (ICDS)

Your Company, through Deepak Foundation has been supporting and supervising activities of Anganwadi Centers under ICDS scheme of the Department of Women and Child Development, Government of Gujarat. This scheme offers a package of services comprising of supplementary nutrition, immunisation, health checkups, referral services, non-formal

preschool education, and nutrition and health education. Deepak Foundation has entered into partnership with Department of Women and Child Development, Government of Gujarat to manage and monitor 65 Anganwadi centres in Nandesari of Vadodara district, Gujarat. The Foundation undertakes various value addition programs with the support of your Company such as tracking and facilitation of severely undernourished children, promoting adolescent health, maintaining hygiene and sanitation, improving health and nutrition awareness. It also provides free treatment to children identified with severe malnutrition as well as chronic disorders.

Deepak Occupational Health Centre (DOHC)

DOHC was initiated to provide comprehensive occupational health services to industries. The centre is equipped with trained medical and paramedical staff along with well-equipped laboratory and pharmacy facilities. DOHC renders services that include outpatient and inpatient care for industrial workers and their families; injury care; general OPDs and specialized OPDs for ophthalmic, dental and skin diseases; diagnosis and treatment of occupational health problems; periodic and annual medical check-ups; industrial training on first aid, Personal Protective Equipment (PPE), Health and Safety, Chemical Hazards; promotion of occupational health programs; health counselling.

The brief outline of the CSR policy of your Company, composition of the Committee and report on initiatives undertaken by your Company on CSR activities during the year are set out in Annexure-B of this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

REMUNERATION POLICY

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations, the Remuneration Policy of your Company is set out as Annexure-C.

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, is annexed as Annexure-D.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as Annexure-E.

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

Pursuant to the requirement of 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 provided in Annexure-F of this report.

STATE OF COMPANY'S AFFAIRS

The state of Company's affairs is given under the heading 'Performance Review' and various other headings in this Report and in the Management Discussion and Analysis, which forms part of this Report.

INTERNAL CONTROL SYSTEMS

Your Company has a proper and adequate internal control system, which includes internal financial controls, to ensure compliance with various policies, practices and statutes, and that all assets are safeguarded and protected against loss from unauthorised use or disposition and that those transactions are authorised, recorded and reported correctly.

The internal control is exercised through documented policies, guidelines and procedures. The Internal Auditor's team carries out extensive audits throughout the year across all locations and across all functional areas. The audit observations and corrective action taken thereon are periodically reviewed by the Audit Committee to ensure effectiveness of the internal control system. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of persons.

RISK MANAGEMENT

Risk Management is a very important part of business in today's economic environment. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business.

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 your 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 which oversees the risk assessment and mitigation process regularly. The composition of Risk Management Committee is disclosed in the Report on Corporate Governance, which forms part of this Report.

RESEARCH & DEVELOPMENT

Your Company has a Research and Development facility at Nandesari, Gujarat with pilot plants at Roha, Maharashtra and Nandesari, Gujarat. This facility has been recognised by the Department of Science and Technology.

Your Company has spruced up its Research & Development facility for innovation and to collaborate with its customers

to understand consumer preference and develop new product applications to cater to the needs of its customers. Your Company focuses its Research and Development efforts to develop cost effective cleaner technologies to improve profitability. Through its Research and Development capabilities, your Company has been successful in developing and enhancing its portfolio of customised products. Your Company believes that its ability to develop new product applications and ability to customise products to suit customer needs have helped in expanding its customer base, thereby enabling it to establish leadership position.

SAFETY, HEALTH & ENVIRONMENT

Employee's Health, Safety and Environmental protection are core business values within your Company. It is your Company's objective to protect its employees, property and environment in which it operates. It strives towards excellence and align its growth path to make tomorrow safer, cleaner, greener and more sustainable. Your Company is committed to maintain its operations and workplace free from incidents and significant risk to the health and safety of its stake holders through improved engineering practices, strong channels of communication, safety awareness, robust checking systems and sound training practices.

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 has well-equipped Occupational Health Centers at all its manufacturing locations to monitor health of employees on regular basis. It also monitors employees for any indications of lifestyle or work-style related diseases and provides counselling.

All the manufacturing locations of your Company have a 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 regularly. Special emphasis is given on resource conservation and process innovations to convert waste streams into saleable products and minimise use of water in processing.

Your Company proactively fulfils 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 signatory to the 'Responsible Care' initiatives and Responsible care logo holding organisation.

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.

All raw materials and products within supply chain framework of your Company are transported in a secure manner, for the safety of its customers, carriers, suppliers, distributors and contractors. Your Company takes utmost care during transportation and ensures that it complies with all the checks and measures for a safe and secure delivery.

AWARDS & ACCOLADES

Your Company was conferred with supplier excellence award in the "Outstanding Performance" category for the year 2015 from a leading global agrochemical major Bayer CropScience. This award recognises the quality and excellence of your Company's products in the Fine & Speciality Chemicals offering.

HUMAN RESOURCES

Your Company's HR philosophy is to establish and build a high performing organisation, where each individual is motivated to perform to the fullest capacity; to contribute to developing and achieving individual excellence and departmental objectives and continuously improve performance to realize the full potential of its personnel. During the year under review, your Company's industrial relations at all manufacturing and other locations have remained amicable. All these efforts are concentrated on attracting and retaining the best talent in the industry as people are at the center of your Company's growth.

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

Your Company has in place a Anti-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 Complaint Committee has been set up to redress complaints received regarding sexual harassment at workplace. All employees (permanent, contractual, temporary, trainees) are covered under the policy. There were no complaint received from any employee during FY 2015-16 and hence no complaint is outstanding as on March 31, 2016 for redressal.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their gratitude to all investors, clients, vendors, bankers, regulatory and government authorities, stock exchanges and business associates for their co-operation, encouragement and continued support extended to your Company. Your Directors also wish to place on record their appreciation for the hard work and efforts put in by all the employees and their contribution towards growth of your Company.

For and on behalf of the Board

Place: Mumbai
Date: May 9, 2016

C.K. MEHTA
Chairman

ANNEXURE - A

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule

No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,
The Members,
Deepak Nitrite Limited,
9/10, Kunj Society, Alkapuri,
Vadodara,
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, its officers, agents and authorised 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, 2016, 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, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- (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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (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;
 - (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;
 - (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;
 - (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
 - (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.

- (vi) Other laws as applicable specifically to the Company;
- (a) The Environment (Protection) Act, 1986 ,
 - (b) The Water (Prevention & Control of Pollution) Act, 1974,
 - (c) The Air (Prevention & Control of Pollution) Act, 1981,
 - (d) Public Liability Insurance Act,1991,
 - (e) Explosives Act,1884
 - (f) Hazardous Wastes (Management, Handling And Transboundary Movement) Rules, 2008.
 - (g) Petroleum Act, 1934 and rules made thereunder.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and Securities And Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.

During the period under review, the Company has generally complied with the provisions of above mentioned Acts, Rules, Regulations, Guidelines, Standards, etc.

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 the 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 above referred 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.

- Issue of 1,17,50,000 Equity Shares of face value of ₹ 2/- each through Qualified Institutions Placement.
- Issue of Commercial Papers for the short term working capital requirements as per the guidelines issued by the Reserve Bank of India.
- Acquiring further stake in Deepak Phenolics Limited, a wholly owned subsidiary of the Company, by way of subscription to Rights Issue of Deepak Phenolics Limited.

Place: Pune
Date : April 26, 2016

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

ANNEXURE – B

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. A brief outline of the Company's Corporate Social Responsibility (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 are being undertaken as per the CSR policy of the Company. The major Programs are ICDS, Mobile Health Unit, CEmONC and DOHC, in the field of healthcare. The details of these programs are provided in the Directors' Report.

Weblink to the CSR Policy of the Company:

http://deepaknitrite.com/pdf/investor/DNL_Corporate%20Social%20Responsibility%20Policy.pdf

2. The Composition of CSR Committee: The CSR Committee comprises of Shri Sudhir Mankad as Chairman and Dr. S. Sivaram, Shri D. C. Mehta and Shri Umesh Asaikar as Members.
3. Average Net Profit of the Company for the last three financial years: ₹ 6112.97 Lacs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 122.26 Lacs.
5. Details of CSR Spent during the financial year
 - (a) Total amount to be spent for the financial year: ₹ 122.26 Lacs
 - (b) Amount unspent, if any: NIL
 - (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	CEmONC ¹	Healthcare	Jamugam	20.00	23.18 0.17	23.35	Implementing Agency
2	Construction of Farm Pond	Conservation of natural resources	Roha	-	3.22 0.28	3.50	Implementing Agency
3	Mobile Health Unit	Healthcare	Dahej	27.50	22.82 1.85	49.67 (P.Y. 25.00)	Implementing Agency
4	Skills Building & Woman Empowerment	Skill Development / Education	Nandesari	5.42	4.00 0.65	4.65	Implementing Agency
5	Help Desk Project	Healthcare	Vadodara (Gujarat)	6.00	3.49 0.26	7.75 (P.Y. 4.00)	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
6	Mobile Health Unit	Healthcare	Roha	14.30	7.00 1.46	8.46	Implementing Agency
7	ICDS ²	Healthcare	Nandesari Vadodara (Gujarat)	20.00	16.40 3.60	24.67 (P.Y. 4.67)	Implementing Agency
8	DOHC ³	Healthcare	Nandesari Vadodara (Gujarat)	20.00	19.20 0.80	38.43 (P.Y. 18.43)	Implementing Agency
9	Dairy Building Construction	Skill Development/ Education, Woman Empowerment, Rural Development	Nandesari	-	1.00	1.00	Implementing Agency
10	Management Cost	-	-	7.37	7.37	12.37 (P. Y.5.00)	Implementing Agency
11	Home Health Aid Course	Skill Development/ Education	Vadodara (Gujarat)	7.70	10.91 0.50	17.96 (P.Y. 6.55)	Implementing Agency
12	Mobile Health Van	Healthcare	Dahej (Gujarat)	-	15.03	15.03	Implementing Agency
13	Mobile Library	Skill Development / Education	Roha	8.16	2.07 0.10	2.17	Implementing Agency
14	Needs Assessment	-	Roha and Taloja	11.27	8.32	8.32	Implementing Agency
15	Needs Assessment	-	Hyderabad	7.02	3.65 0.27	3.92	Implementing Agency
	TOTAL			154.74	157.60		

¹ Comprehensive Emergency Obstetric Newborn Care Unit.

² Integrated Child Development Services

³ Deepak Occupational Health Center

The shortfall of ₹ 15.72 Lacs in CSR spending during the year ended March 31, 2015 has been spent during the F.Y. 2015-16.

6. 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 – C

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 in the Senior Management 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 ("Act") (including Section 178 thereof), rules framed there under and clause 49 of the Listing Agreement including, inter-alia, principles pertaining to determining qualifications, positive 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 field. 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 up to 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-imbursment of gas, electricity, water charges and furnishings.
 - (iii) Re-imbursment 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-imbursment 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 PF, 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-Independent 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-Independent 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 PF, 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 his 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.

For and on behalf of the Board

Place: Mumbai
Date: May 09, 2016

C.K. MEHTA
Chairman

ANNEXURE - D

Form No. MGT - 9
EXTRACT OF ANNUAL RETURN
(As on March 31, 2016)

[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 / Limited by Shares
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: (Refer Note No. 9 of the Notice of AGM)	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:-

S. No.	Name and Description of main products/services	NIC Code of the Product/ Service	% to total turnover of the company
1.	Sodium Nitrite	24121	16%
2.	2 Ethyl Hexyl Nitrate	24121	17%
3.	Optical Brightening Agent	24121	13%

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 (Registered office at 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, WadiKabir, 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	22231070	-	22231070	21.26	22571070	-	22571070	19.41	-1.85
Central/State Government(s)	-	-	-	-	-	-	-	-	-
Bodies Corporate	37653000	-	37653000	36.02	37653000	-	37653000	32.38	-3.64
Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
Any Other (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	59884070	-	59884070	57.28	60224070	-	60224070	51.79	-5.49
Foreign	-	-	-	-	-	-	-	-	-
Non Resident Individuals/ Foreign Nationals	-	-	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any Other (specify)	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
Total holding of Promoter (A)=(A)(1)+(A)(2)	59884070	-	59884070	57.28	60224070	-	60224070	51.79	-5.49
B. Public Shareholding	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-
Mutual Fund/UTI	-	18000	18000	0.02	6433940	18000	6451940	5.55	5.53
Financial Institutions/ Banks	6249	1100	7349	0.01	12349	1100	13449	0.01	-
Central/State Government(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	640000	-	640000	0.61	640000	-	640000	0.55	-0.06

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	
Foreign Institutional Investors	5000000	-	5000000	4.78	8200000	-	8200000	7.05	2.27
Foreign Venture Cap. Inv	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any Other(specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	5646249	19100	5665349	5.42	15286289	19100	15305389	13.16	7.74
Non Institutions	-	-	-	-	-	-	-	-	-
Bodies Corporate	10058721	162050	10220771	9.78	13639514	154990	13794504	11.86	2.08
Individuals	-	-	-	-	-	-	-	-	-
i) Holding nominal share capital upto ₹ 1 lac	18467642	2144010	20611652	19.72	18704644	1686770	20391414	17.53	-1.96
ii) Holding nominal share capital in excess of ₹ 1 lac	7092938	174140	7267078	6.95	5691339	108170	5799509	4.99	-2.19
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any Other(specify)	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Individual NRI-Rep.- Non Rep.	882770	6050	888820	0.85	761754	6050	767804	0.66	-0.19
Trust	450	-	450	-	5500	-	5500	-	-
Sub-Total (B)(2)	36502521	2486250	38988771	37.30	38802751	1955980	40758731	35.05	-2.25
Total Public shareholding (B)=(B)(1)+(B)(2)	42148770	2505350	44654120	42.72	54089040	24920	56064120	48.21	5.49
TOTAL (A)+(B)	102032840	2505350	104538190	100.0	114313110	1975080	116288190	100.0	0.00
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	102032840	2505350	104538190	100.0	114313110	1975080	116288190	100.0	0.00

(ii) Shareholding of Promoters

A. Details of Shareholding of Promoters and Promotor Group

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	86430*	0.08	-	86430*	0.07	-	-0.01
2.	Deepak Chimanlal Mehta	20600040	19.71	-	20940040	18.01	-	-1.70
3.	A. C. Mehta	-	-	-	-	-	-	-
4.	Stiffen Credits and Capital Pvt Ltd	8379940	8.02	-	8379940	7.21	-	-0.81
5.	Checkpoint Credit and Capital Pvt Ltd	7206050	6.89	-	7206050	6.20	-	-0.69
6.	Stepup Credits and Capital Pvt Ltd	6915580	6.62	-	6915580	5.95	-	-0.67
7.	Stigma Credits and Capital Pvt Ltd	6178100	5.91	-	6178100	5.31	-	-0.60
8.	Skyrose Finvest Pvt Ltd	3691250	3.53	-	3691250	3.17	-	-0.36
9.	Pranawa Leafin Pvt Ltd	2190000	2.09	-	2190000	1.88	-	-0.21
10.	Forex Leafin Pvt Ltd	2169780	2.08	-	2169780	1.87	-	-0.21
11.	Kantaben Chimanlal Mehta	970000	0.93	-	970000	0.83	-	-0.10
12.	Sundown Finvest Pvt Ltd	812300	0.78	-	812300	0.70	-	-0.08
13.	Ila Deepak Mehta	396010	0.38	-	396010	0.34	-	-0.04
14.	Maulik Deepak Mehta	131300	0.13	-	131300	0.11	-	-0.02
15.	Meghav Deepak Mehta	47290	0.05	-	47290	0.04	-	-0.01
16.	Hardik Leafin Pvt Ltd	110000	0.11	-	110000	0.09	-	0.02

*Include 8040 shares held as the Karta of HUF.

(iii) Change in Promoter's Shareholding

Name	Shareholding at the beginning (01-04-2015) / end of the year (31-03-2016)		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year (01-04-2015 to 31-03-2016)	
	No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
Shri D. C. Mehta	20600040	19.71	01-04-2015	3,40,000	Market Purchase	20940040	18.01
			26-02-2016				
	20600040	19.71	31-03-2016				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Name	Shareholding at the beginning (01.04.2015) / end of the year (31.03.2016)		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
	No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
Franklin India Smaller Companies Fund	--	--	01-04-2015	--	--	--	--
			06-01-2016	56,50,000	Allotment pursuant to QIP	56,50,000	4.86
			22-01-2016	3,25,000	Market Purchase	59,75,000	5.14
			19-02-2016	25,000	Market Purchase	60,00,000	5.16
			04-03-2016	59,209	Market Purchase	60,59,209	5.21
			25-03-2016	27,519	Market Purchase	60,86,728	5.23
			31-03-2016	13,272	Market Purchase	61,00,000	5.25
			31-03-2016	61,00,000			5.25

Name	Shareholding at the beginning (01.04.2015) / end of the year (31.03.2016)		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
	No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
Government Pension Fund Global	--	--	01-04-2015				
			06-01-2016	32,00,000	Allotment pursuant to QIP	32,00,000	2.75
	32,00,000	2.75	31-03-2016				
ICICI Lombard General Insurance Company Ltd.	--	--	01-04-2015				
	--	--	06-01-2016	29,00,000	Allotment pursuant to QIP	29,00,000	2.49
			29-01-2016	11,606	Market Purchase	29,11,606	2.50
			05-02-2016	33,655	Market Purchase	29,45,261	2.53
			12-02-2016	1,32,324	Market Purchase	30,77,585	2.65
			19-02-2016	50,100	Market Purchase	31,27,685	2.69
			25-03-2016	51,234	Market Purchase	31,78,919	2.73
			31-03-2016	21,081	Market Purchase	32,00,000	2.75
	32,00,000	2.75	31-03-2016				
Fidelity Puritan Trust	50,00,000	4.78	01-04-2015				
				--	--	50,00,000	4.30
	50,00,000	4.30	31-03-2016				
DCS Infotech Pvt Ltd	49,98,720	4.78	01-04-2015				
				--	--	49,98,720	4.30
	49,98,720	4.30	31-03-2016				
Pranawa Leafin Pvt Ltd	21,90,000	2.09	01-04-2015				
				--	--	21,90,000	1.88
	21,90,000	1.88	31-03-2016				
Forex Leafin Pvt Ltd	21,69,780	2.08	01-04-2015				
				--	--	21,69,780	1.87
	21,69,780	1.87	31-03-2016				

Name	Shareholding at the beginning (01.04.2015) / end of the year (31.03.2016)		Date	Increase/ Decrease in shareholding	Reasons	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
	No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
Quest Investment Advisors Private Limited	17,50,000	1.67	01-04-2015				
			10-07-2015	-20,715	Market Sale	17,29,285	1.65
			17-07-2015	-30,500		16,98,785	1.62
			22-01-2016	-2,00,000		14,98,785	1.29
14,98,785	1.29	31-03-2016					
Kantaben Chimanlal Mehta	9,70,000	0.93	01-04-2015	--	--	9,70,000	0.93
	9,70,000	0.83	31-03-2016				
Sundown Finvest Pvt Ltd	8,12,300	0.78	01-04-2015	--	--	8,12,300	0.78
	8,12,300	0.70	31-03-2016				

(v) Shareholding of Directors and Key Managerial Personnel:

None of the Directors or KMP, except Shri C. K. Mehta, Shri D. C. Mehta and Shri Maulik D. Mehta (covered under point (ii) and (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)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 2015-16				
i) Principal Amount	48,305	6,136	-	54,442
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	91	33	-	124
Total (i+ii+iii)	48,396	6,170	-	54,566
Change in Indebtedness during the financial year 2015-16				
· Addition	6,054	2,750	-	8,804
· Reduction	10,447	3,278	-	13,725
Net Change	(4,393)	(528)	-	(4,921)
Indebtedness at the end of the financial year 2015-16				
i) Principal Amount	43,912	5,608	-	49,520
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	163	4	-	167
Total (i+ii+iii)	44,075	5,612	-	49,687

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors 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	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	60.00	54.77	336.66	451.43
	(b) Value of Perquisites u/s 17(2) Income Tax Act, 1961	18.47	17.36	30.91	66.74
	(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	264.42	264.42	-	528.84
	others	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	342.89	336.55	367.57	1047.01
Ceiling as per the Act ₹ 1058.55 Lacs (being 10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

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	1.50	2.10	2.85	3.15	0.30	3.75	1.50	1.20	16.35
Commission	3.00	3.50	5.50	5.50	2.00	5.50	3.00	2.00	30.00
Total (B)	4.50	5.60	8.35	8.65	2.30	9.25	4.50	3.20	46.35

Ceiling as per the Act ₹ 105.85 Lacs (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)

Total Managerial Remuneration**1077.01**

Overall Ceiling as per the Act ₹ 1164.40 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		
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	27.29	145.09	172.38
	(b) Value of Perquisites u/s 17(2) Income Tax Act, 1961	1.37	0.86	2.23
	(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	-	-	-
	Total	28.66	145.95	174.61

I. Penalties/Punishment/Compounding 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			NIL		
Punishment					
Compounding					
B. Directors					
Penalty			NIL		
Punishment					
Compounding					
C. Other Officers in default					
Penalty			NIL		
Punishment					
Compounding					

For and on behalf of the Board

 Place: Mumbai
 Date: May 09, 2016

C.K. MEHTA
 Chairman

ANNEXURE – E

DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013:

Part (A) – Disclosure as required under 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, 2016:

Name of the Director / KMP	Remuneration (₹ in Lacs)	% increase in Remuneration in the F.Y. 2015-16	Ratio to median remuneration	Comparison of the Remuneration of the KMP against the performance of the Company
Shri C. K. Mehta Chairman	4.50	2.27	1.21	-
Shri D. C. Mehta, Vice Chairman & Managing Director	342.89	27.79	92.42	-
Shri A. C. Mehta, Managing Director	336.55	35.80	90.71	-
Shri Nimesh Kampani Independent Director	5.60	4.67	1.51	-
Shri Sudhin Choksey Independent Director	8.35	-9.92	2.25	-
Shri Sudhir Mankad Independent Director	8.65	-10.73	2.33	-
Dr. R. H. Rupp Independent Director	2.30	-43.90	0.62	-
Shri S. K. Anand Independent Director	9.25	-4.84	2.49	-
Dr. S. Sivaram Independent Director	4.50	-14.61	1.21	-
Prof. Indira Parikh Independent Director	3.20	68.42	0.86	-
Shri Umesh Asaikar Executive Director	367.57	22.71	99.07	Profit Before Tax increased by 34.81% and Profit After Tax increased by 21.90%
Shri Sanjay Upadhyay Chief Financial Officer	145.95	15.56	NA	
Shri Arvind Bajpai Company Secretary	28.66	18.04	NA	

- In the Financial Year, there was an increase of 11% in the median remuneration of employees.
- There were 1405 permanent employees on the rolls of the Company as on March 31, 2016.
- Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:
Total Remuneration of Key Managerial Personnel increased by 18.77 % as compared to Financial Year 2014-15, whereas the Profit After Tax increased by 34.81 % as compared to Financial Year 2014-15.
- The Market Capitalisation of the Company has increased by ₹ 78 crores from ₹ 710 crores to ₹ 788 crores. It represents a growth of around 11%.

