Responsible Care®

DEEPAK NITRITE LIMITED

DNL/140/NSE/420/2017
June 27, 2017

To,
Listing Department
National Stock Exchange of India Limited
'Exchange Plaza', C-1, Block-G,
Bandra Kurla Complex, Bandra - East,
Mumbai - 400 051

Dear Sir,

Sub: Submission of Annual Report for the Financial Year-2016-17

Re.: Stock Code: DEEPAKNTR

As required under the provisions of regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a soft copy of the 46th Annual Report of the Company for the Financial Year 2016-17.

Please note that the 46th Annual General Meeting of the Company was held on 26th June, 2017 at Vadodara.

Kindly take the same on your record.

Thanking you,

For DEEPAK NITRITE LIMITED

ARVIND A. IPAI
Company Secretary

Encl.: as above.

DEEPAK NITRITE LIMITED

SCALING NEW PEAKS



46th Annual Report 2016-17

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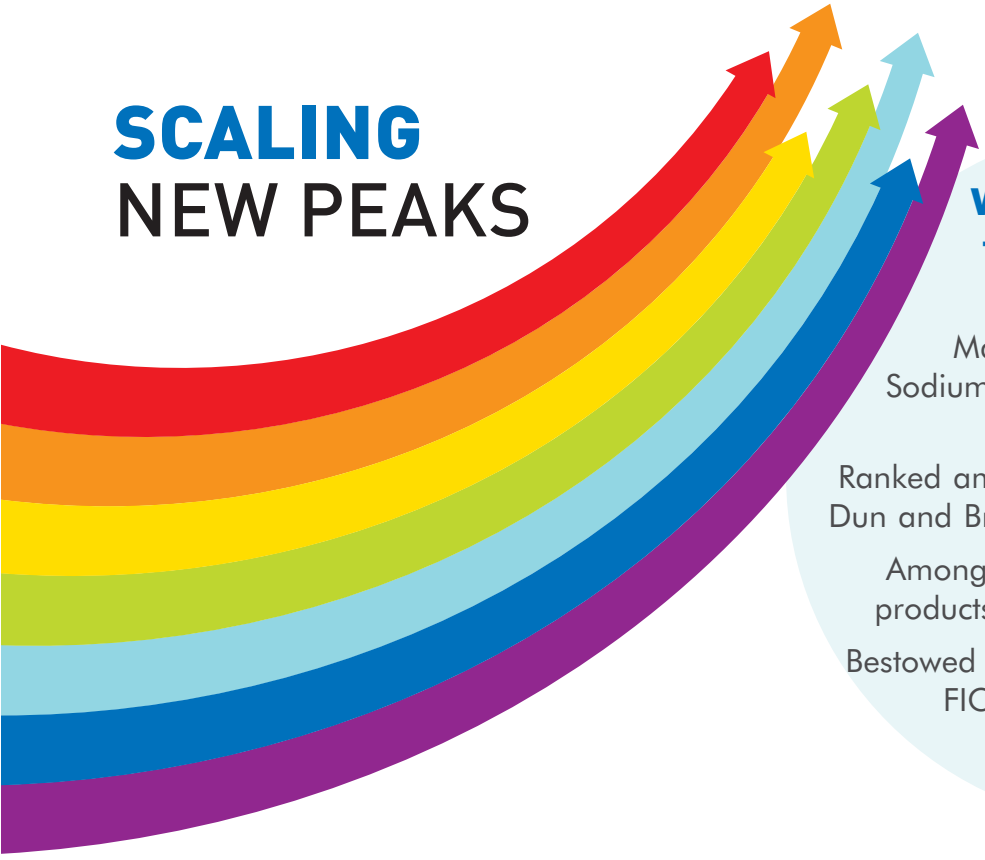
Forty Sixth Annual General Meeting

Day & Date : Monday, June 26, 2017
Time : 10:30 a.m.
Venue : Hotel Surya Palace,
Opposite Parsi Agyari,
Sayajigunj,
Vadodara - 390 005

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.

SCALING NEW PEAKS



We have climbed to great heights so far...

Market leader in India for Sodium Nitrite, Sodium Nitrate and Nitro Toluenes

Ranked among the top 500 corporates by Dun and Bradstreet for the past three years

Amongst the top three suppliers for products like Cumidines and Oximes

Bestowed with the Women Empowerment FICCI CSR Award 2015-16

Our achievements also include...

Fully Integrated Business Model with the ability to forward, integrate and produce complete value chain from feedstock to finished product within the organisation.

Process Expertise with indigenous development and prowess in handling various types of hazardous chemicals.

Multiple Products Multiple Solutions with expertise in custom manufacturing services and the ability to cater to an array of chemical majors across the globe.

360° Quality Management with global quality standards in products, processes and plants.

Sustainable Operations with a commitment to safety, quality, conservation and a holistic approach towards environmental protection.

Integrated Suppliers and Customers to ensure reliable and cost-effective product availability.

Global Supplier of Choice due to enduring relationships with leading global companies in over 20 countries for over a decade.

Now we set to Scale New Peaks

... by changing the dynamics of the domestic markets for the fast growing chemicals - Phenol and Acetone green field project - through our wholly-owned subsidiary, Deepak Phenolics Limited.

ABOUT DEEPAK NITRITE



Established in the 1970s, by Shri C. K. Mehta (Founder & Chairman Emeritus), Deepak Nitrite Limited (DNL) is a leading Indian chemical manufacturing company with a product portfolio that comprises Basic Chemicals, Fine & Speciality Chemicals and Performance Products.

Our distribution network spans over 30 countries worldwide, while 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).Our wide bouquet of products enables us to cater to several industries, including Colourants, Petrochemicals, Agrochemicals, Rubber, Pharmaceuticals, Paper, Textile, Detergents, Fine & Speciality Chemicals, etc. We have developed expertise in multiple chemical processes, including Nitration, Alkylation, Nitrogen Oxides Absorption, Hydrogenation/ Reduction, Sulphonation, Condensation, Diazotisation and Oxidation.

As a multi-division and multi-product, India-based chemical manufacturing Company, with diversified business segments and product portfolios, we enjoy a leading market position in most of our products in the domestic as well as global markets. In addition to well-established multinationals, some of whom we create customised product offerings for, our client list also includes several Fortune 500 Companies.

To maintain our leadership position, we lay strong emphasis on our in-house Research & Development. This has led to the development of a range of new product applications and a deeper understanding of our customers' preferences. Consequently, we are leading global player for several niche chemical products, like Xylidines, Cumidines, Oximes and Colour Intermediates.

Beyond ISO certifications, due to our work policies and processes, we have been accredited with a "Responsible Care" certification.

We have a rich heritage of consistently rewarding our Shareholders with dividends and augmenting Shareholders' wealth through consistent performance.

As a part of our growth plans, we have forayed into a Greenfield project at Dahej, Gujarat, to manufacture Phenol and Acetone, through our subsidiary, Deepak Phenolics Limited.

30 countries distribution network spans



NANDESARI

Gujarat

- Bulk and commodity product manufacturing with on-site Nitration & Speciality Agrochemicals



DAHEJ

Gujarat

- Full spectrum stilbenic Optical Brightening Agents production
- Phenol & Acetone Project through wholly-owned subsidiary Deepak Phenolics Limited



TALOJA

Maharashtra

- Hydrogenation & noble metal catalysis speciality



ROHA

Maharashtra

- Multispeciality manufacturing facility specialising in pilot plants and scaling up activities in Nitration & Speciality Agrochemicals



HYDERABAD

Telangana

- Manufactures DASDA for captive use and for commercial sales

FROM THE DESK OF CHAIRMAN & MANAGING DIRECTOR



Company raised
₹ **150** crores
through Qualified Institutional Placement (QIP) in March 2017

Dear Stakeholders,

Financial Year (FY) 2016-17 has been a highly eventful year for your Company. Despite many headwinds, significant progress was made in execution of strategy and achievement of its mission, thus underlining your Company's business strength and resilience.

The change at the helm in India in May 2014 was supplemented by expectations of bold reforms in economic and industrial policies. After an initial period of consolidation, the reforms agenda has gathered momentum and the economy has been restored on a path of high growth. The Indian chemical industry stands to gain from this growth and the policy changes have positively impacted the sector. In order to boost manufacturing in the country, the Government launched the 'Make in India' campaign and alongside theme of Ease-of-Business announced by the Government received encouraging response with several global leading companies coming forward to commit investments in setting-up world-class manufacturing units in the country. Several large commitments in the chemical sector will undoubtedly increase the output and contribution of the sector in the years ahead. We are witnessing a shift globally and Asia, being the epicentre of growth and enjoying abundant skilled resources, is emerging as the world's chemical manufacturing hub. Within that, India enjoys low-cost manufacturing capabilities by virtue of relatively lower-cost labour, highly competent leadership and geographic proximity with the Middle East, one of the world's key raw material sources. Recent developments contributing to a stronger and stable currency, positive governance environment and improvement in skills and capabilities is serving to enhance the competitive advantage. With the benefits of several tailwinds and the Government's focus on eliminating the infrastructure gaps in the country through investments in solar power, coal-based power plants, availability of power and decreasing trend of power tariff, large-scale

"We are witnessing a shift globally and Asia, being the epicentre of growth and enjoying abundant skilled resources, emerging as the world's chemical manufacturing hub"

improvement in surface and water transportation system, India is elevating its position as a critical manufacturing hub for the global speciality chemicals industry. On the environment front, Government has been strict in norms, which shall continue helping entities like Deepak Nitrite to operate for long-term growth opportunities.

FY 2016-17 also witnessed some key developments both in India and across the globe which have the potential to reshape the global business dynamics. A sharper degree of resistance to globalisation has resulted in regime changes in the US and a vote for the 'BREXIT' in the UK. The enhanced focus on job creation in the home country is forcing governments to be more focussed towards protecting manufacturing. Simultaneously, in India, the ongoing progress towards the GST regime combined with steps to transform India into a 'less-cash' society will strengthen the fabric of organised industry. Drive of demonetisation created initial hiccups before swiftly moving towards a normal situation which fructifies Government efforts towards a transparent economy. Further, multiple initiatives to boost the rural economy announced in the Union Budget 2017 combined with improved monsoon trends are expected to favourably impact demand for end-user products from those markets in the medium to long-term thereby benefiting the overall chemical industry. In light of this, it is favourable that your Company is poised to significantly elevate the degree of focus on the domestic market in the coming years.

During the year under review, your Company witnessed a slew of unforeseen events. It encountered headwind in the form of temporary closure of one of its three units at Hyderabad facility due to excessive flooding and hence issues related to pollution. However, all necessary steps were taken to address the compliance conditions and your Company received a permanent revocation order from regulators which served to reinforce the strength and quality of operations. In addition to this unexpected development, a fire broke out at one of the distillation columns of Company's manufacturing facility at Roha Industrial Estate in Maharashtra. It was an unfortunate event, however, the Company's trained rapid response team could avoid larger disaster. The damaged facilities have been reconstructed within a reasonably brief period, which gives me satisfaction. Your Company is adequately covered under insurance for replacement value of the damaged facilities and loss of profits due to business interruptions. While both these unforeseen incidents were swiftly brought under control, our performance in the third quarter was impacted.

FY 2016-17 also saw some setbacks in terms of reduced requirements for fuel additives due to change in dynamics of the oil supply market as well as volatile crude oil prices which led to re-pricing of products linked to global prices of crude and related petrochemical intermediates. However, by leveraging its plants and as a part of its long-term strategy and sustainability focus, your Company was able to diversify its products, markets and end-user industries in a manner that downturn in a particular end-user segment is mitigated by capitalising on opportunities in other end-user segments, thereby providing a natural hedge.

Your Company reported resilient performance during the year even in the face of one-time developments that occurred in the third quarter. The turnaround of performance effected in the fourth quarter to recover from the impact of developments in the immediately preceding quarter was particularly heartening.

Your Company raised ₹ 150 crores through Qualified Institutional Placement (QIP) in March 2017 at a price of ₹ 104 per Equity Share (including premium of ₹ 102 per Share). The proceeds, which will be deployed towards funding the Greenfield Project for the manufacture of Phenol and Acetone, saw strong response from high quality domestic institutional investors resulting in subscription of over 2.2 times the issue size, exceeding



₹ 340 crores. It may be worth mentioning here that, in January 2016, the Company raised ₹ 83 crores through Qualified Institutional Placement at a price of ₹ 70.90 per Equity Share to part fund ongoing Phenol project. I thank all investors participating in QIP, reposing confidence in the Phenol project of the Company, which is set to escalate the Company into a new high rung.

The Board of Directors recommended a Dividend of ₹ 1.20 per Share of a Face Value of ₹ 2 each. Your Company has been consistent in paying the Dividend for past many years. The Dividend rate has been maintained despite the expanded capital base as well as the one-time adverse events.

Export revenues stood at ₹ 470.84 crores, while domestic revenues came in at ₹ 734.67 crores. Export and domestic market contributed 61% and 39% of total revenues for the year, respectively. USA, Europe and Asia continue to contribute to the bulk of the export revenues with contribution of 19%, 54% and 22%, respectively.

In order to reinforce its strategic objectives in recognition of continued transformation of the portfolio, your Company has, during the year renamed its Bulk Chemicals and Commodities segment as 'Basic Chemicals' and the Fluorescent Whitening Agents segment as 'Performance Products' segment. The Performance Products segment includes an expanding range of products. Details of each Strategic Business Unit (SBU) are underlined below:

BASIC CHEMICALS (BC)

Basic Chemicals segment reported steady performance during the year. While demand for fuel additives went down, your Company moved production to other products giving better contribution, though topline was impacted. This segment will witness healthy momentum going forward due to enhanced product mix as well as addition of new category of products and also good demand from end user industries.

FINE & SPECIALITY CHEMICALS (FSC)

Fine & Speciality Chemicals include agro, pharma and personal care intermediates. This segment reported de-growth in revenues as well as volumes due to the unfortunate fire incident at Roha. Going forward, FSC segment is expected to exhibit strong growth as processing capabilities for pharma and personal care intermediates have been enhanced to capitalise on healthy demand. Visibility of improved traction in agro intermediates is also expected to provide a fillip to the growth of the segment.

PERFORMANCE PRODUCTS (PP)

Performance Products segment includes direct sales of Diamino Stilbene Disulfonic Acid (DASDA) from the Hyderabad facility as well as Optical Brightening Agents (OBA) revenues from Dahej. The shutdown of the Hyderabad facility due to floods impacted the volumes and profitability of PP segment. New investments are being made in the PP segment, whose impact will be seen in the upcoming years. As you would be aware, we are the only fully integrated OBA player in the industry and this gives your Company a competitive edge over other players. Your Company has diversified its focus on export markets and end-user industries to accelerate growth.

EXPANSION PLANS

In FY 2016-17, your Company, through its wholly-owned subsidiary, Deepak Phenolics Limited made significant progress in its project at Dahej, to manufacture 200,000 MTPA of Phenol and 120,000 MTPA of its co-product Acetone. This will be supported by manufacturing 260,000 MT of Cumene, which is a feedstock for manufacturing Phenol and Acetone. This greenfield project is expected to be commissioned in the second half of the current financial year. For this, the overall capital outlay will be approximately ₹ 1,400 crores. I am glad to underline that your Company has tied up the





"I am glad to underline that we have tied up the long term debt to finance this project and also made further progress in raising equity funds required as we have raised ₹ 150 crores through the second round of Qualified Institutional Placement (QIP) which was concluded in March 2017".

long-term debt to finance this project and also made further progress in raising Equity funds needed to the tune of ₹ 150 crores through the second round of Qualified Institutional Placement (QIP) which was concluded in March 2017. Success of this round of QIP signifies awareness of investors in great potential of Phenol / Acetone project. We believe in being with the investors and take them along with us in creating a new big petrochemical venture. This is in addition to Equity funds already raised in Phase I of the QIP in FY 2015-16 and sale of land at Pune concluded in early FY 2016-17. The project team has shown excellent team efforts in executing the project.

Your Company will address the opportunity offered by the supply deficit in the domestic market which is currently met by imports. In addition to competitiveness on cost due to supplying the domestic markets from a plant located in India, your Company will leverage the latest manufacturing technologies in its state-of-the-art plant which will reduce wastage and is more efficient in utilisation of inputs and energy.

With the objective of developing working relationships with major clients across India and accelerating its market presence, your Company has already started seeding of Phenol in the domestic market to establish strong marketing and distribution channels ahead of the commencement of manufacturing at its plant. Further, the supply of benzene, a key raw material has become significantly easier in the domestic market thereby enhancing the prospects for the mega phenol project further.

OUTLOOK

Overall, your Company remains confident and continue to see several opportunities in the speciality chemicals space for widening its portfolio of value-added products as customer demand and acceptance remains robust. Your Company is confident of growth from each one of its segments on the back of improving market conditions and a buoyant pipeline of products. While your Company will bounce back from the setbacks in FY 2016-17, the management has also put in place steps to enhance operating efficiencies, which will allow your Company to scale new heights in performance. Lastly, the contribution of the Phenol project, scheduled to be commissioned in the second half of FY 2017-18 is expected to be transformational.

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

Best wishes,

Deepak C. Mehta
Chairman & Managing Director

ABOUT
DEEPAK PHENOLICS

Sensing a huge untapped opportunity to cater to the domestic demand for Phenol and Acetone, due to their conspicuous domestic production deficit, Deepak Nitrite Limited (DNL)took a strategic investment decision to manufacture these products domestically, through its wholly-owned subsidiary, Deepak Phenolics Limited.

PHENOL

Phenol is used in the manufacture of a large range of commercial products. It is consumed in laminates, automobile, foundry, paints, rubber, surfactants, pharma, agro-chemicals, etc.

Moreover, around 100,000 tpa of Phenol is being imported in the form of derivatives which go for infrastructure products, epoxy resins, polycarbonates, etc.

Phenol consumed in India increased at a CAGR of about 7%, from nearly 200,000 MT in FY 2010-11 to 280,000 MT in FY 2015-16. While this consumption was largely driven by the phenolic resins industry, which accounts for 76% of Phenol consumed in India, other end-user industries include drugs and dyes, alkyl phenol, agro chemicals, etc.

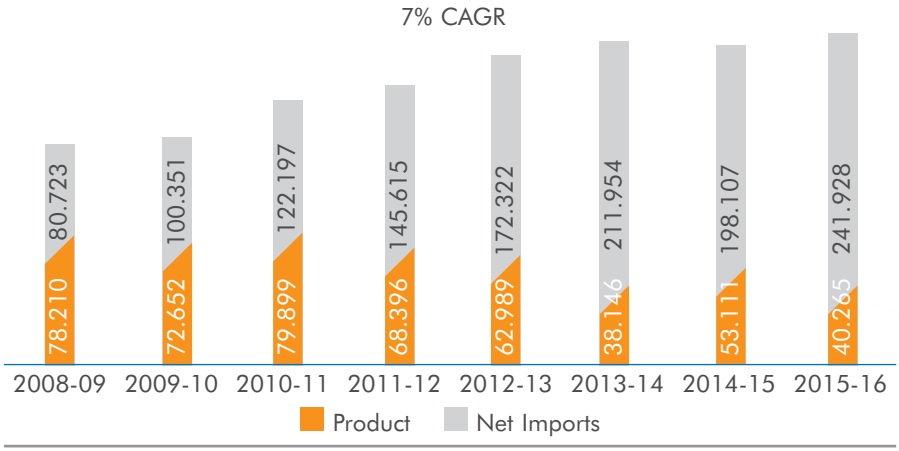
The demand for phenolic resins industry has seen a robust growth of 7-8% over the past five years, on the back of rising automobile sales in the domestic market as well as a healthy rise in exports. The plywood and laminates industry has also grown at a rapid pace with the growth of the underlying construction and housing industry.

Against this backdrop of increasing demand, the import component has been steadily rising at a CAGR of 15% between FY 2010-11 and FY 2015-16. On the one hand, the domestic capacity has been largely stagnant at 80,000 MTPA, with no capacity additions for the past 7-8 years. At the same time, the capacity utilisation rate of domestic manufacturers has fallen from 100% in FY 2010-11 to 50% in FY 2015-16. As a result, domestic supply has been able to meet only 12% of domestic demand in FY 2015-16 compared to 45% in FY 2008-09. Domestic capacities stagnated with two sub-optimal plants with around 30,000 - 40,000 tpa, hence the country's demand has been more than met with imports. Other factors that have tilted the scales in favour of imported phenol have been the difference in the domestic and landed cost due to uneconomical cost structures for domestic players and a rise in the operating costs of domestic producers which have led to a fall in margins and therefore, continued losses. It has been an experience of the industry that free domestic availability significantly boosts consumption.

ACETONE

Acetone is predominantly used in the production of pharmaceuticals, paints, adhesives and thinners, etc. The consumption of acetone has increased at a CAGR of about 4% from around 125,500 MT in FY 2010-11 to 152,425 MT in FY 2015-16 on the back of steady to good growth in user industries such as the pharma industry, paints and adhesives and other key sectors including Aldol chemicals, Methyl Methacrylate (MMA), etc. In future, the Acetone

DOMESTIC CONSUMPTION OF PHENOL (IN MT)







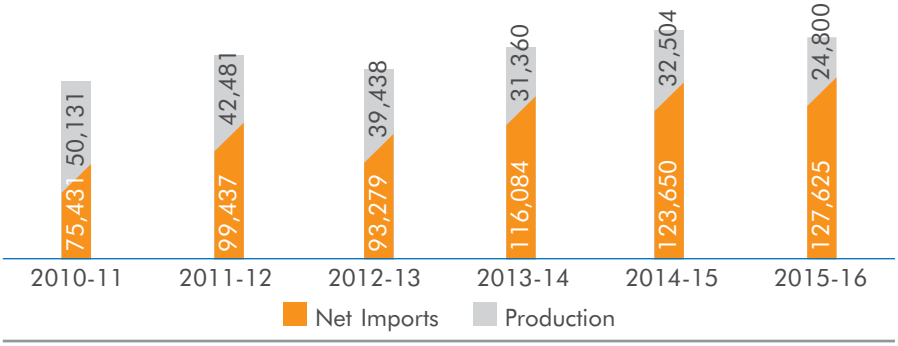




demand in India is slated to grow at a faster CAGR of 5-7% between FY 2015-16 and FY 2020-21. This does not include imported downstream like BPA, MMA, etc.

In the case of acetone too, the quantum of imports has been increasing at a CAGR of 12% between FY 2010-11 and FY 2015-16. This is due to the fact that the domestic capacity of acetone, which stands at 48,000 MTPA, is incapable of meeting rising demand. At the same time, there is a difference between the domestic and landed cost of the product that makes it more economical to import the product. Accordingly, imports as a percentage of consumption increased from 60% in FY 2008-09 to 91% in FY 2015-16. This, in turn, led to a decline in domestic acetone production and a capacity utilisation of about 52% in FY 2015-16. As a core sector, large

DOMESTIC ACETONE CONSUMPTION TREND (IN MT)





pharma industry base has been one of the country's strength over the years. This makes a stronger business case favouring Acetone. Apart from this, new generation paints, adhesives and rubber chemicals, in both domestic and exports, also favours strongly our Acetone project.

DEEPAK PHENOLICS – A LANDMARK SOLUTION

In an effort to tap the opportunity to cater to the growing domestic demand and facilitate import substitution, Deepak Phenolics is setting up a green field plant to manufacture phenol and acetone at Dahej, Gujarat. The capacity of phenol plant is 200,000 MTPA and that of acetone is 120,000 MTPA. Deepak Phenolics will also be manufacturing 260,000 MTPA of cumene which is a feedstock for phenol and acetone. At a total outlay of ₹ 1,400 crores, the project is being funded through a combination of debt and equity. The debt portion of ₹ 840 crores for the project has already been tied up, while the balance ₹ 560 crores will be funded by DNL by way of Equity or preference shares in Deepak Phenolics. Out of this ₹ 560 crores, DNL has already invested ₹ 280 crores in Deepak Phenolics for the project.

Technology for Phenol and Acetone has been sourced from Kellogg, Brown & Root International, Inc and technology for Cumene has been sourced from UOP Honeywell. Globally, more than 60% of Phenol project has used technology from these two giants. while M/s. Thyssen Krupp Industrial Solutions (India) Pvt. Ltd. has been assigned in the Engineering, Procurement, and Construction Management (EPCM) contract. As most of the basic engineering work is completed, and the project implementation is on schedule, orders for major long lead items have already been placed or are in process of negotiations. Further, 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 as per expectations.

Further, availability of two key raw materials i.e. Benzene and Propylene is immensely helping this project.

India currently produces ~50,000 MT of phenol while close to 225,000 MT being imported in order to meet the overall demand. With phenol imports remaining strong, the country's current demand will absorb the entire capacity that Deepak Phenolics plans to instal. In addition, changing consumption trends of end-user industries will further boost this momentum.

Likewise, Indian acetone production stands at ~30,000 MT, whereas close to 140,000 MT is imported. Deepak Phenolics' upcoming phenol and acetone plant, expected to be completed in the second half of FY 2017-18, will thus help bridge this gap and give your Company a market leadership position in India.

With the commissioning of the Deepak Phenolic's plant and the addition of 200,000 MTPA capacity that it will deliver, the proportion of imports of phenol in domestic consumption are likely to fall from 88% in FY 2015-16 to 48-52% in FY 2020-21.

CARING FOR OUR COMMUNITY THROUGH CSR ACTIVITIES

During the year, your Company has undertaken various CSR initiatives through the Deepak Foundation – group's charitable arm. These encompass social interventions in various developmental domains, such as Health, Education, Livelihood, etc. as explained below:



IMPROVING LASTMILE REACH OF GOVT. PROGRAMMES THROUGH SUPPORTIVE SUPERVISION OF ANGANWADIS

Under this initiative, your Company provided supportive supervision and monitoring services to over 6,000 children in 65 Anganwadi centres of Vadodara rural block. Further, capacities of over 230 Anganwadi workers, helpers and nutrition counsellors were enhanced in counselling and pre-school education. A treatment centre for severely malnourished children was initiated at Deepak Medical Foundation Hospital and 43 children were treated there. Your Company also undertook and completed infrastructure refurbishment of 10 Anganwadi centres, developing them as Model Anganwadis. Last, but not the least, counselling services were provided to nearly 3,000 pregnant and nursing mothers.

IMPROVING AVAILABILITY & ACCESSIBILITY OF QUALITY OCCUPATIONAL HEALTH SERVICES IN GIDC

Under the Deepak Medical Foundation, the Deepak Occupational Health Centre was fully equipped, set-up and initiated to provide comprehensive occupational health services through trained medical and paramedical staff. It also entails fully functional laboratory and pharmacy facilities. The centre caters to 79 industries/clients and has trained over 1,000 participants through industrial training and 550 participants through substance abuse awareness sessions. Over 4,000 medical checkups were also conducted and about 1,450 employees were reached through specialised camps during the year.

DELIVERING QUALITY CARE IN TRIBAL AREAS

The Deepak Foundation, in partnership with the Govt. of Gujarat, implemented a Comprehensive Emergency and New born Care unit that serves over 900,000 people from local tribes. As a part of this initiative, it conducted over 2,700 deliveries, including over 600 which were high risk. During the year, the unit introduced laparoscopy services for conducting low risk and minimal invasive surgical procedures and is one of the first Community Health Centres in the tribal district of Gujarat to introduce such an advanced surgical procedure, which otherwise is available only at tertiary or private healthcare institutions.