6. Price Earning Ratio as at closing of current and previous Financial Year: 11.58 as at March 31, 2016 and 13.29 as at March 31, 2015.
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 ₹ 3.66 Lakh as on March 31, 2016 indicating a gain of 365 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 16.25% and average increase in remuneration of Managerial Personnel was 28.36%.

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.

Part (B)- Information as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Board's Report for the year ended on March 31, 2016

Sr. 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
(i) Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty Lacs rupees:										
1	Deepak C. Mehta	Vice Chairman & Managing Director	3,42,89,000	Permanent	B.Sc	38 Years	14-Jun-1978	60	Industrialist	18.01
2	Ajay C. Mehta	Managing Director	3,36,55,000	Permanent	B.Sc.(Hons.), M.S. Chem. Engg.	32 Years	12-Sep-1984	57	Deepak Fertilisers & Petrochemicals Corpn. Ltd.	NIL
3	Umesh M. Asaikar	Chief Executive Officer	3,67,57,000	Permanent	B.Tech, MMS, AICWA	37 Years	1-Sep-2008	61	Defiance Knitting Industries Ltd	NIL
4	Sanjay B. Upadhyay	Chief Financial Officer	1,45,95,000	Permanent	M.Com, AICWA, FCS, AMP(Wharton USA)	34 Years	1-Apr-1994	55	Bhor Industries Ltd.	NIL
5	Parmod B. Talegaon	Vice President - Technology	81,88,571	Permanent	B.Tech, M. Tech (UDCT)	34 Years	29-Dec-2010	55	SRF Ltd.	NIL
6	Pramod K. Garg	Vice President - Operations	82,40,779	Permanent	M.Sc., Ph.D. (Agri. Chem.)	33 Years	1-Jun-2006	58	Jay Research Foundation	NIL
(ii) 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 Lacs rupees per month:										
1	Satish Hodage	General Manager – Marketing (Paper Products)	27,57,534	Permanent	M.Sc. (Technology)	16 Years	17-Jun-2013	39	Dow Corning	NIL
2	Krishnamurti S. Subramanyam	Vice President Commercial	32,23,582	Permanent	M.Tech, Marketing Management	36 Years	2-Apr-2014	59	S I Group Limited	NIL
3	Harendra H. Pandya	Sr. Vice President – Projects	34,24,408	Permanent	B.E. – Mechanical, PGDFM	27 Years	17-Apr-2015	47	Reliance Industries Limited	NIL

(iii) 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	NA
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Note: Shri C. K. Mehta is father of Shri D. C. Mehta and Shri A. C. Mehta. Shri D. C. Mehta is father of Shri Maulik Mehta.

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

Place: Mumbai
 Date: May 9, 2016

ANNEXURE - F

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_x 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:

(₹ in Lacs)

Particular	2015-16	2014-15
a) Capital	158.95	97.48
b) Recurring	662.67	759.99
c) Total	821.62	857.47
d) Total R&D expenditure as a percentage to total turnover	0.62%	0.65%

(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.

(₹ in Lacs)

Particulars	2015-16	2014-15
Total Foreign Exchange Earned	50,731.13	51,377.60
Total Foreign Exchange Outgo	24,954.50	28,453.23

For and on behalf of the Board

Place: Mumbai
Date: May 9, 2016

C.K.MEHTA
Chairman

Report On Corporate Governance for the year ended March 31, 2016

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company's philosophy on Corporate Governance envisages the attainment of 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 and Category of Directors

The Board of Directors is headed by the Non-Executive Chairman. As on March 31, 2016, 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. Accordingly, the composition of the Board is in conformity with the provisions of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Directors of the Company are highly experienced professionals in their fields and bring 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, 2016 was as under:

Sr. No.	Category	Name of Director
I.	Promoter and Non-Executive Director	Shri Chimanlal K. Mehta - Chairman
II.	Promoter and Executive Directors	Shri Deepak C. Mehta - Vice Chairman & Managing Director Shri Ajay C. Mehta - Managing Director
III.	Executive Director	Shri Umesh Asaikar -CEO & Executive Director
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, five Board Meetings were held on May 13, 2015, July 24, 2015, August 7, 2015, November 6, 2015 and February 5, 2016. The maximum time gap between the two Board Meetings was not more than one hundred twenty days as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR' or 'Listing Regulations').

Attendance of Directors at the Board Meetings held during the year ended March 31, 2016, and at the last Annual General Meeting and their directorship, chairmanship and membership in committees of other Companies as on March 31, 2016:

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	5	5	YES	1	-
Shri D. C. Mehta	5	5	YES	2	1(C) & 1(M)
Shri A. C. Mehta	5	4	NO	2	1(C) & 1(M)
Shri Nimesh Kampani	5	5	YES	9	6(M)
Shri Sudhin Choksey	5	4	YES	2	1(C) & 1(M)
Shri Sudhir Mankad	5	5	YES	8	1(C) & 4(M)
Dr. R. H. Rupp	5	1	NO	-	-
Shri S. K. Anand	5	5	YES	3	1(C) & 1(M)
Dr. S. Sivaram	5	4	NO	4	2(M)
Shri Umesh Asaikar	5	5	YES	-	-
Dr. Indira Parikh	5	4	YES	7	1(C) & 4(M)

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 the provisions of the Listing Regulations, 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.

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.

Familiarisation program for Independent Directors

The details of familiarisation program for Independent Directors have been disclosed on the website of the Company at 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

As per requirements of the Secretarial Standard-1 on Meetings of the Board of Directors, a separate meeting of Independent Directors is required to be held once in a calendar year.

Accordingly, a meeting of Independent Directors was held on March 4, 2015, inter alia to:

- Review performance of Non-Independent Directors for the calendar year 2015 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.

A meeting of Independent Directors for the calendar year 2016 will be held in due course.

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 Listing Regulations. 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 the Audit Committee. Shri Sudhin Choksey, Chairman of the Audit Committee, was present at the last Annual General Meeting held on August 7, 2015.

The Company Secretary acts as the Secretary to the Committee.

Brief Description of Terms of Reference of the Audit Committee

The terms of reference of the Audit Committee are wide enough to cover the matters prescribed under provisions of section 177(4) and under Part C of Schedule II of the Listing Regulations 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 thereat

Four meetings of the Audit Committee were held during the year under review on May 12, 2015, July 24, 2015, November 5, 2015 and February 4, 2016.

Attendance at the Audit Committee Meetings was as under:

Name of Member	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
Shri Sudhin Choksey	4	3
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 requirements of the Listing Regulations.

The Company Secretary acts as the 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 thereat

During the Financial Year 2015-16, the Nomination and Remuneration Committee met on May 13, 2015 and all the members of the Committee were present at the said meeting.

Shri Sudhir Mankad, Chairman of the Nomination and Remuneration Committee, was present at the previous Annual General Meeting of the Company held on August 7, 2015.

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

The Stakeholders' Relationship & Investors Grievance Committee comprises of the following members:

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.

All the grievances of the investors are being attended promptly on their receipt, whether received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs etc.

Status of Shareholders' Complaints during the Financial Year 2015-16 are as under:

Number of Pending Complaints at the beginning of the Financial Year	Nil
Number of Shareholder's Complaints received during the Financial Year	Nil
Number of Complaints not solved to the satisfaction of Shareholders	Nil
Number of Complaints pending at the end of the Financial Year	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 ("CSR") Policy of the Company.
- 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, 2016 is annexed to the Directors' Report.

(v) Project Committee:

Composition

The Project Committee has been constituted by the Board 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.

The Project Committee comprises of the following members:

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

Terms of Reference

The Project Committee has been constituted by the Board 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 as its members:

Name of Member	Designation	Designation
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
Dr. 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 OF DIRECTORS:

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed 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 2015-16 are as under:
(₹ in Lacs)

Name	Salary & Allowances	Perquisites	Retirement Benefits	Commission / Variable Pay	Total
Shri D. C. Mehta	48.55	18.47	11.45	264.42	342.89
Shri A. C. Mehta	43.32	17.36	11.45	264.42	336.55
Shri Umesh Asaikar	220.48	30.91	29.93	86.25	367.57

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 the Directors, 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 2015-16 are as under:
(Amount in ₹)

	Sitting Fees	Commission	Total
Shri C. K. Mehta	1,50,000	3,00,000	4,50,000
Shri Nimesh Kampani	2,10,000	3,50,000	5,60,000
Shri Sudhin Choksey	2,85,000	5,50,000	8,35,000
Shri Sudhir Mankad	3,15,000	5,50,000	8,65,000
Dr. R. H. Rupp	30,000	2,00,000	2,30,000
Shri S. K. Anand	3,75,000	5,50,000	9,25,000
Dr. S. Sivaram	1,50,000	3,00,000	4,50,000
Prof. Indira Parikh	1,20,000	2,00,000	3,20,000

The details of Equity Shares of the Company held by Non-Executive Directors as on March 31, 2016 are as under:

S. 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	Dr. 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
42 nd AGM	August 2, 2013	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005	-
43 rd AGM	August 8, 2014	10.30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005	4
44 th AGM	August 7, 2015	10.30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005	-

Postal Ballot conducted during the year and procedure thereof: Nil

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, 2016.

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

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

The Company has complied with the Corporate Governance Requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

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 personnel 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

Details of Compliance with Mandatory requirements and adoption of Non-mandatory / discretionary requirements:

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

Policy for Material Subsidiaries

In accordance with the provisions of the Listing Regulations, the Company has framed 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

Disclosure of Commodity price risks and commodity hedging activities

Please refer to Management Discussion and Analysis Report.

Details of Directors seeking appointment or re-appointment:

The details of Directors seeking appointment or re-appointment are disclosed in the Explanatory Statement annexed to the Notice convening the ensuing Annual General Meeting.

Demat Suspense Account – Unclaimed Share Certificates

In terms of the provisions of the Listing Regulations, during the year under review, the Company has transferred the shares issued pursuant to the public issues or any other issue, the certificates of which remained unclaimed, to an Unclaimed Suspense Account and these shares are being held by the Company in Demat form on behalf of the beneficial owners of the said shares.

The disclosures with respect to the Demat Suspense Account are as under

Particulars	Number of Shareholders	Number of Shares
Aggregate Number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year:	Nil	Nil
Number of Shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Number of Shareholders to whom shares were transferred from suspense account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	314	342940

The voting rights on these shares shall remain frozen till rightful owner of such shares 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 the website also displays official news releases.

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 requirements of the Listing Regulations. 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. 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 Chief Executive Officer is given below:

DECLARATION

As per requirements of the Listing Regulations, 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 2015-16.

Place: Mumbai
Date: May 9, 2016

Umesh Asaikar
Chief Executive Officer

9. CEO / CFO CERTIFICATION:

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of requirements of the Listing Regulations. The Chief Executive Officer and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board.

10. GENERAL SHAREHOLDER INFORMATION:

Annual General Meeting:

Day & Date : Friday, August 5, 2016

Time : 10:30 a.m.

Venue : Hotel Surya Palace, Opp. Parsi Agiyari, Sayajigunj, Vadodara 390 005.

Financial Year : April 1 to March 31

Date of Book Closure : Saturday, July 30, 2016 to Friday, August 05, 2016 (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, 2016	On or before August 14, 2016
September 30, 2016	On or before November 14, 2016
December 31, 2016	On or before February 14, 2017
Audited Annual Accounts for the year ended March 31, 2017	On or before May 30, 2017

Listing on Stock Exchanges:

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

Name: BSE Limited (BSE)

Address: Pheroz Jeejibhoy Towers, Dalal Street, Fort, Mumbai.

Name: National Stock Exchange of India Limited (NSE)

Address: Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai.

Listing fees for Financial Year 2016-17 has been paid to both the Exchanges.

The securities of the Company have not been suspended from trading during the Financial Year.

Stock Code for Equity Shares (BSE): 506401

Stock Symbol for Equity Shares (NSE): DEEPAKNTR

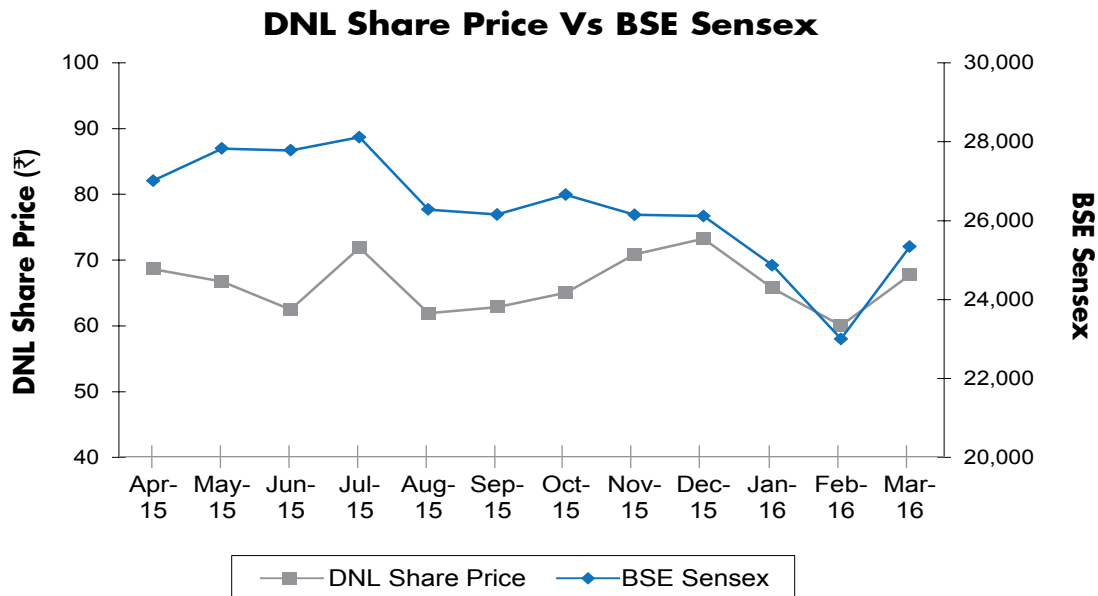
ISIN Number for Equity Shares (NSDL & CDSL): INE288B01029

Market Price Data of Equity Shares:

Monthly High & Low during the Financial Year 2015-16 at BSE and NSE:

Month	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2015	78.55	66.70	79.80	65.40
May, 2015	71.90	65.70	72.50	65.00
June, 2015	71.00	61.00	71.80	60.75
July, 2015	79.55	62.25	79.55	62.10
August, 2015	73.50	57.30	73.75	57.00
September, 2015	65.20	54.50	65.00	54.45
October, 2015	70.00	61.10	69.80	60.20
November, 2015	72.90	62.75	72.95	62.55
December, 2015	79.90	63.50	80.00	63.10
January, 2016	75.40	59.00	75.65	58.70
February, 2016	67.75	56.10	68.80	56.00
March, 2016	70.00	58.00	70.40	57.65

Source: Respective Websites of BSE and NSE.



Distribution of Shareholding as on March 31, 2016:

Range	No. of Holders	%	No. of Shares	%
1 – 500	9437	61.48	1672737	1.44
501 – 1000	1897	12.36	1632404	1.40
1001 – 5000	2931	19.09	7310959	6.29
5001 – 10000	647	4.22	4586499	3.94
10001 & above	438	2.85	101085591	86.93
TOTAL	15350	100.00	116288190	100.00

Shareholding Pattern as on March 31, 2016:

Category of Shareholders	No. of Shares	% to Equity Capital
Promoters	60224070	51.79
Mutual Fund & Unit Trust of India	6451940	5.55
Financial Institutions, Banks, Insurance Companies	653449	0.56
Foreign Institutional Investor	8200000	7.05
Bodies Corporate	13794504	11.86
Non Resident Individuals	767804	0.66
Resident Individuals and Trusts	26196423	22.53
TOTAL	116288190	100.00

The Company has not issued any GDRs/ADRs.

Dematerialisation of Equity Shares:

Electronic holding by Members comprises 98.30 % of the paid up equity capital of the Company as on March 31, 2016 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 Regulation 40(9) of the SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 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:

The Shareholders are requested to note that the Company has changed its Registrar and Share Transfer Agent from M/s. Sharepro Services (I) Private Limited to M/s. Link Intime India Private Limited with effect from May 1, 2016.

Therefore, the Shareholders are requested to forward their communications to M/s. Link Intime India Private Limited or to the Registered Office of the Company only.

Contact details of Link Intime India Private Limited:
Mumbai Office:

C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (West),
Mumbai - 400078.
Tel: 022 - 2594 6970
Toll free number: 1800 2208 78
Email: rnt.helpdesk@linkintime.co.in

Investor Relation Centre :

B-102-103, Shangrila Complex,
1st Floor, Opp. HDFC Bank,
Near Radhakrishna Chhar Rasta,
Akota, Vadodara 390020.
Tel: 0265 - 2356 573 / 2356 794
Fax: 0265 - 2356 791
E-mail : vadodara@linkintime.co.in

Address for Correspondence and Investor Assistance:

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

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

Unclaimed/Unpaid Dividend:

As per the provisions of Section 205A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), 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*
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
2014-2015	August 10, 2015	August 9, 2022

* Indicative dates, actual date may vary.

Plant Locations:

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

C E R T I F I C A T E

We have examined the compliance of conditions of Corporate Governance by DEEPAK NITRITE LIMITED for the year ended on March 31, 2016 as stipulated in the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 ('Listing Regulations').

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 Listing Regulations.

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 & Co.**

Chartered Accountants

Firm Registration Number 105102W

Himanshu Chapsey

Partner

Membership Number: 105731

Place: Mumbai

Date: May 9, 2016

INDEPENDENT AUDITOR'S REPORT

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, 2016, and the related statements 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 standalone 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. 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 standalone 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, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, 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 I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report 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;
- b. 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;
- c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone 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 written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements Refer Note 33 and 34 to the financial statements.
 - ii. 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 derivative contracts.
 - iii. 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

Himanshu Chapsey
Partner

Membership Number: 105731

Mumbai
May 9, 2016

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone financial statements of Deepak Nitrite Limited for the year ended March 31, 2016

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) The Company has a rotational programme for verification of its fixed assets over a period of 3 years. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. The fixed assets have not been physically verified by the Company during the year and hence it is not possible to determine whether there are any discrepancies with respect to the same.
- (iii) The title deeds of immovable properties are held in the name of the Company.
2. Inventories have been physically verified by management at reasonable intervals during the year. The discrepancies noticed on such verification were not material and have been adjusted in the books of account of the Company.
3. 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 Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.
4. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186. According to the information and explanations given to us and to the best of our knowledge, the provisions of sections 185 and 186 have been complied with in respect of the investment made by the Company.
5. In our opinion and according to the information and explanations given to us and as described in Note 10 to the financial statements the Company has in respect of the deposits accepted by it complied with the directives issued by the Reserve Bank of India to the extent applicable and the provisions of Sections 73-76 of the Act read with the Rules framed thereunder. According to the information and explanations given to us and to the best of our knowledge and belief, no order has been passed by the Company Law Board or the National Company Law Tribunal or the RBI or any other court or tribunal which is to be complied with by the Company.
6. As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that prima facie the prescribed accounts and records have been 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 information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, 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 March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, dues of income-tax, sales tax, service tax, excise duty, customs duty and work contract tax which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of Dues	₹ in Lacs	Period to which the amount relates	Forum where pending
Work Contract Tax Act of Maharashtra	Work Contract Tax	11.65	1998-99 to 2004-05	Commissioner, Works Contract Tax (Appeals)
Central Excise Act, 1944	Excise Duty	1.28	April'11 to Oct'14	Assistant Commissioner, Central Excise
Central Excise Act, 1944	Excise Duty	10.34	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 Act	Sales Tax	47.78	2005-06, 2010-11 and 2011-12	Additional Commissioner, Sales Tax
Mumbai Stamp Act	Stamp Duty	22.85	Mar-10	Chief Controller of Revenue Authorities
Hyderabad Metropolitan Water Supply & Sewerage Act, 1989	Sewerage Cess	11.13	2008-09 to 2013-14	High Court of Andhra Pradesh

8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. The Company has not raised any money via debentures.
9. The Company has not raised any moneys by way of initial public offer or further public offer during the year and hence the provisions of para 3(ix) of the Order are not applicable to the Company. According to the information and explanations given to us and to the best of our knowledge and belief, the money raised by way of term loans have been applied for the purposes for which these were raised.
10. 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 material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. According to the information and explanations given to us, the Company is not a Nidhi Company and hence, the provisions of para 3(xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us, the related party transactions entered into by the Company are in accordance with the provisions of section 177 and 188 of the Act.
14. According to the information and explanations given to us and to the best of our knowledge and belief the placement of equity shares of the Company to Qualified Institutional Buyers during the year under, is in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which these have been raised and pending such utilisation have been deployed in liquid mutual funds as per permissible under the Placement Document issued by the Company at the time of the issue
15. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.
16. According to the information and explanations given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Chartered Accountants

Firm's Registration Number 105102W

Himanshu Chapsey

Partner

Membership Number: 105731

Mumbai
May 9, 2016

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF DEEPAK NITRITE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Deepak Nitrite Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk

that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Himanshu Chapsey
Partner

Membership Number: 105731

Mumbai
May 9, 2016

BALANCE SHEET as at March 31, 2016

	Note No.	2016 ₹ in Lacs	2015 ₹ in Lacs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,325.76	2,090.76
Reserves and Surplus	3	45,263.07	32,592.02
		47,588.83	34,682.78
Non-Current Liabilities			
Long-Term Borrowings	4	15,892.61	23,860.03
Deferred Tax Liabilities (Net)	5	5,664.71	4,632.40
Other Long-Term Liabilities	6	290.80	267.04
Long-Term Provisions	7	468.51	526.01
		22,316.63	29,285.48
Current Liabilities			
Short-Term Borrowings	8	23,490.49	23,101.50
Trade Payables	9	13,025.77	10,938.27
Other Current Liabilities	10	17,424.25	12,915.00
Short-Term Provisions	7	2,022.60	1,432.33
		55,963.11	48,387.10
TOTAL		125,868.57	112,355.36
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	59,119.53	54,281.45
Intangible Assets	12a	591.19	591.02
Capital Work-in-Progress	12b	1,031.15	3,692.12
Intangible Assets under Development	12c	-	106.24
Non-Current Investments	13	6,544.31	1,717.22
Long-Term Loans and Advances	14	4,049.34	4,131.45
		71,335.52	64,519.50
Current Assets			
Current Investments	13	6,751.50	-
Inventories	16	12,085.11	10,504.09
Trade Receivables	17	29,633.78	31,099.22
Cash and Cash Equivalents	18	388.41	274.48
Short-Term Loans and Advances	14	5,354.69	5,198.52
Other Current Assets	15	319.56	759.55
		54,533.05	47,835.86
TOTAL		125,868.57	112,355.36
Notes to Financial Statements	1		

The accompanying notes form an integral part of these financial statements.

As per our report of even date

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

HIMANSHU CHAPSEY
Partner
Membership No. 105731

Mumbai : May 09, 2016

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
S. K. ANAND } Directors

Mumbai : May 09, 2016

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2016

	Note No.	2016 ₹ in Lacs	2015 ₹ in Lacs
INCOME			
Revenue from Operations (Gross)		141,973.06	141,532.42
Less: Excise Duty		8,400.54	8,816.19
Revenue from Operations (Net)	19	133,572.52	132,716.23
Other Income	20	154.33	205.47
Total Revenue		133,726.85	132,921.70
EXPENSES			
Cost of Raw Material and Components Consumed	21	79,629.03	84,307.94
Purchase of Traded Goods	22	-	243.71
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	(654.33)	1,153.04
Employee Benefits Expense	24	11,607.95	10,009.60
Power & Fuel Expenses	25	11,814.94	11,592.18
Depreciation and Amortisation Expenses	26	3,945.04	3,602.41
Finance Costs	27	3,909.85	3,799.35
Other Expenses	28	14,341.86	11,439.23
Total Expenses		124,594.34	126,147.46
Profit Before Tax		9,132.51	6,774.24
Tax Expenses			
Current Tax		1,984.57	1,345.32
Mat Credit Entitlement		(399.28)	(1,122.04)
Deferred Tax Charge		1,032.31	1,206.66
Total Tax Expenses		2,617.60	1,429.94
Profit/(Loss) for the year		6,514.91	5,344.30
Earnings per Equity Share			
Basic (in ₹)	31	6.07	5.11
Diluted (in ₹)	31	6.07	5.11
Face Value Per Share (in ₹)		2.00	2.00
Notes to Financial Statements	1		
The accompanying notes form an integral part of these financial statements.			

As per our report of even date

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

HIMANSHU CHAPSEY
Partner
Membership No. 105731

Mumbai : May 09, 2016

For and on behalf of the Board

D. C. MEHTA
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Executive Director

SUDHIN CHOKSEY
SUDHIR MANKAD
S. K. ANAND } Directors

Mumbai : May 09, 2016

CASH FLOW STATEMENT

	2016 ₹ in Lacs	2015 ₹ in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax from Continuing Operations	9,132.51	6,774.24
Profit Before Tax	9,132.51	6,774.24
Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows		
1. Depreciation / Amortisation on Continuing Operations	3,945.04	3,602.41
2. Impairment/ (Write back) on Tangible/ Intangible Assets pertaining to Continuing Operations	-	(23.03)
3. Loss on Sale of Fixed Assets	177.01	132.36
4. Profit on Sale of Fixed Assets	(14.08)	(98.83)
5. Provision for Doubtful Debts	213.05	82.66
6. Wealth Tax	(2.82)	16.80
7. Realised/Unrealised Foreign Exchange Loss (Gain)	(5.93)	-
8. Interest expenses	3,744.63	3,640.64
9. Interest (Income)	(50.40)	(62.45)
10. Dividend (Income)	(49.71)	(1.55)
Operating Profit Before Working Capital changes	17,089.30	14,063.25
Movements in working capital :		
1. Increase / (Decrease) in Trade Payables	2,087.51	(3,180.67)
2. Increase / (Decrease) in Other Current Liabilities & Provision	1,936.99	(347.23)
3. Decrease / (Increase) in Trade Receivables	1,252.37	(1,875.16)
4. Decrease / (Increase) in Inventories	(1,581.03)	2,490.97
5. Decrease / (Increase) in Long-Term Loans and Advances	(268.77)	68.84
6. Decrease / (Increase) in Short-Term Loans and Advances	(156.17)	1,399.47
7. Decrease / (Increase) in Other Current Assets	516.02	(700.55)
Cash generated from / (used in) Operations	20,876.22	11,918.92
Direct taxes paid (net of refunds)	(1,874.66)	(1,401.22)
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)	19,001.56	10,517.70
B. CASH FLOWS FROM INVESTING ACTIVITIES		
1. Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(5,138.82)	(8,445.36)
2. Proceeds from Sale of Fixed Assets	22.35	124.86
3. Advance towards proposed sale of land.	-	1,500.00
4. Investment in Subsidiaries	(4,317.09)	(1,915.00)
5. Purchase of Current Investments	(23,608.87)	-
6. Proceeds from sale/maturity of Current Investments	16,857.36	-
7. Interest received	36.83	74.32
8. Dividends received	49.71	1.55
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)	(16,098.53)	(8,659.63)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
1. Proceeds from issue of Equity Shares including Securities Premium	8,070.67	-
2. Proceeds from Long-Term Borrowings	1,197.10	4,202.07
3. Repayment of Long-Term Borrowings	(7,490.31)	(5,494.20)
4. Net Proceeds from Short Term Borrowings	388.89	4,029.89

	2016 ₹ in Lacs	2015 ₹ in Lacs
5. Interest paid	(3,702.75)	(3,748.93)
6. Dividend paid on Equity Shares	(1,039.88)	(1,038.90)
7. Tax on Equity Dividend paid	(212.82)	(177.66)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)	(2,789.10)	(2,227.73)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	113.93	(369.66)
Cash and Cash equivalents at the beginning of the year	274.48	644.14
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	388.41	274.48
Reconciliation of Cash and Cash equivalents		
Balances with Banks:		
– In Current Accounts	336.20	70.58
– In EEFC Accounts	0.01	20.30
– On Unpaid Dividend / Interest Account (Refer note below)	52.20	48.64
Cash on hand	-	0.36
	388.41	139.88
Other Bank Balances		
– Deposits with original maturity for more than three months but less than twelve months	-	134.60
TOTAL CASH AND CASH EQUIVALENTS AS PER NOTE 18	388.41	274.48

Note : Unpaid Dividend / Interest Account can be used for earmarked liabilities.

As per our report of even date

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

HIMANSHU CHAPSEY
Partner
Membership No. 105731

Mumbai : May 09, 2016

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
S. K. ANAND } Directors

Mumbai : May 09, 2016

NOTES to Financial Statements for the year ended March 31, 2016

Company Overview

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

1. Significant Accounting Policies

Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention on accrual basis, 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 specified under the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 2013. The accounting policies adopted in the preparation of the 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 provision. Cost includes all incidental expenses related to acquisition and installation.

Depreciation is provided, pro rata for the period of use, under the 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) method. 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/Internal Technical Personnel after taking into consideration past experience of the company, chemical process & 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 General Reserve. 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 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.

The cost of intangible assets is amortised over the estimated 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.

g) Employee Retirement Benefits

(i) Defined Contribution Plans

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

(ii) Defined Benefit Plan

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

h) Investments

Investments that are readily realisable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long term investments.

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

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 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.
- (iii) 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 Statement of Profit and Loss of the financial year.

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

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

k) Earning per Share

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

l) Segment Reporting - Basis of Information

The Company is reporting business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent. 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 and (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 and 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. Share Capital

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Authorised Shares:		
15,00,00,000 (Previous year, 15,00,00,000) Equity Shares of ₹ 2/- each	3,000.00	3,000.00
20,00,000 (Previous year, 20,00,000) Preference Shares of ₹ 100/- each	2,000.00	2,000.00
	5,000.00	5,000.00
Issued, Subscribed and fully paid-up Shares:		
11,62,88,190 (Previous year, 10,45,38,190) Equity Shares of ₹ 2/- each fully paid-up (Refer Note a(ii) below)	2,325.76	2,090.76
Total Issued, Subscribed and fully Paid-up Share Capital	2,325.76	2,090.76

(a) Shares:- Terms/Rights:

- i) Authorised shares have been classified into Equity and Preference shares.
- ii) During the year, the Company offered Equity Shares to Qualified Institutional Buyers ("QIBs") through Qualified Institutions Placement in accordance with Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Accordingly, 1,17,50,000 Equity Shares of ₹ 2/- each were allotted to QIBs on January 6, 2016 at an issue price of ₹ 70.90 per Equity Share (including premium of ₹ 68.90 per Equity Share).
Out of the issue proceeds of ₹ 8,330.75 Lacs from the Qualified Institutions Placement, ₹ 260.07 Lacs were utilised towards share issue expenses and ₹ 1,374.00 Lacs has been utilised for the object stated in the offer document. Pending utilisation, ₹ 6,696.68 Lacs have been invested in Liquid Mutual Funds.
- iii) 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.

- iv) During the year ended March 31, 2016, the amount of per Share Dividend recognised as distribution to Equity Shareholders is ₹ 1.20/- (Previous year, ₹ 1/-).
- v) 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. No preferential amounts exist as on the Balance Sheet date.

(b) Reconciliation of the shares outstanding and the amount of Equity Share Capital at the beginning and at the end of the year:

	As at March 31, 2016		As at March 31, 2015	
	No.	₹ in Lacs	No.	₹ in Lacs
At the beginning of the period	104,538,190	2,090.76	10,453,819	1,045.38
Sub division made during the year	-	-	41,815,276	-
Issued during the period – Bonus issue (Refer Note (d) below)	-	-	52,269,095	1,045.38
Issued during the period – issued to QIBs (Refer Note a(ii) above)	11,750,000	235.00	-	-
Outstanding at the end of the period	116,288,190	2,325.76	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, 2016		As at March 31, 2015	
	No.	% holding	No.	% holding
Equity shares of ₹ 2 each fully paid (Previous year, ₹ 2 each fully paid)				
Shri Deepak Chimanlal Mehta	20,904,040	18.01	20,600,040	19.71
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	7.21	8,379,940	8.02
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	6.20	7,206,050	6.89
Stepup Credits & Capital Pvt. Ltd.	6,915,580	5.95	6,915,580	6.61
Stigma Credits & Capital Pvt. Ltd.	6,178,100	5.31	6,178,100	5.91
Franklin India Smaller Companies Fund	6,100,000	5.25	-	-

(d) During the year 2014-15, Company has allotted 52,269,095 Bonus Equity shares of ₹ 2/- each, fully paid up, in the ratio of 1:1 (one Bonus Equity shares of ₹ 2/- each).

3. Reserves & Surplus

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Capital Reserve	51.27	51.27
Capital Redemption Reserve	15.00	15.00
Capital Reserve (relating to Capital Subsidy received from SICOM)	20.00	20.00
Securities Premium Account		
Balance as per the last Financial Statements	6,711.77	6,711.77
Add: Receipt of Securities Premium from issue to QIBs	8,095.75	-
Less: Share issue Expenses (Refer note below)	260.07	-
Closing Balance	14,547.45	6,711.77
Revaluation Reserve		
Balance as per the last Financial Statements	77.94	133.64
Less: Transferred to General Reserve for recoupment of Depreciation	1.69	1.66
Less: Depreciation Adjustment on account of Schedule II of the Companies Act, 2013	-	54.04
Closing Balance	76.25	77.94
General Reserve		
Balance as per the last Financial Statements	6,888.44	6,388.44
Add: Transferred from Revaluation Reserve for recoupment of Depreciation	1.69	-
Add: Transferred from Surplus in Statement of Profit and Loss	500.00	500.00
Closing Balance	7,390.13	6,888.44
Surplus in statement of profit and loss		
Balance as per last Financial Statements	18,827.60	16,386.72
Less: Transferred to Share Capital towards issuing Bonus Equity Shares	-	1,045.38
Less: Depreciation Adjustment on account of Schedule II of the Companies Act 2013, net of Deferred Tax Asset ₹ Nil (Previous year, ₹ 51.39 Lacs)	-	99.84
Profit for the year	6,514.91	5,344.30
Amount available for Appropriation	25,342.51	20,585.80
Less: Appropriations		
Proposed Final Equity Dividend ₹ 1.20/- per share (Previous year, ₹ 1/- per share)	1,395.46	1,045.38
Tax on proposed Equity Dividend	284.08	212.82
Transfer to General Reserve	500.00	500.00
Total Appropriations	2,179.54	1,758.20
Surplus	23,162.97	18,827.60
TOTAL	45,263.07	32,592.02

Note: Share issue expenses includes fees of Statutory Auditors of ₹ 15.00 Lacs for work related to Qualified Institutions Placement.

4. Long Term Borrowings

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Term Loans (Refer note below)				
Secured				
Loan from Banks	6,639.17	7,602.07	2,160.00	1,800.00
External Commercial Borrowings	9,253.44	16,257.96	7,976.53	5,680.12
Other Loans and Advances				
Unsecured				
Deferred Sales Tax Loan	-	-	-	10.20
TOTAL	15,892.61	23,860.03	10,136.53	7,490.32
The above amount includes:				
Secured Borrowings	15,892.61	23,860.03	10,136.53	7,480.12
Unsecured Borrowings	-	-	-	10.20
Current maturities of long term borrowings have been disclosed under the head "Other Current Liabilities" (Refer Note No.10)			(10,136.53)	(7,490.32)
NET AMOUNT	15,892.61	23,860.03	-	-

Term Loans:-

The Loans from Banks includes term loan obtained from State Bank of India during the year amounting to ₹ 1,197.10 Lacs (Previous year, ₹ 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. The outstanding balance of External Commercial Borrowings are from (a) Standard Chartered Bank ₹ 3,797.56 Lacs (Previous year, ₹ 5,195.04 Lacs) (b) HSBC Bank (Mauritius) Limited ₹ 4,974.97 Lacs (Previous year, ₹ 7,041.47 Lacs) and (c) DBS Bank Limited ₹ 8,457.44 Lacs (Previous year, ₹ 9,701.57 Lacs). These loans are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over Current Assets of the Company.

Repayment Schedule:-

- Rate of interest of loan from Banks are in the range of base rate plus 0.50% to 1.00% p.a.
- Term loan from State Bank of India is repayable on monthly basis starting from June, 2015 with last installment payable in November, 2021.
- Rate of interest of External Commercial Borrowings are 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 Ltd. 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.

5. Deferred Tax Liability

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Deferred Tax Liability		
Difference between book and tax depreciation on Fixed Assets	6,207.79	5,072.41
Gross Deferred Tax Liability	6,207.79	5,072.41
Deferred Tax Asset		
Disallowances u/s 43 B	323.76	264.41
Others	219.32	175.60
Gross Deferred Tax Asset	543.08	440.01
Net Deferred Tax Liability / (Asset) Recognised	5,664.71	4,632.40

6. Other Long Term Liabilities

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Security Deposits	290.80	267.04
TOTAL	290.80	267.04

7. Long Term & Short Term Provisions

	Long-Term		Short-Term	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 29 A (iii))	-	-	52.43	74.20
Provision for Leave Benefits (Refer Note No. 29 B (iii))	468.51	526.01	290.63	99.93
	468.51	526.01	343.06	174.13
Other Provisions				
Proposed Equity Dividend	-	-	1,395.46	1,045.38
Provision for tax on proposed Equity Dividend	-	-	284.08	212.82
	-	-	1,679.54	1,258.20
TOTAL	468.51	526.01	2,022.60	1,432.33

8. Short Term Borrowings

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Working Capital Borrowing from Banks (Refer note a and b below)		
Secured	17,882.57	16,964.74
Unsecured	5,607.92	4,673.09
Total of Working Capital Borrowing from Bank	23,490.49	21,637.83
Commercial paper (Refer note c below)		
Secured	-	-
Unsecured	-	1,463.67
Total of Commercial paper	-	1,463.67
TOTAL	23,490.49	23,101.50

- 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% - 2.25% 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 carries interest rate ranging from 7.50% p.a. to 9.15% p.a., tenure of each placement ranging from 43 days to 140 days. Commercial Papers issued during the year were unsecured.