PROVIDING QUALITY HEALTHCARE THROUGH DOORSTEP DELIVERY OF SERVICES

Continuing with your Company's tradition of active community service in the catchment areas of its industrial plants, Mobile Health services are being provided to reach out to the underserved communities and facilitate access to quality primary healthcare services within the communities. Over 23,000 beneficiaries from 25 villages were directly benefited from the medical services provided through the Mobile Health Unit, Roha. The Mobile Health Unit, at Dahej, which caters to a population of 48,000 across 37 villages, covered about 23,500 beneficiaries through out-patient treatment services.



SAVING LIVES BY FACILITATING ACCESS TO TIMELY MEDICAL INTERVENTION & SERVICES

Recognising the importance of timely access to treatment and other services, 24*7 Citizen Help Desk services are being provided at the district hospital, in Vadodara. In FY 2016-17, 36,700 patients seeking care at the hospital were extended support services through the Help Desk and 284 patients were provided with blood and blood products. Blood donation camps were also organised and over 360 units of blood were collected.

PROMOTING LEARNING THROUGH MOBILE LIBRARY SERVICES

Mobile Library services were initiated in 25 villages in Roha to provide children from marginalised communities with the opportunity to access wide range of books and library services so that they could inculcate an interest for learning. The Mobile Library services received over 1150 memberships from children. Storytelling sessions, theme-based story narration competitions and other activity-based learning sessions resulted in 35% children showing improvement in their reading skills.

COMBATING TOBACCO & ALCOHOL DEPENDENCY THROUGH DE-ADDICTION & COUNSELLING SERVICES

Recognising the increasing dependency on addictive substances and the adverse effect it has on the quality of life of victims and their loved ones, de-addiction and counselling services were initiated in Hyderabad during the year with the objective of promoting quality of life through prevention of substance abuse and facilitating professional services for the addicts.

Over 23,000 beneficiaries were reached and over 250 identified addicts were provided individual counselling. As a result of vigorous follow-up counselling of the addicts ingrained within the community approach, 5 beneficiaries have been completely rehabilitated.

INCREASING EMPLOYABILITY THROUGH WAGE EMPLOYMENT TRAININGS

Modestly educated, unemployed youth from disadvantaged sections of the society of Chhota Udepur, Gujarat and Hyderabad were facilitated to attend government-approved courses in 'Home Health Aide'. Training at these courses served the objective of providing wage employment to the age group between 18-45 years of the population, thereby equipping them with skills for income generation. Over 275 beneficiaries received such training during the year and 110 have successfully completed the programme with 59 candidates securing job placements.

DEMONSTRATION OF WATER HARVESTING STRUCTURES IN THREE VILLAGES OF ROHA BLOCK OF RAIGAD DISTRICT

Complementing the Mobile Health services and Mobile Library service, a need was felt to initiate water resource development in the intervention area. For a comprehensive approach, this initiative was linked to the health and education services, with livelihood and water conservation issues. Your Company undertook the creation of water harvesting structures in three villages - Gosale, Nivi Thakur Wadi and Warathi. During FY 2016-17, basic structures were created and now pitching, plastic lining and fencing have also been completed. Though the pitching is yet to stabilise, each farm pond, which has a holding capacity of over 50,000 litres, provides water for 3-4 months more than before. Various crops like paddy, beans, cow pea, green gram, bengal gram, water melon, brinjal, potato, onion, and lady fingers are expected to benefit from the irrigation support and the water from the pond is also used for drinking by the livestock. In addition, one of the beneficiaries has gained nearly ₹10,000 from introducing fishery into the pond.

BOARD OF DIRECTORS



SHRI DEEPAK C. MEHTA
Chairman & Managing Director

Shri Deepak 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 39 years, he is currently the Chairman & Managing Director of the Company. An active participant at industry forums, Shri Deepak C. Mehta has been the Chairman of the National Chemicals Committee at FICCI. He is a Science Graduate from the University of Bombay.



SHRI AJAY C. MEHTA
Managing Director

Shri Ajay 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 Mahratta Chamber of Commerce and World Presidents' Organisation. Shri Ajay 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 38 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 SANJAY UPADHYAY
Additional Director & Director - Finance & CFO

Shri Sanjay Upadhyay is an Associate Memberof the Institute of Cost Accountants of India. He is also a Fellow Member of the Institute of Company Secretaries of India. He has completed Advanced Management Program from Wharton, USA. Shri Sanjay Upadhyay has vast experience in the areas of Finance, Accounts, Commercial and Secretarial Functions. He is associated with the Company since 1994. He was designated as Chief Financial Officer of the Company prior to his appointment as Director-Finance & CFO of the Company.



SHRI MAULIK D. MEHTA
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 9 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., HDFC 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 45 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 recognised for his contributions to polymer science, technology development, institution building and management of innovation in publicly funded organisations. 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.

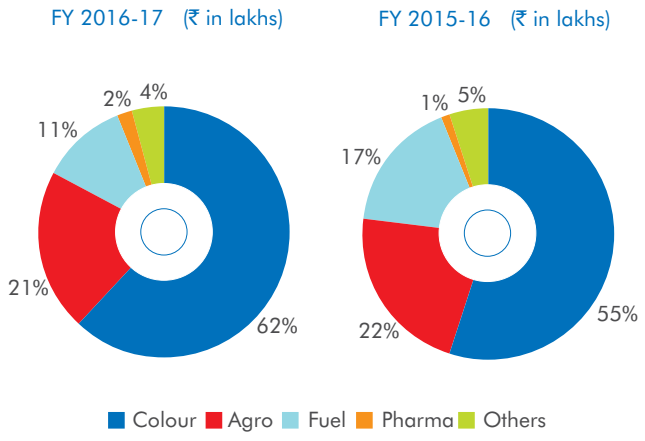


PROF. INDIRA PARIKH
Independent Director

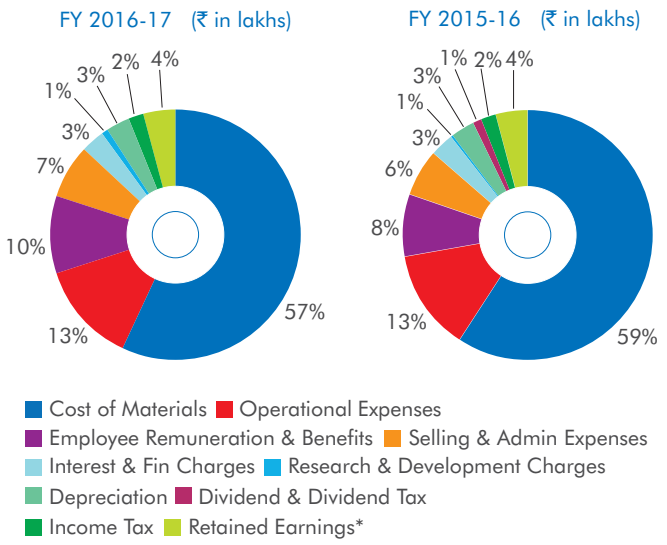
Prof. Indira Parikh was the Founder President of FLAME (Foundation for Liberal and Management Education). She holds a Ph.D. from the Gujarat University, Ahmedabad and MA from the University of Rochester. She was a faculty member at IIM, Ahmedabad, for over 31 years and the Dean from 2002 to 2005. She 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 organisations, both in the private and public sectors.

FINANCIAL HIGHLIGHTS

APPLICATION-WISE SALES 2015-16 VS 2016-17

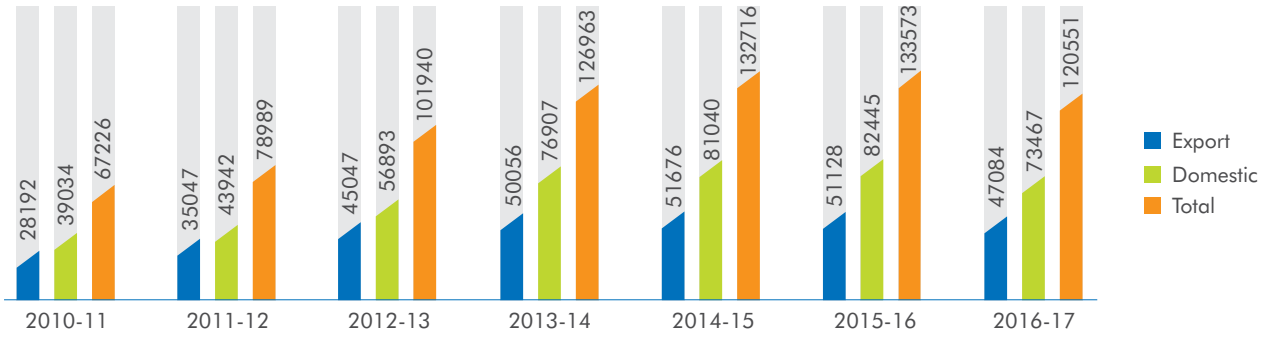


FUNDS OUTFLOW

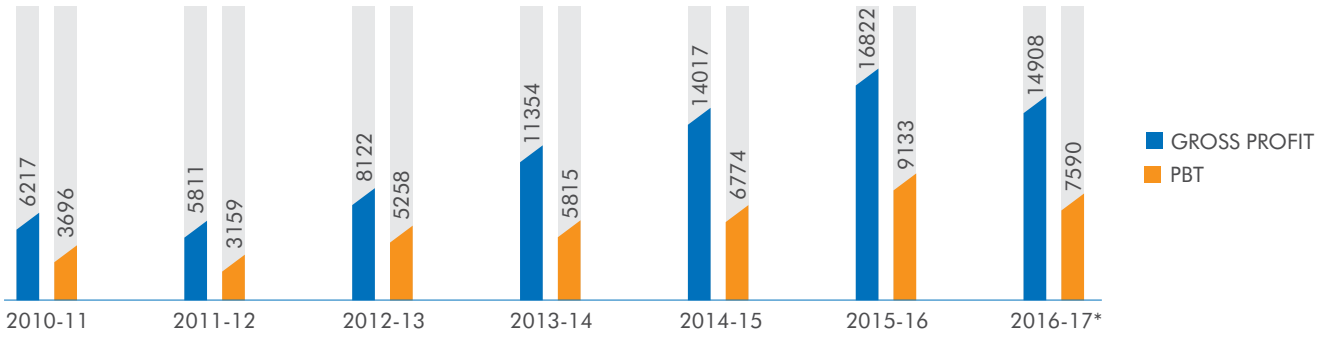


*For FY 2016-17 proposed dividend shall be accounted as and when declared by the Company

REVENUE (₹ in lakhs) standalone



PROFIT / PBT (₹ in lakhs)



Excludes exceptional income

FINANCIAL HIGHLIGHTS
FOR THE LAST TEN YEARS

Sr. No.	Particulars	UOM*	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
1	Total Income	₹ in Lakhs	122550	133727	132922	127140	103010	79273	67742	54646	58289	47213
	YoY Growth	%	(8.36)	0.61	4.55	23.42	29.94	17.02	23.97	(6.25)	23.46	4.41
2	EBIDTA	₹ in Lakhs	14908#	16822	14017	11354	8122	5811	6217	5449	7838	3848
3	Profit Before Tax	₹ in Lakhs	7590#	9133	6774	5815	5258	3159	3696	3032	4286	674
	Percentage to Total Income	%	6.19	6.83	5.10	4.57	5.10	3.98	5.46	5.55	7.35	1.43
4	Profit After Tax	₹ in Lakhs	5334#	6515	5344	3833	3782	2308	2580	2001	2828	702
	Percentage to Total Income	%	4.35	4.87	4.02	3.01	3.67	2.91	3.81	3.66	4.85	1.49
5	Equity	₹ in Lakhs	2614	2326	2091	1045	1045	1045	1045	1045	896	896
6	Net Worth	₹ in Lakhs	73436	47589	34683	30752	28060	25278	23791	21944	19064	16765
7	Debt	₹ in Lakhs	57392	49520	54451	50504	33546	17096	5958	9256	8955	13502
8	Dividend on Equity Capital	₹ in Lakhs	1569##	1395	1045	1045	837	628	628	523	448	359
	Percentage	%	60##	60	50	100	80	60	60	50	50	40
9	EPS	₹	4.55	6.07	5.11	36.63	36.15	22.06	24.65	21.82	31.55	7.84
10	Book Value	₹	63	44	34	294	268	242	235	210	213	187
11	Net Debt/ Equity Ratio	%	78.15	104.06	157.00	164.23	119.55	67.63	25.04	30.33	46.97	80.54

** UOM: Units of Measurement*

 # Excludes exceptional income

Proposed dividend shall be accounted as and when declared by the Company

CORPORATE INFORMATION

CHAIRMAN EMERITUS

Shri C. K. Mehta

BOARD OF DIRECTORS

Shri Deepak C. Mehta
Chairman & Managing Director

Shri Ajay C. Mehta
Managing Director

Shri Umesh Asaikar
Executive Director & CEO

Shri Sanjay Upadhyay
Additional Director & Director-Finance & Chief Financial Officer*

Shri Maulik D. Mehta
Whole-Time Director

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
** w.e.f. April 28, 2017*

AUDIT COMMITTEE

Shri Sudhin Choksey
Chairman

Shri Sudhir Mankad
Member

Shri S. K. Anand
Member

STAKEHOLDERS' RELATIONSHIP & INVESTORS GRIEVANCE COMMITTEE

Shri S. K. Anand
Chairman

Shri Ajay C. Mehta
Member

Shri Umesh Asaikar
Member

NOMINATION & REMUNERATION COMMITTEE

Shri Sudhir Mankad
Chairman

Shri Sudhin Choksey
Member

Shri S. K. Anand
Member

Prof. Indira Parikh
Member

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Arvind Bajpai

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (W),
Mumbai - 400 078.

BANKERS

State Bank of India

Dena Bank

Axis Bank Ltd

Standard Chartered Bank

Bank of Baroda

ICICI Bank Ltd

DBS Bank Ltd

The Hongkong and Shanghai Banking Corporation Ltd.

AUDITORS

B. K. Khare & Company
Chartered Accountants, Mumbai

SECRETARIAL AUDITORS

KANJ & Associates
Company Secretaries, Pune

COST AUDITORS

B. M. Sharma & Company
Cost Accountants, Pune

INTERNAL AUDITORS

Deloitte Haskins & Sells
Pune

REGISTERED OFFICE

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

CORPORATE OFFICE

Aaditya-I, National Highway No.8,
Chhani Road, Vadodara - 390 024
Tel: +91-265-2765200
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 Nos. 70A & 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-2 GIDC, Dahej,
Dist. Bharuch, Gujarat - 392 130

NOTICE

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the Company will be held at Hotel Surya Palace, Opposite Parsi Agiyari, Sayajigunj, Vadodara – 390 005 on Monday, June 26, 2017 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, 2017, together with the Directors' Report and the Auditor's Report thereon.

2) To consider declaration of Dividend on Equity Shares.

3) To appoint a Director in place of Shri Ajay C. Mehta (DIN: 00028405), who retires by rotation at this Annual General Meeting, in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, has offered himself for re-appointment.

4) To appoint Auditors, and in this regard 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 Section139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No.:117366W/W-100018), be and are hereby appointed as the Statutory Auditors of the Company for a term of five years from the conclusion of this 46th Annual General Meeting of the Company upto the conclusion of the 51st Annual General Meeting of the Company, subject to ratification by the shareholders annually, at a remuneration to be decided by the Board of Directors and agreed to by the Auditors plus applicable service tax and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit.**"**

SPECIAL BUSINESS:

5) **Appointment of Shri Sanjay Upadhyay (DIN: 01776546), 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 Sanjay Upadhyay (DIN: 01776546) who was appointed as an Additional Director of the Company by the Board of Directors with effect from April 28, 2017 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 Sanjay Upadhyay (DIN: 01776546) as a Whole-Time Director, designated as Director-Finance & Chief Financial Officer 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, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the approval of the Company be and is hereby accorded to the appointment of Shri Sanjay Upadhyay (DIN: 01776546), as a Whole-Time Director, designated as Director – Finance & Chief Financial Officer of the Company, for a period of 5 (five) years with effect from April 28, 2017, 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 Sanjay Upadhyay 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 Sanjay Upadhyay as Whole-Time Director, the Company incurs a loss or its profits are inadequate, the Company shall continue to pay to Shri Sanjay Upadhyay, the remuneration, set out in the Explanatory Statement, by way of salary, perquisites, incentives and other allowances, as a "minimum remuneration" subject to the limits and conditions specified in 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.

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 Sanjay Upadhyay as a Whole-time Director, designated as Director-Finance & Chief Financial Officer of the Company as aforesaid."

7) Ratification of remuneration of the Cost Auditor for the financial year 2017-18.

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 Lakhs 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, 2018, 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

Arvind Bajpai
Company Secretary
Membership No.: FCS-6713

Address: A/2/202, Labh Exotica,
Nr. Pratham Vatika, Gotri,
Vadodara-390021

Place: Mumbai
Date: April 28, 2017

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, 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 Member.

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 to attend the Meeting, along with their copy of Annual Report.

5. The relevant documents referred to in this Notice requiring the approval of the Members at the Meeting shall be available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays and Sundays, during business hours, up to the date of the Meeting.

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

6. The Register of Members and Share Transfer Books of the Company will be closed from Monday, June 19, 2017 to Friday, June 23, 2017 (both days inclusive).

7. The dividend as recommended by the Board of Directors, if approved at the Meeting, will be paid within statutory time limit of 30 days, as under :

   (a) To all Beneficial Owners in respect of shares held in dematerialised form as per the data made available by the National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on June 19, 2017.

   (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 June 19, 2017.

8. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their

bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address/name, e-mail address, contact numbers, etc. to their Depository Participant (DP) only, and not to the Company's Registrar & Share Transfer Agent.

Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar & Share Transfer Agent to provide efficient and better services to the Members.

9. Members holding shares in physical form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address / name, etc. to the Company's Registrar & Share Transfer Agent, quoting their Registered Folio Number. The Bank Account particulars of the Members will be printed on the Dividend Warrant.

10. Members holding shares in physical form are requested to consider converting their shareholding in dematerialised 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 the Annual Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Meeting.

12. In terms of the provisions of Section 124 and other applicable provisions 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 2009-10 is due for transfer to the said Fund in August, 2017. Members who have not yet encashed their dividend warrant(s) pertaining to the dividend for the Financial Year 2009-10 onwards, are requested to lodge their claims with the Company for the same.

    Attention of Members is invited to the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time, which *inter alia* requires the Company to transfer the equity shares on which the dividend has remained unpaid or unclaimed for a continuous period of seven years, to a special demat account to be opened by Investor Education and Protection Fund Authority ('IEPF Authority'). The said Shares, once transferred to the said demat account of the IEPF Authority can be claimed after following due procedure prescribed under the said IEPF rules.

    The Company has intimated individually all such shareholders, dividend on whose shares has remained unpaid for a continuous period of seven years and a notice in this regard has also been published in the Indian Express (English) and the Financial Express (Gujarati) Ahmedabad edition on April 5, 2017. The Statement of Unclaimed Dividend amount for 7 consecutive years and Shares due for transfer to IEPF Demat Suspense Account is placed on the website of the Company at http://deepaknitrite.com/pdf/results/Details%20 Shareholders 20for%20IEPF%20 Demat% 20Suspense%20account.PDF

    Members are therefore requested to approach the Registrar and Share Transfer Agent of the Company to claim their unpaid dividend, if any.

13. The Notice of the Annual General Meeting along with the Annual Report for the Financial Year 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories Participant, 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 provided in the Notice after the Explanatory Statement.

14. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the Company's Registrar & Share Transfer Agent/ their respective Depository Participants. 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 Rule18(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 Requirement) Regulations, 2015 ('LODR' or 'Listing Regulations'), 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 June 19, 2017 ("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 Central Depository Services (India) Limited ("CDSL") for facilitating remote e-Voting for the Meeting. The Members may cast their votes on electronic voting system to be provided by CDSL from place other than the venue of the Meeting ("remote e-Voting"). The remote e-Voting will commence on June 23, 2017 (9:00 a.m.) and will end on June 25, 2017 (5:00 p.m.). The remote e-Voting module shall be disabled by CDSL 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. 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:

The Members should log on to the e-voting website www.evotingindia.com.

i. Click on Shareholders.

ii. Now Enter your User ID :

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

iii. Enter the Image Verification as displayed and Click on Login.

If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

iv. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on Address Sticker.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the Depository Participant or Company, please enter the Member ID / Folio Number in the Dividend Bank Details field as mentioned in instruction (iv).

v. After entering these details appropriately, click on "SUBMIT" tab.

vi. Members holding shares in physical form will then directly reach the company selection screen. However, Members holding shares in demat form will reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vii. For Members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.

viii. Click on the EVSN for Deepak Nitrite Limited.

ix. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

x. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xi. After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xii. Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.

xiii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xiv. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xv. Shareholders can also cast their vote using CDSL's mobile app - CDSL m-Voting available for iphone as well as android and windows based mobiles. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xvi. Note for Non – Individual Shareholders and Custodians:

Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details, the user would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

II. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

III. Members can cast their vote online from June 23, 2017 (9:00 a.m.) till June 25, 2017 (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. June 19, 2017, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com or at vadodara@linkintime.co.in. However, if he/she is already registered with CDSL 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.evotingindia.com or contact CDSL at the Toll Free No.: 1800-200-5533.

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 alongwith the Report of the Scrutinizer shall be placed on the website of the Company www.deepaknitrite.com and on the website of CDSL 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 India Limited where the shares of the Company are listed.

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

ITEM NO. 4

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

M/s. B. K. Khare & Co., Chartered Accountants, having completed the term of their appointment, as per the provisions of Section 139 of the Companies Act, 2013, are not eligible for re-appointment as Statutory Auditors of the Company.

Accordingly, in compliance with provisions of the Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company, at their Meeting held on April 28, 2017, on the recommendation of the Audit Committee, has recommended appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (FRN:117366W/W-100018) as the Statutory Auditors of the Company, for a term of five years from the conclusion of the 46th Annual General Meeting upto the conclusion of the 51st Annual General Meeting.

None of the Directors / Key Managerial Personnel of the Company / their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4 of the Notice.

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

ITEM NO. 5 & 6

Shri Sanjay Upadhyay, Chief Financial Officer ('CFO') of the Company, on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director on the Board of the Company by the Board of Directors at their meeting held on April 28, 2017.

In terms of Section 161 of the Companies Act, 2013, Shri Sanjay Upadhyay 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 April 28, 2017, on the recommendation of the Nomination and Remuneration Committee and subject to the approval of Members at the Annual General Meeting, also appointed Shri Sanjay Upadhyay as Whole-time Director of the Company, designated as Director - Finance & Chief Financial Officer of the Company for a period of five years effective from April 28, 2017. He shall continue to be the Chief Financial Officer of the Company as per provisions of the Companies Act, 2013.

The terms of appointment including remuneration of Shri Sanjay Upadhyay as Director – Finance & CFO, as recommended by the Nomination and Remuneration Committee are as under:

(A) Salary and Perquisites

Shri Sanjay Upadhyay shall, during the financial year 2017-18, be paid proportionate fixed amount of ₹ 195.39 Lakhs (Rupees One Hundred Ninety Five Lakhs Thirty Nine Thousand) per annum, with effect from April 28, 2017, by way of salary, perquisites, incentive, 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. Leave travel concession for self and members of his family, as per policy of the Company.
2. Medical and other insurances, as per policy of the Company.
3. Company car with driver.
4. Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund, Gratuity and encashment of leave, as per policy of the Company.
5. Retirement and other benefits, as per policy of the Company.
6. Hardship Allowance and Loyalty / Retention Bonus as per policy of the Company.

(B) Variable Pay:

In addition to the salary, perquisites, allowances and other benefits as mentioned above, Shri Sanjay Upadhyay will also be paid Variable Pay by way of Performance Linked Incentive.

This amount shall be paid annually after the end of each financial year. This Variable Pay shall range from ₹ Nil to ₹ 34.91 Lakhs, depending upon his individual and also the Company's performance as per policy of the Company. During the tenure of Shri Sanjay Upadhyay as Director – Finance & CFO, the Board or Committee thereof shall determine the amount of Variable Pay from time to time, for the financial year 2017-18 and subsequent years.

(C) The aggregate remuneration inclusive of Fixed Pay, Variable Pay and other benefits as stated above, payable to Shri Sanjay Upadhyay as Director – Finance & CFO, 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 Sanjay Upadhyay as Director – Finance & CFO shall also be entitled to reimbursement of all legitimate expenses incurred by him while performing his duties and such reimbursement will not form part of his remuneration.

(E) Minimum Remuneration:

Where, in any Financial Year during the tenure of Shri Sanjay Upadhyay, the Company incurs a loss or its profits are inadequate, the Company shall continue to pay to Shri Sanjay Upadhyay, the above remuneration by way of salary, perquisites, incentive 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 Sanjay Upadhyay as Director–Finance & CFO, shall perform such duties and exercise such powers bestowed on him from time to time by the Chairman & Managing Director and/or Board of Directors.

(G) Shri Sanjay Upadhyay shall not be entitled to sitting fees for attending meetings of the Board or any Committee thereof.

(H) Shri Sanjay Upadhyay 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 including remuneration payable to Shri Sanjay Upadhyay 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 Sanjay Upadhyay 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 Sanjay Upadhyay, aged 55 years, is an Associate Member of the Institute of Cost Accountants of India. He is also a Fellow Member of the Institute of Company Secretaries of India. He has completed Advanced Management Program from Wharton, USA. Shri Sanjay Upadhyay has vast experience in the areas of Finance, Accounts, Commercial and Secretarial Functions. He is associated with the Company since 1994. He was designated as Chief Financial Officer of the Company prior to his appointment as Director-Finance & CFO of the Company. His last drawn remuneration is ₹ 162.81 Lakhs Per Annum. He has been appointed on Board on April 28, 2017. He does not hold any Equity Shares of the Company. He has attended all the meetings of the Board held during the year, in his capacity as the Chief Financial Officer of the Company.

He is a Whole-Time Director of the Company and also holds Directorships of Deepak Phenolics Limited and Deepak Novochem Technologies Limited. He does not hold any Chairmanship or Membership of any statutory Committees of the Company. However, he is a member of the Nomination and Remuneration Committee of Deepak Phenolics Limited and a member of the Audit Committee of Deepak Novochem Technologies Limited.

He is a Key Managerial Personnel of the Company and is not related to any Director or other Key Managerial Personnel of the Company.

In view of the above, approval of the Members is sought for the Ordinary Resolutions set out at Item No. 5 & 6 of the Notice for appointment of Shri Sanjay Upadhyay as Director and also as Whole-Time Director designated as Director-Finance & CFO of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives, except Shri Sanjay Upadhyay and his relatives, are concerned or interested, financially or otherwise, in the Resolutions set out at Items No. 5 & 6 of the Notice.

The Board recommends the Ordinary Resolutions set out at Items No. 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, 2018.

The remuneration of the Cost Auditors was fixed by the Board of Directors at ₹ 6,50,000/- (Rupees Six Lakhs Fifty Thousand only) upon 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 Members 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, 2018.