9. Trade Payables

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Trade payables (including acceptances) (Refer Note No. 41 for details of dues to Micro, Small and Medium Enterprises)	13,025.77	10,938.27
TOTAL	13,025.77	10,938.27

10. Other Current Liabilities

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Current maturities of Long-Term Borrowings (Refer Note No. 4)	10,136.53	7,490.32
Creditors for Capital Assets	440.19	559.06
Interest accrued but not due on borrowings	167.16	123.33
Advance from Customers	176.71	55.37
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	46.64	41.14
Unclaimed Matured Deposits (Refer note below)	9.22	-
Unpaid Interest on Matured Fixed Deposits	5.56	7.50
Accrued Expenses	4,085.99	2,516.03
Advance against Land Sale	1,500.00	1,500.00
Excise duty on Finished Stock	356.11	294.49
Provision for Tax (Net of Payments)	13.86	-
Others	486.28	327.76
TOTAL	17,424.25	12,915.00

Note: The Unclaimed Matured deposits of ₹ 9.22 Lacs outstanding as at March 31, 2016 represents an aggregate amount of certain cheques issued towards compulsory repayment of the outstanding fixed deposits as on March 31, 2015, which have not been presented to the bank for payment by the depositors.

Fixed Assets													₹ in Lacs	
11. Tangible Assets													₹ in Lacs	
Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK					
		As at April 1, 2015	Additions	Deletions	Total March 31, 2016	Upto April 1, 2015	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletions	Total March 31, 2016	As at March 31, 2016		
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	3,001.70	-	-	3,001.70	199.25	33.40	-	-	-	232.65	2,769.05		
3	Plant and Machinery	65,974.55	8,175.41	818.31	73,331.65	23,039.12	3,184.21	-	-	627.69	25,595.64	47,736.01		
4	Factory and													
	Other Buildings	8,221.59	427.63	6.51	8,642.71	1,772.80	219.13	-	-	3.30	1,988.63	6,654.08		
5	Roads	543.40	7.60	13.52	537.48	153.09	102.00	-	-	14.69	240.40	297.08		
6	Office Equipment's	481.62	77.66	15.04	544.24	307.19	78.79	-	-	14.39	371.59	172.65		
7	Furniture & Fixture	796.22	67.64	7.39	856.47	418.80	67.67	-	-	4.80	481.67	374.80		
8	Vehicles	802.95	112.27	58.30	856.92	245.10	110.89	-	-	33.82	322.17	534.75		
Total - Current Year		80,403.14	8,868.21	919.07	88,352.28	26,135.35	3,796.09	-	-	698.69	29,232.75	59,119.53		
12a. Intangible 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		
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	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	3.22	307.19	174.43		
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 - Previous Year		68,731.23	12,473.81	801.90	80,403.14	23,129.70	3,479.45	(23.03)	205.29	669.72	26,144.72	54,281.45		
12a. Intangible Assets													₹ in Lacs	
Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK					
		As at April 1, 2015	Additions	Deletions	Total March 31, 2016	Upto April 1, 2015	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletions	Total March 31, 2016	As at March 31, 2016		
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)		
1	Goodwill	233.50	-	-	233.50	233.50	-	-	-	-	233.50	-		
2	Computer Software (Office-equipment)	614.79	140.80	8.96	746.63	385.44	74.99	-	-	4.09	456.34	290.29		
3	Others	486.65	13.19	-	499.84	124.98	73.96	-	-	-	198.94	300.90		
Total - Current Year		1,334.94	153.99	8.96	1,479.97	743.92	148.95	-	-	4.09	888.78	591.19		
12a. Intangible 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		
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)		
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		
3	Others	373.74	112.91	-	486.65	55.95	69.03	-	-	-	124.98	361.67		
Total-Previous Year		1,145.82	189.12	-	1,334.94	619.30	124.62	-	-	-	743.92	591.02		

Notes:

- 1 Building includes ₹ 1,080.00 Lacs (Previous year, ₹ 1,080.00 Lacs) in respect of ownership of premises in a co-operative housing society by way of 10 Shares.
- 2 Certain Assets of Nitrite Unit at Nandesari, Vadodara were revalued on October 31, 1985 as per the valuation report submitted by M/s. 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 ₹ in Lacs	Replacement Cost ₹ in Lacs	Method and Indices
1	Leasehold Land	16.53	124.10	Prevailing market price on the date of Valuation. Replacement costs of these fixed assets was arrived at by using RBI indices for buildings and indigenous plant and for imported equipments by using respective countries indices as also adjusting for customs duty and foreign exchange fluctuations.
2	Plant & Machinery	259.93	550.66	
3	R&D Equipment	14.03	20.54	
4	Factory & Other Buildings	55.45	149.04	
5	R&D Building	2.11	5.61	
Total		348.05	849.95	
Previous year		355.46	863.12	

- 3 Capitalised borrowing costs:
Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to ₹ 1,289.44 Lacs (Previous year, ₹ 2,466.64 Lacs)

Sr No.	Particulars	Capitalised during the Current Year ₹ in Lacs	Capitalised during the Previous Year ₹ in Lacs
i	Interest on External Commercial Borrowings Capitalised		
a	Plant & Machinery	-	485.44
b	Factory & Other Building	-	30.99
		-	516.43
ii	Exchange loss/(Gain) Capitalised (Refer note below)		
a	Plant & Machinery	1,216.03	1,836.21
b	Factory & Other Building	73.41	114.00
		1,289.44	1,950.21
	TOTAL	1,289.44	2,466.64

Note: Pursuant to the provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009, and related notifications of Ministry of Corporate Affairs, the Company in 2015-16 has adjusted to fixed assets, foreign exchange differences amounting to ₹ 1,289.44 Lacs (Previous year, ₹ 1,950.21 Lacs) on revaluation of long term foreign currency borrowing for acquisition of fixed assets as an adjustment to borrowing costs.

- 4 (a) Out of fixed assets amounting to ₹ 26.02 Lacs pertaining to Fine & Speciality Chemicals segment forming part of Nandesari division and which were held of disposal, assets worth ₹ 1.10 Lacs (Previous year, ₹ 8.26 Lacs) were sold during the year at a profit of ₹ 0.06 Lacs (Previous year, loss ₹ 5.49 Lacs) recognised in Statement of Profit and Loss. The remaining assets are revalued at ₹ 20.23 Lacs (Previous year, ₹ 26.02 Lacs) and loss on revaluation of ₹ 4.70 Lacs (Previous year, ₹ 21.01 Lacs) is recognised in Statement of Profit & Loss. During the current year Assets pertaining to Fluorescent Whitening Agent segment having carrying value of ₹ 57.77 Lacs (Previous year, NIL) are retired from active use and are held for disposal. These assets are stated at lower of book value and realisable value ie. at ₹ 51.22 Lacs (Previous year, NIL) separately in the financial statements as Current Assets held for disposal. The difference between realisable value and carrying value being loss of ₹ 6.55 Lacs (Previous year, NIL) is recognised in the current year's Statement of Profit and Loss.

- (b) In respect of Building held under Capital work in progress at Roha 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 which was impaired in the year 2008-09, during the previous year, impairment provision of ₹ 23.03 Lacs was reversed as the said assets were put to alternate use. Cumulative provision stands Nil.

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	290.29
2	Rights to use facilities	5 years	125.28
3	Technical Know How	10 years	175.62

6 Research & Development Assets included in Fixed Assets

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION						NET BLOCK	
		As at April 1, 2015	Additions	Deletion	Total March 31, 2016	Upto April 1, 2015	For the year	Impairment Provision / (Reversal)	Transfer to Retained Earning	Deletion	Total March 31, 2016	As at March 31, 2016	
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)	
1	Plant and Machinery	1,181.12	118.08	1.06	1,298.14	622.76	117.09	-	-	1.06	738.79	559.35	
2	Buildings	64.47	-	-	64.47	50.62	1.91	-	-	-	52.53	11.94	
3	Office Equipments	35.00	0.24	-	35.24	32.41	0.62	-	-	-	33.03	2.21	
4	Furniture & Fixture	81.91	11.87	-	93.78	41.77	12.54	-	-	-	54.31	39.47	
5	Computer Software	-	2.70	-	2.70	-	0.26	-	-	-	0.26	2.44	
6	Vehicles	-	26.06	-	26.06	-	2.41	-	-	-	2.41	23.66	
Total Current Year		1,362.50	158.95	1.06	1,520.39	747.56	134.82	-	-	1.06	881.32	639.07	

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION						NET BLOCK	
		As at April 1, 2014	Additions	Deletion	Total March 31, 2015	Upto April 1, 2014	For the year	Impairment Provision / (Reversal)	Transfer to Retained Earning	Deletion	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	Plant and Machinery	1,089.51	91.71	0.10	1,181.12	525.55	96.05	-	1.16	-	622.76	558.36	
2	Buildings	64.47	-	-	64.47	11.93	27.25	-	11.44	-	50.62	13.85	
3	Office Equipments	34.58	0.42	-	35.00	28.21	2.31	-	1.89	-	32.41	2.59	
4	Furniture & Fixture	76.56	5.35	-	81.91	29.51	12.26	-	-	-	41.77	40.14	
Total Previous Year		1,265.12	97.48	0.10	1,362.50	595.20	137.87	-	14.49	-	747.56	614.94	

12b. Capital Work in Progress

Sr. No.	Particular	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
1	Capital work in Progress (Building)	397.88	397.88
2	Capital work in Progress (Others)	1,031.15	3,692.12
3	Less: Impairment Loss	(397.88)	(397.88)
	Capital Work in Progress (Net)	1,031.15	3,692.12

12c. Intangible Assets under Development

Sr. No.	Particular	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
1	Supply Chain Software	-	106.24
	TOTAL	-	106.24

13. Investments

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Long Term Investments at Cost				
Trade (Unquoted) Investments in Equity Shares - Fully Paid up				
<u>Investment in Subsidiaries</u>				
6,18,44,100 (Previous year, 1,40,50,000) Equity Shares of Deepak Phenolics Limited of ₹ 10/- each, fully paid up.	6,184.41	1,405.00	-	-
7,500 (Previous year, Nil) Equity Shares of Deepak Nitrite Corporation, Inc. of US\$ 10/- each, fully paid up.	47.68	-	-	-
<u>Investment in Associates</u>				
122,500 (Previous year, 122,500) Equity Shares of Deepak Gulf LLC of Omani Riyal 1 each, fully paid up.	179.30	179.30	-	-
<u>Other Investment</u>				
73,706 (Previous year, 73,706) Equity Shares of Deepak International Ltd. of GBP 1 each, fully paid up.	57.36	57.36	-	-
	6,468.75	1,641.66	-	-
Non Trade (Unquoted)				
a) Investment in Equity Shares - Fully Paid up				
800 (Previous year, 800) Equity Shares of Nandesari Environment Control Ltd	0.08	0.08	-	-
20 (Previous year, 20) Equity Shares of Baroda Co-operative Bank Ltd.	0.01	0.01	-	-
2,000 (Previous year, 2,000) Equity Shares of Shamrao Vitthal co-op Bank Ltd.	0.50	0.50	-	-
798 (Previous year, 798) Equity Shares New India Co-op Bank Ltd.	0.08	0.08	-	-
52,342 (Previous year, 52,342) Equity Shares of Jeedimetla Effluent Treatment Ltd.	52.49	52.49	-	-
	53.16	53.16	-	-
b) Investment in Government Securities				
National Saving Certificate	0.01	0.01	-	-
Quoted (trade) Mutual Fund (Valued at cost)				
39,32,029 (Previous year, Nil) JM High Liquidity Fund	-	-	1,610.20	-
1,03,826 (Previous year, Nil) UTI Money Market Mutual Fund	-	-	1,743.65	-
1,03,635 (Previous year, Nil) Baroda Pioneer Liquid Fund	-	-	1,787.38	-
54,436 (Previous year, Nil) HDFC Liquid Fund	-	-	1,610.27	-
	-	-	6,751.50	-

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Quoted (Non trade) (Valued at cost)				
50,000 (Previous year, 50,000) Equity Shares of Bank of Baroda	8.50	8.50	-	-
6,240 (Previous year, 6,240) Equity Shares of IDBI Bank	5.07	5.07	-	-
29,400 (Previous year, 29,400) Equity Shares of Dena Bank	8.82	8.82	-	-
	22.39	22.39	-	-
TOTAL	6,544.31	1,717.22	6,751.50	-

- i) Aggregate amount of Unquoted Investments is ₹ 6,521.92 Lacs (Previous year, ₹ 1,694.83 Lacs).
ii) Aggregated amount of Quoted Investments is ₹ 6,773.89 Lacs (Previous year, ₹ 22.39 Lacs).
iii) Aggregate Market Price of Quoted Investments ₹ 6,893.06 Lacs (Previous year, ₹ 101.07 Lacs).

14. Long Term & Short Term Loans & Advances

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Capital Advances				
Unsecured, considered good	33.98	178.10	-	-
	33.98	178.10	-	-
Security Deposit				
Unsecured, considered good (Refer note 3 below)	1,149.89	815.99	35.24	11.44
	1,149.89	815.99	35.24	11.44
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	1,040.14	716.53
	-	-	1,040.14	716.53
Other Loans and Advances				
Advance to Company towards Share application money (Refer note 1 below)	-	510.00	-	-
Loans to Company (Refer note 2 below)	-	22.10	187.90	165.81
Advance Income-Tax (Net of Provisions)	-	96.05	-	-
MAT Credit Entitlements	2,374.55	1,975.26	-	-
Prepaid Expenses	84.42	65.35	52.43	86.79
Loans to Employees (Refer note 3 below)	301.38	377.14	201.78	249.16
Balances with Statutory / Government Authorities	105.12	91.46	3,837.20	3,968.79
	2,865.47	3,137.36	4,279.31	4,470.55
TOTAL	4,049.34	4,131.45	5,354.69	5,198.52

Notes:

1. During the previous year Company has paid ₹ 510.00 Lacs towards Share Application Money to Deepak Phenolics Limited (Wholly Owned Subsidiary). During the year the Company was allotted shares against the same.
2. Loans to Company has been given for business purpose.
3. Loans and advances due by Directors and Key Managerial Personnel.

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Loans to Employees include				
Dues from Key Managerial Personnels	2.13	1.17	0.62	0.26
Loans and Advances to related parties include				
Security Deposit towards lease of residential premises	400.00	400.00	-	-
TOTAL	402.13	401.17	0.62	0.26

15. Other Current Assets

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Interest receivable on loans	34.38	20.81
Assets held for disposal	80.84	35.42
Others	204.34	703.32
TOTAL	319.56	759.55

16. Inventories (Valued at Lower of Cost and Net Realisable Value)

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Raw Materials and Components (including Packaging Materials)	3,439.03	2,609.23
Stock in Process	2,358.42	2,384.42
Finished Goods	5,300.44	4,620.11
Stores and Spares	1,196.88	1,115.93
	12,294.77	10,729.69
Provision for Obsolescence	(209.66)	(225.60)
TOTAL	12,085.11	10,504.09

17. Trade Receivables

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Debts outstanding for a period exceeding six months		
Unsecured, considered good	200.66	1,507.89
Doubtful Debts	442.90	229.83
	643.56	1,737.72
Provision for Doubtful Debts	(442.90)	(229.83)
	200.66	1,507.89
Other receivables		
Unsecured, considered good	29,433.12	29,591.33
TOTAL	29,633.78	31,099.22

18. Cash and Cash Equivalents

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Balances with Banks:		
– In Current Accounts	336.20	70.58
– In EEFC Accounts	0.01	20.30
– On Unpaid Dividend / Interest Account (Refer note below)	52.20	48.64
Cash on hand	-	0.36
	388.41	139.88
Other Bank Balances		
– Deposits with original maturity for more than three months but less than twelve months	-	134.60
TOTAL	388.41	274.48

Note : Unpaid Dividend / Interest Account can be used for earmarked liabilities.

19. Revenue from Operations

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Revenue from Operations		
Sale of Products		
Finished Goods (Refer note below)	140,435.82	139,703.01
Traded Goods (Refer note below)	-	257.85
Sale of Services (Conversion Charges)	687.13	539.29
Other Operating Revenue		
Scrap sales	270.00	489.70
Foreign Exchange Gain	578.38	522.46
Others	1.73	20.11
Revenue from Operations (Gross)	141,973.06	141,532.42
Less: Excise duty	8,400.54	8,816.19
Revenue from Operations (Net)	133,572.52	132,716.23

Note: Detail of Products Sold (Net of Excise Duty)

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
a) Finished Goods Sold		
i) Inorganic Salts	40,118.34	32,365.87
ii) Nitro Aromatic (including related by-products)	36,420.25	46,613.85
iii) Aromatics Amines	17,477.96	15,998.69
iv) Colour Intermediates (including related by-products)	11,241.32	15,247.71
v) Agro- Chemicals Intermediates	17,073.54	16,641.17
vi) Optical Brightening Agent	18,104.41	12,816.30
vii) Others	-	19.42
	140,435.82	139,703.01
b) Traded Goods Sold		
Organic Chemicals	-	257.85
c) Conversion charges (Service Income)	687.13	539.29
d) Other Operating Revenue	850.11	1,032.27
Revenue from Operations (Gross)	141,973.06	141,532.42
Less: Excise duty	8,400.54	8,816.19
Revenue from Operations (Net)	133,572.52	132,716.23

20. Other Income

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Interest income on		
Bank deposits	14.77	23.48
Long-Term Investments	35.63	38.97
Dividend Income on		
Current Investments	47.73	-
Long-Term Investments	1.98	1.55
Profit on Sale of Investments	5.93	-
Rent	1.70	1.69
Profit on Sale of Assets	14.08	98.83
Sundry Receipts	32.51	40.95
TOTAL	154.33	205.47

21. Cost of Raw Material and Components Consumed

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
a) Raw Material and Components Consumed		
Inventory at the beginning of the year	2,609.23	4,427.44
Add: Purchases during the year	78,020.12	80,386.87
	80,629.35	84,814.31
Less: Inventory at the end of the year	3,439.03	2,609.23
Cost of Raw Material and Components Consumed (Refer note below)	77,190.32	82,205.08
b) Packing Material Consumed	2,438.71	2,102.86
TOTAL	79,629.03	84,307.94

Note: Details of Raw Material Consumed:

Raw Material	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
1) Caustic Soda/Soda Ash	13,743.76	11,300.63
2) Ammonia	4,479.75	4,188.98
3) Nitric Acid	6,739.11	6,132.04
4) Sulphuric Acid	1,840.09	1,399.51
5) Benzene	3,098.13	5,702.13
6) Toluene	7,002.67	9,536.83
7) Metaxylene	1,647.94	1,427.31
8) Cumene	1,328.13	1,788.72
9) Para Nitro Toluene	1,611.14	1,722.21
10) Oleum	1,140.94	1,025.70
11) Iron Powder	1,635.73	1,561.14
12) 2, Ethyl Hexanol	13,409.25	17,462.84
13) Others	19,513.68	18,957.04
TOTAL	77,190.32	82,205.08

22. Details of Purchase of Traded Goods

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Purchase of Finished Goods for Resale	-	243.71
TOTAL	-	243.71

23. (Increase)/ Decrease in Inventories

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Inventories at the beginning of the year		
Stock in Process	2,384.42	2,503.61
Finished Goods	4,620.11	5,653.96
	7,004.53	8,157.57
Less:		
Inventories at the end of the year		
Stock in Process	2,358.42	2,384.42
Finished Goods	5,300.44	4,620.11
	7,658.86	7,004.53
TOTAL	(654.33)	1,153.04

24. Employee Benefits Expense

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Salaries, Wages and Bonus	10,437.62	8,776.23
Contribution to Provident and Other Funds	537.21	469.28
Gratuity Expenses (Refer Note No. 29 A(iv))	138.24	229.27
Staff Welfare Expenses	494.88	534.82
TOTAL	11,607.95	10,009.60

25. Power & Fuel Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Consumption of Gas	784.22	1,641.66
Consumption of Furnace Oil	667.84	918.18
Consumption of High Speed Diesel	98.73	283.70
Consumption of Coal and Coke	3,703.63	3,669.29
Electricity Expenses	5,955.98	4,460.54
Water Charges	596.45	584.23
Other Expenses	8.09	34.58
TOTAL	11,814.94	11,592.18

26. Depreciation and Amortisation Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Depreciation of Tangible Assets	3,796.09	3,479.45
Amortisation of Intangible Assets	148.95	124.62
	3,945.04	3,604.07
Less: Recoupment from Revaluation Reserve	-	1.66
TOTAL	3,945.04	3,602.41

27. Finance Costs

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Interest	2,910.40	3,074.21
Bank charges	165.22	158.71
Exchange difference to the extent considered as an adjustment to Borrowing Costs	834.23	566.43
TOTAL	3,909.85	3,799.35

28. Other Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Conversion Charges	506.63	630.13
Excise Duty paid	20.94	40.17
(Increase)/ Decrease of Excise Duty on Inventories	61.23	(63.55)
Other Manufacturing Expenses	887.08	601.53
Loss on Sale / Discard of Fixed Assets	177.01	132.36
Impairment Provision /(Reversal) (Refer footnote 4(c) of Fixed Assets)	-	(23.03)
	177.01	109.33
Insurance	233.85	227.37
Repairs and Maintenance :-		
Plant and machinery	2,426.20	1,546.67
Buildings	166.45	154.19
Others	94.74	75.20
Freight and Forwarding Charges	2,650.64	3,006.78
Consumption of Stores and Spare parts	1,459.12	1,450.11
Sales Commission	343.41	181.34
Corporate Social Responsibility Expenses (Refer Note No. 44) / Donations	163.94	81.95
Rent (Refer Note No. 43)	122.90	112.40

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Rates and Taxes	179.99	205.99
Travelling and Conveyance	437.33	428.34
Vehicle Expenses	284.22	274.53
General Expenses	3,859.78	2,447.49
Provision / (Reversal) for Inventory Obsolescence (net)	(15.94)	(221.84)
Provision for Doubtful Debts	239.88	84.23
Add:- Bad Debts / (recovered)	17.93	(12.74)
Less:- Transfer from Provision for Doubtful Debts	26.81	1.57
	231.00	69.92
Directors' Sitting Fees	16.35	19.70
Payment to Auditor (Refer note below)	37.81	44.68
Wealth Tax	(2.82)	16.80
TOTAL	14,341.86	11,439.23

Note: Payment to Auditor

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
i) As Auditor:		
Audit fees	24.50	20.00
Tax Audit fees	3.52	3.50
Quarterly Limited Review	4.50	4.50
ii) In Other Capacity:		
Taxation Matters	3.02	12.00
Other Services (Certification Fees)	2.27	4.00
iii) Reimbursement of Expenses	-	0.68
TOTAL	37.81	44.68

29. Employee Retirement Benefits

A) Gratuity

Description of the Plan:

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

i) Present Value of Defined Benefit Obligation:

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Balance at the beginning of the year	1,175.52	952.37
Current Service Cost	89.72	66.84
Interest Cost	93.49	88.86
Actuarial (gain)/losses	40.83	158.64
Benefits Paid	(60.58)	(91.19)
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Balance at the end of the year	1,338.98	1,175.52

ii) Fair Value of Plan Assets:

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Balance at the beginning of the year	1,101.32	918.64
Expected Return on Plan Assets	87.59	79.92
Actuarial (gain)/losses	(1.78)	5.16
Contribution by the Company	160.00	188.79
Benefits Paid	(60.58)	(91.19)
Settlements	-	-
Balance at the end of the year	1,286.55	1,101.32
Actual Return on Plan Assets	8.00% to 8.85%	7.50% to 9.00%

iii) Assets and Liabilities Recognised in the Balance Sheet:

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Present Value of Defined Benefit Obligation	1,338.98	1,175.52
Less: Fair Value of Plan Assets:	1,286.55	1,101.32
Less: Unrecognised Past Service costs	-	-
Amounts recognised as liability	52.43	74.20
Recognised under:		
Long Term provision	-	-
Short Term provision (Refer Note No. 7)	52.43	74.20
Total	52.43	74.20

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

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Current Service Cost	89.72	66.84
Interest Cost	93.49	88.86
Expected return on Plan Assets	(87.60)	(79.92)
Actuarial (gain)/losses	42.61	153.49
Past Service Costs	-	-
Curtailements	-	-
Sattlements	-	-
Total Expenses (Refer Note No. 24)	138.24	229.27

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

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

vi) Actuarial Assumptions

	Current Year	Previous Year
Discount Rate	8.07%	7.96%
Expected Return on Plan Assets	8.07%	7.96%
Salary Growth Rate	6.50%	6.50%
Attrition rate	2.00%	2.00%

vii) Amount Recognised in current year and previous four year

	As at March 31,2016 ₹ in Lacs	As at March 31,2015 ₹ in Lacs	As at March 31,2014 ₹ in Lacs	As at March 31,2013 ₹ in Lacs	As at March 31,2012 ₹ in Lacs
Defined Benefit Obligation	1,338.98	1,175.52	952.37	848.09	734.87
Plan Assets	1,286.55	1,101.32	918.64	833.80	705.81
Surplus/Deficit	52.43	74.20	33.73	14.29	29.06
Experience adjustments in plan liabilities	36.27	49.98	51.86	49.10	-
Experience adjustments in plan assets	(2.03)	5.16	2.08	(0.20)	-

viii) Expected Contribution to the Fund in the next year

	Current Year ₹ in Lacs
Gratuity	200.00

B) Leave Encashment

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

	Current Year	Previous Year
Discount Rate	8.07%	7.96%

- iii) The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2016, is ₹ 759.14 Lacs (Previous year, ₹ 625.94 Lacs), which is determined on actuarial basis using Projected Unit Credit Method.

C) Defined Contribution Plan

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Employer's Contribution to Provident Fund	352.64	314.45
Employer's Contribution to Superannuation Fund	136.45	125.96
Expected Contribution for the next year		₹ in Lacs
Employer's Contribution to Provident Fund		391.43
Employer's Contribution to Superannuation Fund		151.46

30. Segment Reporting

- (a) The Company is reporting business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent.

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
I) Segment Revenue		
a) Bulk Chemicals & Commodities	67,455.64	74,958.52
b) Fine & Speciality Chemicals		
Own Manufactured	39,336.81	32,362.54
Traded	-	257.85
Total	39,336.81	32,620.39
c) Fluorescent Whitening Agent	27,368.25	26,618.48
d) Un- allocable	578.38	541.89
TOTAL	134,739.08	134,739.28
Less: Inter Segment Revenue	1,166.56	2,023.05
Net Sales/Income from operations	133,572.52	132,716.23
II) Segment Results		
(Profit) + Loss (-) Before Tax & Interest		
a) Bulk Chemicals & Commodities	7,958.84	7,354.19
b) Fine & Speciality Chemicals	9,718.63	6,187.88
c) Fluorescent Whitening Agent	(870.59)	65.66
TOTAL	16,806.88	13,607.73

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Less : i) Interest	3,744.63	3,640.64
ii) Other un-allocable expenditure net of un-allocable Income	3,929.74	3,192.85
III) Profit Before Tax	9,132.51	6,774.24
Provision for Taxation		
Current Tax	1,984.57	1,345.32
Mat Credit Entitlements	(399.28)	(1,122.04)
Deferred Tax Charge	1,032.31	1,206.66
IV) Profit After Tax	6,514.91	5,344.30
V) Segment Assets		
a) Bulk Chemicals & Commodities	29,965.85	32,995.30
b) Fine & Speciality Chemicals	33,097.82	24,508.30
c) Fluorescent Whitening Agent	41,600.05	44,666.85
d) Un-allocable	21,204.86	10,184.91
TOTAL	125,868.57	112,355.36
VI) Segment Liabilities		
a) Bulk Chemicals & Commodities	9,021.46	6,737.99
b) Fine & Speciality Chemicals	3,788.45	3,399.82
c) Fluorescent Whitening Agent	4,515.86	3,599.55
d) Un-allocable	55,289.26	59,302.82
TOTAL	72,615.03	73,040.18
VII) Capital Expenditure		
a) Bulk Chemicals & Commodities	3,975.53	771.22
b) Fine & Speciality Chemicals	3,158.61	2,895.47
c) Fluorescent Whitening Agent	1,395.71	8,017.32
d) Un-allocable	492.35	978.93
TOTAL	9,022.20	12,662.94
VIII) Depreciation		
a) Bulk Chemicals & Commodities	1,074.32	939.35
b) Fine & Speciality Chemicals	824.77	732.97
c) Fluorescent Whitening Agent	1,609.40	1,540.02
d) Un-allocable	436.55	390.07
TOTAL	3,945.04	3,602.41

Note: Segmental Results of Previous Year are net of Impairment Loss Reversal of ₹ 23.03 Lacs in Fine & 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:

Revenue	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
In India	82,444.76	81,039.92
Outside India	51,127.76	51,676.31
Total	133,572.52	132,716.23

Carrying Amount of Segment Assets	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
In India	111,165.81	94,921.33
Outside India	14,702.76	17,434.03
Total	125,868.57	112,355.36

Addition to Fixed Assets	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
In India		
- Tangible	8,868.21	12,473.81
- Intangible	153.99	189.13
Outside India		
- Tangible	-	-
- Intangible	-	-
Total	9,022.20	12,662.94

31. Disclosure under AS 20 "Earning Per Share"

	Current Year	Previous Year
Basic and Diluted Earning per Share		
Number of Shares as on April 1, 2015 (Nos. in Lacs).	1,045.38	1,045.38
Number of Shares as on March 31, 2016 (Nos. in Lacs).	1,162.88	1,045.38
Weighted Average Number of Shares considered for Basic Earning Per Share (Nos. in Lacs).	1,072.99	1,045.38
Net Profit after Tax available for Equity Shareholders (₹ in Lacs)	6,514.91	5,344.30
Basic Earning (in Rupees) Per Share of ₹ 2/- each.	6.07	5.11
Diluted Earning (in Rupees) Per Share of ₹ 2/- each.	6.07	5.11

32. Disclosure under AS 18 “Related Party Disclosures”

(i) **Subsidiary Companies:**

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

(ii) **Associate Company:**

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

(v) **Relative of Key Management Personnel**

Shri Maulik D. Mehta
Shri Meghav D. Mehta

(vi) Transaction with Related Parties

Sr. No.	Nature of Transaction	March 31, 2016					March 31, 2015						
		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
1	Purchase of Goods												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	7,082.93	-	-	-	-	-	6,285.32	-	6,285.32
	Deepak Novochem Technologies Limited	-	-	-	54.86	-	-	-	-	-	224.42	-	224.42
2	Sale of Goods												
	Deepak Novochem Technologies Limited	-	-	-	64.05	-	-	-	-	-	13.45	-	13.45
3	Conversion Charges Received												
	Deepak Novochem Technologies Limited	-	-	-	712.90	-	-	-	-	-	559.51	-	559.51
4	Rending of Services / Reimbursement of Expenses												
	Deepak Novochem Technologies Limited	-	-	-	0.46	-	-	-	-	-	-	-	-
	Deepak Phenolics Limited	381.59	-	-	-	-	-	-	545.72	-	-	-	545.72
5	Receiving of services / Reimbursement of Expenses												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	16.32	-	-	-	-	-	1.77	-	1.77
	Deepak Novochem Technologies Limited	-	-	-	3.22	-	-	-	-	-	2.76	-	2.76
	Deepak Foundation	-	-	-	0.66	-	-	-	-	-	1.59	-	1.59
	Deepak Medical Foundation	-	-	-	0.82	-	-	-	-	-	0.77	-	0.77
	Deepak Nitrite Corporation Inc	559.23	-	-	-	-	-	-	-	-	-	-	-
	Sofotel Infra Private Limited	-	-	-	0.04	-	-	-	-	-	0.01	-	0.01
	Shri D. C. Mehta	-	-	9.60	-	-	-	-	-	9.60	-	-	9.60
	Shri C. K. Mehta	-	-	4.51	-	-	-	-	-	4.41	-	-	4.41
	Shri Maulik.D. Mehta	-	-	-	-	45.50	-	-	-	-	-	36.56	36.56
	Shri Meghav.D. Mehta	-	-	-	-	26.14	-	-	-	-	-	12.40	12.40
6	Managerial Remuneration												
	Shri D. C. Mehta	-	-	342.92	-	-	-	-	-	258.72	-	-	258.72
	Shri A. C. Mehta	-	-	336.59	-	-	-	-	-	247.83	-	-	247.83
	Shri Umesh Asaikar	-	-	367.57	-	-	-	-	-	299.54	-	-	299.54
7	Subscription of Investment/ Acquisition of Investment												
	Deepak Phenolics Limited	4,269.41	-	-	-	-	-	-	1,910.00	-	-	-	1,910.00
	Shri D. C. Mehta	-	-	-	-	-	-	-	-	2.78	-	-	2.78
	Deepak Nitrite Corporation Inc.	47.68	-	-	-	-	-	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	1.00	-	-	1.20
		-	-	-	-	-	-	-	-	-	-	-	2.20

₹ in Lacs

Sr. No.	Nature of Transaction	March 31, 2016					March 31, 2015						
		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
8	Dividend Paid												
	Check Point Credits & Capitals Private Limited	-	-	-	72.06	-	-	-	-	-	72.06	-	72.06
	Stigma Credits & Capital Private Limited	-	-	-	61.78	-	-	-	-	-	61.78	-	61.78
	Stiffen Credits & Capital Private Limited	-	-	-	83.80	-	-	-	-	-	83.80	-	83.80
	Stepup Credits & Capital Private Limited	-	-	-	69.16	-	-	-	-	-	69.16	-	69.16
	Skyrose Finvest Private Limited	-	-	-	36.91	-	-	-	-	-	36.91	-	36.91
	Shri D. C. Mehta	-	-	206.00	-	-	-	-	202.70	-	-	-	202.70
	Shri C.K. Mehta	-	-	0.86	-	-	-	-	0.86	-	-	-	0.86
	Shri Maulik.D. Mehta	-	-	-	-	1.31	-	-	-	-	1.31	-	1.31
	Shri Meghav.D. Mehta	-	-	-	-	0.47	-	-	-	-	0.47	-	0.47
	Others	-	-	-	52.82	13.66	-	-	-	-	49.78	13.66	63.44
9	CSR Expenses / Donation												
	Deepak Foundation - PHTI	-	-	-	114.10	-	-	-	-	-	58.24	-	58.24
	Deepak Medical Foundation	-	-	-	20.00	-	-	-	-	-	23.10	-	23.10
	Deepak Foundation	-	-	-	23.50	-	-	-	-	-	-	-	-
10	Net Accounts Receivable / (Payable)												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	(1,035.49)	-	-	-	-	-	(1,086.93)	-	(1,086.93)
	Deepak Novochem Technologies Limited	-	-	-	152.92	-	-	-	-	-	149.35	-	149.35
	Deepak Phenolics Limited	24.35	-	-	-	-	-	-	-	-	-	-	-
	Deepak Nitrite Corporation Inc	45.98	-	-	-	-	-	-	-	545.72	-	-	545.72
	Shri C.K. Mehta	-	-	(3.00)	-	-	-	-	-	-	(3.00)	-	(3.00)
	Shri D. C. Mehta	-	-	135.55	-	-	-	-	-	-	211.84	-	211.84
	Shri A. C. Mehta	-	-	(264.45)	-	-	-	-	-	-	(188.16)	-	(188.16)
	Shri Umesh Asaikar	-	-	(86.25)	-	-	-	-	-	-	(75.00)	-	(75.00)
	Sofotel Infra Private Limited	-	-	-	(0.04)	-	-	-	-	-	-	-	-
	Deepak Foundation	-	-	-	-	-	-	-	-	-	(0.07)	-	(0.07)

33 Contingent Liabilities not provided for

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
a) In respect of Income Tax matters	98.60	98.60
b) In respect of Sales Tax / VAT matters	59.43	35.07
c) In respect of Excise matters	218.41	219.50
d) Bank Guarantees:		
-Financial	1,155.33	816.60
-Performance	2,936.42	3,003.11
e) In respect of Stamp Duty matter	22.85	22.85
f) Disputed Labour Matters	Amount Not ascertained	
In respect of (a) to (c),(e) & (f), future cash outflow in respect of contingent liabilities is determinable only on receipt of judgments pending at various forums/authorities.		
TOTAL	4,491.04	4,195.73

34. The Company has entered into a long term contractual arrangement with GAIL India Limited ("GAIL") for supply of Gas with a Take or Pay obligations. A communication was received from GAIL regarding non-consumption of committed quantity for the year 2014. Accordingly, the Company is required to deposit a sum of ₹ 718.00 Lacs which may subsequently be adjusted in future against the consumption of Gas. The matter has been referred to an arbitrator for settlement, which is pending. However, GAIL has offered the Company to settle the matter amicably by paying one-time charges of ₹ 141.00 Lacs. Based on the above understanding, the Company has prudently provided for the said charges during the year.

As regards the year 2015, GAIL has agreed to allow the Company to consume the unconsumed Gas in the subsequent years till the term of the agreement i.e year 2028, without payment of any deposit.

35. Capital Commitments (Net of Advances)

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Capital Commitments	743.41	466.46

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.

36. Hedging Instruments

a) The Company takes Forward Contracts to hedge exposures arising out of net Foreign Currency payables and receivables. The Net Open Position is covered by Simple Forward and Range Forward as given below:

	Current Year	Previous Year
USD		
Amount USD (in Lacs)	72.61	61.50
Equivalent INR (in Lacs)	5045.36	3956.88
EURO		
Amount EURO (in Lacs)	6.31	5.87
Equivalent INR (in Lacs)	482.65	425.96

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

	Currency	Current Year	Previous Year
Payables			
Working Capital Loans (Net of Balances in EEFC account)	USD Lacs	211.22	207.61
	EURO Lacs	-	9.70
Trade Payables	USD Lacs	37.31	40.52
	EURO Lacs	0.98	0.19
	GBP Lacs	-	0.05
Receivables (Net of Forward & Option Contracts)			
Export Trade Receivables (Net of forward contract upto 3 months)	USD Lacs	185.73	176.52
	EURO Lacs	3.26	30.63
Term Loans			
External Commercial Borrowings	USD Lacs	259.75	350.50

37. CIF Value of Imports

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
1 Raw Materials	22,413.81	26,149.06
2 Components and Spare Parts	16.02	4.67
3 Capital Goods	48.97	60.77
Total	22,478.80	26,214.50

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

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
i) Travelling	80.67	89.10
ii) Interest on Loans	1,068.45	1,168.79
iii) Professional fees for market survey	523.05	320.68
iv) Commitment Charges / Bank Charges	1.05	2.25
v) Commission on Export Sales	87.87	47.16
vi) Others	714.41	610.75
Total	2,475.50	2,238.73

39. Consumption of Raw Materials, Stores and Spares parts:

	Current Year		Previous Year	
	% of Total Consumption	Amount ₹ in Lacs	% of Total Consumption	Amount ₹ in Lacs
I. RAW MATERIALS:				
i) Imported	28.25	21,808.03	34.16	28,084.94
ii) Indigenous	71.75	55,382.29	65.84	54,120.14
	100.00	77,190.32	100.00	82,205.08
II. STORES AND SPARE PARTS:				
i) Imported	0.30	16.02	0.30	4.34
ii) Indigenous	99.70	1,443.10	99.70	1,445.77
	100.00	1,459.12	100.00	1,450.11

40. Earning in Foreign Exchange

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
F.O.B Value of Exports	50,731.13	51,377.60

41. 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:

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
(i) Principal amount remaining unpaid as on March 31.	143.04	117.36
(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.	0.22	0.34
(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	0.25	0.22
(v) Interest accrued and remaining unpaid as at March 31 (net of tax deducted at source).	-	-
(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.	-	-

42a Research and Development Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
(i) Capital Expenditure (Refer Note No. 12a(6) of Fixed Assets)	158.95	97.48
(ii) Revenue Expenditure		
Materials	28.33	23.74
Utilities	14.08	13.45
Maintenance	21.14	37.56
Personnel	387.14	410.82
Others	77.16	136.51
	527.85	622.08
Lease Rent	-	-
Discarding of Assets	-	0.05
Depreciation	134.82	137.86
	134.82	137.91
Total Revenue Expenditure	662.67	759.99
(iii) Total Capital & Revenue Expenditure	821.62	857.47

42b R & D Disclosure for Department of Scientific & Industrial Research (DSIR)

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

	2015-16 ₹ in Lacs	2014-15 ₹ in Lacs	2013-14 ₹ in Lacs	2012-13 ₹ in Lacs	2011-12 ₹ in Lacs
(i) Capital Expenditure					
Nandesari	158.95	97.48	255.16	5.99	41.81
Roha	-	-	-	-	16.73
Total	158.95	97.48	255.16	5.99	58.54
(ii) Revenue Expenditure					
Nandesari	648.77	673.67	528.99	472.78	497.70
Roha	13.90	86.32	96.75	102.36	118.67
Total	662.67	759.99	625.74	575.14	616.37
(iii) Total Capital & Revenue Expenditure					
Nandesari	807.72	771.15	784.15	478.77	539.51
Roha	13.90	86.32	96.75	102.36	135.40
Total	821.62	857.47	880.90	581.13	674.91
(iv) Sales Proceeds – Prototypes					
Nandesari	-	-	-	-	-
Roha	-	-	-	-	-
Total	-	-	-	-	-

43. Disclosure under AS-19 "Leases"

Disclosure for Operating Leases:

The Company has leased office premises under operating lease. Lease payment debited to the Statement of Profit and Loss during the year ₹ 44.95 Lacs (Previous year, ₹ 44.70 Lacs).