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

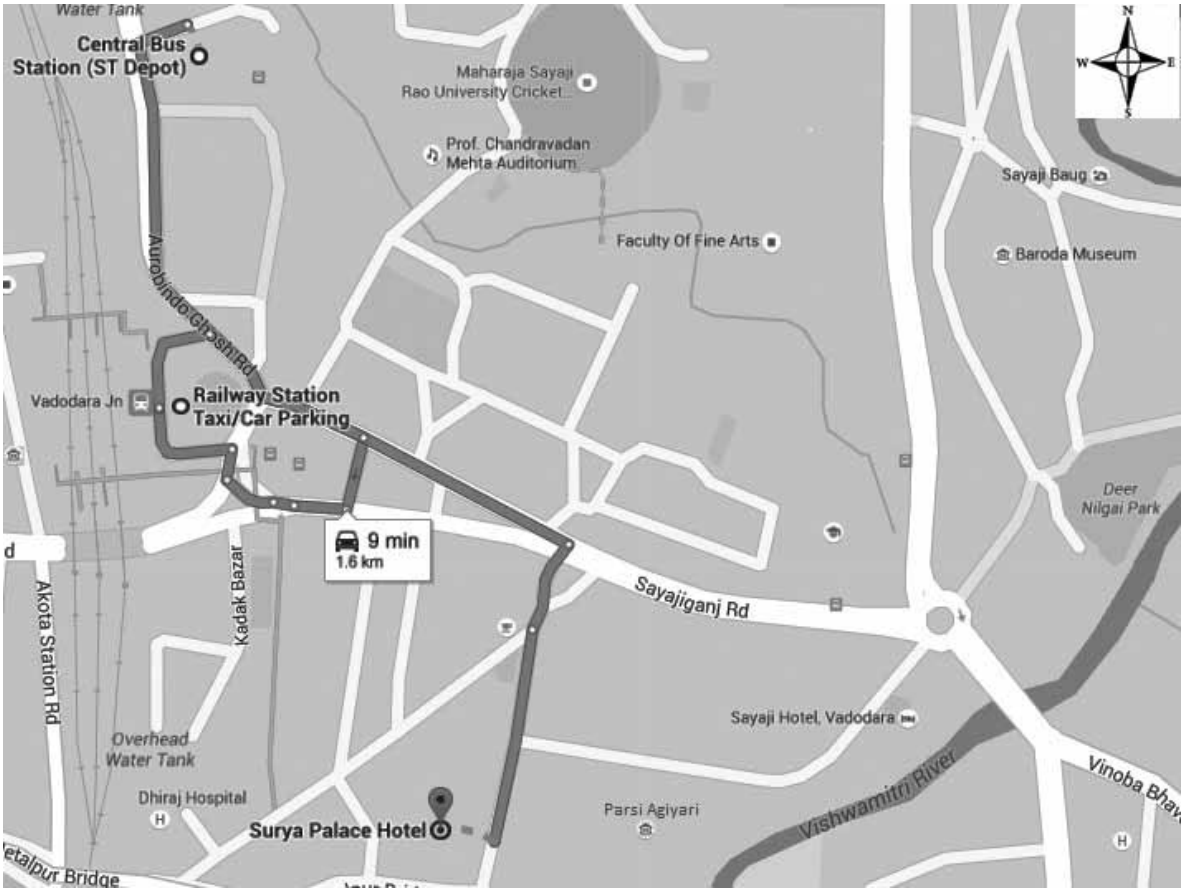
Place: Mumbai
Date: April 28, 2017

Arvind Bajpai
Company Secretary
Membership No.: FCS-6713

Address: A/2/202, Labh Exotica,
Nr. Pratham Vatika, Gotri,
Vadodara-390021

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 46th Annual General Meeting of Deepak Nitrite Limited



Landmark : Parsi Agiyari

MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL SCENARIO

The Financial Year ("FY") 2016-17 marked another challenging and eventful year for the world economy owing to sluggish global trade, subdued investment, heightened geopolitical uncertainty, regional protectionism and change of leadership in some of the leading global economies. There have been several impacting events like – election of new President in the USA, UK's protectionism through BREXIT, potential political insulation of other EU economies, entry of Iran in global oil supply, missile and nuclear testing by North Korea, tension in Indo-Pak border – all these are expected to have serious impact on world trade and commerce. Amidst all these, global growth was 2.3% in 2016, which is projected to improve only marginally to 2.7% in 2017 largely on the back of recovery in emerging markets and select developing economies. Growth in these markets, as well as some developed economies, is expected to pick up in 2017 on the back of improved commodity prices, resumption in investments, improved consumer confidence and increasing consumption on the back of pent up demand. The lack of decisive improvement in the investment climate continues to weigh on the medium-term prospects across many emerging markets and developing economies. However, fiscal stimulus and similar growth enhancing policies in major economies hold the potential to boost global growth above expectations.

Advances in major developed economies, including United States of America (USA) - the world's largest economy, will have positive repercussions on the rest of the world. Acceleration in USA's growth due to expansionary fiscal policies and the attempts to accelerate infrastructure spending could provide a major boost to the global economy. Major advanced economies reported muted growth at 1.6% in 2016 due to policy uncertainties, weak external demand and subdued productivity growth. While this is expected to recover in FY 2017-19, uncertainty around policies of the new administration in USA and United Kingdom's (UK) decision to leave the European Union (BREXIT) will certainly influence the growth trajectory going forward. On the other hand, devaluation of Chinese Yuan, change in Chinese fiscal, business and social policies may play a major role in world commerce and economy.

Emerging markets and developing economies account for more than one-third of the global GDP and about three-quarters of the world's population. Any slowdown in these economies can have a consequent effect on the developed nations. Weak investments in these economies pose a significant challenge. While policy priorities depend on country circumstances, policymakers are progressively employing full range of cyclical and structural policies to accelerate investment growth in these countries.

Emerging market and developing economies (EMDEs) grew at an estimated 3.4% in 2016, broadly in line with expectations. This rate is expected to accelerate to 4.2% in 2017 and to an average of 4.7% in 2018-19. These economies are expected to account for about 60% of global growth for the first time since 2013. With an expected increase in commodity prices, particularly for crude oil, the divergence in growth outlook between commodity exporters and importers is set to narrow. The long-term prospects of EMDE would depend on host of aspects, the most prominent being uncertainty about global trade prospects and advanced economy policies, weakening in potential output resulting from subdued investment, lower productivity growth, and demographic factors.

Expected steady revival in global trade in 2017 and 2018 will be driven by likely rebound in import demand from large EMDEs. The pace of the recovery will, however, be slower than expected due to downward revisions of growth prospects in major advanced economies, persistent weakness in global investment, and slower trade liberalisation amid uncertainty about trade policy in the United States and Europe. While the overall trend for growth in the global economy continues to point upwards, the pace of growth is likely to be moderate in the immediate term. *(Source: World Bank - 'January 2017 Global Economic Prospects')*

DOMESTIC SCENARIO

During the first half of FY 2016-17, India's growth was supported by strong private and public consumption, which compensated for the moderated fixed investment, sluggish industrial activity and continued slow down in exports. While the economy is yet to emerge from the cyclical downturn in infrastructure spending and asset creation, India is estimated to continue to grow at a lively pace of around 7% in 2017 supported by low oil and commodity prices and robust agricultural output. Overall consumption was accelerated during the year due to lower energy costs, public sector remunerations and favorable monsoons, which boosted urban and rural incomes. A surge in foreign direct investment (FDI) and an increase in public infrastructure spending positively impacted the economic activity in the country. However, the momentum was momentarily impacted to some extent by the 'Demonetisation' initiative, which resulted in short-term disruptions, however, government actions brought back the economy into normalcy post a successful demonetisation move and implementation. In addition to this, downsizing in private investment, reflecting excess capacity, corporate deleveraging and credit constraints owing to impaired assets of commercial banks' had a cascading effect on the economy.

On the flip side, India witnessed passing of four crucial reforms namely Bankruptcy and Insolvency Code, 100% ownership in previously restricted sectors, Goods and Services Tax (GST) Amendment Bill and a monetary policy framework that includes setting up a monetary policy committee and agreeing on a flexible inflation target, with a 2% to 6% range. GST by far was one of the most critical reforms, which aims to streamline the country's complex indirect tax structure, reduce fragmentation in markets for goods and services, lower business costs and widen the overall tax base. Additionally, a monetary policy framework including setting up a monetary policy committee would help enhance the Reserve Bank of India's (RBI) operational independence, and help to anchor inflation expectations.

Over FY 2017-18, India is expected to be back on a strong growth path of 7.6% which would further strengthen to 7.8% in FY 2018 -19. A slew of reform initiatives undertaken in the past will unlock domestic supply bottlenecks and raise productivity. Adequate infrastructure spending inducing government expenditure would further improve the business climate and attract investments in the near-term. The Government of India's ambitious 'Make in India' initiative would further augment the manufacturing sector backed by domestic demand and further regulatory reforms. Modest inflation as well as service pay hike to support real income and consumption backed by likely bumper harvests and favourable monsoons are expected to provide a fillip to economic growth. Sustained benefit of demonetisation will lead to liquidity expansion and enhanced tax network in the system thereby helping to lower lending rates and lift economic activity.

INDUSTRY TRENDS AND OUTLOOK

The global chemical industry has been expanding at a steady pace over the past couple of years. Emerging Asian markets have become a new manufacturing hub for the global chemical giants largely led by China where chemicals sales have increased manifold. While China continues to dominate the global chemical market, the recent slowdown in the country, as well as instances of pollution and plant shutdown, has taken a toll on chemical manufacturing. This has given a commanding market position to other chemical majors from rest of Asia. India is an obvious beneficiary of this development given its market position in the global chemical market.

The Indian chemical industry is one of the most established and rapid growing sectors for the country. It plays a vital role in the economic development thereby serving as a critical input for the industrial and agricultural development. This sector has always witnessed considerable growth in the past and is currently poised to further this momentum. The Indian chemical industry is the 3rd largest producer in Asia and 6th by output in the world. By 2020, the Indian chemical industry is projected to reach USD 226 billion. In terms of volume, the Indian chemical exports have shown a remarkable growth of 7.51% from 52.9 lakhs tonnes in FY 2014-15 to 56.9 lakhs tonnes in FY 2015-16, which is a positive sign.

India has become a global player in speciality chemicals, the market for which is expected to reach USD 70 billion by 2020. India's speciality chemical industry is highly fragmented, and growth is largely governed by domestic demand and exports in select segments. These chemicals are witnessing increased usage in customer-related industries such as agrochemical, pharmaceutical, automotive and textiles, with higher consumer demand for better quality and superior products. Key drivers such as innovation and sustainability initiatives have become major factors that determine competitiveness and have become the foremost priority of producers. 'Green Chemistry' and environmental preservation initiatives are widely accepted by the global counterparts.

The road map appears promising as India's chemical industry is poised for robust growth and investment on the back of solid domestic demand and robust export market. Key reform initiatives that would support growth in the chemical industry include the Government's 'Make in India' initiative that has altered policies to boost investments in the country, including the chemical industry; National Chemical Policy which has created an enabling framework to accelerate manufacturing of chemicals in order to meet growing internal and external demands as well as reduce dependence on imports. The upcoming years will provide an opportunity for domestic industry players to gain scale and consolidate, while the international players may set up a robust manufacturing base in the country.

COMPANY PERFORMANCE

In FY 2016-17, Total Revenue including Other Income stood at ₹ 1,225.50 crores as against ₹ 1,337.26 crores in FY 2015-16.

EBITDA came in at ₹ 149.08 crores in FY 2016-17, lower by 11% as compared to ₹ 168.22 crores in FY 2015-16. EBITDA was impacted by the loss of revenue due to one-off events which disrupted operations. On a normalised basis, EBITDA would have been higher with better margins due to an improved composition of higher value products in the revenue-mix. Raw material costs stood at ₹ 706.44 crores against ₹ 789.75 crores, down by 11%.

Profit Before Tax excluding exceptional items stood at ₹ 75.90 crores as compared to ₹ 91.33 crores in FY 2015-16. Profit

After Tax excluding exceptional items came in at ₹ 53.34 crores as compared to ₹ 65.15 crores in FY 2015-16. PAT performance could have been much better but for the one-time incidents which hindered the momentum. Including the gain of ₹ 74.97 crores arising from sale of land (Net of Tax ₹ 58.70 crores), reported PAT was ₹ 112.04 crores in FY 2016-17 compared to ₹ 65.15 crores in FY 2015-16. Depreciation and finance cost during the year stood at ₹ 42.28 crores and ₹ 30.89 crores respectively.

Due to continued sluggishness in international markets and prevailing trends in key customer markets like Europe and China, revenues from exports stood at ₹ 470.84 crores compared to ₹ 525.75 crores last year.

There were certain one-time incidents during the year which had a bearing on the performance of the Company. Excessive flooding in Hyderabad forced to pollution issues which led to a temporary closure of one of the three units at the Hyderabad facility. Further, an accidental fire at one of the distillation columns of your Company's manufacturing facility at Roha impacted performance. Due to these multiple non-recurring events, the overall volumes declined by 4%. Further, lingering effects of the re-pricing of products due to volatile crude oil prices and related petrochemical intermediates also impacted the revenue momentum. While your Company witnessed encouraging demand in some of the key products, demand in fuel additive products contracted due to change in the dynamics of the oil supply market. In the domestic market, towards the end of the year, there was some disruption in demand in end-user industries of certain customers as a result of the demonetisation initiative.

Your Company is adequately covered under insurance for replacement value of the damaged facilities and loss of profits due to business interruptions for the losses it suffered due to the incident of fire at its Roha unit.

There were several positives as your Company witnessed encouraging demand in some of its key products and witnessed favourable trends in newer products launched in the complementary sub-segments. Encouragingly, your Company was able to incorporate a turnaround in its performance in the fourth quarter driving a rapid recovery from impact of the developments which took place in the third quarter through diversification in products, geographies, customer segments and end-user industries. As a strategy, your Company has been diversifying its products and end-user industries in such a manner that downturn in a particular end-user segment is compensated by gains in another end-user segment.

As a part of ongoing transformation in mind, your Company has during the year renamed its Bulk Chemicals and Commodity segment as 'Basic Chemicals' and the Fluorescent Whitening Agents segment as 'Performance Products' segment. With this, the product portfolio now comprises of expanded range of offerings thereby helping your Company to further strengthen its position in the market.

Notwithstanding the challenges to performance during the year, your Company declared dividend of ₹ 1.20 (Rupees One and Paisa Twenty only) per Equity Share of a Face Value of ₹ 2 (Rupees Two only) each, thus continuing its rich legacy of creating value for Shareholders. The Dividend rate has been maintained despite expanded capital base (due to QIP concluded in the last quarter of FY 2016-17) as well as one-time adverse events.

PERFORMANCE OF STRATEGIC BUSINESS UNITS

Basic Chemicals

In Basic Chemicals (renamed from Bulk Chemicals and Commodities), your Company manufactures Nitro Toluenes, Ortho Toluenes, Fuel Additives, Sodium Nitrate and Sodium Nitrite. These chemicals are used for applications across colourants, rubber chemicals, explosives, dyes, pigments, food colours, pharmaceuticals, petrol & diesel blending and agrochemicals among others. These chemicals are supplied in high volumes and are subject to moderate margins. Your Company manufactures these chemicals as per standard specifications, with superior quality through process excellence across each product. The focus is on cost leadership to drive volume growth and profitability.

In FY 2016-17, revenues for Basic Chemicals stood at ₹ 634.57 crores compared to ₹ 674.56 crores for FY 2015-16. This segment contributed 51% to total revenues during the year, with EBIT margin of 14%. The volumes declined by 4%. While business of Fuel Additives was subdued during the year, the same production lines could have been utilised for producing other contributory products during the year which gave boost to the margin in this business segment.

Fine and Speciality Chemicals

The Fine and Speciality Chemicals segment comprises of niche products that require more value addition. Under Fine and Speciality Chemicals segment, your Company manufactures Speciality Chemicals, Xylidines, Oximes, Cumidines and Nitro Oxylene amongst others. These chemicals are used as intermediates in colourants, pigment, agro chemicals and pharmaceuticals. These products are customised as per specific customer requirements and manufactured in low volumes. As they are non-standardised products and enjoy higher value, the focus is based on quality of product, long-

term relationships, stable and sustainable operations as well as global best practices for suppliers and customers.

Revenues from Fine and Speciality Chemicals stood at ₹ 359.36 crores for FY 2016-17 compared to ₹ 393.37 crores for FY 2015-16. This segment contributed 30% to the total revenues during the year. The EBIT margin stood at 23.7% in FY 2016-17. The performance in the Fine and Speciality Chemicals segment was impacted due to interruption in operations during the second half of FY 2016-17 owing to fire in one of the distillation columns.

Performance Products

Fluorescent Whitening Agent segment has been renamed to Performance Products segment in order to transform the product portfolio and include a wide range of products. Performance Products is an application chemical. Major constituent of this segment is Optical Brightening Agent (OBA), which is used in varied 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 world's only fully-integrated manufacturer of Fluorescent Whitening Agent having vertical integration from Toluene to PNT and further into DASDA and OBA. The Performance Products segment has an innovation-led team in place and there are application labs in all segments for testing and post-sales support. Your Company has a wide network of global clientele for Performance Products supplies and it enjoys a competitive advantage over peers due to its vertical integration from Toluene to OBA. This helps your Company to customise raw material at each process depending upon the customer requirement, resulting in superior quality. Your Company would continue to benefit from the steady demand in the end-user industries, with better customer acceptance.

In FY 2016-17, revenues from Performance Products segment stood at ₹ 240.09 crores compared to ₹ 273.68 crores in FY 2015-16. This segment contributed 19% to total revenues during the year. The performance has to be seen in the light of the one-time incident in the form of plant closure due to excessive flooding in Hyderabad.

Geographic Performance

Domestic revenues stood at ₹ 734.67 crores, while export revenues amounted to ₹ 470.84 crores in FY 2016-17. The mix between domestic and exports market stood at 61% and 39% respectively. Europe continues to be the largest export market for your Company, contributing close to 54% to the total export revenues, followed by USA and Asia which contributes 19% and 22%, respectively.

STRATEGIC INITIATIVES AND EXPANSION PLANS

Your Company has commenced a major project to set up a state-of-the-art plant for the manufacture of 200,000 MTPA of Phenol and 120,000 MTPA of its co-product Acetone. This will be supported by manufacturing 260,000 MT of Cumene, which is primarily used as a feedstock for Phenol and Acetone production. A wholly owned subsidiary, viz. Deepak Phenolics Limited has been set up for this project. This greenfield project is expected to be commissioned in the second half of the FY 2017-18 in Dahej in the State of Gujarat. The overall capital outlay for this project is approximately ₹ 1,400 crores, which is being funded through a combination of Debt and Equity. Your Company has already tied up the entire debt portion of ₹ 840 crores, while the Equity funds are being raised and deployed in a progressive manner, your Company has made significant progress in raising equity for the project as it secured funds to the tune of ₹ 150 crores through phase II of Qualified Institutional Placement (QIP) which was concluded in March 2017. This is in addition to equity funds already raised in Phase I of the QIP and sale of parcel of land in FY 2015-16 and FY 2016-17, respectively.

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 the manufacture of various commercial products and finds applications in Laminates, Paints and Automobile lining foundry, surfactants, pharma, agrochem, etc. among others, while Acetone finds applications in Pharmaceuticals, Paints, Adhesives & Thinners, Acrylic sheets, etc. As per the current estimates, India imports more than 80% of total Phenol and Acetone requirements. Once this greenfield project is commissioned, it will help substitute the imports and enable the country to save foreign exchange while creating jobs within the country. Further, the size and scale of the project will position your Company for market leadership in India in Phenol and Acetone. Additionally, availability of Benzene, a key raw material has improved significantly in the domestic market thereby enhancing the prospects for the mega Phenol project further.

In addition to cost-competitiveness due to supplying to the domestic market from a plant located in India, your Company will leverage the latest manufacturing technologies in its state-of-the-art plant which will reduce wastage and is more efficient in utilisation of inputs and energy.

Your Company has sourced technology for manufacturing Phenol and Acetone from Kellogg, Brown & Root International, Inc. (KBR) and for manufacturing Cumene from UOP Honeywell while M/s. ThyssenKrupp Industrial Solutions (India) Pvt. Ltd. (formerly known as UHDE) has been appointed as the EPCM

contractor. The project is being implemented and is progressing well as per schedule. It is expected to be commissioned in the second half of FY 2017-18.

With an objective of developing working relationships with major clients across India as well as establishing strong marketing and distribution channels, your Company has started seed marketing of Phenol to understand and penetrate the market.

SWOT ANALYSIS

STRENGTHS

Technical Capabilities

Your Company has been in this industry for several decades now. Over the years, your Company has indigenously developed technical capabilities in order to provide niche chemistries to its long standing customers. Your Company has expertise in multiple chemical processes right from nitration, to hydration to chlorination among others. On an ongoing basis, your Company executes complex and hazardous chemical processes with high success rates by leveraging its experience in indigenous development as well as its capability in developing, managing, storing and handling various types of chemicals in quantities ranging from few kilos to several tons. Your Company's knowledge in chemicals and competence provides a competitive edge and also gives comfort to the customers that the complex processes would be safely undertaken in a cost competitive manner while adhering to the highest standards of quality. Your Company's ability to develop new product application and to customise products to suit customer needs have helped in expanding its customer base and thereby enabling your Company to establish its leadership position.

Extensive Product Profile with Application Diversity

Your Company has consistently expanded its product portfolio to combat itself from a slowdown in a particular product or category. Wide portfolio of products across various chemical intermediates has varied applications across industries ranging from Agrochemicals to Rubber to Pharmaceuticals to Colourants and Textiles amongst others. Your Company's ability to provide custom manufacturing services with a competitive edge has helped to cater to host of chemical majors across the globe. This along with quality infrastructure at multiple locations and balanced exposure in domestic and export markets has ensured steady growth for your Company. Your Company also enjoys leadership position in some of the key products that it manufactures.

Proficient Management Team

Your Company is directed by an experienced and sound management team with robust domain knowledge and a keen understanding of the trends and shifts in the industry landscape. Apart from possessing a proven track record in the chemical intermediates industry, the management team has been instrumental in framing strategies to accelerate growth and improve market position. The senior management team has contributed to your Company's success, which has enabled your Company to be recognised for the quality of its products while adhering to the Code of Responsible Care and to ethical values and has also resulted in enhancing stakeholder value.

Strong Global Reach and Stickiness of Customers

Your Company exports its products to over 30 countries across 6 continents. Key export markets include USA, Europe and China with emerging presence across a host of other countries. Apart from widespread geographical reach, your Company is one of the most preferred suppliers to some of the leading companies, both in India and internationally. This is possible through a customer-centric approach as well as focus on quality, safety and consistency over the last so many years. Along with long-standing association with most of the large customers, your Company enjoys stickiness in the relationships. Diversified and comprehensive product portfolio and large customer base spread across several countries and customer categories, strengthen your Company to face headwinds, if any and dependence on any particular product, customer or geography.

Focus on Innovation

Innovation is one of the key strengths of your Company. It is deep-rooted in the DNA of your Company. The Company has an excellent Research & Development facility where existing products and processes are consistently evaluated to drive improvements in product quantity, process, efficiencies and cost savings. The development of new products has not only helped your Company to emerge as a market leader in several products, but also build a competitive edge over its peers.

WEAKNESSES

Non-availability of Alternate Energy Sources

The manufacture of chemicals requires consistently a high amount of energy in the production process. Your Company uses conventional fuels like coal, furnace oil, etc. for generation of power. Use of non-conventional energy like wind power, solar power 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 companies, your Company continues to focus sharply on improving power efficiencies at its facilities along with widening its scope of green endeavours.

High Volatility in Raw Materials Prices

Raw material forms a major component in the chemical processes. Volatility in the raw material prices is one of the main challenges faced by the industry. Unpredictability in the global prices of raw materials is directly linked to the prices of end products. This leads to frequent re-pricing of products and hence volatility has to be managed well owing to the time lag between price hikes and cost revision. High volatility remains an inherent weakness in the industry in crude based bulk chemicals.

Significant Currency Appreciation

Sharp appreciation in the currency could impact growth as competitive advantages vis-à-vis China could reduce thereby slowing the pace of shifting of volumes from China to India. Appreciation of Indian Rupee against US Dollar also lowers the export realisation thus impacting the export potential.

OPPORTUNITIES

Substituting Imports

Import substitution was the foremost intention of your Company when it was founded way back in the 1970s. The objective was to capture the opportunity from import substitution of Sodium Nitrite. The pursuit of opportunities after that increased manifold. Your Company is now executing a greenfield project at Dahej in the State of Gujarat for manufacturing of Phenol and Acetone. Through this project, your Company will address the opportunity offered by the supply deficit in the domestic market which is currently met by imports. Once this project is commissioned, it will help substitute the imports and enable the country to save foreign exchange and give a market leadership position to your Company in Phenol and Acetone in India.

Manufacturing Boost

With an objective to boost manufacturing in the country, the Indian Government launched the 'Make in India' campaign. The campaign has received encouraging response with several leading global companies coming forward to commit investments in the country. This initiative has given further impetus to the emergence of India as a manufacturing hub for the chemicals industry. Hence, given the cost competitiveness, your Company will capitalise on this opportunity and expand its presence across the developed markets.

Potential for Exports

The Government's ambitious 'Make in India' initiative has bolstered India's export competitiveness and further strengthened its position as a manufacturing hub for chemicals. India's emergence as a major export hub is already seen in various segments such as agrochemicals and colourants, in which a significant part of India's production is exported. In addition, slowing of Chinese chemical exports, with environmental issues leading to a shut down and relocation of chemical plants has benefited India's chemicals exports.

Favourable Government Policies

In addition to the 'Make in India' initiative, the Indian Government has taken various steps to improve the productivity and efficiency in the chemicals sector. Simple procedures for FDIs with 100% permissible investments together with tax deduction to promote Research & Development activities and formation of industrial clusters & parks will provide impetus to the sector. This along with focus towards rural economy and agriculture in the Union Budget 2017 is expected to drive incremental growth, which will further drive demand for the end-user products and therefore intermediates produced by your Company.

THREATS

Lack of availability of skilled manpower

Despite having a favorable demographic profile, labor 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 institutions for arming the manpower with the appropriate skill set. Your Company conducts regular training and development programs to upgrade its 'human capital' skills.

Obsolescence of Product and Processes

Obsolescence of products and existing manufacturing processes pose a threat to the global chemical industry. Swift technological transformations, changes in materials and innovation-driven changes in manufacturing process render existing products and processes obsolete. Latest technologies can affect the overall market dynamics and existing operations of the industry.

Slowdown in End User Industries

The slowdown in growth of end-user industries such as paints & coatings, agrochemicals, rubber, paper and textiles amongst others could impact the overall growth. However, your

Company has an ability to shift the manufacturing towards those products which enjoy better demand-supply dynamics thereby sustaining profitability and insulating the operations from slowdown in a particular product category.

OUTLOOK

Going into FY 2017-18, your Company is positively placed to capture the growth opportunities arising in the end-user industries. After certain one-time events which impacted the performance in the year gone by, your Company has restarted all but one of the facilities and remains confident of getting back to normalcy. All your Company's Strategic Business Units (SBUs) including Basic Chemicals, Fine and Speciality Chemicals, and Performance Products are expected to deliver accelerated growth in the forthcoming year owing to continued transformation in the product portfolio and steady recovery in demand.

Fine and Speciality Chemicals segment would lead the growth pack for your Company as a result of encouraging demand scenario in the global as well as domestic markets and higher contribution from recently launched personal care and pharma intermediates. This will be further supported by better off take in agrochemical intermediates due to increasing market share of agro-chemicals in the export markets as well as favorable agro-climatic conditions in the domestic market.