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

	Current Year	Previous Year
	₹ in Lacs	₹ in Lacs
Up to 1 year	47.05	46.95
Greater than 1 year but less than 5 years	-	45.05

44. During FY 2015-16, your Company has spent ₹ 157.60 Lacs (including the unspent amount of ₹ 15.72 Lacs in the previous year) on Corporate Social Responsibility activities, against the requirement of ₹ 122.00 Lacs, being 2% of average of the net profits for the preceding three years.

45. 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 & Co.**
Chartered Accountants
Firm Registration No.105102W

HIMANSHU CHAPSEY
Partner
Membership No. 105731

Mumbai : May 09, 2016

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
S. K. ANAND } Directors

Mumbai : May 09, 2016

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

Part "A": Subsidiaries

1	Name of the Subsidiary	Deepak Phenolics Limited	Deepak Nitrite Corporation, Inc.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2015-16	2015-16
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	US\$ 1 US\$ = ₹ 66.29
4	Share Capital (₹ in Lacs)	6,184.41	49.71
5	Reserves & Surplus (₹ in Lacs)	(295.15)	22.13
6	Total Assets (₹ in Lacs)	9,842.94	388.08
7	Total Liabilities (₹ in Lacs)	3,953.68	316.24
8	Investments (₹ in Lacs)	1,627.34	-
9	Turnover (₹ in Lacs)	3,711.05	647.46
10	Profit before Taxation (₹ in Lacs)	(248.87)	32.97
11	Provision for Taxation (₹ in Lacs)	-	5.40
12	Profit after Taxation (₹ in Lacs)	(248.87)	27.57
13	Proposed Dividend (₹ in Lacs)	-	-
14	% of Shareholding	100%	100%

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

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

1	Name of Associate	Deepak Gulf LLC
2	Latest audited Balance Sheet Date	31/03/2016
3	Shares of Associate held by the Company on the year end	
4	No. of Shares held (Face Value of OMR 10/- each)	1,22,500
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 is not consolidated	Not applicable
9	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lacs)	177.68
10	Profit / Loss for the year	
	i. Considered in Consolidation (₹ in Lacs)	(17.08)
	ii. Not Considered in Consolidation (₹ in Lacs)	(17.78)

As per our report of even date

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

HIMANSHU CHAPSEY
Partner
Membership No. 105731

Mumbai : May 09, 2016

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
S. K. ANAND } Directors

Mumbai : May 09, 2016

INDEPENDENT AUDITOR'S REPORT

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") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2016, and related Statements of the Consolidated Profit and Loss and Consolidated Cash Flow for the year then ended, and a summary of the significant accounting policies and other explanatory information ("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 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate 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. The respective Board of Directors of the companies included in the Group and of its 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 paragraph 8 of the other matters section, 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 March 31, 2016, and its profit and its cash flows for the year ended on that date.

Other Matters

8. a. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 388.08 lakhs (before consolidation adjustments) as at March 31, 2016, total revenues of ₹ 647.46 lakhs (before consolidation adjustments) and net cash flows amounting to ₹ 4.99 lakhs (before consolidation adjustments) for the year ended on that date. The consolidated financial statements also include the Group's share of net loss of ₹ 17.08 lakhs for the year ended March 31, 2016, in respect of one associate, whose financial statements have not been audited by us. These financial statements 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 aforesaid subsidiary and associate, is based solely on the reports of the other auditors.
- b. Our opinion on the Consolidated Financial Statement, 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.

Report on Other Legal and Regulatory Requirements

9. 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 and the reports of the other auditors;
- 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 books of account maintained for the purpose of preparation of the consolidated financial statements;
- d. In our opinion, the aforesaid consolidated 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 March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and its Indian subsidiary and the operating effectiveness of such controls, refer to our separate report in Annexure I.
- g. 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 its associate Refer Note 33 and 34 to the consolidated financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There are no amounts required to be transferred to the Investors Education and Protection Fund by the Holding Company's Subsidiary company incorporated in India.

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

Chartered Accountants

Firm's Registration Number 105102W

Himanshu Chapsey

Partner

Membership Number: 105731

Mumbai
May 9, 2016

ANNEXURE TO OUR REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DEEPAK NITRITE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Deepak Nitrite Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Deepak Nitrite Limited ("the Holding Company") and its subsidiary company incorporated in India ("Indian Subsidiary Company"), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its Indian Subsidiary Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its Indian Subsidiary Company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

Firm's Registration Number 105102W

Himanshu Chapsey

Partner

Membership Number: 105731

Mumbai
May 9, 2016

CONSOLIDATED BALANCE SHEET as at March 31, 2016

	Note No.	2016 ₹ in Lacs	2015 ₹ in Lacs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,325.76	2,090.76
Reserves and Surplus	4	44,960.65	32,531.38
		47,286.41	34,622.14
Non-Current Liabilities			
Long-Term Borrowings	5	15,892.61	23,860.03
Deferred Tax Liability	6	5,664.71	4,632.40
Other Long-Term Liabilities	7	290.80	267.04
Long-Term Provisions	8	481.34	526.01
		22,329.46	29,285.48
Current Liabilities			
Short-Term Borrowings	9	26,851.67	23,101.09
Trade Payables	10a	13,310.47	10,955.08
Other Current Liabilities	10b	17,611.16	12,916.96
Short-Term Provisions	8	2,025.48	1,432.33
		59,798.78	48,405.46
TOTAL		129,414.65	112,313.08
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	59,181.43	54,281.44
Intangible Assets	12a	591.19	591.02
Capital Work-in-Progress	12b	3,192.89	4,290.49
Intangible Assets under Development	12c	-	106.24
Non-Current Investments	13	280.78	297.86
Long-Term Loans and Advances	14	8,052.07	5,420.74
Other Non-Current Assets	15	1.04	1.57
		71,299.40	64,989.36
Current Assets			
Current Investments	13	8,378.83	-
Inventories	16	12,101.82	10,504.09
Trade Receivables	17	31,318.54	31,099.22
Cash and Cash Equivalents	18	649.05	306.42
Short-Term Loans and Advances	14	5,382.11	5,199.63
Other Current Assets	15	284.90	214.36
		58,115.25	47,323.72
TOTAL		129,414.65	112,313.08

Notes to Financial Statements

1 & 2

The accompanying notes form an integral part of these financial statements.

As per our report of even date

For and on behalf of the Board

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

D. C. MEHTA
Vice Chairman & Managing Director

C. K. MEHTA
Chairman

HIMANSHU CHAPSEY
Partner
Membership No. 105731

A. C. MEHTA
Managing Director
SANJAY UPADHYAY
Chief Financial Officer
ARVIND BAJPAI
Company Secretary

UMESH ASAIKAR
Executive Director

SUDHIN CHOKSEY
SUDHIR MANKAD
S. K. ANAND } Directors

Mumbai : May 09, 2016

Mumbai : May 09, 2016

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2016

	Note No.	2016 ₹ in Lacs	2015 ₹ in Lacs
INCOME			
Revenue from Operations (Gross)		145,708.15	141,532.42
Less: Excise Duty		8,415.12	8,816.19
Revenue from Operations (Net)	19	137,293.03	132,716.23
Other Income	20	158.98	206.89
Total Revenue		137,452.01	132,923.12
EXPENSES			
Cost of Raw Material and Components Consumed	21	79,629.03	84,307.94
Purchase of Traded Goods	22	3,587.45	243.71
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	(669.52)	1,153.04
Employee Benefits Expense	24	11,907.77	10,009.60
Power & Fuel Expenses	25	11,814.94	11,592.18
Depreciation and Amortisation Expenses	26	3,954.27	3,602.41
Finance Costs	27	3,971.32	3,799.35
Other Expenses	28	14,343.54	11,485.76
Total Expenses		128,538.80	126,193.99
Profit Before Tax		8,913.21	6,729.13
Tax Expenses			
Current Tax		1,989.97	1,345.32
Mat Credit Entitlement		(399.28)	(1,122.04)
Deferred Tax charge		1,032.31	1,206.66
Total Tax Expenses		2,623.00	1,429.94
Profit for the year		6,290.21	5,299.19
Loss for the year from Associate		(17.08)	(8.93)
Profit for the year		6,273.13	5,290.26
Earning per Equity Share			
Basic (in ₹)	31	5.85	5.06
Diluted (in ₹)	31	5.85	5.06
Face Value Per Share (in ₹)		2.00	2.00
Notes to Financial Statements	1 & 2		
The accompanying notes form an integral part of these financial statements.			

As per our report of even date

For and on behalf of the Board

For **B. K. KHARE & Co.**
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S. K. ANAND } Directors

Mumbai : May 09, 2016

Mumbai : May 09, 2016

CONSOLIDATED CASH FLOW STATEMENT

	2016 ₹ in Lacs	2015 ₹ in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax from Continuing Operations	8,913.21	6,729.13
Profit Before tax	8,913.21	6,729.13
Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows		
1. Depreciation / Amortisation on Continuing Operations	3,954.27	3,602.41
2. Impairment/ (Write back) on Tangible/ Intangible Assets pertaining to Continuing Operations	-	(23.03)
3. Loss on Sale of Fixed Assets	177.01	132.36
4. Profit on Sale of Fixed Assets	(14.08)	(98.83)
5. Provision for Doubtful Debts	214.76	82.66
6. Wealth Tax	(2.82)	16.80
7. Realised/Unrealised Foreign Exchange Loss (Gain)	(5.93)	-
8. Interest expenses	3,764.50	3,640.64
9. Interest (Income)	(53.94)	(62.45)
10. Dividend (Income)	(51.06)	(2.97)
Operating Profit Before Working Capital changes	16,895.92	14,016.72
Movements in working capital		
1. Increase / (Decrease) in Trade Payables	2,012.48	(3,180.67)
2. Increase / (Decrease) in Other Current Liabilities & Provision	1,934.85	216.43
3. Decrease / (Increase) in Trade Receivables	(434.10)	(1,875.16)
4. Decrease / (Increase) in Inventories	(1,597.73)	2,490.97
5. Decrease / (Increase) in Long-Term Loans and Advances	(693.85)	(164.37)
6. Decrease / (Increase) in Short-Term Loans and Advances	(182.48)	1,398.36
7. Decrease / (Increase) in Other Current Assets	554.87	(700.55)
Cash generated from / (used in) Operations	18,489.96	12,201.73
Direct taxes paid (net of refunds)	(1,880.98)	(1,401.22)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES (A)	16,608.98	10,800.51
B. CASH FLOWS FROM INVESTING ACTIVITIES		
1. Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(8,553.90)	(10,609.27)
2. Proceeds from Sale of Fixed Assets	22.35	124.86
3. Advance towards Proposed Sale of Land	-	1,500.00
3. Investment in Subsidiaries	-	(5.00)
4. Purchase of Current Investments	(27,051.21)	250.00
5. Proceeds from sale/maturity of Current Investments	18,672.36	(250.00)
6. Interest received	40.37	74.32

	2016 ₹ in Lacs	2015 ₹ in Lacs
7. Dividends received	51.06	2.97
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)	(16,818.97)	(8,912.12)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
1. Proceeds from issue of Equity Shares	8,070.67	-
2. Proceeds from Long-Term Borrowings	1,197.10	4,202.07
3. Repayment of Long-Term Borrowings	(7,490.32)	(5,494.20)
4. Net Proceeds from Working Capital Borrowings	1,750.48	4,029.48
5. Proceeds from Short-Term Borrowings	2,000.00	-
6. Interest paid	(3,722.62)	(3,748.93)
7. Dividend paid on Equity Shares	(1,039.88)	(1,038.90)
8. Tax on Equity Dividend paid	(212.82)	(177.66)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES (C)	552.61	(2,228.14)
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	342.63	(339.75)
Cash and Cash equivalents at the beginning of the year	306.42	646.17
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	649.05	306.42
Reconciliation of Cash and Cash equivalents		
Balances with Banks		
– In Current Accounts	476.84	102.52
– In EEFC Accounts	0.01	20.30
– On Unpaid Dividend / Interest Account (Refer note below)	52.20	48.64
Cash on hand	-	0.36
	529.05	171.82
Other Bank Balances		
– Deposits with original maturity for more than three months but less than Twelve months	120.00	134.60
TOTAL CASH AND CASH EQUIVALENTS REFER NOTE 18	649.05	306.42

Note: Unpaid Dividend / Interest Account can be used for earmarked liabilities.

As per our report of even date

For and on behalf of the Board

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

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Vice Chairman & Managing Director

C. K. MEHTA
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SUDHIN CHOKSEY
SUDHIR MANKAD
S. K. ANAND } Directors

Mumbai : May 09, 2016

Mumbai : May 09, 2016

NOTES to Consolidated Financial Statements for the year ended March 31, 2016

Company Overview

Deepak Nitrite Limited ('DNL' or 'the Company') is a prominent chemical manufacturing company. The Company manufactures Bulk Chemicals & Commodities, Fine & Speciality Chemicals and Fluorescent Whitening Agent. The company along with its subsidiaries 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 on accrual basis, 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 specified 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 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 provision. Cost includes all incidental expenses related to acquisition and installation.

Depreciation is provided, pro rata for the period of use, under the 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) method. 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/Internal Technical Personnel after taking into consideration past experience of the Company, chemical process & 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 General Reserve. 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 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.

The cost of intangible assets is amortised over the estimated 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.

g) Employee Retirement Benefits

(i) Defined Contribution Plans

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

(ii) Defined Benefit Plan

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

h) Investments

Investments that are readily realisable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long term investments.

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

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 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.
- (iii) 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 Statement of Profit and Loss of the financial year.

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

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

k) Earning per Share

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

l) Segment Reporting - Basis of Information

The Company is reporting business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent.

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 and (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 and 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. Principles of Consolidation :

The Consolidated Financial Statements (CFS) comprise the Financial Statements of Deepak Nitrite Limited and its subsidiaries and associate as at March 31, 2016. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial statements", 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 subsidiaries 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 Cash Flow Statement has been prepared using uniform policies for the transactions. The financial statements of all entities used for consolidation are drawn up to the same reporting date as that of the Company i.e. March 31, 2016.
- (ii) In case of foreign subsidiary, being Integral Foreign Operations, revenue items are consolidated at the average rate that approximates the actual rate at the date of transaction. All monetary items are translated in to Consolidated financial statements at exchange rate in effect at the balance sheet date. Any exchange difference arising on consolidation is recognised in the Statement of Profit and Loss.
- (iii) Investments in associate company is 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 associate 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 associate.

(iv) Name of Entity	Ownership in % either directly or through subsidiaries		Nature	Country of Incorporation
	2015-16	2014-15		
Deepak Phenolics Limited	100%	100%	Subsidiary	India
Deepak Nitrite Corporation, Inc	100%	100%	Subsidiary	United States of America
Deepak Gulf LLC	49%	49%	Associate	Sultanate of Oman

3. Share Capital

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Authorised Shares:		
15,00,00,000 (Previous year, 15,00,00,000) Equity Shares of ₹ 2/- each	3,000.00	3,000.00
20,00,000 (Previous year, 20,00,000) Preference Shares of ₹ 100/- each	2,000.00	2,000.00
	5,000.00	5,000.00
Issued, subscribed and fully paid-up shares:		
11,62,88,190 (Previous year, 10,45,38,190) Equity Shares of ₹ 2/- each fully paid-up (Refer Note (a) (ii) below)	2,325.76	2,090.76
Total Issued, subscribed and fully paid-up share capital	2,325.76	2,090.76

(a) Shares:- Terms/Rights:

- i) Authorised shares have been classified into Equity and Preference shares.
- ii) During the year, the Company offered Equity Shares to Qualified Institutional Buyers (“QIBs”) through Qualified Institutions Placement in accordance with Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Accordingly, 1,17,50,000 Equity Shares of ₹ 2/- each were allotted to QIBs on January 6, 2016 at an issue price of ₹ 70.90 per Equity Share (including premium of ₹ 68.90 per Equity Share).
Out of the issue proceeds of ₹ 8,330.75 Lacs from the Qualified Institutions Placement, ₹ 260.07 Lacs were utilised towards share issue expenses and ₹ 1,374.00 Lacs has been utilised for the object stated in the offer document. Pending utilisation, ₹ 6,696.68 Lacs have been invested in Liquid Mutual Funds.
- iii) 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.
- iv) During the year ended March 31, 2016, the amount of per Share Dividend recognised as distribution to Equity Shareholders is ₹ 1.20/- (Previous year, ₹ 1/-).
- v) 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. No preferential amounts exist as on the Balance Sheet date.

(b) Reconciliation of the shares outstanding and the amount of Equity Share Capital at the beginning and at the end of the year:

	As at March 31, 2016		As at March 31, 2015	
	No.	₹ in Lacs	No.	₹ in Lacs
At the beginning of the period	104,538,190	2,090.76	10,453,819	1,045.38
Sub division made during the year	-	-	41,815,276	-
Issued during the period – Bonus issue (Refer Note (d) below)	-	-	52,269,095	1,045.38
Issued during the period – issued to QIB (Refer Note a (ii) above)	11,750,000	235.00	-	-
Outstanding at the end of the period	116,288,190	2,325.76	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, 2016		As at March 31, 2015	
	No.	% holding	No.	% holding
Equity shares of ₹ 2 each fully paid (Previous year, ₹ 2 each fully paid)				
Shri Deepak Chimanlal Mehta	20,904,040	18.01	20,600,040	19.71
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	7.21	8,379,940	8.02
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	6.20	7,206,050	6.89
Stepup Credits & Capital Pvt. Ltd.	6,915,580	5.95	6,915,580	6.61
Stigma Credits & Capital Pvt. Ltd.	6,178,100	5.31	6,178,100	5.91
Franklin India Smaller Companies Fund	6,100,000	5.25	-	-

(d) During the year 2014-15, Company has allotted 52,269,095 Bonus Equity shares of ₹ 2/- each, fully paid up, in the ratio of 1:1 (one Bonus Equity shares of ₹ 2/- each).