Performance Products segment which now includes a wide range of products is expected to demonstrate decent performance in the upcoming year led by several strategic initiatives undertaken by your Company in the past as well as better customer acceptance for Optical Brightening Agents (OBA). This will help improve the utilisation rates and profitability in the Performance Products segment.

In addition to the above initiatives, your Company expects the greenfield project of Phenol and Acetone to be commissioned in the last quarter of the current financial year thereby providing further stimulus for earnings expansion.

RISK MANAGEMENT

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

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

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

INTERNAL CONTROLS

Your Company and the Management has established adequate Internal Control systems to ensure reliable financial reporting. Internal Controls also help in assessing, evaluating, safeguarding and shielding your Company from losses and unofficial use or deposition of assets. This ensures that your Company's resources are put to optimum use and all transactions are authorised, recorded and reported correctly to the Management. Your Company constantly refines and testifies its internal controls to ensure management effectiveness and efficiencies of operating procedures. Your Company always adheres to set guidelines and follows all Accounting Standards prescribed for maintenance of books of accounts and reporting of financial statements. These standards require appointed independent Internal Auditors to plan risk based audits and execute audits to assess the effectiveness of internal control over various areas of operations and financial reporting throughout the year. Summary of the observation by Internal Auditors is reported to the Audit Committee of the Board of Directors and corrective measures are taken. The Internal Control systems are designed to provide assurances on an ongoing basis so that the business operations function efficiently and ensure that applicable laws, rules,regulations and policies of your Company are followed and the reliability of financial reporting is safeguarded.

HUMAN RESOURCES

Talented manpower is the important enabler for a company to grow and maintain competitiveness. Your Company continues to maintain healthy, cordial and amicable relationship with all its employees across various levels and locations. Human resources are considered as the 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, training, 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 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 1317 as on March 31, 2017.

CAUTIONARY STATEMENT

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting the Forty Sixth Annual Report together with the Audited Statement of Accounts for the Financial Year ended March 31, 2017.

FINANCIAL RESULTS

(₹ in Crores)

Particulars	STANDALONE		CONSOLIDATED	
	2016-17	2015-16	2016-17	2015-16
Sale and Other Income	1225.50	1337.27	1365.34	1374.52
Gross Profit (before interest, depreciation and tax but exceptional item)	149.08	168.22	143.14	166.32
Exceptional item	74.97	-	70.48	-
Gross Profit (before interest, depreciation and tax after exceptional item)	224.05	168.22	213.62	166.32
Less:				
Interest	30.89	37.45	34.12	37.65
Depreciation	42.28	39.45	42.72	39.54
Provision for Current Tax	31.88	19.85	31.88	19.90
Provision for Deferred Tax	9.08	10.32	9.08	10.32
MAT Credit Entitlement Recognised	(2.12)	(3.99)	(2.12)	(3.99)
Loss for the year from Associates	-	-	0.14	0.17
Profit After Tax	**112.04**	**65.15**	**97.94**	**62.73**
Surplus in Profit & Loss Account Brought Forward	231.63	188.28	228.61	187.67
Amount available for appropriation	**343.67**	**253.42**	**326.55**	**250.40**

PERFORMANCE REVIEW

The Financial Year ("FY") 2016-17 was a challenging year on multiple fronts, and your Company has delivered a resilient performance indicating robustness of the business model. The emphasis on quality and sustainability of operations, widening of portfolio of products, active customer engagement, focus on profitable products and a healthy mix of end-user industries and markets served has enabled it to emerge stronger and better positioned to capture the opportunities ahead.

The performance in FY 2016-17 should be viewed in light of the several challenges faced. The wave of regional protectionism has spread across the developed world and has increased the pitch for supporting local production to preserve jobs and has thus impacted growth in export markets. These were coupled with BREXIT and instability in EU region. The lingering effects of the depressed crude oil prices and resultant impact on petrochemical intermediates also continued to exert pressure on growth. Furthermore, re-entry of Iran as a global crude supplier improved the availability of higher grades of crudes thereby impacting demand for fuel additive products. At the same time, prices of commodities were on the wane though they were thought to be reversing.

Apart from these developments, your Company encountered multiple headwinds in the form of temporary closure of one of the three units at its Hyderabad facility due to excessive flooding and the resulting issues related to pollution. The performance was further impacted by an accidental fire that broke out at one of the distillation columns of your Company's manufacturing facility for Fine and Speciality Chemicals intermediates at Roha Industrial Estate in Maharashtra. Both these events impacted the volume off take of key products in the Fine & Speciality Chemicals as well as the Performance Products segments. Apart from these major events, demonetisation also impacted performance of some of your Company's end user industries, which impacted your Company's operations temporarily though it recovered swiftly.

Against this backdrop, your Company has reported a resilient performance in FY 2016-17. Your Company recorded revenues at ₹ 1,221.56 crores in FY 2016-17 compared to ₹ 1,335.73 crores in FY 2015-16 and volumes declined by

4% due to one-time events which impacted the production as well as sales. That said, favorable product mix and aggressive marketing helped your Company to increase volumes towards the end of the year, especially in the established business segments partly offsetting this impact and enabling your Company to effect a turnaround from the impact of one-time events in October and November, 2016.

Further, your Company leveraged its strength to switch to enhance the volumes of value added products to mitigate impact from down-cycle of existing product categories.

Export markets contributed 39% to the total revenues, while contribution from domestic market came in at 61%. Export Revenue stood at ₹ 470.84 crores in FY 2016-17, lower by 10.6% compared to ₹ 525.75 crores last year a result of the multiple headwinds faced by your Company. Active efforts have been made by your Company to deepen its connect with customers in key export markets of Europe, USA and China. Going ahead, your Company will continue to work towards widening and deepening market presence to grow revenues from exports in absolute terms. Once the Phenol project is commissioned, the proportion of exports in overall revenue mix in the consolidated performance will reduce since Phenol and Acetone are meant for domestic consumption, being import substitution products.

Profit Before Tax excluding Exceptional Items stood at ₹ 75.90 crores as compared to ₹ 91.33 crores in FY 2015-16. Apart from the revenue impact due to one time events, your Company incurred certain one-time expenses as well as higher depreciation due to increase in asset base. Profit After Tax excluding Exceptional Items stood at ₹ 53.33 crores in FY 2016-17 compared to ₹ 65.15 crores in FY 2015-16. Earnings Per Share (excluding Exceptional Items) for FY 2016-17 stood at ₹ 4.55 per share (of face value of ₹ 2 each) on an enlarged capital base compared to ₹ 6.07 per share in FY 2015-16.

The road ahead appears encouraging as your Company foresees several opportunities in the Indian chemicals space. Following the unforeseen events, your Company has now restarted all the facilities at Roha except one and is confident of restoring the growth momentum. It is anticipated that all the three SBUs viz. Basic Chemicals, Fine & Speciality Chemicals and Performance Products segment will contribute positively to the performance. Your Company is confident of its prospects as the focus of strategies and efforts of the last few years has been to diversify and strengthen the business model and allow your Company to further elevate the growth trajectory by strengthening all of the growth engines.

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

ISSUE OF SHARES

During FY 2016-17, 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, 1,44,23,076 Equity Shares of ₹ 2/- each were allotted to QIBs on March 7, 2017 at an issue price of ₹ 104.00 per Equity Share (including premium of ₹ 102.00 per Equity Share). The QIP issue proceeds aggregating to ₹ 150.00 crores will be utilised 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 ₹ 23.26 crores in FY 2015-16 to ₹ 26.14 crores in FY 2016-17.

DIVIDEND

Based on your Company's performance, the Board of Directors has recommended payment of dividend of ₹ 1.20 (Rupee One and Paisa Twenty only) per Equity Share for the year ended March 31, 2017 on 13,07,11,266 Equity Shares of ₹ 2/- each, as against ₹ 1.20/- (Rupee One and Paisa Twenty only) per Equity Share in the previous year.

The total sum of the dividend, if approved, including Corporate Dividend Tax, will be ₹ 18.88 crores (previous year ₹ 16.79 crores).

TRANSFER TO RESERVES

Your Company proposes to transfer ₹ 5.00 crores to the General Reserves out of the amount available for appropriation.

UPDATE ON PHENOL AND ACETONE PROJECT

As you may be aware, your Company is implementing a Greenfield project to manufacture Phenol and Acetone at Dahej in the State of Gujarat. This project is being implemented through Deepak Phenolics Limited ('DPL'), a wholly owned subsidiary of your Company. The capacity of the Phenol Plant will be 200,000 MTPA and that of co-product Acetone will be 120,000 MTPA. DPL would also be manufacturing 260,000 MTPA of Cumene, which is a Feedstock for manufacturing Phenol and Acetone. This project is expected to be commissioned in the second half of FY 2017-18 with total capital outlay of around ₹ 1,400 crores, to be funded through a combination of debt and equity.

The project once commissioned is expected to substitute the Phenol imports to India. India currently imports most of its Phenol requirements and the country's current demand will

absorb the entire capacity that DPL plans to install. With an objective of developing working relationships with major clients across India as well as establish strong marketing and distribution channels, DPL has already started seed marketing to understand the market dynamics and the response thus far has been encouraging.

FINANCE

Your Company follows stringent guidelines to efficiently manage its working capital requirements and maintain its debt at a reasonable level. Hence, debt / equity ratio stood at a healthy level of 0.78 times. With expansion also your Company strives to maintain healthy Debt:Equity ratio of not crossing 1.5 times, once the project starts generating revenue.

The overall capital outlay for this project is approximately ₹ 1,400 crores, which is being funded through a combination of Debt and Equity. Your Company has already tied up the entire debt portion of ₹ 840 crores, while the Equity funds are being raised and deployed in a progressive manner, your Company has made significant progress in raising equity for the project as it secured funds to the tune of ₹ 150 crores through phase II of Qualified Institutional Placement (QIP) which was concluded in March 2017. This is in addition to equity funds already raised in Phase I of the QIP and sale of parcel of land in FY 2015-16 and FY 2016-17, respectively.

Interest costs declined during the year due to repayment of debt, better negotiation of funding costs as well as reduction in the general softening of interest rate. Depreciation increased due to regular growth and maintenance Capex. Your Company has an active team to manage its foreign exchange exposures and hence to minimize the risk.

Due to prudent management, your Company has been able to effectively manage its cash flows. There is always an effort to reduce the overall interest costs. Debt : Equity as on March 31, 2017 came down to 0.78 compared to 1.04 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 reaffirmed the short-term rating of [ICRA] A1+ assigned to the Commercial Paper programme.

DIRECTORS

The Board of Directors at their Meeting held on August 4, 2016, elevated Shri Deepak C. Mehta as the Chairman & Managing Director of your Company w.e.f. August 5, 2016 after retirement of Shri C. K. Mehta, from the Directorship of the Company. Shri C. K. Mehta, founder of your Company has been designated as Chairman-Emeritus w.e.f. August 5, 2016.

The Board of Directors at their Meeting held on April 28, 2017, has appointed Shri Sanjay Upadhyay, the Chief Financial Officer of your Company as Additional Director and Whole-time Director, designated as Director-Finance & Chief Financial Officer. He shall continue to be the Chief Financial Officer of your Company.

As required under the provisions of Section 152 of the Companies Act, 2013, Shri Ajay C. Mehta, Managing Director, a Director liable to retire by rotation, will be retiring at the ensuing Annual General Meeting. He is eligible for re-appointment at the ensuing Annual General Meeting and has offered himself for re-appointment.

KEY MANAGERIAL PERSONNEL

Shri Deepak C. Mehta, Chairman & Managing Director, Shri Ajay C. Mehta, Managing Director, Shri Umesh Asaikar, Executive Director & CEO, Shri Sanjay Upadhyay, Director – Finance & CFO, Shri Maulik Mehta, Whole-Time Director and Shri Arvind Bajpai, Company Secretary are the Key Managerial Personnel of your Company.

MEETINGS OF THE BOARD

During FY 2016-17, five (5) Board Meetings were held. The details of the Board Meetings with regard to their dates and attendance of each of the Directors there at 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 the 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 your Company's long term strategic issues.
- Addressing the most relevant issues for your Company.
- Discussing and endorsing your 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 entirely of 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.

REPORTING OF FRAUD BY AUDITORS

There is no instance of fraud reported by the Auditors during the FY 2016-17.

SECRETARIAL AUDITOR'S REPORT

The Secretarial Audit Report of M/s. KANJ & Associates, Company Secretaries, Pune for the Financial Year ended March 31, 2017 does not contain any qualification, reservation, adverse remark or disclaimer by the Secretarial Auditors. However, the comments of the Secretarial Auditor in their Report has been noted and necessary steps are being taken in this regard. 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 your 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 the ensuing Annual General Meeting of the Company.

The Board of Directors of your Company, on the basis of recommendation of the Audit Committee, has recommended the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (FRN:117366W/W-100018), as the Statutory Auditors of the Company for a term of five years from conclusion of the 46th Annual General Meeting of the Company upto the conclusion of the 51st Annual General Meeting of the Company. M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (FRN:117366W/W-100018) have submitted a certificate to your Company stating that their appointment, if made, shall be within the limits prescribed under the Companies Act, 2013 and that they satisfy the criteria prescribed under Section 141 of the Companies Act, 2013.

(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, 2017 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 2017-18.

(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 2017-18 at a remuneration of ₹ 6,50,000/- (Rupees Six Lakhs 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. Sharp & Tannan Associates, Chartered Accountants, as Internal Auditors of your Company to conduct Internal Audit for FY 2017-18.

FIXED DEPOSITS

During FY 2016-17, your Company has not accepted or renewed any Fixed Deposits.

As on March 31, 2017, 39 warrants aggregating to ₹ 7,83,507 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, 2017.

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, 2017 were at arm's length basis. 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 by Rule 8(1) of the Companies (Accounts) Rules, 2014, the Board's Report has been prepared on a Standalone basis. Further, during the FY 2016-17, no Company has become or ceased to be subsidiary, joint venture or associate of your Company.

Your Company has the following subsidiaries and associate:

(a) Deepak Phenolics Limited

Your Company's Phenol and Acetone Project is being undertaken through Deepak Phenolics Limited ('DPL'), a wholly owned subsidiary. The said Project is at the construction stage and commercial production has not started yet. DPL has started seed marketing of Phenol in India. However, as these activities are at an early stage, there is no information to provide on the highlights of its performance and its contribution to the overall performance of the Company during the period under report.

(b) Deepak Nitrite Corporation Inc. (USA)

Deepak Nitrite Corporation Inc. ('DNC') is a wholly owned subsidiary company formed in the United States of America to cater to the marketing requirements of your Company in the North and South American region. DNC actively does market research and scouts for market and potential customers for your Company's products in the North and South American region. DNC contributes in enhancing Company's exports in the said region and overall profitability of your Company.

(c) Deepak Gulf LLC

Deepak Gulf LLC is an associate company where your Company has 49% shareholding. As Deepak Gulf LLC has not commenced any commercial activity yet, there is no information to provide on the highlights of its performance and its contribution in overall performance of your Company during the period under report.

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, 2017. 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 your Company at the end of the Financial Year and of the profit of your 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 your 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 your 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 a Company Secretary in Practice, confirming compliance of the conditions of Corporate Governance and a Management Discussion and Analysis Report are attached, which form part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) activities of your Company are being implemented through Deepak Foundation, the group's charitable trust encompassing social interventions in various developmental domains such as Health, Education, Livelihood, etc.

During FY 2016-17, your Company has spent ₹ 205.00 Lakhs on CSR activities, against the requirement of ₹ 166.00 Lakhs, being 2% of average of the net profits for the preceding three years.

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 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, forms part of this Report and annexed as Annexure - D.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) and Rule 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 the 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.

SIGNIFICANT OR MATERIAL ORDERS PASSED AGAINST THE COMPANY

Pursuant to the requirement of Section 134(3)(q) of the Companies Act, 2013 read with Rule 8(5)(vii) of the Companies (Accounts) Rules, 2014, it is confirmed that during the Financial Year under review, there are no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and your Company's operations in future.

INTERNAL CONTROL SYSTEMS

Your Company has in place adequate internal control systems, including Internal Financial Controls. The Internal Control System is exercised through documented policies, guidelines and procedures 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 Auditor carries out extensive audits throughout the year across all locations and across all functional areas. The audit observations and corrective actions 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 is an integral part of any business and therefore, Risk Management is an important function that the business management has to perform to ensure sustainable business growth.

Your Directors have adopted a Risk Management Framework. The Framework operates for timely identification of the elements of risks in your Company's business, their assessment, monitoring and the mitigation strategy. The Risk Management Committee constituted by the Board of Directors oversees the risk assessment and mitigation processes regularly. The composition of the 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

Your Company focuses on protecting the interests of the environment, safeguarding the health and safety of employees and ensuring the sustainability of the business in line with your Company's objectives, policies, and the requirements of applicable laws and regulations.

Your Company believes that a safety culture is central to taking safety to higher levels and its top management continuously works towards establishing, sustaining and improving the safety culture.

Your Company has implemented Process Safety Management (PSM) at Nandesari and other locations. As a part of PSM initiative, your Company has carried out Safety Integrity Level (SIL) based HAZOP studies and Layer of Protection Analysis (LOPA) study for existing and new processes and products. The outcomes of these studies are being used to enhance Process Automation in all the Units, which will in turn improve process safety at the sites. These efforts have been recognised in different forums including "Best Compliant Company" under the Process Safety Code by the Indian Chemical Council (ICC).

Your Company has accepted and implemented the principles of Together for Sustainability (TfS) and has fetched the prestigious 75% score in Together for Sustainability (TfS) Audit by Intertek.

Your Company is signatory to 'Responsible Care' initiatives and holds Responsible Care logo. The ICC audit team, carried out Responsible Care Surveillance Audit and has allowed your Company to use the logo for an extended period of three years.

Your Company has upgraded the Quality, Environment & Occupational Health & Safety Management Systems as per revised standards for ISO 9001, ISO 14001 & OHSAS 18001, at all manufacturing plants and corporate office.

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 has dedicated team at each Plant which continuously monitors performance to ensure adherence to global regulations. It 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 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.

Your Company 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, Hazard & Operability Study (HAZOP) 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 minimize 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 eco-friendly initiatives. This has made your Company a safe and healthy place to work.

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 compliance with all checks and measures for a safe and secured delivery.

AWARDS & ACCOLADS

Your Company was conferred with Corporate Social Responsibility Award 2015-16 in the category of Women Empowerment Private Sector Companies with turnover between ₹ 201 Crores - ₹ 3000 Crores by FICCI. Further, the Comprehensive Emergency Obstetric & Newborn Care (CEmONC) implemented in partnership with Govt. of Gujarat by Deepak Foundation under the CSR activities of your Company has been awarded as the Best CSR project by Gujarat CSR authority for cohesive and strategic partnerships.

HUMAN RESOURCES

Your Company's Human Resource philosophy is to establish and build a high performing organization responding to the ever-changing business environment, where each and every employee is motivated to perform to the fullest capacity; to contribute to developing and achieving individual excellence and organizational objectives and thereby contributing continuously to improved performance and to realize the full potentials of its personnel. Your Company has undertaken inter alia an exercise of identifying Organizational Competencies and all the Senior Management employees have gone through Assessment Centres with a view to developing the requisite Competencies for performing their roles with greater effectiveness. During the year under review, your Company's industrial relations at all manufacturing and other locations have remained healthy, cordial and amicable. All these efforts are concentrated on attracting and retaining the best talent in the industry as people are at the centre 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 Complaints Committee has been set up to redress the complaints received regarding sexual harassment at workplace. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No compliant was received from any employee during FY 2016-17 and hence no complaint is outstanding as on March 31, 2017 for redressal.

ACKNOWLEGDEMENT

Your Directors wish to place on record their appreciation to the Investors, Bankers, Customers, Business Associates, all Regulatory and Govt. authorities for their continued support, encouragement and confidence reposed in your Company's management.

Your Directors also convey their appreciation to the employees at all levels for their dedicated services, efforts and collective contribution towards growth of your Company.

For and on behalf of the Board

Place: Mumbai
Date: April 28, 2017

DEEPAK C. MEHTA
Chairman & Managing Director

ANNEXURE - A

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Deepak Nitrite Limited,
9/10, Kunj Society, Alkapuri,
Vadodara 390007,
Gujarat.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, it's officers, agents and 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, 2017, 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, 2017 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 there under;

(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) 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) Listing Agreements and Securities And Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015 entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has generally complied with the provisions of above mentioned Acts, Rules, Regulations, Guidelines, Standards, etc., The Company has convened three board meetings and one Audit Committee Meeting by Video Conferencing as provided in the Companies Act, 2013. Considering the procedures as prescribed under Companies (Meetings of Board and Its powers) Rules, 2013 for conducting of such meetings by Video Conferencing, the Company has to strengthen the necessary processes and procedures for conducting the meetings by Video Conferencing.

We further report that:

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

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

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with above referred applicable laws, rules, regulations and guidelines. The Company has developed internal "Code of Conduct for regulating, monitoring and reporting of trading by insiders"(Code of Conduct)" as per Securities And Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Company needs to strengthen the internal processes and procedures for the said code of conduct.

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

- The Company has allotted 1,44,23,076 Equity Share of ₹ 2/- each at a premium of ₹ 102/- through Qualified Institutional Placement on March 7, 2017.
- The Company has received an order from Telangana State Pollution Control Board ("TSPCB") for closure of one of its three units situated at Hyderabad ('closure order'). After reviewing the compliance status of the closure order, the said closure order was temporarily revoked by TSPCB up to January 31, 2017. Further, after reviewing the status of various actions taken by the Company in accordance with the conditions specified in the temporary revocation, TSPCB issued permanent revocation of the closure order to the Company.
- An incident of a fire broke out at one of the distillation columns of the Company's manufacturing facilities situated at Roha, Maharashtra on October 21, 2016. The fire was brought under control promptly and there were no casualties. The incident resulted into temporary stoppage of production of one of the intermediates. As a safety precaution, manufacturing in all the other plants at Roha unit were temporarily stopped. Out of the four facilities at this unit, three have resumed operations in a phased manner.
- The Company has appointed new Registrar and Transfer Agent, Link-In Time India Private Limited.
- Board of Directors has approved further Investment in Deepak Phenolics Limited, a Wholly Owned Subsidiary of the Company up to ₹ 240 crores.
- The Company has appointed Shri Chimanlal Mehta as Chairman-Emeritus of the Company w.e.f August 5, 2016 after his retirement as Director and appointed Shri Deepak Mehta as Chairman and Managing Director of the Company w.e.f August 5, 2016.

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

Place: Pune
Date: April 27, 2017

To,
The Members,
Deepak Nitrite Limited,
9/10, Kunj Society, Alkapuri,
Vadodara 390007,
Gujarat.

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

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

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

Place: Pune
Date: April 27, 2017

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, Home Health Aid Course and DOHC, in the field of healthcare. The details of these programs undertaken by the Company during the Financial Year 2016-17 are provided in a separate section on CSR in the Annual 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 Deepak C. Mehta and Shri Umesh Asaikar as Members.

3. Average Net Profit of the Company for the last three financial years: ₹ 8,289.48 Lakhs.

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 165.79 Lakhs.

5. Details of CSR Spent during the Financial Year:

   (a) Total amount to be spent for the financial year: ₹ 165.79 Lakhs

   (b) Amount unspent, if any: NIL

   (c) Manner in which the amount was spent during the Financial Year is detailed below:

(₹ in Lakhs)

(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 [1]**	**Amount Spent: Direct or through implementing agency**
1	CEmONC[2]	Health Care	Jabugam Dist.: Vadodara State: Gujarat	26.00	28.97 0.83	52.55 (23.35)	Implementing Agency
2	Construction of Farm Pond	Conservation of natural resource	Roha Dist. Raigad State: Maharashtra	-	5.77 0.00	9.27 (3.50)	Implementing Agency
3	Mobile Health Unit	Health Care	Dahej Dist.: Bharuch State: Gujarat	29.50	23.89 1.97	75.53 (49.67)	Implementing Agency
4	Help Desk Project	Health Care	Vadodara Dist.: Vadodara State: Gujarat	7.50	12.42 1.40	21.57 (7.75)	Implementing Agency

(₹ in Lakhs)

(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 [1]	Amount Spent: Direct or through implementing agency
5	Mobile Health Unit	Health Care	Roha Dist. Raigad State: Maharashtra	25.00	18.83 1.52	28.81 (8.46)	Implementing Agency
6	ICDS[3]	Health Care	Nandesari Dist.: Vadodara State: Gujarat	32.50	28.45 2.21	55.33 (24.67)	Implementing
7	DOHC[4]	Health Care	Nandesari Dist.: Vadodara State: Gujarat	19.07	17.96 1.11	57.50 (38.43)	Implementing Agency
8	Home Health Aid Course	Skill Development/ Education	Vadodara Dist.: Vadodara State: Gujarat Hyderabad Dist.: Hyderabad State: Telangana	23.56	25.11 1.00	44.07 (17.96)	Implementing Agency
9	Mobile Library	Skill Development /Education	Roha Dist. Raigad State: Maharashtra	14.65	10.06 0.89	13.12 (2.17)	Implementing Agency
10	Setting up a De-addiction and counseling center	Health Care	Hyderabad Dist.: Hyderabad State: Telangana	12.70	12.08 0.79	12.87	Implementing Agency
11	Management Cost	-	NA	9.52	9.74	22.11 (12.37)	Implementing Agency
	TOTAL			**200.00**	**205.00**		

[1] *Figures in brackets are of Previous Year.*

[2] *Comprehensive Emergency Obstetric Newborn Care Unit.*

[3] *Integrated Child Development Services*

[4] *Deepak Occupational Health Center*

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.

DEEPAK C. MEHTA
Chairman & Managing Director

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 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 persons, 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 thereunder and clause 49 of the Listing Agreement including, *inter-alia*, principles pertaining to determining qualifications, positives attributes, integrity and independence.

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

3. EFFECTIVE DATE

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

4. DEFINITIONS

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

(i) **"Act"** means The Companies Act, 2013 and rules made thereunder.

(ii) **"Board of Directors"** or **"Board"** means the Board of Directors of the Company.

(iii) **"Committee"** means Nomination and Remuneration Committee of Board of Directors of

the Company, constituted in accordance with the provisions of Section 178 of the Act and the Listing Agreement.

(iv) **"Company"** means "Deepak Nitrite Limited."

(v) **"Director"** shall mean a member of the Board of Directors of the Company appointed from time to time in accordance with the Articles of Association of the Company and provisions of the Act.

(vi) **"Employees' Stock Option"** means the option given to the Directors, other than Independent Directors, officers or employees of a Company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

(vii) **"Executive Director"** shall mean a Director who is in the whole-time employment of the Company other than Managing Director.

(viii) **"Financial Year"** shall mean the period ending on the 31st day of March every year.

(ix) **"Independent Director"** shall mean a Director referred to in Section 149 (6) of the Act read with Clause 49 of the Listing Agreement.

(x) **"Key Managerial Personnel"** or **"KMP"** shall have the meaning ascribed to it in the Act.

(xi) **"Listing Agreement"** shall mean the Listing Agreement entered into by the Company with the Stock Exchanges where the shares / securities of the Company are listed.

(xii) **"Managing Director"** means a Director who, by virtue of the Articles of Association of the Company or an agreement with the Company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a Director occupying the position of Managing Director, by whatever name called.

(xiii) **"Policy"** or **"this Policy"** means, "Nomination and Remuneration Policy."

(xiv) **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

(xv) **"Senior Management"** means personnel of the Company who are members of its core management team excluding the 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:

(i) 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.

(ii) 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.

(iii) Formulating the criteria for evaluation of Independent Directors and the Board.

(iv) Devising a policy on Board diversity.

(v) Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors.

(vi) 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.

(vii) While approving the remuneration, the Committee shall take into account financial position of the Company, trends in the industry, qualifications, experience and past performance of the appointee.

(viii) any other role as may be specified by the Board.

6.2. Composition of the Committee

(i) 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.

(ii) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and/or the Listing Agreement.

(iii) Membership of the Committee shall be disclosed in the Annual Report.

(iv) Term of the Committee shall continue unless terminated by the Board of Directors.

6.3. Chairman of the Committee

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

(ii) Chairman of the Company (whether Executive or non-Executive) may be appointed as a member of the Committee but shall not Chair the Committee.

(iii) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

(iv) 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

(i) 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.

(ii) 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

(i) 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.

(ii) 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

(i) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP or Senior Management employee.

(ii) 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.

(iii) 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.

(iv) The appointment as recommended by the Committee to the Board shall be subject to the approval of the Board.

7.1. Criteria for appointment of Independent Director:

(i) 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.

(ii) The Independent Director shall fulfill the qualification and requirements specified under the Act and Listing Agreement.

(iii) 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.

7.2. Criteria for appointment of Managing Director / Executive Director:

(i) The Company can have more than one Managing Director or Executive Director.

(ii) 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.

(iii) 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.

(iv) He shall fulfill the conditions as specified in Part I of Schedule V of the Act. However, in case the conditions specified in Part I of Schedule V of the Act are not fulfilled, such appointments shall be subject to the approval of the Central Government.

7.3. Criteria for appointment of KMPs:

(i) 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.

(ii) The Company may also appoint a Chief Executive Officer (CEO) who may or may not be a Director. The qualifications, 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.

(iii) 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 hold an equivalent qualification and have relevant work experience. He shall be well versed in 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.

(iv) 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.

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

7.4. Criteria for appointment of Senior Management employees:

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

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

(iii) Senior Management employees shall adhere to the Code of Conduct stipulated for the Senior Management.

7.5. Term / Tenure

(i) **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.

(ii) **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.

7.6. Familiarization Programme for Independent Directors

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

7.7. Evaluation

(i) 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.

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

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

(iv) 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.

(v) 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.

(vi) 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.

7.8. 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.

7.9. 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:

(i) 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.

(ii) 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.

(iii) The Managing Director shall be entitled to the following perquisites / allowances:

(a) 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.

(b) Re-imbursement of gas, electricity, water charges and furnishings.

(c) Re-imbursement of medical expenses incurred for self and members of his family, as per rules of the Company.

(d) Leave travel concession for self and members of his family, as per rules of the Company.

(e) Fees of clubs subject to maximum of two clubs.

(f) Medical insurance, as per rules of the Company.

(g) Personal Accident Insurance, as per rules of the Company.

(h) Provision of car and telephone at residence.

(i) Company's contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave, as per rules of the Company.

(j) Retirement and other benefits, as per rules of the Company.

(iv) 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.

(v) 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.

(vi) 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:

(i) Fixed Pay

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

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

i. Re-imbursement of medical expenses incurred for self and members of his family, as per policy of the Company.

ii. Leave travel concession for self and members of his family, as per policy of the Company.

iii. Medical and other insurances, as per policy of the Company.

iv. Company Car with Driver.

v. Company's contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave, as per the policy of the Company.

vi. Retirement and other benefits, as per policy of the Company.

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

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

(ii) 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.

(iii) Loyalty Bonus

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

(iv) 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.

(v) 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:

(i) 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.

(ii) 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.

(iii) 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:

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

(ii) 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.

(iii) 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 authorised by the Committee.

(iv) Fixed Pay

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

(v) 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.

(vi) 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

(i) The Loans, advances 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.

(ii) Advances to the employees for the purpose of performance of other 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

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

(ii) 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, such amendment(s), clarification(s), circular(s) etc. shall prevail over 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: April 28, 2017

DEEPAK C. MEHTA
Chairman & Managing Director

ANNEXURE - D

Form No. MGT - 9

EXTRACT OF ANNUAL RETURN

(As on March 31, 2017)

[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:	Link Intime India Pvt. Ltd. 101, 247 Park, L. B. S. Marg, Vikhroli (W), Mumbai - 400078. Tel: 022 - 2594 6970 Toll free number: 1800 2208 78 Email: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

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

Sr. No.	Name and Description of main Products/ Services	NIC Code of the Product/Service	% to total turnover of the Company
1.	Sodium Nitrite	24121	17%
2.	2 Ethyl Hexyl Nitrate	24121	11%
3.	Methoxylamine Hydrochloride	24121	11%
4.	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 -390007	U24100GJ2011PLC064669	Subsidiary	100%	2(87)(ii)
2.	Deepak Nitrite Corporation Inc. 10801, Johnston Road, Suit 204, Charlotte, NC 28226, USA	NA	Subsidiary	100%	2(87)(ii)
3.	Deepak Gulf LLC P.O. Box, 128, Wadi Kabir, PC 117, Sultanate of Oman	NA	Associate	49%	2(6)

IV. SHAREHOLDING PATTERN (Equity share Capital Break up as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters[1] Indian									
Individuals/ H.U.F	22571070	-	22571070	19.41	22867361	-	22867361	17.49	-1.92
Central/State Government(s)									
Bodies Corporate	37653000	-	37653000	32.38	37945000	-	37945000	29.03	-3.35
Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
Any Other (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**60224070**	**-**	**60224070**	**51.79**	**60812361**	**-**	**60812361**	**46.52**	**-5.27**
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)	**60224070**	**-**	**60224070**	**51.79**	**60812361**	**-**	**60812361**	**46.52**	**-5.27**
B. Public Shareholding	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Mutual Fund/UTI	6433940	18000	6451940	5.55	14339243	18000	14357243	10.98	5.43
Financial Institutions/Banks	12349	1100	13449	0.01	785824	1100	786924	0.60	0.59
Central/State Government(s)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Venture Capital Funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Insurance Companies	640000	-	640000	0.55	0	-	0	0.00	-0.55
Foreign Institutional Investors[2]	8200000	-	8200000	7.05	18840153	-	18840153	14.41	7.36
Foreign Venture Cap. Inv	-	-	-	-	-	-	-	-	-
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any Other (specify) Foreign Bank	-	-	-	-	1350	0	1350	0.00	0.00
Sub-Total (B)(1)	**15286289**	**19100**	**15305389**	**13.16**	**33966570**	**19100**	**33985670**	**26.00**	**12.84**
Non Institutions									
Bodies Corporate	13639514	154990	13794504	11.86	13023178	0	13023178	9.96	-1.90
Individuals									
i) Holding nominal share capital upto ₹ 1 lakhs	18704644	168770	20391414	17.54	15429382	1577950	17007332	13.01	-4.53
ii) Holding nominal share capital in excess of ₹ 1 lakhs	5691339	108170	5799509	4.99	4022767	251140	4273907	3.27	-1.72
Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Any Other(specify)	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Individual NRI- Rep.- Non Rep.	761754	6050	767804	0.66	403444	6050	409494	0.31	-0.35
Trust	5500	-	5500	0.00	4225	-	4225	0.00	0.00
Hindu Undivided Family	-	-	-	-	949713	-	949713	0.73	0.73
Clearing Member	-	-	-	-	245386	-	245386	0.19	0.19
Sub-Total (B)(2)	**38802751**	**1955980**	**40758731**	**35.05**	**34078095**	**1835140**	**35913235**	**27.48**	**-7.57**
Total Public shareholding (B)=(B)(1)+(B)(2)	54089040	1975080	56064120	48.21	68044665	1854240	69898905	53.48	5.27
TOTAL (A)+(B)	**114313110**	**1975080**	**116288190**	**100.00**	**128857026**	**1854240**	**130711266**	**100.00**	**0.00**
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	**114313110**	**1975080**	**116288190**	**100.00**	**128857026**	**1854240**	**130711266**	**100.00**	**0.00**

[1] *Includes shareholding of promoter group.*

[2] *Foreign Portfolio Investors (FPI).*

(ii) Shareholding of Promoters

A. Details of Shareholding of Promoters and Promoter 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	-	-
2.	Deepak C. Mehta	20940040	18.01	-	21236331	16.25	-	-1.76
3.	Ajay C. Mehta	-	-	-	-	-	-	-
4.	Stiffen Credits And Capital Pvt Ltd	8379940	7.21	-	8379940	6.41	-	-
5.	Checkpoint Credit And Capital Pvt Ltd	7206050	6.20	-	7206050	5.51	-	-
6.	Stepup Credits And Capital Pvt Ltd	6915580	5.95	-	6915580	5.29	-	-
7.	Stigma Credits And Capital P Ltd	6178100	5.31	-	6178100	4.73	-	-
8.	Skyrose Finvest Pvt Ltd	3691250	3.17	-	3691250	2.82	-	-
9.	Pranawa Leafin Pvt Ltd	2190000	1.88	-	2246000	1.72	-	0.16
10.	Forex Leafin Pvt. Ltd.	2169780	1.87	-	2169780	1.66	-	-
11.	Kantaben Chimanlal Mehta	970000	0.83	-	970000	0.74	-	-
12.	Sundown Finvest Pvt Ltd	812300	0.70	-	812300	0.62	-	-
13.	Ila Deepak Mehta	396010	0.34	-	396010	0.30	-	-
14.	Maulik Deepak Mehta	131300	0.11	-	131300	0.10	-	-
15.	Meghav Deepak Mehta	47290	0.04	-	47290	0.04	-	-
16.	Hardik Leafin Pvt Ltd	110000	0.09	-	346000	0.26	-	0.17

** Include 8040 shares held as the Karta of HUF.*

(iii) Change in Promoter's Shareholding

Sr. No.	Name & reason of increase/decrease	Shareholding at the beginning of the Financial Year – 2016-17		Transactions during the year		Cumulative shareholding at the end of the Financial Year – 2016-17	
		No. of shares held	% of total shares of the Company	Date	Increase / (decrease)	No of shares held	% of total shares of the Company
1.	Deepak Chimanlal Mehta	20940040	18.01	-	-	20940040	18.01
	Market Purchase	-	-	20-03-2017	101399	21041439	16.10
	Market Purchase	-	-	21-03-2017	194892	21236331	16.25
	At the end of the Financial Year	-	-	-	-	21236331	16.25
2.	Pranawa Leafin Pvt Ltd	2190000	1.88	-	-	2190000	1.68
	Market Purchase	-	-	22-03-2017	56000	2246000	1.72
	At the end of the Financial Year	-	-	-	-	2246000	1.72
3.	Hardik Leafin Pvt Ltd	110000	0.09	-	-	110000	0.09
	Market Purchase	-	-	14-06-2016	190000	300000	0.26
	Market Purchase	-	-	22-03-2017	46000	346000	0.26
	At the end of the Financial Year	-	-	-	-	346000	0.26

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

Sr. No.	Name & reason of increase/decrease	Shareholding at the beginning of the Financial Year – 2016-17		Transactions during the year		Cumulative shareholding at the end of the Financial Year – 2016-17	
		No. of shares held	% of total shares of the Company	Date	Increase / (decrease)	No of shares held	% of total shares of the Company
1.	Franklin India Smaller Companies Fund	6100000	5.25	-	-	6100000	5.25
	Market Purchase	-	-	16-05-2016 to 20-05-2016	313886	6413886	5.52
	Market Purchase	-	-	06-06-2016 to 10-06-2016	100000	6513886	5.60
	Market Purchase	-	-	13-06-2016 to 17-06-2016	508536	7022422	6.04
	Market Purchase	-	-	27-06-2016 to 30-06-2016	66567	7088989	6.10
	Market Sale	-	-	12-09-2016 to 16-09-2016	(30111)	7058878	6.07
	Market Sale	-	-	03-10-2016 to 07-10-2016	(19889)	7038989	6.05
	Market Purchase	-	-	21-11-2016 to 25-11-2016	160506	7199495	6.19
	At the end of the Financial Year	-	-	-	-	7199495	5.51
2.	Reliance Capital Trustee Co. Ltd	-	-	-	-	-	-
	Market Purchase	-	-	19-12-2016 to 23-12-2016	778000	778000	0.67
	Market Purchase	-	-	26-12-2016 to 30-12-2016	3573572	4351572	3.74
	Market Sale	-	-	16-01-2017 to 20-01-2017	(11700)	4339872	3.73
	Allotment pursuant to QIP	-	-	07-03-2017	2788461	7128333	5.45
	At the end of the Financial Year	-	-	-	-	7128333	5.45
3.	ICICI Lombard General Insurance Company Ltd	3200000	2.75	-	-	3200000	2.75
	Market Purchase	-	-	16-05-2016 to 20-05-2016	40249	3240249	2.79
	Allotment pursuant to QIP	-	-	07-03-2017	1442310	4682559	3.58
	At the end of the Financial Year	-	-	-	-	4682559	3.58
4.	DCS Infotech Pvt Ltd	4998720	4.30	-	-	4998720	4.30
	Market Sale	-	-	13-03-2017 to 17-03-2017	(128523)	4870197	3.73
	Market Sale	-	-	20-03-2017 to 24-03-2017	(221477)	4648720	3.56
	At the end of the Financial Year	-	-	-	-	4648720	3.56
5.	Fidelity Puritan Trust-Fidelity Low-Priced Stock Fund	5000000	4.30	-	-	5000000	4.30
	Market Sale	-	-	24-10-2016 to 28-10-2016	(194000)	4806000	4.13
	Market Sale	-	-	31-10-2016 to 04-11-2016	(50600)	4755400	4.09
	Market Sale	-	-	07-11-2016 to 11-11-2016	(69169)	4686231	4.03
	Market Sale	-	-	14-11-2016 to 18-11-2016	(186231)	4500000	3.87
	Market Sale	-	-	06-02-2017 to 10-02-2017	(19869)	4480131	3.85
	Market Sale	-	-	13-02-2017 to 17-02-2017	(43889)	4436242	3.81
	Market Sale	-	-	20-02-2017 to 24-02-2017	(73796)	4362446	3.75
	Market Sale	-	-	27-02-2017 to 03-03-2017	(112446)	4250000	3.65
	Market Sale	-	-	20-03-2017 to 24-03-2017	(68546)	4181454	3.20
	Market Sale	-	-	27-03-2017 to 31-03-2017	(81454)	4100000	3.14

Sr. No.	Name & reason of increase/decrease	Shareholding at the beginning of the Financial Year – 2016-17		Transactions during the year		Cumulative shareholding at the end of the Financial Year – 2016-17	
		No. of shares held	% of total shares of the Company	Date	Increase / (decrease)	No of shares held	% of total shares of the Company
	At the end of the Financial Year	-	-	-	-	4100000	3.14
6.	Government Pension Fund Global	3200000	2.75	-	-	3200000	2.75
	At the end of the Financial Year	-	-	-	-	3200000	2.45
7.	L and T Mutual Fund Trustee Ltd	-	-	-	-	-	-
	Allotment pursuant to QIP	-	-	07-03-2017	2837685	2837685	2.17
	Market Purchase	-	-	20-03-2017 to 24-03-2017	26090	2863775	2.19
	Market Purchase	-	-	27-03-2017 to 31-03-2017	61894	2925669	2.24
	At the end of the year	-	-	-	-	2925669	2.24
8.	IDFC Mutual Fund	-	-	-	-	-	-
	Allotment pursuant to QIP	-	-	07-03-2017	2788461	2788461	2.13
	At the end of the Financial Year	-	-	-	-	2788461	2.13
9.	Birla Sun Life Trustee Company Private Limited A	-	-	-	-	-	-
	Allotment pursuant to QIP	-	-	07-03-2017	2254682	2254682	1.72
	Market Purchase	-	-	13-03-2017 to 17-03-2017	100	2254782	1.73
	Market Purchase	-	-	27-03-2017 to 31-03-2017	59800	2314582	1.77
	At the end of the year	-	-	-	-	2314582	1.77
10.	Birla Sun Life Insurance Company Limited	-	-	-	-	-	-
	Allotment pursuant to QIP	-	-	07-03-2017	1502407	1502407	1.15
	Market Purchase	-	-	13-03-2017 to 17-03-2017	147000	1649407	1.26
	At the end of the Financial Year	-	-	-	-	1653527	1.27

(v) Shareholding of Directors and Key Managerial Personnel:

None of the Directors or KMP, except Shri Deepak C. Mehta and Shri Maulik D. Mehta (covered under points (ii) above), hold any Shares of the Company and except as disclosed in point (iii) above, there has not 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 Lakhs)

Indebtedness at the beginning of the Financial Year 2016-17	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
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**	**5612**	**-**	**49,687**
Change in Indebtedness during the Financial Year 2016-17				
· Addition	9,460	11,754	-	21,214
· Reduction	13,342	-	-	13,342
Net Change	**(3,882)**	**11,754**	-	**7,872**
Indebtedness at the end of the Financial Year 2016-17				
i) Principal Amount	40,029	17,362	-	57,392
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	127	39	-	166
Total (i+ii+iii)	**40,156**	**17,401**	**-**	**57,558**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Shri Deepak C. Mehta	Shri Ajay C. Mehta	Shri Umesh Asaikar	Shri Maulik D. Mehta	
1.	**Gross Salary** (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	256.39	49.19	344.40	67.18	**717.16**
	(b) Value of Perquisites u/s 17(2) Income Tax Act, 1961	49.72	22.98	43.42	8.17	**124.29**
	(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	26.00	26.00	-	-	**52.00**
	- others	-	-	-	-	**-**
5.	Others, please specify	-	-	-	-	**-**
	Total (A)	**332.11**	**98.17**	**387.82**	**75.35**	**893.45**
	Ceiling as per the Act ₹ 940.59 Lakhs					

B. Remuneration to other Directors:

(₹ In Lakhs)

Particulars of Remuneration	Name of Directors								Total Amount
		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	0.60	1.20	3.15	3.00	0.90	3.90	1.95	1.20	**15.90**
Commission	1.00	4.00	6.00	6.00	5.00	6.00	3.50	2.50	**34.00**
Total (B)	**1.60**	**5.20**	**9.15**	**9.00**	**5.90**	**9.90**	**5.45**	**3.70**	**49.90**
Ceiling as per the Act ₹ 940.59 Lakhs									
Total Managerial Remuneration ₹ 927.45 Lakhs									
Overall Ceiling as per the Act ₹ 940.59 Lakhs									

**Retired from Directorship of the Company w.e.f. August 5, 2016.*

Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration			
		Company Secretary	CFO	Total
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	33.60	162.36	**195.96**
	(b) Value of Perquisites u/s 17(2) Income Tax Act, 1961	0.32	0.45	**0.77**
	(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	**33.92**	**162.81**	**196.73**

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

For and on behalf of the Board

Place: Mumbai
Date: April 28, 2017

DEEPAK C. MEHTA
Chairman & Managing Director

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:

1. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year ended March 31, 2017 and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the Financial Year ended March 31, 2017:

Name of the Director / KMP	Remuneration (₹ in Lakhs)	% increase in Remuneration in the F.Y. 2016-17	Ratio to median remuneration
Shri C. K. Mehta[1] Chairman Emeritus	1.60	-64.44	0.40
Shri Deepak C. Mehta, Chairman & Managing Director	332.11	-3.14	82.00
Shri Ajay C. Mehta, Managing Director	98.17	-70.83	24.24
Shri Maulik Mehta[2] Whole-time Director	75.35	NA	18.60
Shri Nimesh Kampani Independent Director	5.20	-7.14	1.28
Shri Sudhin Choksey Independent Director	9.15	9.58	2.26
Shri Sudhir Mankad Independent Director	9.00	4.05	2.22
Dr. Richard H. Rupp Independent Director	5.90	156.52	1.46
Shri S. K. Anand Independent Director	9.90	7.03	2.44
Dr. S. Sivaram Independent Director	5.45	21.11	1.35
Prof. Indira Parikh Independent Director	3.70	15.63	0.91
Shri Umesh Asaikar Executive Director	387.82	5.51	95.76
Shri Sanjay Upadhyay Director-Finance[3] & Chief Financial Officer	162.81	11.55	NA
Shri Arvind Bajpai Company Secretary	33.92	18.35	NA

[1]*Retired from Directorship of the Company w.e.f. August 5, 2016.*

[2]*Appointed as Whole-time Director of the Company w.e.f. May 9, 2016.*

[3]*Appointed as Director-Finance and Chief Finance Officer of the Company w.e.f. April 28, 2017.*

1. During the Financial Year 2016-17, there was an increase of 11 % in the median remuneration of employees.
2. There were 1317 permanent employees on the rolls of the Company as on March 31, 2017.
3. Average Percentile increase already made in the salaries of employees other than Managerial Personnel in the last financial year was 11 % and average percentile decrease in remuneration of Managerial Personnel was 22.82 %.

   There was an average decrease of 22.82% in the Managerial Remuneration for the Financial Year 2016-17 as compared to Financial Year 2015-16. Therefore, there is no justification and information, regarding exceptional circumstances for increase in Managerial Remuneration, to be disclosed.
4. 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, 2017.

(a) Details of Top ten employees in terms of gross remuneration paid during the year ended March 31, 2017:

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
1.	Deepak C. Mehta	Chairman & Managing Director	3,32,10,801	Permanent	B.Sc.	39 Years	June 14, 1978	61	Industrialist	16.25
2.	Umesh M. Asaikar	Chief Executive Officer	3,87,82,123	Permanent	B.Tech., MMS, AICWA	38 Years	September 1, 2008	62	Defiance Knitting Industries Ltd	NIL
3.	Sanjay Upadhyay	Director-Finance* & Chief Financial Officer	1,62,80,961	Permanent	M.Com., AICWA, FCS, AMP (Wharton USA)	35 Years	April 1, 1994	56	Bhor Industries Ltd.	NIL
4.	Ajay C. Mehta	Managing Director	98,17,356	Permanent	B.Sc.(Hons.), M.S. Chem. Engg.	33 Years	September 12, 1984	58	Deepak Fertilizers and Petrochemicals Corporation Ltd	NIL
5.	Maulik D. Mehta	Whole-time Director	84,02,337	Permanent	MBA	6 Years	August 6, 2011	34	Rotaract Club of Pune	0.10
6.	Pramod K. Garg	President - BC	84,47,733	Permanent	M.Sc., Ph.D. (Agri. Chem.)	34 Years	June 1, 2006	59	Jay Research Foundation	NIL
7.	Girish R. Satarkar	President - Performance Products	74,24,930	Permanent	M. Tech. (Textile Chemistry)	27 Years	February 2, 2015	53	Diamines & Chemicals Ltd	NIL
8.	Gandhasiri Kamlakar Rao	Sr. GM - Marketing (FSC)	64,78,261	Permanent	B.Sc., MBA	32 Years	December 1, 1992	57	Chemox Industries Ltd.	NIL
9.	Jagdeep Amritlal Vyas	Sr. GM - Accounts & Taxation	64,40,717	Permanent	B.Com., DBM, DCM, PG-Senior Management Program (IIM-Calcutta)	35 Years	August 27, 2007	57	Unitherm Engineers Ltd.	NIL
10.	Somsekhar Asimkumar Nanda	Sr. GM - Finance & Treasury	63,36,884	Permanent	ACA, ICWA (Inter), PG-Senior Management Program (IIM-Calcutta)	23 Years	April 12, 2012	50	Hindustan Engineering & Industries	NIL

(b) Details of every employee, who was employed throughout the financial year, was in receipt of gross remuneration for that year which, in the aggregate, was not less than One Crores Two lakhs rupees;

1.	Deepak C. Mehta	Chairman & Managing Director	3,32,10,801	Permanent	B.Sc.	39 Years	June 14, 1978	61	Industrialist	16.25
2.	Umesh M. Asaikar	Chief Executive Officer	3,87,82,123	Permanent	B. Tech., MMS, AICWA	38 Years	September 1, 2008	62	Defiance Knitting Industries Ltd	NIL
3.	Sanjay Upadhyay	Director-Finance* & Chief Financial Officer	1,62,80,961	Permanent	M.Com., AICWA, FCS, AMP (Wharton USA)	35 Years	April 1, 1994	56	Bhor Industries Ltd.	NIL

(c) Details of every employee, who was 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 Eight lakhs fifty thousand rupees per month;

	NIL	NA	NA	NA	NA	NA	NA	NA	NA	NA

(d) Details of every employee, who was 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

** Appointed as Director-Finance of the Company w.e.f. April 28, 2017*

Note: Shri Deepak C. Mehta and Shri Ajay C. Mehta are brothers. Shri Maulik D. Mehta is son of Shri Deepak C. Mehta and nephew of Shri Ajay C. Mehta.

For and on behalf of Board

Place: Mumbai

Date: April 28, 2017

Deepak C. MEHTA

Chairman & Managing Director

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 packing, 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 Lakhs

(B) Technology Absorption:

i. Efforts made towards technology absorption:

- Technology developed for Nitrogen Oxide utilisation in chemical reactions and under commercialisation

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 valorisation, 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 Lakhs)

Particular	2016-17	2015-16
a) Capital	214.54	158.95
b) Recurring	692.33	662.67
c) Total	906.87	821.62
d) Total R & D expenditure as a percentage to total turnover	0.74%	0.62%

(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 Lakhs)

Particulars	2016-17	2015-16
Total Foreign Exchange Earned	45,191.40	50,731.13
Total Foreign Exchange Outgo	19,566.02	24,954.50

For and on behalf of the Board

Place: Mumbai
Date: April 28, 2017

DEEPAK C. MEHTA
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE
FOR THE YEAR ENDED MARCH 31, 2017

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

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

2. BOARD OF DIRECTORS:

Composition and Category of Directors

As on March 31, 2017, the strength of the Board was eleven members comprising of four Executive Directors and seven Non-Executive Directors. Accordingly, the composition of Board is in conformity with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR' or 'Listing Regulations'). The Directors of the Company are highly experienced professionals in their fields and brings in a wide range of skills and experience to the Board.

The composition of the Board of Directors of the Company as on March 31, 2017 is as under:

Sr. No.	Category	Name of Director
I.	Promoter and Executive Directors	Shri Deepak C. Mehta *Chairman & Managing Director**
		Shri Ajay C. Mehta *Managing Director*
II.	Executive Director	Shri Umesh Asaikar *Executive Director & CEO*
		Shri Maulik D. Mehta** *Whole-time Director*
III.	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

** Elevated as Chairman & Managing Director w.e.f. August 5, 2016.*
*** Appointed as Whole-time Director w.e.f. May 9, 2016.*

Board Meetings

During the year under review, five Board Meetings were held on May 9, 2016, August 4, 2016, October 26, 2016, February 14, 2017 and March 14, 2017. The maximum time gap between the two Board Meetings was not more than one hundred twenty days as prescribed under the Listing Regulations.

Attendance of Directors at the Board Meetings held during the year ended March 31, 2017, and at the last Annual General Meeting and the directorship, chairmanship and membership in committees of the Directors in other Companies as on March 31, 2017:

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

** Appointed as Whole-time Director w.e.f. May 9, 2016.*

(1) Number of other 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 Deepak C. Mehta and Shri Ajay C. Mehta are brothers. Shri Maulik D. Mehta is son of Shri Deepak C. Mehta, Chairman and Managing Director and nephew of Shri Ajay C. Mehta, Managing Director of the Company.

Familiarisation program for Independent Directors

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

Performance Evaluation

The 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 Board of Directors, the Separate Meeting of Independent Directors is required to be held once in a Calendar Year.