4. Reserves & Surplus

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Capital Reserve	51.27	51.27
Capital Redemption Reserve	15.00	15.00
Capital Reserve (relating to Capital Subsidy received from SICOM)	20.00	20.00
Securities Premium Account		
Balance as per the last Financial Statements	6,711.77	6,711.77
Add: Receipt of Securities Premium on issue to QIBs	8,095.75	-
Less: Share issue Expenses (Refer note below)	260.07	-
Closing Balance	14,547.45	6,711.77
Revaluation Reserve		
Balance as per the last Financial Statements	77.94	133.64
Less: Transferred to General Reserve for recoupment of Depreciation	1.69	1.66
Less: Depreciation adjustment on account of Schedule II of the Companies Act, 2013	-	54.04
Closing Balance	76.25	77.94
General Reserve		
Balance as per the last Financial Statements	6,888.44	6,388.44
Add: Transferred from Revaluation Reserve for recoupment of Depreciation	1.69	-
Add: Transferred from surplus in Statement of Profit and Loss	500.00	500.00
Closing Balance	7,390.13	6,888.44

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Surplus in Statement of Profit and Loss		
Balance as per last Financial Statements	18,766.96	16,380.12
Less: Transferred to Share Capital towards issuing Bonus Equity Shares	-	1,045.38
Less: Depreciation adjustment on account of Schedule II of the Companies Act, 2013, Net of Deferred Tax Asset ₹ Nil (Previous year, ₹ 51.39 Lacs)	-	99.84
Profit for the year	6,273.13	5,290.26
Amount available for Appropriation	25,040.09	20,525.16
Less: Appropriations		
Proposed Final Equity Dividend ₹ 1.20/- per share (Previous year, ₹ 1/- per share)	1,395.46	1,045.38
Tax on proposed Equity Dividend	284.08	212.82
Transfer to General Reserve	500.00	500.00
Total Appropriations	2,179.54	1,758.20
Surplus	22,860.55	18,766.96
TOTAL	44,960.65	32,531.38

Note: Share issue expenses includes fees of Statutory Auditors of ₹ 15.00 Lacs for work related to the Qualified Institutions Placement.

5. Long Term Borrowings

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Term Loans (Refer note below)				
Secured				
Loan from Banks	6,639.17	7,602.07	2,160.00	1,800.00
External Commercial Borrowings	9,253.44	16,257.96	7,976.53	5,680.12
Other Loans and Advances				
Unsecured				
Deferred Sales Tax Loan	-	-	-	10.20
TOTAL	15,892.61	23,860.03	10,136.53	7,490.32
The above amount includes:				
Secured Borrowings	15,892.61	23,860.03	10,136.53	7,480.12
Unsecured Borrowings	-	-	-	10.20
Current maturities of long term borrowings have been disclosed under the head "Other Current Liabilities" (Refer Note No.10 (b))			(10,136.53)	(7,490.32)
NET AMOUNT	15,892.61	23,860.03	-	-

Term Loans:-

The Loans from Banks includes term loan obtained from State Bank of India during the year amounting to ₹ 1,197.10 Lacs (Previous year, ₹ 4,202.07.00 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. The outstanding balance of External Commercial Borrowings are from (a) Standard Chartered Bank ₹ 3,797.56 Lacs (Previous year, ₹ 5,195.04 Lacs) (b) HSBC Bank (Mauritius) Limited ₹ 4,974.97 Lacs (Previous year, ₹ 7,041.47 Lacs) and (c) DBS Bank Limited ₹ 8,457.44 Lacs (Previous year, ₹ 9,701.57 Lacs). These loans are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over Current Assets of the Company.

Repayment Schedule:-

- Rate of interest of loan from Banks are in the range of base rate plus 0.50% to 1.00% p.a.
- Term loan from State Bank of India is repayable on monthly basis starting from June, 2015 with last installment payable in November, 2021.
- Rate of interest of External Commercial Borrowings are 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 Ltd. 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.

6. Deferred Tax Liability

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Deferred Tax Liability		
Difference between book and tax depreciation on Fixed Assets	6,207.79	5,072.41
Gross Deferred Tax Liability	6,207.79	5,072.41
Deferred Tax Asset		
Disallowances u/s 43 B	323.76	264.41
Others	219.32	175.60
Gross Deferred Tax Asset	543.08	440.01
Net Deferred Tax Liability / (Asset) Recognised	5,664.71	4,632.40

7. Other Long Term Liabilities

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Security Deposits	290.80	267.04
TOTAL	290.80	267.04

8. Long Term & Short Term Provisions

	Long-Term		Short-Term	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 29 A (iii))	4.89	-	52.45	74.20
Provision for Leave Benefits (Refer Note No. 29 B (iii))	476.45	526.01	293.49	99.93
	481.34	526.01	345.94	174.13
Other Provisions				
Proposed Equity Dividend	-	-	1,395.46	1,045.38
Provision for tax on proposed Equity Dividend	-	-	284.08	212.82
	-	-	1,679.54	1,258.20
TOTAL	481.34	526.01	2,025.48	1,432.33

9. Short Term Borrowings

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Working Capital Borrowing from Banks (Refer note a and b below)		
Secured	19,243.75	16,964.74
Unsecured	5,607.92	4,672.68
Total of Working Capital Borrowing from Bank	24,851.67	21,637.42
Short term Borrowings from Banks (Refer note c below)	2,000.00	-
Commercial paper (Refer note d below)		
Secured		
Unsecured	-	1,463.67
Total of Commercial paper	-	1,463.67
TOTAL	26,851.67	23,101.09

- 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 1.12% 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) Short Term Borrowings includes unsecured term loan from Axis Bank Limited amounting to ₹ 2,000.00 Lacs (Previous year, Nil), with interest rate of 10.75 % p.a.
- d) Commercial Paper placed by the Company carries interest rate ranging from 7.50% p.a. to 9.15% p.a., tenure of each placement ranging from 15 days to 140 days. Commercial Papers issued during the previous year were unsecured.

10a. Trade Payables

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Trade payables (including acceptances)	13,310.47	10,955.08
TOTAL	13,310.47	10,955.08

10b. Other Current Liabilities

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Current maturities of Long-Term Borrowings (Refer Note No. 5)	10,136.53	7,490.32
Creditors for Capital Assets	458.05	559.06
Interest accrued but not due on borrowings	167.16	123.33
Advance from Customers	176.71	55.37
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	46.64	41.14
Unclaimed Matured Deposits (Refer note below)	9.22	-
Unpaid Interest on Matured Fixed Deposits	5.56	7.50
Accrued Expenses	4,085.99	2,516.03
Advance against Land Sale	1,500.00	1,500.00
Excise duty on Finished Stock	356.11	294.49
Provision for tax (Net of payments)	19.26	-
Others	649.93	329.72
TOTAL	17,611.16	12,916.96

Note: The Unclaimed Matured deposits of ₹ 9.22 Lacs outstanding as at March 31, 2016 represents an aggregate amount of certain cheques issued towards compulsory repayment of the outstanding fixed deposits as on March 31, 2015, which have not been presented to the bank for payment by the depositors.

Fixed Assets
11. Tangible Assets

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK				
		As at April 1, 2015	Additions	Deletions	Total March 31, 2016	Upto April 1, 2015	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Total March 31, 2016	As at March 31, 2016	
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	3,001.70	-	-	3,001.70	199.25	33.40	-	-	-	232.65	2,769.05
3	Plant and Machinery	65,974.55	8,191.05	8,183.31	73,347.29	23,039.12	3,188.14	-	-	627.69	25,599.57	47,747.72
4	Factory and Other Buildings	8,221.59	427.63	6.51	8,642.71	1,772.80	219.13	-	-	3.30	1,988.63	6,654.08
5	Roads	543.40	7.60	13.52	537.48	153.09	102.00	-	-	14.69	240.40	297.08
6	Office Equipment's	481.62	101.53	15.04	568.11	307.19	82.37	-	-	14.39	375.17	192.94
7	Furniture & Fixture	796.22	71.62	7.39	860.45	418.80	67.91	-	-	4.80	481.91	378.54
8	Vehicles	802.95	139.91	58.30	884.56	245.10	112.37	-	-	33.82	323.65	560.91
Total - Current Year		80,403.14	8,939.34	919.07	88,423.41	26,135.35	3,805.32	-	-	698.69	29,241.98	59,181.43

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	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 - Previous 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

12 a. Intangible Assets

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK				
		As at April 1, 2015	Additions	Deletions	Total March 31, 2016	Upto April 1, 2015	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Total March 31, 2016	As at March 31, 2016	
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)
1	Goodwill	233.50	-	-	233.50	233.50	-	-	-	-	233.50	-
2	Computer Software (Office-equipment)	614.79	140.80	8.96	746.63	385.44	74.99	-	-	4.09	456.34	290.29
3	Others	486.65	13.19	-	499.84	124.98	73.96	-	-	-	198.94	300.90
Total - Current Year		1,334.94	153.99	8.96	1,479.97	743.92	148.95	-	-	4.09	888.78	591.19

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	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	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
3	Others	373.74	112.91	-	486.65	55.95	69.03	-	-	-	124.98	361.67
Total - Previous Year		1,145.82	189.12	-	1,334.94	619.30	124.62	-	-	-	743.92	591.02

Notes:

- 1 Building includes ₹ 1,080.00 Lacs (Previous year, ₹ 1,080.00 Lacs) in respect of ownership of premises in a co-operative housing society by way of 10 Shares.
- 2 Certain Assets of Nitrite Unit at Nandesari, Vadodara were revalued on October 31, 1985 as per the valuation report submitted by M/s. 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 ₹ in Lacs	Replacement Cost ₹ in Lacs	Method and Indices
1	Leasehold Land	16.53	124.10	Prevailing market price on the date of valuation.
2	Plant & Machinery	259.93	550.66	Replacement costs of these fixed assets was arrived
3	R&D Equipment	14.03	20.54	at by using RBI indices for buildings and indigenous
4	Factory & Other Buildings	55.45	149.04	plant and for imported equipment's by using
5	R&D Building	2.11	5.61	respective countries indices as also adjusting for
	TOTAL	348.05	849.95	customs duty and foreign exchange fluctuations.
	Previous year	355.46	863.12	

- 3 Capitalised borrowing costs:
Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to ₹ 1,289.44 Lacs (Previous year, ₹ 2,466.64 Lacs)

Sr. No.	Particulars	Capitalised during the Current Year ₹ in Lacs	Capitalised during the Previous Year ₹ in Lacs
i	Interest on External Commercial Borrowings Capitalised		
	a Plant & Machinery	-	485.44
	b Factory & Other Building	-	30.99
		-	516.43
ii	Exchange loss/(Gain) Capitalised (Refer note below)		
	a Plant & Machinery	1,216.03	1836.21
	b Factory & Other Building	73.41	114.00
	TOTAL	1,289.44	1,950.21
		1,289.44	2,466.64

Note: Pursuant to the provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009, and related notifications of Ministry of Corporate Affairs, the Company in 2015-16 has adjusted to fixed assets, foreign exchange differences amounting to ₹ 1,289.44 Lacs (Previous year, ₹ 1,950.21 Lacs) on revaluation of long term foreign currency borrowing for acquisition of fixed assets as an adjustment to borrowing costs.

- 4 (a) Out of fixed assets amounting to ₹ 26.02 Lacs pertaining to Fine & Speciality Chemicals segment forming part of Nandesari division and which were held of disposal, assets worth ₹ 1.10 Lacs (Previous year, ₹ 8.26 Lacs) were sold during the year at a profit of ₹ 0.06 Lacs (Previous year, loss ₹ 5.49 Lacs) recognised in Statement of Profit & Loss. The remaining assets are revalued at ₹ 20.23 Lacs (Previous year, ₹ 26.02 Lacs) and loss on revaluation of ₹ 4.70 Lacs (Previous year, ₹ 21.01 Lacs) is recognised in Statement of Profit & Loss. During the current year Assets pertaining to Fluorescent Whitening Agent segment having carrying value of ₹ 57.77 Lacs (Previous year, NIL) are retired from active use and are held for disposal. These assets are stated at lower of book value and realisable value ie. at ₹ 51.22 Lacs (Previous year, NIL) separately in the Financial Statements as Current Asset held for disposal. The difference between realisable value and carrying value being loss of ₹ 6.55 Lacs (Previous year, NIL) is recognised in the current year's Statement of Profit and Loss.

- (b) In respect of Building held under Capital work in progress at Roha 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 which was impaired in the year 2008-09, during the previous year, impairment provision of ₹ 23.03 Lacs was reversed as the said assets were put to alternate use. Cumulative provision stands Nil.
- 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	290.29
2	Rights to use facilities	5 years	125.28
3	Technical Know How	10 years	175.62

12b. Capital Work in Progress

Sr. No.	Particular	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
1	Capital work in Progress (others)	1,031.15	3,692.32
2	Capital Work in Progress (Projects) (Refer note below)	2,161.74	598.17
3	Capital work in Progress (Building)	397.88	397.88
4	Less: Impairment Loss	(397.88)	(397.88)
Capital Work in Progress (Net)		3,192.89	4,290.49

Note: Details of Capital Work in Progress - Projects

₹ in Lacs

Sr. No.	Description	Incurred till March 31, 2015	Incurred during the year	Capitalised / Transferred during the year	Total as on March 31, 2016
Capital Work In Progress :					
1	Land & Site Development	1.33	16.58	-	17.91
2	Other Engineering Fees	63.80	742.72	-	806.52
Preoperative expenses :					
1	Employees emoluments / Deputation	165.35	452.80	-	618.15
2	Other Expenses	367.49	346.61	-	714.10
3	Interest (net) on loans & finance charges	0.20	4.86	-	5.06
TOTAL		598.17	1,563.57	-	2,161.74

12c. Intangible Assets under Development

Sr. No.	Particular	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
1	Supply Chain Software	-	106.24
TOTAL		-	106.24

13. Investments

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Long Term Investments at Cost				
Trade (Unquoted) Investments in Equity Shares - Fully Paid up				
Investment in Associates				
122,500 (Previous year, 122,500) Equity Shares of Deepak Gulf LLC of Omani Riyal 1 each, fully paid up.	164.94	179.30	-	-
Share of Loss of Associates	(17.08)	(14.36)	-	-
	147.86	164.94	-	-
Other Investment				
73,706 (Previous year, 73,706) Equity Shares of Deepak International Ltd. of GBP 1 each, fully paid up.	57.36	57.36	-	-
	205.22	222.30	-	-
Non Trade (Unquoted)				
a) Investment in Equity Shares - Fully Paid up				
800 (Previous year, 800) Equity Shares of Nandesari Environment Control Ltd	0.08	0.08	-	-
20 (Previous year, 20) Equity Shares of Baroda Co-operative Bank Ltd.	0.01	0.01	-	-
2,000 (Previous year, 2,000) Equity Shares of Shamrao Vitthal co-op Bank Ltd.	0.50	0.50	-	-
798 (Previous year, 798) Equity Shares New India Co-op Bank Ltd.	0.08	0.08	-	-
52,342 (Previous year, 52,342) Equity Shares of Jeedimetla Effluent Treatment Ltd.	52.49	52.49	-	-
	53.16	53.16	-	-
b) Investment in Government Securities				
National Saving Certificate	0.01	0.01	-	-
Quoted (trade) Mutual Fund (Valued at cost)				
39,32,029 (Previous year, Nil) JM High Liquidity Fund	-	-	1,610.20	-
1,03,826 (Previous year, Nil) UTI Money Market Mutual Fund	-	-	1,743.64	-
1,15,218 (Previous year, Nil) Baroda Pioneer Liquid Fund	-	-	1,987.38	-
54,436 (Previous year, Nil) HDFC Liquid Fund	-	-	1,610.27	-
38,600 (Previous year, Nil) Religare Invesco Liquid Fund	-	-	800.00	-
4,488 (Previous year, Nil) Axis Liquid Fund	-	-	75.00	-
2,29,202 (Previous year, Nil) BSL Mutual Fund	-	-	552.34	-
	-	-	8,378.83	-

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Quoted (Non trade) (Valued at cost)				
50,000 (Previous year, 50,000) Equity Shares of Bank of Baroda	8.50	8.50	-	-
6,240 (Previous year, 6,240) Equity Shares of IDBI Bank	5.07	5.07	-	-
29,400 (Previous year, 29,400) Equity Shares of Dena Bank	8.82	8.82	-	-
	22.39	22.39	-	-
TOTAL	280.78	297.86	8,378.83	-

- i) Aggregate amount of Unquoted Investments is ₹ 258.39 Lacs (Previous Year, ₹ 275.47 Lacs).
ii) Aggregated amount of Quoted Investments is ₹ 8401.22 Lacs (Previous Year, ₹ 22.39 Lacs).
iii) Aggregate Market Price of Quoted Investment in ₹ 8528.93 Lacs (Previous Year, ₹ 101.07 Lacs).

14. Long Term & Short Term Loans & Advances

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Capital Advances				
Unsecured, considered good	3,380.10	1,743.64	-	-
	3,380.10	1,743.64	-	-
Security Deposit				
Unsecured, considered good (Refer note 2 below)	1,191.98	815.99	35.24	11.44
	1,191.98	815.99	35.24	11.44
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	1,043.34	717.64
	-	-	1,043.34	717.64
Other Loans and Advances				
Loans to Company (Refer note 1 below)	-	22.10	187.90	165.81
Advance Income-Tax (Net of Provisions)	0.92	96.05	-	-
MAT Credit Entitlements	2,374.55	1,975.27	-	-
Prepaid Expenses	84.42	65.35	52.43	86.79
Loans to Employees (Refer note 2 below)	301.38	377.14	201.78	249.16
Balances with Statutory / Government Authorities	718.72	325.20	3,861.42	3,968.79
	3,479.99	2,861.11	4,303.53	4,470.55
TOTAL	8,052.07	5,420.74	5,382.11	5,199.63

Notes:

1. Loans to company has been given for business purpose.

2. Loans and advances due by Directors and Key Managerial Personnel

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Loans to Employees include				
Dues from Key Managerial Personnels	2.13	1.17	0.62	0.26
Loans and Advances to related parties include				
Security Deposit towards lease of residential premises	400.00	400.00	-	-
TOTAL	402.13	401.17	0.62	0.26

15. Other Non-Current and Current Assets

	Non-Current		Current	
	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Unsecured, considered good unless stated otherwise				
Unamortised expenditure	1.04	-	-	-
Interest Accrued on Fixed Deposit	-	-	3.13	-
Interest receivable on loans	-	-	34.38	20.81
Assets held for disposal	-	-	80.84	35.42
Others	-	1.57	166.55	158.13
TOTAL	1.04	1.57	284.90	214.36

16. Inventories (Valued at Lower of Cost and Net Realisable Value)

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Raw Materials and Components (including Packing Material)	3,440.18	2,609.23
Stock in Process	2,358.42	2,384.42
Finished Goods	5,300.45	4,620.11
Traded Goods	15.18	-
Stores and Spares	1,197.25	1,115.93
	12,311.48	10,729.69
Provision for Obsolescence	(209.66)	(225.60)
TOTAL	12,101.82	10,504.09

17. Trade Receivables

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Debts outstanding for a period exceeding six months		
Unsecured, considered good	200.66	1,507.89
Doubtful Debts	444.61	229.83
	645.27	1,737.72
Provision for Doubtful Debts	(444.61)	(229.83)
	200.66	1,507.89
Other receivables		
Unsecured, considered good	31,117.88	29,591.33
TOTAL	31,318.54	31,099.22

18. Cash and Cash Equivalents

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Balances with Banks:		
– In Current Accounts	476.84	102.52
– In EEFC Accounts	0.01	20.30
– On Unpaid Dividend / Interest Account (Refer note below)	-	48.64
Cash on hand	52.20	0.36
	529.05	171.82
Other Bank Balances		
– Deposits with original maturity for more than three months but less than twelve months	120.00	134.60
TOTAL	649.05	306.42

Note : Unpaid Dividend / Interest Account can be used for earmarked liabilities.