The separate meeting of Independent Directors was held on August 5, 2016, *inter alia* to:

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

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 Audit Committee. Shri Sudhin Choksey, Chairman of the Audit Committee, was present at the last Annual General Meeting held on August 5, 2016.

The Company Secretary acts as 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 the 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 utilised 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 steps in this matter; Reviewing and monitoring 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 9, 2016, August 4, 2016, October 25, 2016 and February 14, 2017.

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	4
Shri Sudhir Mankad	4	4
Shri S. K. Anand	4	4

(ii) Nomination and Remuneration Committee:

Composition

The Nomination and Remuneration Committee comprises of the following members:

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

** Prof. Indira Parikh was inducted as member of the Nomination and Remuneration Committee w.e.f. May 9, 2016.*

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 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 Regulations.

Meetings and Attendance thereat

During the financial year 2016-17, the Nomination and Remuneration Committee met on May 9, 2016 and all the Members of the Committee as on that date, 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 5, 2016.

(iii) Stakeholders' Relationship & Investors Grievance Committee:

Composition

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

Name of Member	Designation	Category
Shri S. K. Anand	Chairman	Independent Director
Shri Ajay 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 expeditiously redressed to the satisfaction of the investors.

The Company and Link Intime India Pvt. Ltd. (Registrar & Share Transfer Agent) attend to all the grievances of the investors 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 2016-17:

Number of Pending Complaints at the beginning of the Financial Year	Nil
Number of Complaints received during the Financial Year	07
Number of Complaints resolved during the Financial Year	06
Number of Complaints not solved to the satisfaction of Shareholders	Nil
Number of Complaints pending at the end of the Financial Year	01

Meetings and Attendance thereat

During the financial year 2016-17, no meeting of the Stakeholders' Relationship & Investors Grievance Committee was held.

(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 Deepak C. Mehta	Member	Chairman & Managing Director
Shri Umesh Asaikar	Member	Executive Director & CEO

Terms of Reference

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

- To formulate and recommend to the Board a Corporate Social Responsibility Policy ("CSR Policy").
- Recommend the amount of expenditure to be incurred on the activities listed in CSR Policy.
- Monitor the CSR Policy of the Company from time to time.

- Such other roles and functions as may be prescribed in the Companies Act, 2013 and Rules made thereunder.

Report on CSR activities

As required under the Companies Act, 2013 and Rules made thereunder, the information on the CSR activities undertaken by the Company during the year ended March 31, 2017 is annexed to the Directors' Report.

Meetings and Attendance thereat

During the financial year 2016-17, the Corporate Social Responsibility Committee met on May 5, 2016 and all the Members of the Committee, were present at the said meeting. Presentations on progress of the approved CSR activities were made regularly to the Chairman & Managing Director and to the CEO of the Company.

(v) Project Committee:

Composition

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

The Project Committee comprises of the following Directors:

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

Terms of Reference

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

Meetings and Attendance thereat

During the financial year 2016-17, no meeting of the Project Committee was held. The Company undertook several initiatives of De-bottlenecking and small capacity additions during the year. However the same were below the threshold limit defined in the terms of reference of the Project Committee. These capexes are approved by Chairman & Managing Director, CEO and CFO of the Company.

(vi) Risk Management Committee:

Composition

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

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

Name of Member	Designation	Category
Shri Deepak C. Mehta	Chairman	Chairman & Managing Director
Shri S. K. Anand	Member	Independent Director
Shri Umesh Asaikar	Member	Executive Director & CEO
Shri Sanjay Upadhyay	Member	Chief Financial Officer
Dr. P. K. Garg	Member	President – BC

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.

(vii) Project Funding Committee:

A Project Funding Committee of Directors has been constituted to review and evaluate the proposals for funding of the Phenol Project as may be submitted to the Committee from time to time and recommend the same for approval of the Board. The Project Funding Committee comprises of the following Directors:

Name of Member	Designation	Category
Shri Nimesh Kampani	Chairman	Independent Director
Shri S. K. Anand	Member	Independent Director
Shri Sudhin Choksey	Member	Independent Director
Shri Deepak C. Mehta	Member	Chairman & Managing Director
Shri Umesh Asaikar	Member	Executive Director & CEO

Meetings and Attendance thereat

Four meetings of the Project Funding Committee were held during the year under review, two meetings on February 28, 2017 and one each on March 4, 2017 and March 7, 2017.

Attendance at the Project Funding Committee Meetings were as under:

Name of Member	No. of Project Funding Committee Meetings held	No. of Committee Meetings attended
Shri Nimesh Kampani	4	0
Shri S. K. Anand	4	4
Shri Sudhin Choksey	4	0
Shri Deepak C. Mehta	4	4
Shri Umesh Asaikar	4	4

4. REMUNERATION OF DIRECTORS:

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

The details of Managing Directors', Executive Director's and Whole-time Director's Remuneration for the Financial Year 2016-17 are as under:

(Figures ₹ in Lakhs)

Name	Salary	Perquisites & Allowances	Retirement Benefits	Commission / Variable Pay	Total
Shri Deepak C. Mehta	236.83	31.11	38.17	26.00	**332.11**
Shri Ajay C. Mehta	43.32	17.40	11.45	26.00	**98.17**
Shri Umesh Asaikar	228.37	43.42	43.90	72.13	**387.82**
Shri Maulik D. Mehta*	41.73	8.17	7.31	18.14	**75.35**

** Appointed as Whole-time Director w.e.f. May 9, 2016.*

Service contracts with 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 and Whole-time Director are for a period of five years from the date of their respective appointments with notice period of 3 months. Shri Ajay C. Mehta, Shri Umesh Asaikar and Shri Maulik D. Mehta are liable to retire by rotation.

There is no provision for payment of severance fees.

The Company does not have any Stock Options Scheme.

The remuneration of Managing Directors comprises of salary, allowances, perquisites and other benefits. In addition, the Managing Directors are also paid a Commission, calculated with reference to the Net Profits of the Company in a particular Financial Year, as may be determined by the Board of Directors, subject to the overall ceiling stipulated in Section 197 and other relevant provisions of the Companies Act, 2013.

The remuneration of Executive Directors comprise 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 their 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 2016-17 are as under:

(Figures in ₹)

	Sitting Fees	Commission	Total
Shri C. K. Mehta*	60,000	1,00,000	1,60,000
Shri Nimesh Kampani	1,20,000	4,00,000	5,20,000
Shri Sudhin Choksey	3,15,000	6,00,000	9,15,000
Shri Sudhir Mankad	3,00,000	6,00,000	9,00,000
Dr. Richard H. Rupp	90,000	5,00,000	5,90,000
Shri S. K. Anand	3,90,000	6,00,000	9,90,000
Dr. S. Sivaram	1,95,000	3,50,000	5,45,000
Prof. Indira Parikh	1,20,000	2,50,000	3,70,000

** Retired from Directorship of the Company w.e.f. August 5, 2016.*

The details of Equity Shares of the Company held by Non-Executive Directors as on March 31, 2017 are as under:

Sr. No.	Name of Non-Executive Director	No. of shares held
1	Shri Nimesh Kampani	Nil
2	Shri Sudhin Choksey	Nil
3	Shri Sudhir Mankad	Nil
4	Dr. Richard H. Rupp	Nil
5	Shri S. K. Anand	Nil
6	Dr. S. Sivaram	Nil
7	Prof. Indira Parikh	Nil

5. GENERAL BODY MEETINGS :

Details of last three Annual General Meetings held:

Meeting	Date	Time	Venue	No. of Special Resolution Passed
43rd AGM	August 8, 2014	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005	4
44th AGM	August 7, 2015	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005	-
45th AGM	August 5, 2016	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005	-

Postal Ballot conducted during the year and procedure thereof:

During the year under review and upto the date of this Report, Postal Ballot exercise was undertaken in the month of September 2016 and result of the Postal Ballot was declared on October 7, 2016. The details and voting pattern of the Resolution(s) passed through the said Postal Ballot exercise are as under:

Sr. No.	Resolution	Special / Ordinary	No. of Valid votes received	No. and % of Votes in Favour	No. and % of Votes Against
1	Issue of Equity shares through QIP for an aggregate amount not exceeding ₹ 150 crores.	Special	81935008	81910376 (99.97%)	24,632 (0.03%)

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

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

6. DISCLOSURE:

Related Party Transactions

During the year, there were no materially significant Related Party Transactions of the Company which have potential conflict with the interests of the Company at large. However, some transactions on arm's length basis 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, 2017.

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.

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.

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 & Analysis report

The Company has complied with the Corporate Governance Requirements specified in Regulations 17 to 27 and Regulation 46.

Details of Directors seeking appointment or re-appointment:

The details of Directors seeking appointment or re-appointment forms part of Notes to the Notice convening the 46th Annual General Meeting of the Company.

Demat Suspense Account – Unclaimed Share Certificates

In terms of the provisions of the Listing Regulations, 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:	314	342940
Number of Shareholders who approached the Company for transfer of shares from suspense account during the year	2	2900
Number of Shareholders to whom shares were transferred from suspense account during the year	2	2900
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	312	340040

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.

Presentation(s) were made to the institutional investors and to the Analysts 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 down 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 2016-17.

Mumbai
April 28, 2017

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	:	Monday, June 26, 2017
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	:	Monday, June 19, 2017 to Friday, June 23, 2017 (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, 2017	On or before August 14, 2017
September 30, 2017	On or before November 14, 2017
December 31, 2017	On or before February 14, 2018
Audited Annual Accounts for the year ended March 31, 2018	On or before May 30, 2018

Listing on Stock Exchanges:

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

Name: BSE Limited (BSE)

Address: 25th Floor, P J Tower, Dalal Street, Mumbai - 400 001.

Name: National Stock Exchange of India Limited (NSE)

Address: Exchange Plaza, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051.

Listing fees for Financial Year 2017-18 have 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

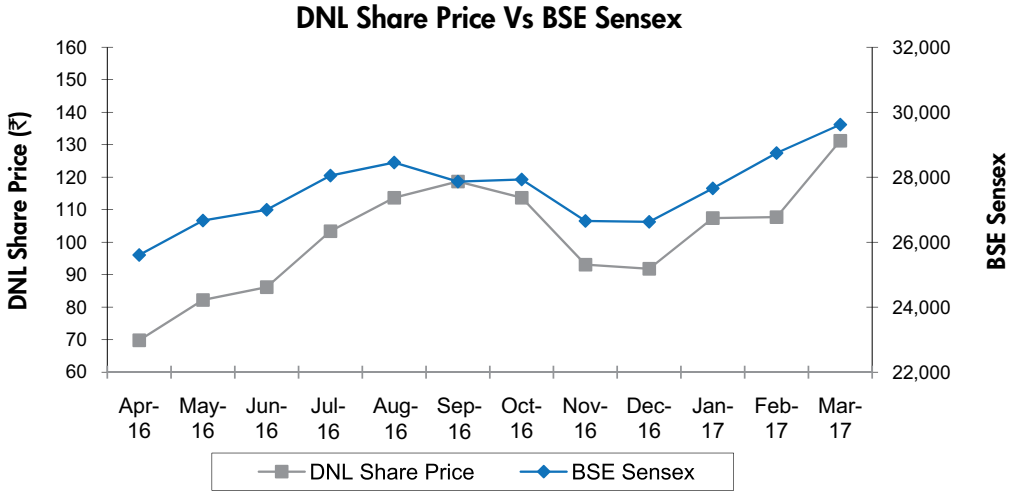
ISIN Number for Equity Shares (NSDL & CDSL): INE288B01029

Market Price Data of Equity Shares:

Monthly High & Low during the Financial Year 2016-17 at BSE and NSE:

Month	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2016	72.30	65.00	72.20	65.10
May, 2016	88.65	68.75	90.00	69.00
June, 2016	89.50	80.00	89.50	80.20
July, 2016	106.50	86.10	106.65	85.45
August, 2016	117.80	98.55	117.00	98.80
September, 2016	134.25	108.70	134.00	108.35
October, 2016	131.90	107.65	131.90	108.00
November, 2016	116.00	88.20	117.90	87.00
December, 2016	108.00	75.80	109.40	75.75
January, 2017	113.80	90.00	113.90	90.20
February, 2017	112.70	97.00	113.00	96.90
March, 2017	132.00	107.00	132.45	107.10

Source: Respective Websites of BSE and NSE.



Distribution of Shareholding as on March 31, 2017:

Range	No. of Holders	%	No. of Shares	%
1 – 500	11239	67.12	1820840	1.39
501 – 1000	1918	11.45	1625972	1.24
1001 – 5000	2689	16.06	6466606	4.95
5001 – 10000	522	3.12	3657967	2.80
10001 & above	376	2.25	117139881	89.62
TOTAL	**16744**	**100.00**	**130711266**	**100.00**

Shareholding Pattern as on March 31, 2017:

Category of Shareholders	No. of Shares	% to Equity Capital
Promoter & Promoter Group	60812361	46.52
Mutual Funds	14357243	10.98
Financial Institutions, Banks	786924	0.60
Foreign Portfolio Investors	18840153	14.41
Bodies Corporate	13023178	9.97
Non Resident Individuals	409494	0.31
Resident Individuals	21281239	16.28
Others	1200674	0.93
TOTAL	**130711266**	**100.00**

The Company has not issued any GDRs/ADRs.

Dematerialisation of Equity Shares:

Electronic holding by Members comprises 98.58 % of the paid up Equity Capital of the Company as on March 31, 2017 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 Listing Regulations, 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:

Contact details of Link Intime India Private Limited:

Mumbai Office:
C-101, 247 Park, L.B.S. Marg,
Vikhroli (W),
Mumbai - 400078.
Tel: 022 - 49186270
Toll free number: 1800 2208 78
Email: rnt.helpdesk@linkintime.co.in

Vododara Office:
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 - 2351 013 / 2334 481
Fax No.	:	0265 - 2330 994
E-mail	:	investor@deepaknitrite.com
Website	:	www.deepaknitrite.com

Shareholders holding shares in electronic mode should address all their correspondence related to change of address or bank details or NECS mandate to their respective Depository Participants.

Unclaimed/Unpaid Dividend:

As per the provisions of Section 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*
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
2015-2016	August 8, 2016	August 7, 2023

** Indicative dates, actual date may vary.*

Commodity Price risk or Foreign Exchange risk and hedging activities: Please refer to the Management Discussion and Analysis Report.

During the year ended March 31, 2017, the Company had managed the foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure are disclosed in Note No. 37 to the Annual Accounts.

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/110-A & 22, Phase I, Industrial Development Area, Jedimetla, Tal. Qutbyullapur Mandal, Dist. Ranga Reddy, Hyderabad 500 055
5. Dahej Division: 12/B-2, GIDC, Dahej, Dist. Bharuch, Gujarat – 392 130	

Certificate of Compliance with the Corporate Governance Requirements

To,

The Members,
Deepak Nitrite Limited,
9/10, Kunj Society, Alkapuri,
Vadodara 390007 ,
Gujarat.

We have examined the compliance of conditions of Corporate Governance by DEEPAK NITRITE LIMITED ("the Company") having CIN L24110GJ1970PLC001735 for the financial year ended March 31, 2017 as per the relevant provisions of Securities And Exchange Board of India (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 Corporate Governance. It is neither an audit nor an expression on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Dinesh Joshi
Partner,

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

Place: Pune
Date: April 27, 2017

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 standalone balance sheet as at March 31, 2017, and the related standalone 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 thereon.

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, 2017, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 32 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.

   iv) The Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer Note 34.

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

Himanshu Chapsey
Partner
Membership Number: 105731

Mumbai
April 28, 2017

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, 2017

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 been physically verified by the Management during the year. Discrepancies noticed on such verification were not material and have been properly dealt with in the books of accounts.

   iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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. As informed to us and to the best of our knowledge and belief 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 section 185 and 186 of the Act have been complied with in respect of the investments 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, 2017 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 Statue	Nature of Dues	₹ lakhs	Period to which the amount relates	Forum where pending
Central Excise Act, 1944	Excise Duty	103.42	April, 2011 to March, 2016	Assistant Commissioner, Central Excise
Central Excise Act, 1944	Excise Duty	168.74	April, 2012 to March, 2016	Commissioner, Central Excise
Central Excise Act, 1944	Excise Duty	213.85	July, 1998 to March, 2016	Central Excise & Service Tax Appellate Tribunal

Name of the Statue	Nature of Dues	₹ lakhs	Period to which the amount relates	Forum where pending
Central Excise Act, 1944	Excise Duty	7.22	April, 2010 to March, 2014	Deputy Commissioner - Central Excise
Central Sales Tax Act	Sales Tax	72.84	April, 2005 to March, 2013	Additional Commissioner, Sales Tax
Mumbai Stamp Act	Stamp Duty	22.85	March 2010	Chief Controller of Revenue Authorities
Hyderabad Metropolitan Water Supply & Sewerage Act, 1989	Sewerage Cess	11.13	2008-09 to 2013-14	High Court of Andhra Pradesh

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 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 utilization have been invested in money market mutual funds as 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
April 28, 2017

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, 2017 in conjunction with our audit of the standalone financial statements of the Company as at and for the 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, 2017, 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
April 28, 2017

BALANCE SHEET as at March 31, 2017

	Note No.	2017 ₹ in Lakhs	2016 ₹ in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,614.22	2,325.76
Reserves and Surplus	3	70,821.66	45,263.07
		73,435.88	**47,588.83**
Non-Current Liabilities			
Long-Term Borrowings	4	13,756.71	15,892.61
Deferred Tax Liabilities (Net)	5	6,572.37	5,664.71
Other Long-Term Liabilities	6	286.16	290.80
Long-Term Provisions	7	736.54	468.51
		21,351.78	**22,316.63**
Current Liabilities			
Short-Term Borrowings	8	30,752.13	23,490.49
Trade Payables	9	13,424.66	13,025.77
Other Current Liabilities	10	17,791.60	17,424.25
Short-Term Provisions	7	403.04	2,022.60
		62,371.43	**55,963.11**
TOTAL		**157,159.09**	**125,868.57**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	56,684.94	59,119.53
Intangible Assets	12a	571.12	591.19
Capital Work-in-Progress	12b	4,084.80	1,031.15
Non-Current Investments	13	25,359.90	6,544.31
Long-Term Loans and Advances	14	7,471.29	4,049.34
		94,172.05	**71,335.52**
Current Assets			
Current Investments	13	10,291.27	6,751.50
Inventories	16	12,522.99	12,085.11
Trade Receivables	17	31,545.06	29,633.78
Cash and Cash Equivalents	18	178.93	388.41
Short-Term Loans and Advances	14	6,209.50	5,354.69
Other Current Assets	15	2,239.29	319.56
		62,987.04	**54,533.05**
TOTAL		**157,159.09**	**125,868.57**
Summary of significant accounting policies	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: April 28, 2017

For and on behalf of the Board

DEEPAK C. MEHTA
Chairman & Managing Director

AJAY C. MEHTA
Managing Director

MAULIK D. MEHTA
Whole-time Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Director-Finance & Chief Financial Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
} Directors

ARVIND BAJPAI
Company Secretary

Mumbai: April 28, 2017

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

	Note No.	2017 ₹ in Lakhs	2016 ₹ in Lakhs
REVENUE			
Revenue from Operations (Gross)		130,412.51	141,973.06
Less: Excise Duty		8,256.76	8,400.54
Revenue from Operations (Net)	19	**122,155.75**	**133,572.52**
Other Income	20	394.13	154.33
Total Revenue		**122,549.88**	**133,726.85**
EXPENSES			
Cost of Raw Material and Components Consumed	21	70,600.77	79,629.03
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	22	42.75	(654.33)
Employee Benefits Expense	23	12,220.06	11,607.95
Power & Fuel Expenses	24	10,243.94	11,814.94
Depreciation and Amortisation Expenses	25	4,228.41	3,945.04
Finance Costs	26	3,231.43	3,909.85
Other Expenses	27	14,392.16	14,341.86
Total Expenses		**114,959.52**	**124,594.34**
Profit before exceptional items and tax		**7,590.36**	**9,132.51**
Exceptional items (Refer Fixed Assets notes 4 (c) & (d))		7,496.71	-
Profit Before Tax		**15,087.07**	**9,132.51**
Tax Expenses			
Current Tax		3,187.69	1,984.57
MAT Credit Entitlement		(212.10)	(399.28)
Deferred Tax Charge		907.66	1,032.31
Total Tax Expenses		**3,883.25**	**2,617.60**
Profit for the year		**11,203.82**	**6,514.91**
Earnings per Equity Share			
Basic (in ₹)	30	9.55	6.07
Diluted (in ₹)	30	9.55	6.07
Face Value Per Share (in ₹)		2.00	2.00
Summary of significant accounting policies	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: April 28, 2017

For and on behalf of the Board

DEEPAK C. MEHTA
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SUDHIR MANKAD
SANDESH ANAND
} Directors

ARVIND BAJPAI
Company Secretary

Mumbai: April 28, 2017

CASH FLOW STATEMENT

	2017 ₹ in Lakhs	2016 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax from Continuing Operations	15,087.07	9,132.51
Profit Before Tax	**15,087.07**	**9,132.51**
Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows		
1. Depreciation / Amortisation on Continuing Operations	4,228.41	3,945.04
2. Loss on Sale of Fixed Assets	160.46	177.01
3. Profit on Sale of Fixed Assets (including exceptional items)	(7,510.44)	(14.08)
4. Provision for Doubtful Debts	(111.75)	213.05
5. Wealth Tax	-	(2.82)
6. Gain on sale of investment	(289.36)	(5.93)
7. Interest expenses	3,089.31	3,744.63
8. Interest Income	(61.57)	(50.40)
9. Dividend Income	(0.07)	(49.71)
Operating Profit Before Working Capital changes	**14,592.06**	**17,089.30**
Movements in working capital :		
1. Increase / (Decrease) in Trade Payables	398.89	2,087.51
2. Increase / (Decrease) in Other Current Liabilities & Provision	(940.77)	2,055.86
3. Decrease / (Increase) in Trade Receivables	(1,799.53)	1,252.37
4. Decrease / (Increase) in Inventories	(398.42)	(1,581.03)
5. Decrease / (Increase) in Long-Term Loans and Advances	(122.91)	(268.77)
6. Decrease / (Increase) in Short-Term Loans and Advances	(498.53)	(156.17)
7. Decrease / (Increase) in Other Current Assets	(317.03)	516.02
Cash generated from /(used in) Operations	**10,913.76**	**20,995.09**
Direct taxes paid (net of refunds)	(1,616.30)	(1,874.66)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES (A)	**9,297.46**	**19,120.43**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
1. Purchase of Fixed Assets, including Capital Work in Progress, Capital Advances and Creditors for projects	(4,335.36)	(5,257.69)
2. Proceeds from Sale of Fixed Assets (net of receivables)	3,918.50	22.35
3. Investment in Subsidiaries	(21,815.59)	(4,317.09)
4. Purchase of Current Investments	(44,850.40)	(23,608.87)
5. Proceeds from sale/maturity of Current Investments	41,310.63	16,857.36
6. Interest received	40.33	36.83
7. Dividends received	0.07	49.71
8. Taxes paid on transfer / sale of land	(1,626.20)	-
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES (B)	**(27,358.02)**	**(16,217.41)**

	2017 ₹ in Lakhs	2016 ₹ in Lakhs
C. CASH FLOWS FROM FINANCING ACTIVITIES		
1. Proceeds from issue of Equity Shares including Securities Premium	14,643.23	8,070.67
2. Proceeds from Long-Term Borrowings	10,943.35	1,197.10
3. Repayment of Long-Term Borrowings	(10,231.71)	(7,490.31)
4. Net Proceeds from Working Capital Borrowings	7,261.74	388.89
5. Interest paid	(3,092.18)	(3,702.75)
6. Dividend paid on Equity Shares	(1,389.27)	(1,039.88)
7. Tax on Equity Dividend paid	(284.08)	(212.82)
8. Margin money deposits	(1.70)	-
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES (C)	**17,849.38**	**(2,789.10)**
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	**(211.18)**	**113.93**
Cash and Cash equivalents at the beginning of the year	388.41	274.48
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**177.23**	**388.41**
Reconciliation of Cash and Cash equivalents		
Balances with Banks:		
– In Current Accounts	105.23	336.20
– In EEFC Accounts	15.21	0.01
– On Unpaid Dividend / Interest Account (Refer note below)	56.79	52.20
	177.23	**388.41**
Other Bank Balances		
– Margin Money Deposits with original maturity for more than three months but less than twelve months	1.70	-
TOTAL CASH AND CASH EQUIVALENTS AS PER NOTE 18	**178.93**	**388.41**

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: April 28, 2017

For and on behalf of the Board

DEEPAK C. MEHTA
Chairman & Managing Director

AJAY C. MEHTA
Managing Director

MAULIK D. MEHTA
Whole-time Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Director-Finance & Chief Financial Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
} Directors

ARVIND BAJPAI
Company Secretary

Mumbai: April 28, 2017

NOTES to Financial Statements for the year ended March 31, 2017

Company overview

Deepak Nitrite Limited ('DNL' or 'the Company') is a prominent chemical manufacturing company. The Company manufactures Basic Chemicals, Fine & Speciality Chemicals and Performance Products.

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 method (WDV). Depreciation on all tangible assets is provided at the rates and in the manner prescribed by Schedule II to the Companies Act, 2013 except in case of leasehold land which is amortised over the period of lease term and certain components of plant & machinery such as Reactors, Centrifuge, Cooling towers, Air Compressor etc. which are depreciated over its useful life as technically assessed by Independent/ 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 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 relatable 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 gain or loss is accrued on periodic settlement and/or completion of contract and is recognised as per the principles set out in i) (i) above.

j) Income Tax

Tax expense comprises of both current and deferred tax.

Provision for Current tax is measured at the amount computed under the Income Tax Act, 1961, or Book Profit computed under section 115JB, whichever is higher, and correspondingly set-off available under section 115JAA is credited to the Statement of Profit 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) Earnings per Share

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

l) Segment Reporting - Basis of Information

The Company has disclosed business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Basic Chemicals, (ii) Fine & Speciality Chemicals and (iii) Performance Products.

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 & 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, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Authorised Capital:		
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:		
13,07,11,266 (Previous year, 11,62,88,190) Equity Shares of ₹ 2/- each fully paid-up (Refer Note below a(iv))	2,614.22	2,325.76
Total Issued, Subscribed and fully Paid-up Share Capital	**2,614.22**	**2,325.76**

(a) Shares:- Terms/Rights:

i) Authorised capital has been classified into Equity and Preference shares.

ii) 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.

iii) 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.

iv) During the current and previous 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, 1,44,23,076 Equity Shares (Previous year, 1,17,50,000 Equity Share) of ₹ 2/- each were allotted to QIBs on March 07, 2017 (Previous year, January 6, 2016) at an issue price of ₹ 104 per Equity Share (Previous year, ₹ 70.90 per Equity Share), including premium of ₹ 102 .00 per Equity Share (Previous year, ₹ 68.90 per Equity Share).

The issue proceeds of ₹ 8,330.75 Lakhs from the Qualified Institutions Placements of previous year has been fully utilised for the object stated in the offer documents.

Out of issue proceeds of ₹ 15,000.00 Lakhs from the Qualified Institutions Placements during the current year, ₹ 356.77 Lakhs were utilised towards share issue expenses and ₹ 4,400.00 Lakhs has been utilised for the object stated in the offer document. Pending utilisation, ₹ 10,243.23 Lakhs have been invested in Liquid Mutual Funds.

v) For the year ended March 31, 2017, Dividend per Share is proposed by the Board of Directors as ₹ 1.20/- (Previous year, ₹ 1.20/-) aggregating to ₹ 1,568.54 Lakhs (Previous year, ₹ 1,395.46 Lakhs).