19. Revenue From Operations

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Revenue from Operations		
Sale of Products		
Finished Goods	140,435.82	139,703.01
Traded Goods	3,709.78	257.85
Sale of Services - Conversion Charges	687.13	539.29
Other Operating Revenue		
Scrap sales	270.00	489.70
Foreign Exchange Gain	584.41	522.46
Others	21.01	20.11
Revenue from Operations (Gross)	145,708.15	141,532.42
Less: Excise duty	8,415.12	8,816.19
Revenue from Operations (Net)	137,293.03	132,716.23

20. Other Income

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Interest income on		
Bank deposits	18.31	23.48
Long-Term Investments	35.63	38.97
Dividend Income on		
Current Investments	49.08	1.42
Long-Term Investments	1.98	1.55
Profit on Sale of Investments	5.93	-
Rent	1.70	1.69
Profit on Sale of Assets	14.08	98.83
Sundry Receipts	32.27	40.95
TOTAL	158.98	206.89

21. Cost of Raw Material and Components Consumed

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
a) Raw Material and Components Consumed		
Inventory at the beginning of the year	2,609.23	4,427.44
Add: Purchases during the year	78,021.27	80,386.87
	80,630.50	84,814.31
Less: Inventory at the end of the year	3,440.18	2,609.23
Cost of Raw Material and Components Consumed	77,190.32	82,205.08
b) Packing Material Consumed	2,438.71	2,102.86
TOTAL	79,629.03	84,307.94

22. Details of Purchase of Traded Goods

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Purchase of Finished Goods for Resale	3,587.45	243.71
TOTAL	3,587.45	243.71

23. (Increase)/Decrease in Inventories

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Inventories at the beginning of the year		
Stock in Process	2,384.42	2,503.61
Finished Goods	4,620.11	5,653.96
Traded goods	-	-
	7,004.53	8,157.57
Less:		
Inventories at the end of the year		
Stock in Process	2,358.42	2,384.42
Finished Goods	5,300.45	4,620.11
Traded goods	15.18	-
	7,674.05	7,004.53
TOTAL	(669.52)	1,153.04

24. Employee Benefits Expense

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Salaries, Wages and Bonus	10,729.23	8,776.23
Contribution to Provident and Other Funds	536.91	469.28
Gratuity Expenses (Refer Note No. 29 A(iv))	143.14	229.27
Staff Welfare Expenses	498.49	534.82
TOTAL	11,907.77	10,009.60

25. Power & Fuel Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Consumption of Gas	784.22	1,641.66
Consumption of Furnace Oil	667.84	918.18
Consumption of High Speed Diesel	98.73	283.70
Consumption of Coal and Coke	3,703.62	3,669.29
Electricity Expenses	5,955.98	4,460.54
Water Charges	596.45	584.23
Other Expenses	8.10	34.58
TOTAL	11,814.94	11,592.18

26. Depreciation and Amortisation Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Depreciation of Tangible Assets	3,805.32	3,479.45
Amortisation of Intangible Assets	148.95	124.62
	3,954.27	3,604.07
Less: Recoupment from Revaluation Reserve	-	1.66
TOTAL	3,954.27	3,602.41

27. Finance Costs

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Interest	2,916.51	3,074.21
Bank charges	206.82	158.71
Exchange difference to the extent considered as an adjustment to Borrowing Costs	847.99	566.43
TOTAL	3,971.32	3,799.35

28. Other Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Conversion Charges	511.63	630.13
Excise Duty paid	20.94	40.17
(Increase)/ Decrease of Excise Duty on Inventories	61.23	(63.55)
Other Manufacturing Expenses	887.08	601.53
Loss on Sale / Discard of Fixed Assets	177.01	132.36
Impairment Provision /(Reversal) (Refer footnote 4(c) of Fixed Assets)	-	(23.03)
	177.01	109.33
Insurance	254.56	227.37
Amortisation of Misc Expense	0.53	-
Repairs and Maintenance :		
Plant and machinery	2,426.20	1,546.67
Buildings	166.45	154.19
Others	94.74	75.20
Freight and Forwarding Charges	2,442.20	3,006.78
Consumption of Stores, Components and Spare parts	1,459.12	1,450.11
Sales Commission	347.64	181.34
Corporate Social Responsibility Expenses (Refer Note No. 38) / Donations	163.94	81.95
Rent (Refer Note No. 37)	204.35	112.40
Rates and Taxes	227.26	248.80
Travelling and Conveyance	448.69	428.34
Vehicle Expenses	287.10	274.53
General Expenses	3,876.95	2,450.96
Foreign Exchange Loss	14.16	-
Provision / (Reversal) for Inventory Obsolescence (net)	(15.94)	(221.84)
Provision for Doubtful Debts	241.59	84.23
Add:- Bad Debts / (recovered)	17.93	(12.74)
Less:- Transfer from Provision for Doubtful Debts	26.81	1.57
	232.71	69.92
Directors' Sitting Fees	17.36	19.70
Payment to Auditor (Refer note below)	40.46	44.93
Wealth Tax	(2.82)	16.80
TOTAL	14,343.54	11,485.76

Note: Payment to Auditor

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
i) As Auditor:		
Audit fees	27.00	20.25
Tax Audit fees	3.52	3.50
Quarterly Limited Review	4.50	4.50
ii) In Other Capacity:		
Taxation Matters	3.02	12.00
Other Services (Certification Fees)	2.27	4.00
iii) Reimbursement of Expenses	0.15	0.68
TOTAL	40.46	44.93

29. Employee Retirement Benefits

A) Gratuity

Description of the Plan:

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

i) Present Value of Defined Benefit Obligation:

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Balance at the beginning of the year	1,175.52	952.37
Current Service Cost	94.63	66.84
Interest Cost	93.49	88.86
Actuarial (gain)/losses	40.83	158.64
Benefits Paid	(60.58)	(91.19)
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Balance at the end of the year	1,343.89	1,175.52

ii) Fair Value of Plan Assets:

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Balance at the beginning of the year	1,101.32	918.64
Expected Return on Plan Assets	84.04	79.92
Actuarial (gain)/losses	(1.78)	5.16
Contribution by the Company	163.56	188.79
Benefits Paid	(60.58)	(91.19)
Settlements	-	-
Balance at the end of the year	1,286.56	1,101.32
Actual Return on Plan Assets	8.00% to 8.85 %	7.50% to 9.00 %

iii) Assets and Liabilities Recognised in the Balance Sheet:

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Present Value of Defined Benefit Obligation	1,343.90	1,175.52
Less: Fair Value of Plan Assets:	1,286.56	1,101.32
Less: Unrecognised Past Service costs	-	-
Amounts recognised as liability	57.34	74.20
Recognised under:		
Long Term provision	-	-
Short Term provision (Refer Note No. 8)	57.34	74.20
Total	57.34	74.20

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

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Current Service Cost	94.63	66.84
Interest Cost	93.49	88.86
Expected return on Plan Assets	(87.60)	(79.92)
Actuarial (gain)/losses	42.61	153.49
Total Expenses (Refer Note No. 24)	143.14	229.27

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

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

vi) Actuarial Assumptions

	Current Year	Previous Year
Discount Rate	8.07%	7.96%
Expected Return on Plan Assets	8.07%	7.96%
Salary Growth Rate	6.50%	6.50%
Attrition rate	2.00%	2.00%

vii) Amount Recognised in current year and previous four year

	As at March 31,2016 ₹ in Lacs	As at March 31,2015 ₹ in Lacs	As at March 31,2014 ₹ in Lacs	As at March 31,2013 ₹ in Lacs	As at March 31,2012 ₹ in Lacs
Defined Benefit Obligation	1,343.90	1,175.52	952.37	848.09	734.87
Plan Assets	1,286.56	1,101.32	918.64	833.80	705.81
Surplus/Deficit	57.34	74.20	33.73	14.29	29.06
Experience adjustments in plan liabilities	36.27	49.98	51.86	49.10	-
Experience adjustments in plan assets	(2.03)	5.16	2.08	(0.20)	-

viii) Expected Contribution to the Fund in the next year

	Current Year ₹ in Lacs
Gratuity	210.00

B) Leave Encashment

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

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Discount Rate	8.07%	7.96%

- iii) The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2016, is ₹ 769.94 Lacs (Previous year, ₹ 625.94 Lacs), which is determined on actuarial basis using Projected Unit Credit Method.

C) Defined Contribution Plan

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Employer's Contribution to Provident Fund	363.24	314.45
Employer's Contribution to Superannuation Fund	136.45	125.96
Expected Contribution for the next year		₹ in Lacs
Employer's Contribution to Provident Fund		413.43
Employer's Contribution to Superannuation Fund		151.46

30. Segment Reporting

(a) The Company is reporting business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent.

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
I) Segment Revenue		
a) Bulk Chemicals & Commodities	67,455.64	74,958.52
b) Fine & Speciality Chemicals		
Own Manufactured	39,336.81	32,362.54
Traded	-	257.85
Total	39,336.81	32,620.39
c) Fluorescent Whitening Agent	27,368.25	26,618.48
d) Un- allocable (includes trading revenue ₹ 3,695.20 Lacs during the year)	4,298.89	541.89
TOTAL	138,459.59	134,739.28
Less: Inter Segment Revenue	1,166.56	2,023.05
Net Sales/Income from operations	137,293.03	132,716.23
II) Segment Results		
(Profit) + Loss (-) Before Tax & Interest		
a) Bulk Chemicals & Commodities	7,958.85	7,354.19
b) Fine & Speciality Chemicals	9,718.62	6,187.88
c) Fluorescent Whitening Agent	(870.59)	65.66
TOTAL	16,806.88	13,607.73
Less : i) Interest	3,764.50	3,640.64
ii) Un-allocable expenditure net of un-allocable Income	4,129.17	3,237.96
III) Profit Before Tax	8,913.21	6,729.13
Provision for Taxation		
Current Tax	1,989.98	1,345.32
Mat Credit Entitlements	(399.28)	(1,122.04)
Deferred Tax charge	1,032.31	1,206.66
IV) Profit After Tax	6,290.21	5,299.19
V) Segment Assets		
a) Bulk Chemicals & Commodities	29,965.85	32,995.30
b) Fine & Speciality Chemicals	33,097.82	24,508.30
c) Fluorescent Whitening Agent	41,600.05	44,666.85
d) Un-allocable	24,750.94	10,142.63
TOTAL	129,414.65	112,313.08

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
VI) Segment Liabilities		
a) Bulk Chemicals & Commodities	9,021.46	6,737.99
b) Fine & Speciality Chemicals	3,788.45	3,399.82
c) Fluorescent Whitening Agent	4,515.86	3,599.55
d) Un-allocable	59,137.76	59,321.18
TOTAL	76,463.53	73,058.54
VII) Capital Expenditure		
a) Bulk Chemicals & Commodities	3,975.53	771.22
b) Fine & Speciality Chemicals	3,158.61	2,895.47
c) Fluorescent Whitening Agent	1,395.71	8,017.32
d) Un-allocable	563.48	978.93
TOTAL	9,093.33	12,662.94
VIII) Depreciation		
a) Bulk Chemicals & Commodities	1,074.32	939.35
b) Fine & Speciality Chemicals	824.77	732.97
c) Fluorescent Whitening Agent	1,609.40	1,540.02
d) Un-allocable	445.78	390.07
TOTAL	3,954.27	3,602.41

Note: Segmental Results of Previous Year are net of Impairment Loss Reversal of ₹ 23.03 Lacs in Fine & 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:

Revenue	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
In India	86,126.27	81,039.92
Outside India	51,127.76	51,676.31
TOTAL	137,293.03	132,716.23
Carrying Amount of Segment Assets	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
In India	114,711.89	94,879.05
Outside India	14,702.76	17,434.03
TOTAL	129,414.65	112,313.08

Addition to Fixed Assets	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
In India		
- Tangible	8,939.34	12,473.81
- Intangible	153.99	189.13
Outside India		
- Tangible	-	-
- Intangible	-	-
TOTAL	9,093.33	12,662.94

31. Disclosure under AS 20 "Earning Per Share"

	Current Year	Previous Year
Basic and Diluted Earning per Share		
Number of Shares as on April 1, 2015 (Nos. in Lacs).	1,045.38	1,045.38
Number of Shares as on March 31, 2016 (Nos. in Lacs).	1,162.88	1,045.38
Weighted Average Number of Shares considered for Basic Earning Per Share (Nos. in Lacs).	1,072.99	1,045.38
Net Profit after Tax available for Equity Shareholders (₹ in Lacs)	6,273.13	5,290.26
Basic Earning (in Rupees) Per Share of ₹ 2/- each.	5.85	5.06
Diluted Earning (in Rupees) Per Share of ₹ 2/- each.	5.85	5.06

32. Disclosure under AS 18 "Related Party Disclosures"

(i) **Subsidiary Companies:**

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

(ii) **Associate Company:**

Deepak Gulf LLC, Sultanate of Oman

(iii) **Key Management Personnel**

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

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

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

(v) **Relative of Key Management Personnel**

Shri Maulik D. Mehta

Shri Meghav D. Mehta

(vi) **Transaction with Related Parties**

₹ in Lacs

Sr. No.	Nature of Transaction	March 31, 2016				March 31, 2015			
		Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
1	Purchase of Goods								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	7,082.93	-	7,082.93	-	6,285.32	-	6,285.32
	Deepak Novochem Technologies Limited	-	54.86	-	54.86	-	224.42	-	224.42
2	Sale of Goods								
	Deepak Novochem Technologies Limited	-	64.05	-	64.05	-	13.45	-	13.45
3	Conversion Charges Received								
	Deepak Novochem Technologies Limited	-	712.90	-	712.90	-	559.51	-	559.51
4	Rendering of Services / Reimbursement of Expenses								
	Deepak Novochem Technologies Limited	-	0.46	-	0.46	-	-	-	-
5	Receiving of services / Reimbursement of Expenses								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	16.32	-	16.32	-	1.77	-	1.77
	Deepak Novochem Technologies Limited	-	3.22	-	3.22	-	2.76	-	2.76
	Deepak Foundation	-	0.66	-	0.66	-	1.59	-	1.59
	Deepak Medical Foundation	-	0.82	-	0.82	-	0.77	-	0.77
	Sofotel Infra private limited	-	0.04	-	0.04	-	0.01	-	0.01
	Shri D. C. Mehta	9.60	-	-	9.60	9.60	-	-	9.60
	Shri C. K. Mehta	4.51	-	-	4.51	4.41	-	-	4.41
	Shri Maulik. D. Mehta	-	-	45.50	45.50	-	-	36.56	36.56
	Shri Meghav. D. Mehta	-	-	26.14	26.14	-	-	12.40	12.40
6	Managerial Remuneration								
	Shri D. C. Mehta	342.92	-	-	342.92	258.72	-	-	258.72
	Shri A. C. Mehta	336.59	-	-	336.59	247.83	-	-	247.83
	Shri Umesh Asaikar	367.57	-	-	367.57	299.54	-	-	299.54

₹ in Lacs

Sr. No.	Nature of Transaction	March 31, 2016				March 31, 2015			
		Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
7	Subscription of Investment / Acquisition of Investment								
	Shri D. C. Mehta	-	-	-	-	2.78	-	-	2.78
	Others					1.00	-	1.20	2.20
8	Dividend Paid								
	Checkpoint Credits & Capitals Private Limited	-	72.06	-	72.06	-	72.06	-	72.06
	Stigma Credits & Capital Private Limited	-	61.78	-	61.78	-	61.78	-	61.78
	Stiffen Credits & Capital Private Limited	-	83.80	-	83.80	-	83.80	-	83.80
	Stepup Credits & Capital Private Limited	-	69.16	-	69.16	-	69.16	-	69.16
	Skyrose Finvest Private Limited	-	36.91	-	36.91	-	35.71	-	35.71
	Shri D. C. Mehta	206.00	-	-	206.00	202.70	-	-	202.70
	Shri C. K. Mehta	0.86	-	-	0.86	0.86	-	-	0.86
	Shri Maulik. D. Mehta	-	-	1.31	1.31	-	-	1.31	1.31
	Shri Meghav. D. Mehta	-	-	0.47	0.47	-	-	0.47	0.47
	Others	-	52.82	13.66	66.48	-	49.78	13.66	63.44
9	Donation / CSR Activity								
	Deepak Foundation - PHTI	-	114.10	-	114.10	-	58.24	-	58.24
	Deepak Medical Foundation	-	20.00	-	20.00	-	23.10	-	23.10
	Deepak Foundation	-	23.50	-	23.50	-	-	-	-
10	Net Accounts Receivable / (Payable)								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	(1,039.62)	-	(1,039.62)	-	(1,086.93)	-	(1,086.93)
	Deepak Novochem Technologies Limited	-	152.92	-	152.92	-	149.35	-	149.35
	Shri D. C. Mehta	135.55	-	-	135.55	211.84	-	-	211.84
	Shri A. C. Mehta	(264.45)	-	-	(264.45)	(188.16)	-	-	(188.16)
	Shri C. K. Mehta	(3.00)	-	-	(3.00)	(3.00)	-	-	(3.00)
	Shri Umesh Asaikar	(86.25)	-	-	(86.25)	(75.00)	-	-	(75.00)
	Sofotel Infra private limited	-	(0.04)	-	(0.04)	-	-	-	-
	Deepak Foundation	-	-	-	-	-	(0.07)	-	(0.07)

33 Contingent Liabilities not provided for

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
a) In respect of Income Tax matters	98.60	98.60
b) In respect of Sales Tax / VAT matters	59.43	35.07
c) In respect of Excise matters	218.41	219.50
d) Bank Guarantees:		
- Financial	1,155.33	816.60
- Performance	2,936.42	3,003.11
e) In respect of Stamp Duty matter	22.85	22.85
f) Disputed Labour Matters	Amount Not ascertained	
In respect of (a) to (c),(e) & (f), future cash outflow in respect of contingent liabilities is determinable only on receipt of judgments pending at various forums/ authorities.		
TOTAL	4,491.04	4,195.73

34. The Company has entered into a long term contractual arrangement with GAIL India Limited ("GAIL") for supply of Gas with a Take or Pay obligations. A communication was received from GAIL regarding non-consumption of committed quantity for the year 2014. Accordingly, the Company is required to deposit a sum of ₹ 718.00 Lacs which may subsequently be adjusted in future against the consumption of Gas. The matter has been referred to an arbitrator for settlement, which is pending. However, GAIL has offered the Company to settle the matter amicably by paying one-time charges of ₹ 141.00 Lacs. Based on the above understanding, the Company has prudently provided for the said charges during the year. As regards the year 2015, GAIL has agreed to allow the Company to consume the unconsumed Gas in the subsequent years till the term of the agreement i.e year 2028, without payment of any deposit.

35. Capital Commitments (Net of Advances)

	As at March 31, 2016 ₹ in Lacs	As at March 31, 2015 ₹ in Lacs
Capital Commitments	4,335.10	5,282.95

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.

36. Hedging Instruments

a) The Company takes Forward Contracts to hedge exposures arising out of net Foreign Currency payables and receivables. The Net Open Position is covered by Simple Forward and Range Forward as given below:

	Current Year	Previous Year
USD		
Amount USD (in Lacs)	72.61	61.50
Equivalent INR (in Lacs)	5045.36	3956.88
EURO		
Amount EURO (in Lacs)	6.31	5.87
Equivalent INR (in Lacs)	482.65	425.96

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

	Currency	Current Year	Previous Year
Payables			
Working Capital Loans (Net of Balances in EEFC account)	USD Lacs	231.74	207.61
	EURO Lacs	-	9.70
Trade Payables	USD Lacs	42.43	40.52
	EURO Lacs	0.98	0.19
	GBP Lacs	-	0.05
Receivables (Net of Forward & Option Contracts)			
Export Trade Receivables (Net of forward contract upto 3 months)	USD Lacs	185.75	176.52
	EURO Lacs	3.26	30.63
Term Loans			
External Commercial Borrowings	USD Lacs	259.75	350.50

37. Disclosure under AS-19 "Leases"

Disclosure for Operating Leases:

The Company has leased office premises under operating lease. Lease payment debited to the Statement of Profit and Loss during the year ₹ 44.95 Lacs (Previous year, ₹ 44.70 Lacs).

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

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Up to 1 year	47.05	46.95
Greater than 1 year but less than 5 years	-	45.05

38. During FY 2015-16, your Company has spent ₹ 157.60 Lacs (including the unspent amount of ₹ 15.72 Lacs in the previous year) on Corporate Social Responsibility activities, against the requirement of ₹ 122.00 Lacs, being 2% of average of the net profits for the preceding three years.

39. Additional Information in Consolidated Financial Statements as per Schedule III of the 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	2	3	4	5
1	Parent	87.02%	41,147.64	103.80%	6,511.50
2	Subsidiaries				
	1. Deepak Phenolics Limited	12.45%	5,889.26	(3.97)%	(248.87)
	2. Deepak Nitrite Corporation, Inc.	0.15%	71.84	0.44%	27.58
3	Minority Investment in all subsidiaries	-	-	-	-
4	Associate (investment as per the equity method)				
	Foreign				
	1. Deepak Gulf LLC	0.38%	177.67	(0.27)%	(17.08)

40. 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 & Co.**
Chartered Accountants
Firm Registration No.105102W

HIMANSHU CHAPSEY
Partner
Membership No. 105731

Mumbai : May 09, 2016

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
S. K. ANAND } Directors

Mumbai : May 09, 2016

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*
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.



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 Share 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 investor@deepaknitrite.com



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