(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, 2017		As at March 31, 2016	
	No.	₹ in Lakhs	No.	₹ in Lakhs
At the beginning of the period	116,288,190	2,325.76	104,538,190	2,090.76
Issued during the year – issued to QIB (Refer Note a(iv) above)	14,423,076	288.46	11,750,000	235.00
Outstanding at the end of the period	130,711,266	2,614.22	116,288,190	2,325.76

(c) Details of shareholders holding more than 5% Equity Shares of ₹ 2 each fully paid in the Company:

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	No.	% holding	No.	% holding
Shri Deepak Chimanlal Mehta	21,236,331	16.25	20,904,040	18.01
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	6.41	8,379,940	7.21
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	5.51	7,206,050	6.20
Stepup Credits & Capital Pvt. Ltd.	6,915,580	5.29	6,915,580	5.95
Stigma Credits & Capital Pvt. Ltd.	6,178,100	4.73	6,178,100	5.31
Franklin India Smaller Companies Fund	7,199,495	5.51	6,100,000	5.25

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

3. Reserves & Surplus

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
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	14,547.45	6,711.77
Add: Receipt of Securities Premium from issue of Equity shares to QIBs	14,711.54	8,095.75
Less:- Share issue Expenses (Refer note a below)	356.77	260.07
Closing Balance	**28,902.22**	**14,547.45**
Revaluation Reserve		
Balance as per the last Financial Statements	76.25	77.94
Less: Transferred to General Reserve for recoupment of Depreciation	1.69	1.69
Closing Balance	**74.56**	**76.25**
General Reserve		
Balance as per the last Financial Statements	7,390.13	6,888.44
Add: Transferred from Revaluation Reserve for recoupment of Depreciation	1.69	1.69
Add: Transferred from Surplus in Statement of Profit and Loss	-	500.00
Closing Balance	**7,391.82**	**7,390.13**
Surplus in statement of profit and loss		
Balance as per last Financial Statements	23,162.97	18,827.60
Profit for the year	11,203.82	6,514.91
Amount available for appropriation	**34,366.79**	**25,342.51**
Less: Appropriations		
Proposed Final Equity Dividend (Previous year, ₹ 1.20/- per share) (Refer note b below)	-	1,395.46
Tax on proposed Equity Dividend	-	284.08
Transfer to General Reserve	-	500.00
Total Appropriations	-	2,179.54
Surplus	**34,366.79**	**23,162.97**
TOTAL	**70,821.66**	**45,263.07**

Notes:

a. Share issue expenses includes fees of Statutory Auditors of ₹ 15.00 Lakhs (Previous year, ₹ 15.00 Lakhs) for work related to Qualified Institutions Placement.

b. For the year ended March 31, 2017, Dividend per Share is proposed by the Board of Directors as ₹ 1.20/- (Previous year, ₹ 1.20/-). Pursuant to Companies Accounting Standards Ammendment Rules 2016 notified by Ministry of Corporate Affairs (G.S.R. 364(E) dated 30.03.2016) amending Accounting Standard 4, dividends proposed/declared after the balance sheet date has not been recognised as Provision/Liability.

4. Long Term Borrowings

	Non-Current		Current	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Term Loans (Refer note below)				
Secured				
Foreign Currency Loan from Banks & Financial Institutions	4,993.35	-	-	-
Loan from Banks	4,479.17	6,639.17	2,160.00	2,160.00
External Commercial Borrowings	2,334.19	9,253.44	6,722.83	7,976.53
Other Loans and Advances				
Unsecured				
Loan from Banks	1,950.00	-	4,000.00	-
TOTAL	**13,756.71**	**15,892.61**	**12,882.83**	**10,136.53**
The above amount includes:				
Secured Borrowings	11,806.71	15,892.61	8,882.83	10,136.53
Unsecured Borrowings	1,950.00	-	4,000.00	-
Current maturities of long term borrowings have been disclosed under the head "Other Current Liabilities" (Refer Note No.10)			(12,882.83)	(10,136.53)
NET AMOUNT	**13,756.71**	**15,892.61**	**-**	**-**

Term Loans:-

The Secured Loans from Banks includes:

a) Foreign Currency Loan obtained from Axis Bank during the year amounting to ₹ 4,993.35 Lakhs (Previous year, ₹ Nil) 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.

b) Term loan from State Bank of India amounting to ₹ 6,639.17 Lakhs (Previous year, ₹ 8,799.17 Lakhs) 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.

c) The outstanding balance of External Commercial Borrowings are from (a) Standard Chartered Bank ₹ 1,653.38 Lakhs (Previous year, ₹ 3,797.56 Lakhs) (b) HSBC Bank (Mauritius) Limited ₹ 1,945.16 Lakhs (Previous year, ₹ 4,974.97 Lakhs) and (c) DBS Bank Limited ₹ 5,458.48 Lakhs (Previous year, ₹ 8,457.44 Lakhs). These are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over Current Assets of the Company.

The Unsecured loans from Bank includes long term working capital loan obtained from Kotak Mahindra Bank during the year amounting to ₹ 5,950.00 Lakhs (Previous year, ₹ Nil).

Repayment Schedule:-

a) Rate of interest of Foreign Currency Loan from Bank is 3.35% p.a. including LIBOR

b) Rate of interest of Rupee loan from Banks are in the range of Base Rate/MCLR plus 0.00% to 1.40% p.a.

c) Term loan from State Bank of India is repayable on monthly basis starting from June, 2015 with last installment payable in November, 2021.

d) Term loan from Axis Bank is repayable on quarterly basis starting from June, 2019 with last installment payable in March, 2026.

e) Rate of interest of External Commercial Borrowings are in the range of LIBOR plus 2.50% to 3.00% p.a.

f) External Commercial Borrowing from Standard Chartered Bank is repayable on half-yearly basis which started on August 23, 2013 with a step up repayment schedule and last installment payable on February 23, 2018.

g) External Commercial Borrowing from HSBC Bank (Mauritius) Limited is repayable on half yearly basis which started on March 30, 2014, with a step up repayment schedule and last installment payable on March 29, 2018

h) 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 installment payable on November 1, 2018.

i) Long Term working capital loan from Kotak Mahindra Bank is repayable on quarterly basis starting from June, 2017 with last installment payable in September, 2018.

5. Deferred Tax Liability

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Deferred Tax Liability		
Difference between book and tax depreciation on Fixed Assets	7,190.01	6,207.79
Gross Deferred Tax Liability	**7,190.01**	**6,207.79**
Deferred Tax Asset		
Disallowances u/s 43 B	489.52	323.76
Others	128.12	219.32
Gross Deferred Tax Asset	**617.64**	**543.08**
Net Deferred Tax Liability / (Asset) Recognised	**6,572.37**	**5,664.71**

6. Other Long Term Liabilities

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Security Deposits	286.16	290.80
TOTAL	**286.16**	**290.80**

7. Long Term & Short Term Provisions

	Long-Term		Short-Term	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 28 A (iii))	-	-	120.88	52.43
Provision for Leave Benefits (Refer Note No. 28 B (3))	736.54	468.51	282.16	290.63
	736.54	**468.51**	**403.04**	**343.06**
Other Provisions				
Proposed Equity Dividend (Refer note 3(b) above)	-	-	-	1,395.46
Provision for tax on proposed Equity Dividend	-	-	-	284.08
	-	**-**	**-**	**1,679.54**
TOTAL	**736.54**	**468.51**	**403.04**	**2,022.60**

8. Short Term Borrowings

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Working Capital Borrowing from Banks (Refer note a, b & c below)		
Secured	19,339.88	17,882.57
Unsecured	11,412.25	5,607.92
TOTAL	**30,752.13**	**23,490.49**

a) Working Capital borrowings from banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit with rate of interest as Base Rate/MCLR of respective banks plus spread ranging from 0% - 2.00% 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 0.30% p.a. to 0.80% p.a. These borrowings are repayable on demand.

b) Unsecured Commercial Paper placed by the Company during the year carries interest rate ranging from 6.40% p.a. to 7.75% p.a., tenure of each placement ranging from 41 days to 120 days.

c) 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.

9. Trade Payables

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Total outstanding dues of Micro, Small and Medium Enterprises (Refer Note No. 41)	85.00	143.04
Total outstanding dues of Creditors other than Micro, Small and Medium Enterprises	13,339.66	12,882.73
TOTAL	**13,424.66**	**13,025.77**

10. Other Current Liabilities

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Current maturities of long-term borrowings (Refer Note No. 4)	12,882.83	10,136.53
Creditors for Capital Assets	835.91	440.19
Interest accrued but not due on borrowings	165.89	167.16
Advance from Customers	118.25	176.71
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	52.83	46.64
Unclaimed Matured Deposits (Refer Note below)	7.84	9.22
Unpaid Interest on Matured Fixed Deposits	3.96	5.56
Accrued Expenses	2,861.00	4,085.99
Advance received against Land sale	-	1,500.00
Excise duty on Finished Goods	330.21	356.30
Provision for Tax (Net of Payments)	-	13.86
Others	532.88	486.09
TOTAL	**17,791.60**	**17,424.25**

Note: The Unclaimed Matured deposits of ₹ 7.84 Lakhs outstanding as at March 31, 2017 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

(₹ in Lakhs)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK
		As at April 1,2016	Additions	Deletions	Total March 31,2017	Upto April 1,2016	For the year	Deletions	Total March 31,2017	As at March 31,2017
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
1	Freehold Land	581.11	-	2.43	578.68	-	-	-	-	578.68
2	Leasehold Land	3,001.70	-	1,231.09	1,770.61	232.65	22.94	81.99	173.60	1,597.01
3	Plant and Machinery	73,331.65	2,918.15	1,573.69	74,676.11	25,595.64	3,441.77	1,160.56	27,876.85	46,799.26
4	Factory and Other Buildings	8,642.71	118.68	180.23	8,581.16	1,988.63	252.57	100.06	2,141.14	6,440.02
5	Roads	537.48	-	-	537.48	240.40	102.70	-	343.10	194.38
6	Office Equipment's	544.24	69.37	105.52	508.09	371.59	82.76	105.05	349.30	158.79
7	Furniture & Fixture	856.47	116.69	138.16	835.00	481.67	65.76	134.85	412.58	422.42
8	Vehicles	856.92	134.51	158.32	833.11	322.17	101.93	85.37	338.73	494.38
	Total - Current Year	**88,352.28**	**3,357.40**	**3,389.44**	**88,320.24**	**29,232.75**	**4,070.43**	**1,667.88**	**31,635.30**	**56,684.94**

(₹ in Lakhs)

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	Deletions	Total March 31,2016	As at March 31,2016
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
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 - Previous 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**

12 a. Intangible Assets

(₹ in Lakhs)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK
		As at April 1,2016	Additions	Deletions	Total March 31,2017	Upto April 1,2016	For the year	Deletions	Total March 31,2017	As at March 31,2017
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
1	Goodwill	233.50	-	-	233.50	233.50	-	-	233.50	-
2	Computer Software (Office-equipment)	746.63	169.59	96.82	819.40	456.34	102.92	65.14	494.12	325.28
3	Others	499.84	-	-	499.84	198.94	55.06	-	254.00	245.84
	Total - Current Year	**1,479.97**	**169.59**	**96.82**	**1,552.74**	**888.78**	**157.98**	**65.14**	**981.62**	**571.12**

(₹ in Lakhs)

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	Deletions	Total March 31,2016	As at March 31,2016
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
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 - Previous Year	**1,334.94**	**153.99**	**8.96**	**1,479.97**	**743.92**	**148.95**	**4.09**	**888.78**	**591.19**

Notes:

1 Building includes ₹ 1,080.00 Lakhs (Previous year, ₹ 1,080.00 Lakhs) 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 Lakhs as of that was restated at replacement cost of ₹ 1,903.81 Lakhs. The details of said assets as on Balance Sheet date net of subsequent deletions are as follows :

Sr No.	Assets	Original Cost ₹ in Lakhs	Replacement Cost ₹ in Lakhs	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	208.75	442.23	
3	R&D Equipment	13.17	19.28	
4	Factory & Other Buildings	55.45	149.04	
5	R&D Building	2.11	5.61	
	Total	**296.01**	**740.26**	
	Previous year	348.05	849.95	

3 Capitalised borrowing costs:

Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to ₹ (113.27) Lakhs (Previous year, ₹ 1289.44 Lakhs)

Sr No.	Particulars	Capitalised during the Current Year ₹ in Lakhs	Capitalised during the previous Year ₹ in Lakhs
	Exchange loss/(Gain) Capitalised (Refer note below)		
a	Plant & Machinery	(106.82)	1,216.03
b	Factory & Other Building	(6.45)	73.41
	Total	**(113.27)**	**1,289.44**

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 2016-17 has adjusted to fixed assets, foreign exchange differences amounting to ₹ (113.27) Lakhs (Previous year, ₹ 1,289.44 Lakhs) on revaluation of long term foreign currency borrowing for acquisition of fixed assets as an adjustment to borrowing costs.

4 (a) Fixed assets amounting to ₹ 23.03 Lakhs pertaining to Fine & Speciality Chemicals segment forming part of Nandesari division and which were held of disposal, were revalued at ₹ 12.65 Lakhs and loss on revaluation of ₹ 7.58 Lakhs (Previous year, ₹ 4.70 Lakhs) is recognised in Statement of Profit and Loss. Assets pertaining to Performance Products segment were retired from active use in the previous year and held for disposal and are stated at realisable value ie. at ₹ 51.22 Lakhs (Previous year, ₹ 51.22 Lakhs).

(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 Lakhs as on Balance Sheet date.

(c) During the year, company has sold a parcel of freehold land situated at Pune for a consideration of ₹ 6,960.00 Lakhs and has also surrendered / assigned its leasehold rights in respect of adjoining land for consideration of ₹ 966.00 Lakhs. The profit on sale of land and surrender / assignment of its leasehold rights amounting to ₹ 7,048.38 Lakhs has been recognised in the Statement of Profit and Loss.

(d) During the year, company transferred its leasehold rights in respect of parcel of land located at Dahej for consideration of ₹ 1,597.43 Lakhs to Deepak Phenolics Limited (Wholly Owned Subsidiary). The profit on transfer of its leasehold rights amounting to ₹ 448.33 Lakhs has been recognised in the Statement of Profit and Loss.

5 Estimated useful life of Intangible assets and balance carrying amount

Sr. No	Particulars	Estimated useful life	Balance carrying amount
1	Software and related implementation costs	6 years	325.28
2	Rights to use facilities	5 years	73.44
3	Technical Know How	10 years	172.40

6 Research & Development Assets included in Fixed Assets

₹ in Lakhs

Sr. No.	Particulars	GROSSBLOCK				DEPRECIATION				NET BLOCK
		As at April 1, 2016	Additions	Deletion	Total March 31, 2017	Upto April 1, 2016	For the year	Deletion	Total March 31, 2017	As at March 31, 2017
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
1	Plant and Machinery	1,298.14	69.52	199.92	1,167.74	738.79	80.23	196.87	622.15	545.59
2	Buildings	64.47	43.23	-	107.70	52.53	3.39	-	55.92	51.78
3	Office Equipments	35.24	13.15	1.71	46.68	33.03	3.11	1.71	34.43	12.25
4	Furniture & Fixture	93.78	88.64	46.97	135.45	54.31	10.62	43.67	21.26	114.19
5	Computer Software	2.70	-	-	2.70	0.26	0.44	-	0.69	2.01
6	Vehicles	26.06	-	-	26.06	2.41	3.23	-	5.63	20.43
	Total Current Year	**1,520.39**	**214.54**	**248.60**	**1,486.33**	**881.32**	**101.01**	**242.25**	**740.08**	**746.25**

₹ in Lakhs

Sr. No.	Particulars	GROSSBLOCK				DEPRECIATION				NET BLOCK
		As at April 1, 2015	Additions	Deletion	Total March 31, 2016	Upto April 1, 2015	For the year	Deletion	Total March 31, 2016	As at March 31, 2016
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
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 Previous Year	**1,362.50**	**158.95**	**1.06**	**1,520.39**	**747.56**	**134.82**	**1.06**	**881.32**	**639.07**

12 b. Capital Work in Progress

Sr. No.	Particular	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
1	Capital Work in Progress (Building)	397.88	397.88
2	Capital Work in Progress (Others)	4,084.80	1,031.15
3	Less: Impairment Loss	(397.88)	(397.88)
	Capital Work in Progress (Net)	**4,084.80**	**1,031.15**

13. Investments

	Non-Current		Current	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Long Term Investments at Cost				
Trade (Unquoted) Investments in Equity Shares - Fully Paid up				
Investment in Subsidiaries				
25,00,00,000 (Previous year, 6,18,44,100) Equity Shares of Deepak Phenolics Limited ₹ 10/- each, fully paid up.	25,000.00	6,184.41	-	-
7,500 (Previous year, 7,500) Equity Shares of Deepak Nitrite Corporation, Inc. US $ 10/- each, fully paid up.	47.68	47.68	-	-
Investment in Associates				
122,500 (Previous year, 122,500) Equity Shares of Deepak Gulf LLC of Omani Riyal 1 each, fully paid up.	179.30	179.30	-	-
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	-	-
	25,284.34	**6,468.75**	**-**	**-**
Non Trade (Unquoted)				
a) Investment in Equity Instruments - 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 Jedimetla 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 Funds (Valued at cost)				
181,864 (Previous year, Nil) Reliance Liquid Fund Treasury Plan	**-**	**-**	7,185.00	-
127,242 (Previous year, Nil) Reliance Liquidity Fund	**-**	**-**	3,106.27	-
Nil (Previous year, 39,32,029) JM High Liquidity Fund	**-**	**-**	-	1,610.20
Nil (Previous year, 1,03,826) UTI Money Market Mutual Fund	**-**	**-**	-	1,743.65
Nil (Previous year, 1,03,635) Baroda Pioneer Liquid Fund	**-**	**-**	-	1,787.38
Nil (Previous year, 54,436) HDFC Liquid Fund	**-**	**-**	-	1,610.27
	-	**-**	**10,291.27**	**6,751.50**

	Non-Current		Current	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
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	**25,359.90**	**6,544.31**	**10,291.27**	**6,751.50**

i) Aggregate amount of Unquoted Investments ₹ 25,337.51 Lakhs (Previous year, ₹ 6,521.92 Lakhs).

ii) Aggregated amount of Quoted Investments ₹ 10,313.66 Lakhs (Previous year, ₹ 6,773.89 Lakhs).

iii) Aggregate Market Price of Quoted Investments ₹ 10,436.58 Lakhs (Previous year, ₹ 6,893.06 Lakhs).

14. Long Term & Short Term Loans & Advances

	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Capital Advances				
Unsecured, considered good	79.99	33.98	-	-
	79.99	**33.98**	**-**	**-**
Security Deposit				
Unsecured, considered good (Refer Note 3 below)	1,229.90	1,149.89	9.87	35.24
	1,229.90	**1,149.89**	**9.87**	**35.24**
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	1,971.97	1,040.14
	-	**-**	**1,971.97**	**1,040.14**
Other Loans and Advances				
Advance to Company towards share application money (Refer Note 1 below)	3,000.00	-	-	-
Loans to Company (Refer Note 2 below)	-	-	187.90	187.90
Advance Income-Tax (Net of Provisions)	159.88	-	-	-
MAT Credit Entitlements	2,586.64	2,374.55	-	-
Prepaid Expenses	34.06	84.42	123.67	52.43
Loans to Employees (Refer Note 3 below)	227.52	301.38	179.11	201.78
Balances with Statutory / Government Authorities	153.30	105.12	3,736.98	3,837.20
	6,161.40	**2,865.47**	**4,227.66**	**4,279.31**
TOTAL	**7,471.29**	**4,049.34**	**6,209.50**	**5,354.69**

Notes:

1. During the year Company has paid ₹ 3,000.00 Lakhs towards Share Application Money pending allotment to Deepak Phenolics Limited (Wholly Owned Subsidiary).
2. Loans to Company have been given for business purpose.
3. Loans to employees includes loans and advances due by Directors and Key Managerial Personnel

	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Loans to Employees include				
Dues from Key Managerial Personnel and Directors	1.51	2.13	0.62	0.62
Loans and Advances to related parties include				
Security Deposit towards lease of residential premises	400.00	400.00	-	-
TOTAL	**401.51**	**402.13**	**0.62**	**0.62**

15. Other Current Assets

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Unsecured, considered good unless stated otherwise		
Interest receivable on loans	55.62	34.38
Assets held for disposal	63.87	80.84
Others *	2,119.80	204.34
TOTAL	**2,239.29**	**319.56**

*Others includes recoverable from M/s. Deepak Phenolics Limited (Wholly Owned Subsidiary) ₹ 1,631.36 Lakhs (Previous year, ₹ 24.35 Lakhs)

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

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Raw Materials and Components (including Packing Material)	3,751.52	3,439.03
Stock in Process	3,529.68	2,358.42
Finished Goods	4,086.43	5,300.44
Stores and Spares	1,325.56	1,196.88
	12,693.19	12,294.77
Provision for Obsolescence	(170.20)	(209.66)
TOTAL	**12,522.99**	**12,085.11**

17. Trade Receivables

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Debts outstanding for a period exceeding six months		
Unsecured, considered good	573.36	200.66
Considered doubtful	331.15	442.90
	904.51	643.56
Provision for Doubtful Debts	(331.15)	(442.90)
	573.36	**200.66**
Other receivables		
Unsecured, considered good	**30,971.70**	**29,433.12**
TOTAL	**31,545.06**	**29,633.78**

18. Cash and Cash Equivalents

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Balances with Banks:		
– In Current Accounts	105.23	336.20
– In EEFC Accounts	15.21	0.01
– On Unpaid Dividend / Interest Account (Refer note below)	56.79	52.20
	177.23	**388.41**
Other Bank Balances		
– Margin Money Deposits with original maturity for more than three months but less than twelve months	1.70	-
TOTAL	**178.93**	**388.41**

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

19. Revenue from Operations

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Revenue from Operations		
Sale of Products		
Finished Goods (Refer note below)	128,807.43	140,435.82
Sale of Services (Conversion Charges)	865.75	687.13
Other Operating Revenue		
Scrap sales	216.44	270.00
Foreign Exchange Gain	488.70	578.38
Others	34.19	1.73
Revenue from Operations (Gross)	**130,412.51**	**141,973.06**
Less: Excise duty	8,256.76	8,400.54
Revenue from Operations (Net)	**122,155.75**	**133,572.52**

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

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
a) Finished Goods Sold		
i) Inorganic Salts	42,857.44	40,118.34
ii) Nitro Aromatic (including related by-products)	29,062.68	36,420.25
iii) Aromatics Amines	14,279.52	17,477.96
iv) Colour Intermediates (including related by-products)	8,847.99	11,241.32
v) Agro- Chemicals Intermediates	16,631.27	17,073.54
vi) Optical Brightening Agent	17,128.53	18,104.41
	128,807.43	**140,435.82**
b) Conversion charges (Service Income)	865.75	687.13
c) Other Operating Revenue	739.33	850.11
Revenue from Operations (Gross)	**130,412.51**	**141,973.06**
Less: Excise duty	8,256.76	8,400.54
Revenue from Operations (Net)	**122,155.75**	**133,572.52**

20. Other Income

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Interest income on		
Bank deposits	28.33	14.77
Loans and other deposits	33.24	35.63
Dividend Income on		
Current Investments	0.07	47.73
Long-Term Investments	-	1.98
Profit on Sale of Investments	289.36	5.93
Rent	1.67	1.70
Profit on Sale of Fixed Assets	13.73	14.08
Sundry Receipts	27.73	32.51
TOTAL	**394.13**	**154.33**

21. Cost of Raw Material and Components Consumed

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
a) Raw Material and Components Consumed		
Inventory at the beginning of the year	3,439.03	2,609.23
Add: Purchases during the year	68,694.43	78,020.12
	72,133.46	80,629.35
Less: Inventory at the end of the year	3,751.52	3,439.03
Cost of Raw Material and Components Consumed (Refer note below)	**68,381.94**	**77,190.32**
b) Packing Material Consumed	**2,218.83**	**2,438.71**
TOTAL	**70,600.77**	**79,629.03**

Note: Details of Raw Material Consumed:

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
1) Caustic Soda/Soda Ash	13,817.17	13,743.76
2) Ammonia	4,196.59	4,479.75
3) Nitric Acid	5,903.79	6,739.11
4) Sulphuric Acid	1,477.85	1,840.09
5) Benzene	3,252.06	3,098.13
6) Toluene	8,118.41	7,002.67
7) Metaxyline	1,566.88	1,647.94
8) Cumene	307.10	1,328.13
9) Para Nitro Toluene	782.10	1,611.14
10) Oleum	847.02	1,140.94
11) Iron Powder	1,379.92	1,635.73
12) 2, Ethyl Hexanol	7,909.52	13,409.25
13) Others	18,823.53	19,513.68
TOTAL	**68,381.94**	**77,190.32**

22. (Increase)/ Decrease in Inventories

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Inventories at the beginning 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**
Less:		
Inventories at the end of the year		
Stock in Process	3,529.68	2,358.42
Finished Goods	4,086.43	5,300.44
	7,616.11	**7,658.86**
TOTAL	**42.75**	**(654.33)**

23. Employee Benefits Expense

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Salaries, Wages and Bonus	10,537.68	10,437.62
Contribution to Provident and Other Funds	640.22	537.21
Gratuity Expenses (Refer Note No. 28A(iv))	448.68	138.24
Staff Welfare expenses	593.48	494.88
TOTAL	**12,220.06**	**11,607.95**

24. Power & Fuel Expenses

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Consumption of Gas	898.51	784.22
Consumption of Furnace Oil	677.30	667.84
Consumption of High Speed Diesel	110.27	98.73
Consumption of Coal and Coke	3,230.58	3,703.63
Electricity Expenses	4,845.29	5,955.98
Water Charges	476.57	596.45
Other Expenses	5.42	8.09
TOTAL	**10,243.94**	**11,814.94**

25. Depreciation and Amortisation Expenses

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Depreciation of Tangible Assets	4,070.43	3796.09
Amortisation of Intangible Assets	157.98	148.95
TOTAL	**4,228.41**	**3,945.04**

26. Finance Costs

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Interest	2,749.11	2,910.40
Bank charges	142.12	165.22
Exchange difference to the extent considered as an adjustment to Borrowing Costs	340.20	834.23
TOTAL	**3,231.43**	**3,909.85**

27. Other Expenses

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Conversion Charges	580.51	506.63
Excise Duty paid	22.86	20.94
(Increase)/ Decrease of Excise Duty on Inventories	(26.08)	61.23
Other Manufacturing Expenses	840.20	887.08
Loss on Sale / Discard of Fixed Assets	160.46	177.01
Insurance	211.91	233.85
Repairs and Maintenance :-		
Plant and machinery	2,068.51	2,426.20
Buildings	200.42	166.45
Others	67.51	94.74
Freight and Forwarding Charges	2,833.58	2,650.64
Consumption of Stores and Spare parts	1,532.53	1,459.12
Sales Commission	304.77	343.41
Corporate Social Responsibility Activity Expenditure (Refer Note No. 43) / Donations	207.71	163.94
Rent	336.63	122.90
Rates and Taxes	189.05	179.99
Travelling and Conveyance	436.18	437.33
Vehicle Expenses	271.49	284.22
Legal and Professional Expenses	1,662.36	911.09
General Expenses	2,556.34	2,945.87
Provision / (Write back) for Inventory Obsolescence (net)	(39.45)	(15.94)
Provision for Doubtful Debts	8.28	239.88
Add:- Bad Debts / (recovered)	25.20	17.93
Less:- Transfer from Provision for Doubtful Debts	120.03	26.81
	(86.55)	**231.00**
Directors' Sitting Fees	15.90	16.35
Payment to Auditor (Refer note below)	45.32	37.81
TOTAL	**14,392.16**	**14,341.86**

Note: Payment to Auditor

		Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
i)	As Auditor:		
	Audit fees	29.62	24.50
	Tax Audit fees	3.52	3.52
	Quarterly Limited Review	4.50	4.50
ii)	In Other Capacity:		
	Taxation Matters	4.50	3.02
	Other Services (Certification Fees)	3.18	2.27
TOTAL		**45.32**	**37.81**

28. 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 Lakhs	Previous Year ₹ in Lakhs
Balance at the beginning of the year	1,338.98	1,175.52
Current Service Cost	93.31	89.72
Interest Cost	106.14	93.49
Actuarial (gain)/losses	346.08	40.83
Benefits Paid	(90.50)	(60.58)
Liability Transferred	-	-
Curtailments	-	-
Settlements	-	-
Balance at the end of the year	**1,794.01**	**1,338.98**

ii) Fair Value of Plan Assets:

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Balance at the beginning of the year	1,286.55	1,101.32
Expected Return on Plan Assets	102.25	87.59
Actuarial gain/(losses)	2.72	(1.78)
Contribution by the Company	372.10	160.00
Benefits Paid	(90.50)	(60.58)
Settlements	-	-
Balance at the end of the year	**1,673.12**	**1,286.55**
Actual Return on Plan Assets	**7.56% to 8.07%**	**8.00% to 8.85 %**

iii) Assets and Liabilities Recognised in the Balance Sheet:

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Present Value of Defined Benefit Obligation	1,794.01	1,338.98
Less: Fair Value of Plan Assets:	1,673.13	1,286.55
Less: Unrecognised Past Service costs	-	-
Amounts recognised as liability	**120.88**	**52.43**
Recognised under:		
Long Term provision	-	-
Short Term provision (Refer Note 7)	120.88	52.43
Total	**120.88**	**52.43**

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

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Current Service Cost	93.31	89.72
Interest Cost	106.14	93.49
Expected return on Plan Assets	(102.25)	(87.60)
Actuarial (gain)/losses	343.35	42.61
Liability Transferred	8.13	-
Curtailments	-	-
Settlements	-	-
Total Expenses (Refer Note No. 24)	**448.68**	**138.24**

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	7.34%	8.07%
Expected Return on Plan Assets	7.34%	8.07%
Salary Growth Rate	6.50%	6.50%
Attrition rate	2.00%	2.00%

vii) Amount Recognised in current year and previous four year

	March 31,2017 ₹ in Lakhs	March 31,2016 ₹ in Lakhs	March 31,2015 ₹ in Lakhs	March 31,2014 ₹ in Lakhs	March 31,2013 ₹ in Lakhs
Defined Benefit Obligation	1794.01	1,338.98	1,175.52	952.37	848.09
Plan Assets	1673.13	1,286.55	1,101.32	918.64	833.80
Surplus/Deficit	120.88	52.43	74.20	33.73	14.29
Experience adjustments in plan liabilities	287.99	36.27	49.98	51.86	49.10
Experience adjustments in plan assets	2.72	(2.03)	5.16	2.08	(0.20)

viii) Expected Contribution to the Fund in the next Year

	Current Year ₹ in Lakhs
Gratuity	200.00

B) Leave Encashment

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

2) Principal Actuarial Assumptions:

	Current Year	Previous Year
Discount Rate	7.34%	8.07%

3) The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2017, is ₹ 1,018.70 Lakhs (Previous year ₹ 759.14 Lakhs), which is determined on actuarial basis using Projected Unit Credit Method.

C) Defined Contribution Plan

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Employer's Contribution to Provident Fund	405.82	352.64
Employer's Contribution to Superannuation Fund	162.06	136.45

Expected Contribution for the next year	₹ in Lakhs
Employer's Contribution to Provident Fund	438.29
Employer's Contribution to Superannuation Fund	175.02

29. Segment Reporting

(a) The Company has disclosed business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Basic Chemicals, (ii) Fine & Speciality Chemicals and (iii) Performance Products

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
I) Segment Revenue		
a) Basic Chemicals	63,457.13	67,455.64
b) Fine & Speciality Chemicals	35,936.34	39,336.81
c) Performance Products	24,008.68	27,368.25
d) Un- allocable	488.70	578.38
TOTAL	**123,890.85**	**134,739.08**
Less: Inter Segment Revenue	1,735.10	1,166.56
Net Sales/Income from operations	**122,155.75**	**133,572.52**
II) Segment Results		
Profit (+) Loss (-) Before Tax & Interest		
a) Basic Chemicals	9,092.91	7,958.84
b) Fine & Speciality Chemicals	8,509.03	9,718.63
c) Performance Products	(1,418.70)	(870.59)
TOTAL	**16,183.24**	**16,806.88**
Less : i) Interest Expenses	3,089.31	3,744.63
ii) Other un-allocable expenditure net of un-allocable Income	(1,993.14)	3,929.74
III) Profit Before Tax	**15,087.07**	**9,132.51**
Provision for Taxation		
Current Tax	3,187.70	1,984.57
MAT Credit Entitlements	(212.10)	(399.28)
Deferred Tax	907.66	1,032.31
IV) Profit After Tax	**11,203.82**	**6,514.91**
V) Segment Assets		
a) Basic Chemicals	35,445.36	29,965.85
b) Fine & Speciality Chemicals	33,141.98	33,097.82
c) Performance Products	41,883.23	41,600.05
d) Un- allocable	46,688.52	21,204.86
TOTAL	**157,159.09**	**125,868.57**
VI) Segment Liabilities		
a) Basic Chemicals	7,070.03	9,021.46
b) Fine & Speciality Chemicals	3,872.82	3,788.45
c) Performance Products	6,363.41	4,515.86
d) Un- allocable	59,844.59	55,289.26
TOTAL	**77,150.84**	**72,615.03**

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
VII) Capital Expenditure		
a) Basic Chemicals	2,522.70	3,975.53
b) Fine & Speciality Chemicals	340.01	3,158.61
c) Performance Products	77.66	1,395.71
d) Un- allocable	586.61	492.35
TOTAL	**3,526.99**	**9,022.20**
VIII) Depreciation		
a) Basic Chemicals	1,283.20	1,074.32
b) Fine & Speciality Chemicals	981.65	824.77
c) Performance Products	1,528.42	1,609.40
d) Un- allocable	435.14	436.55
TOTAL	**4,228.41**	**3,945.04**

(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 Lakhs	Previous Year ₹ in Lakhs
In India	76,534.37	82,444.76
Outside India	45,621.38	51,127.76
TOTAL	**122,155.75**	**133,572.52**

Carrying Amount of Segment Assets	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
In India	141,054.49	111,165.81
Outside India	16,104.60	14,702.76
TOTAL	**157,159.09**	**125,868.57**

Addition to Fixed Assets	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
In India		
- Tangible	3,357.40	8,868.21
- Intangible	169.59	153.99
Outside India		
- Tangible	-	-
- Intangible	-	-
TOTAL	**3,526.99**	**9,022.20**

30. Disclosure under AS 20 "Earnings Per Share"

	Current Year	Previous Year
Basic and Diluted Earnings per Share		
Number of Shares as on April 1, 2016 (Nos. in Lakhs).	1,162.88	1,045.38
Number of Shares as on March 31, 2017 (Nos. in Lakhs).	1,307.11	1,162.88
Weighted Average Number of Shares considered for Basic Earnings Per Share (Nos. in Lakhs).	1,172.76	1,072.99
Weighted Average Number of Shares considered for Diluted Earnings Per Share (Nos. in Lakhs).	1,172.76	1,072.99
Net Profit after Tax available for Equity Shareholders (₹ in Lakhs)	11,203.82	6,514.91
Basic Earning (in Rupees) Per Share of ₹ 2/- each.	9.55	6.07
Diluted Earning (in Rupees) Per Share of ₹ 2/- each.	9.55	6.07

31. 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 D.C. Mehta, Chairman & Managing Director

Shri A.C. Mehta, Managing Director

Shri M.D. Mehta, Whole Time Director

Shri Umesh Asaikar, Executive Director & Chief Executive Officer

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

Check Point Credits & Capital Private Limited * Deepak Cybit Private Limited * Deepak Fertilisers and Petrochemicals Corporation Limited * Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited *Hardik Leafin Private Limited * Pranawa Leafin 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 * Sundown Finvest Private Limited

(v) Relative of Key Management Personnel

Shri C.K. Mehta

Shri Meghav D. Mehta

(vi) Transaction with Related Parties

₹ in Lakhs

Sr. No.	Nature of Transaction	31st March, 2017						31st March, 2016					
		Subsidiary Company	Associate Companies	Key Management Personnel	Entities 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	Entities 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	-	-	-	6,049.65	-	**6,049.65**	-	-	-	7,082.93	-	**7,082.93**
	Deepak Novochem Technologies Limited	-	-	-	-	-	**-**	-	-	-	54.86	-	**54.86**
2	**Sale of Goods**												
	Deepak Novochem Technologies Limited	-	-	-	712.69	-	**712.69**	-	-	-	64.05	-	**64.05**
3	**Conversion Charges Received**												
	Deepak Novochem Technologies Limited	-	-	-	894.86	-	**894.86**	-	-	-	712.90	-	**712.90**
4	**Sale of Fixed Assets**												
	Deepak Phenolics Limited	1,597.43	-	-	-	-	**1,597.43**	-	-	-	-	-	**-**
5	**Rendering of Services / Reimbursement of Expenses**												
	Deepak Novochem Technologies Limited	-	-	-	0.39	-	**0.39**	-	-	-	0.46	-	**0.46**
	Deepak Phenolics Limited	213.19	-	-	-	-	**213.19**	381.59	-	-	-	-	**381.59**
6	**Receiving of services / Reimbursement of Expenses**												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	14.03	-	**14.03**	-	-	-	16.32	-	**16.32**
	Deepak Novochem Technologies Limited	-	-	-	1.72	-	**1.72**	-	-	-	3.22	-	**3.22**
	Deepak Foundation	-	-	-	2.37	-	**2.37**	-	-	-	0.66	-	**0.66**
	Deepak Medical Foundation	-	-	-	17.76	-	**17.76**	-	-	-	0.82	-	**0.82**
	Deepak Nitrite Corporation Inc.	968.03	-	-	-	-	**968.03**	559.23	-	-	-	-	**559.23**
	Deepak Cybit Pvt Ltd				16.33		**16.33**	-	-	-	-	-	**-**
	Sofotel Infra Private Limited	-	-	-	-	-	**-**	-	-	-	0.04	-	**0.04**
	Shri Deepak C. Mehta	-	-	9.60	-	-	**9.60**	-	-	9.60	-	-	**9.60**
	Shri C.K. Mehta	-	-	0.60	-	1.00	**1.60**	-	-	4.51	-	-	**4.51**
	Shri Maulik D. Mehta	-	-	-	-	8.76	**8.76**	-	-	-	-	45.50	**45.50**
	Shri Meghav D. Mehta	-	-	-	-	30.05	**30.05**	-	-	-	-	26.14	**26.14**
7	**Managerial Remuneration**												
	Shri Deepak C. Mehta	-	-	322.51	-	-	**322.51**	-	-	342.92	-	-	**342.92**
	Shri Ajay C. Mehta	-	-	98.17	-	-	**98.17**	-	-	336.59	-	-	**336.59**
	Shri Maulik D. Mehta	-	-	75.35	-	-	**75.35**	-	-	-	-	-	**-**
	Shri Umesh Asaikar	-	-	387.82	-	-	**387.82**	-	-	367.57	-	-	**367.57**

₹ in Lakhs

Sr. No.	Nature of Transaction	31st March, 2017						31st March, 2016					
		Subsidiary Company	Associate Companies	Key Management Personnel	Entities 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	Entities over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
8	**Subscription of Investment / Acquisition of Investment**												
	Deepak Phenolics Ltd	21,815.59	-	-	-	-	**21,815.59**	4,269.41	-	-	-	-	**4,269.41**
	Deepak Nitrite Corporation Inc.	-	-	-	-	-	**-**	47.68	-	-	-	-	**47.68**
							-	**-**					-
9	**Dividend Paid**												
	Checkpoint Credits & Capitals Private Limited	-	-	-	86.47	-	**86.47**	-	-	-	72.06	-	**72.06**
	Stigma Credits & Capital Private Limited	-	-	-	74.14	-	**74.14**	-	-	-	61.78	-	**61.78**
	Stiffen Credits & Capital Private Limited	-	-	-	100.56	-	**100.56**	-	-	-	83.80	-	**83.80**
	Stepup Credits & Capital Private Limited	-	-	-	82.99	-	**82.99**	-	-	-	69.16	-	**69.16**
	Skyrose Finvest Private Limited	-	-	-	44.30	-	**44.30**	-	-	-	36.91	-	**36.91**
	Shri Deepak C. Mehta	-	-	251.28	-	-	**251.28**	-	-	206.00	-	-	**206.00**
	Shri C.K. Mehta	-	-	1.04	-	-	**1.04**	-	-	0.86	-	-	**0.86**
	Shri Maulik D. Mehta	-	-	-	-	1.58	**1.58**	-	-	-	-	1.31	**1.31**
	Shri Meghav D. Mehta	-	-	-	-	0.57	**0.57**	-	-	-	-	0.47	**0.47**
	Others	-	-	-	65.66	16.39	**82.05**	-	-	-	52.82	13.66	**66.48**
10	**Donation / CSR Activity**												
	Deepak Foundation - PHTI	-	-	-	148.26	-	**148.26**	-	-	-	114.10	-	**114.10**
	Deepak Medical Foundation	-	-	-	23.84	-	**23.84**	-	-	-	20.00	-	**20.00**
	Deepak Foundation	-	-	-	33.10	-	**33.10**	-	-	-	23.50	-	**23.50**
11	**Net Accounts Receivable / (Payable)**												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	(851.42)	-	**(851.42)**	-	-	-	(1,035.49)	-	**(1,035.49)**
	Deepak Novochem Technologies Limited	-	-	-	810.95	-	**810.95**	-	-	-	152.92	-	**152.92**
	Deepak Phenolics Ltd	1,615.10	-	-	-	-	**1,615.10**	24.35	-	-	-	-	**24.35**
	Deepak Nitrite Corporation Inc.	(55.72)	-	-	-	-	**(55.72)**	45.98	-	-	-	-	**45.98**
	Shri Deepak C. Mehta	-	-	374.00	-	-	**374.00**	-	-	135.55	-	-	**135.55**
	Shri Ajay C. Mehta	-	-	(26.00)	-	-	**(26.00)**	-	-	(264.45)	-	-	**(264.45)**
	Shri C.K. Mehta	-	-	-	-	(1.00)	**(1.00)**	-	-	(3.00)	-	-	**(3.00)**
	Shri Maulik D. Mehta	-	-	(20.25)	-	-	**(20.25)**	-	-	-	-	-	**-**
	Shri Umesh Asaikar	-	-	(72.13)	-	-	**(72.13)**	-	-	(86.25)	-	-	**(86.25)**
	Sofotel Infra Private Limited	-	-	-	-	-	**-**	-	-	-	(0.04)	-	**(0.04)**

32. Contingent Liabilities not provided for

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
a) In respect of income tax matters	98.60	98.60
b) In respect of sales tax / vat matters	72.84	59.43
c) In respect of excise matters	493.23	218.41
d) Bank Guarantees:		
- Financial	980.48	1155.33
- Performance	2,525.51	2936.42
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	**4,193.51**	**4,491.04**

33. On October 21, 2016, there was a fire at one of the Company's manufacturing unit at Roha Industrial Estate, Maharashtra. Out of the four affected facilities at the unit, three have resumed operation by now in a phased manner. The facility, where accident took place, is expected to resume full fledged operations by May, 2017. The Company is adequately insured for replacement value of the damaged facilities and loss of profits due to business interruption; claims under insurance have been lodged and shall be recognised in due course. Therefore, no effect has been given in the books of accounts.

34. Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 as per MCA Notification No. G.S.R. 307(E) dated March 30, 2017

	SBNs	Other denomination notes	Total
Closing Cash in Hand as on 08.11.2016	1,226,500	271,867	1,498,367
(+) Permitted Receipts	-	4,311,350	4,311,350
(-) Permitted Payments	-	3,720,027	3,720,027
(-) Amount deposited in Banks	1,226,500	-	1,226,500
Closing Cash in Hand as on 30.12.2016	**-**	**863,190**	**863,190**

35. Capital Commitments (Net of Advances)

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Capital Commitments	378.46	743.41

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 Lakhs)	110.58	72.61
Equivalent INR (in Lakhs)	7,291.91	5,045.36
EURO		
Amount EURO (in Lakhs)	-	6.31
Equivalent INR (in Lakhs)	-	482.65

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 Lakhs	152.39	211.22
Trade Payables	USD Lakhs	22.63	37.31
	EURO Lakhs	0.06	0.98
Receivables (Net of Forward Contracts)			
Export Trade Receivables (Net of forward contract upto 3 months)	USD Lakhs	248.35	185.73
	EURO Lakhs	-	3.26
	GBP Lakhs	0.10	-
Term Loans			
External Commercial Borrowings	USD Lakhs	127.50	259.75

37. CIF Value of Imports

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
i) Raw materials	17,313.43	22,413.81
ii) Components and Spare Parts	13.90	16.02
iii) Capital Goods	61.72	48.97
Total	**17,389.05**	**22,478.80**

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

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
i) Travelling	52.58	80.67
ii) Interest on Loans	808.41	1,068.45
iii) Professional fees for market survey	436.46	523.05
iv) Commitment Charges / Bank Charges	1.29	1.05
v) Commission on Export Sales	89.72	87.87
vi) Others	788.51	714.41
	2,176.97	**2,475.50**

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

	% of Total Consumption	Amount ₹ in Lakhs	% of Total Consumption	Amount ₹ in Lakhs
	Current Year		Previous Year	
I. RAW MATERIALS:				
i) Imported	26.61	18,194.53	28.25	21,808.03
ii) Indigenous	73.39	50,189.81	71.75	55,382.29
	100.00	**68,384.34**	**100.00**	**77,190.32**
II. STORES AND SPARE PARTS:				
i) Imported	1.17	17.93	1.10	16.02
ii) Indigenous	98.83	1,514.60	98.90	1,443.10
	100.00	**1,532.53**	**100.00**	**1,459.12**

40. Earning in Foreign Exchange

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
F.O.B Value of Exports	45,191.40	50,731.13

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 Lakhs	Previous Year ₹ in Lakhs
i) Principal amount remaining unpaid as on March 31.	85.00	143.04
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.	0.25	0.22
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	0.07	0.25
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 Lakhs	Previous Year ₹ in Lakhs
i) Capital Expenditure (Refer Fixed Assets Note 6)	214.54	158.95
ii) Revenue Expenditure:		
Materials	25.91	28.33
Utilities	1.72	14.08
Maintenance	32.47	21.14
Personnel	421.71	387.14
Others	103.18	77.16
	584.99	**527.85**
Discarding of Assets	6.34	-
Depreciation	101.00	134.82
	107.34	**134.82**
Total Revenue Expenditure	**692.33**	**662.67**
iii) Total Capital & Revenue Expenditure	**906.87**	**821.62**

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

	2016-17 ₹ in Lakhs	2015-16 ₹ in Lakhs	2014-15 ₹ in Lakhs	2013-14 ₹ in Lakhs	2012-13 ₹ in Lakhs
i) Capital Expenditure					
Nandesari	214.54	158.95	97.48	255.16	5.99
Roha	-	-	-	-	-
Total	**214.54**	**158.95**	**97.48**	**255.16**	**5.99**
ii) Revenue Expenditure					
Nandesari	678.81	648.77	673.67	528.99	472.78
Roha	13.52	13.90	86.32	96.75	102.36
Total	**692.33**	**662.67**	**759.99**	**625.74**	**575.14**
iii) Total Capital & Revenue Expenditure					
Nandesari	893.35	807.72	771.15	784.15	478.77
Roha	13.52	13.90	86.32	96.75	102.36
Total	**906.87**	**821.62**	**857.47**	**880.90**	**581.13**

43. During FY 2016-17, your Company has spent ₹ 205.00 Lakhs on Corporate Social Responsibility activities, against the requirement of ₹ 163.00 Lakhs, being 2% of average of the net profits for the preceding three years.

44. 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: April 28, 2017

For and on behalf of the Board

DEEPAK C. MEHTA
Chairman & Managing Director

MAULIK D. MEHTA
Whole-time Director

SANJAY UPADHYAY
Director-Finance & Chief Financial Officer

ARVIND BAJPAI
Company Secretary

AJAY C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
} Directors

Mumbai: April 28, 2017

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	2016-17	2016-17
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	US$ 1US$ = ₹ 64.84
4	Share Capital (₹ in Lakhs)	25,000.00	47.68
5	Reserves & Surplus (₹ in Lakhs)	(1,255.51)	25.23
6	Total Assets (₹ in Lakhs)	53,465.40	271.29
7	Total Liabilities (₹ in Lakhs)	3,953.68	198.39
8	Investments (₹ in Lakhs)	1,100.00	-
9	Turnover (₹ in Lakhs)	13,700.14	1,170.27
10	Profit before Taxation (₹ in Lakhs)	(960.36)	2.74
11	Provision for Taxation (₹ in Lakhs)	-	0.61
12	Profit after Taxation (₹ in Lakhs)	(960.36)	2.13
13	Proposed Dividend (₹ in Lakhs)	-	-
14	% of Shareholding	100%	100%

Part "B": Associate (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	31/03/2017
3	Shares of Associate held by the company on the year end	
4	No. of Shares held (Face value of OMR 10/- each)	122,500
5	Amount of Investment in Associates (₹ in Lakhs)	179.30
6	Extend of Holding %	49%
7	Description of how there is significant influence	By virtue of shareholding
8	Reason why the associate/joint venture is not consolidated	Not applicable
9	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lakhs)	493.47
10	Profit / Loss for the year	
	i. Considered in Consolidation (₹ in Lakhs)	(14.21)
	ii. Not Considered in Consolidation (₹ in Lakhs)	(14.79)

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: April 28, 2017

For and on behalf of the Board

DEEPAK C. MEHTA
Chairman & Managing Director

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SUDHIR MANKAD
SANDESH ANAND
} Directors

ARVIND BAJPAI
Company Secretary

Mumbai: April 28, 2017

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"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising the balance sheet as at March 31, 2017 and related consolidated statements of the profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information thereon ("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. 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 in respect of the matters 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, 2017, and its profit and its cash flows for the year ended on that date.

Other Matters

8. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 271.29 lakhs (before consolidation adjustments) as at March 31, 2017, total revenue of ₹ 1,170.26 lakhs (before consolidation adjustments) and net cash flows amounting to ₹ 16.55 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 ₹ 14.21 lakhs for the year ended March 31, 2017, 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.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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, 2017 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, 2017 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 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 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 Holding Company. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company's subsidiary company incorporated in India.

      iv. The Group has provided requisite disclosure in Note 35 to the consolidated financial statements as to holdings as well as dealings in specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the company and as produced to us by the management.

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

Himanshu Chapsey
Partner
Membership Number: 105731

Mumbai
April 28, 2017

ANNEXURE I

TO OUR REPORT OF EVEN DATE IN 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, 2017, 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 sated 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, 2017, 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

Mumbai
April 28, 2017

CONSOLIDATED BALANCE SHEET as at March 31, 2017

	Note No.	2017 ₹ in Lakhs	2016 ₹ in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,614.22	2,325.76
Reserves and Surplus	4	69,094.98	44,960.65
		71,709.20	**47,286.41**
Non-Current Liabilities			
Long-Term Borrowings	5	23,829.67	15,892.61
Deferred Tax Liability	6	6,572.37	5,664.71
Other Long-Term Liabilities	7	286.16	290.80
Long-Term Provisions	8	780.12	481.34
		31,468.32	**22,329.46**
Current Liabilities			
Short-Term Borrowings	9	37,662.43	26,851.67
Trade Payables	10a	15,019.84	13,310.47
Other Current Liabilities	10b	24,215.25	17,611.16
Short-Term Provisions	8	409.97	2,025.48
		77,307.49	**59,798.78**
TOTAL		**180,485.01**	**129,414.65**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	58,468.27	59,181.43
Intangible Assets	12a	585.12	591.19
Capital Work-in-Progress	12b	34,931.07	3,192.89
Non-Current Investments	13	266.58	280.78
Long-Term Loans and Advances	14	17,006.12	8,052.07
Other Non-Current Assets	15	0.52	1.04
		111,257.68	**71,299.40**
Current Assets			
Current Investments	13	11,391.27	8,378.83
Inventories	16	13,581.77	12,101.82
Trade Receivables	17	36,033.11	31,318.54
Cash and Cash Equivalents	18	1,449.12	649.05
Short-Term Loans and Advances	14	6,154.73	5,382.11
Other Current Assets	15	617.33	284.90
		69,227.33	**58,115.25**
TOTAL		**180,485.01**	**129,414.65**
Summary of significant accounting policies and principles of consolidation	1 & 2		

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: April 28, 2017

For and on behalf of the Board

DEEPAK C. MEHTA
Chairman & Managing Director

AJAY C. MEHTA
Managing Director

MAULIK D. MEHTA
Whole-time Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Director-Finance & Chief Financial Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
} Directors

ARVIND BAJPAI
Company Secretary

Mumbai: April 28, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

	Note No.	2017 ₹ in Lakhs	2016 ₹ in Lakhs
REVENUE			
Revenue from Operations (Gross)		144,444.59	145,708.15
Less: Excise Duty		8,400.24	8,415.12
Revenue from Operations (Net)	19	**136,044.35**	**137,293.03**
Other Income	20	489.98	158.98
Total Revenue		**136,534.33**	**137,452.01**
EXPENSES			
Cost of Raw Material and Components Consumed	21	70,600.77	79,629.03
Purchase of Traded Goods	22	14,984.37	3,587.45
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	23	(999.61)	(669.52)
Employee Benefits Expense	24	12,559.37	11,907.77
Power & Fuel Expenses	25	10,243.94	11,814.94
Depreciation and Amortisation Expenses	26	4,272.32	3,954.27
Finance Costs	27	3,653.75	3,971.32
Other Expenses	28	14,590.17	14,343.54
Total Expenses		**129,905.08**	**128,538.80**
Profit before exceptional items and tax		6,629.25	8,913.21
Exceptional items (Refer Fixed Assets note 4 (c))		7,048.38	-
Profit Before Tax		**13,677.63**	**8,913.21**
Tax Expenses			
Current Tax		3,188.30	1,989.97
MAT Credit Entitlement		(212.10)	(399.28)
Deferred Tax charge		907.66	1,032.31
Total Tax Expenses		**3,883.86**	**2,623.00**
Profit for the year		**9,793.77**	**6,290.21**
Less:			
Share of Loss for the year from Associate		(14.21)	(17.08)
Profit for the year		**9,779.56**	**6,273.13**
Earnings per Equity Share			
Basic (in ₹)	31	8.34	5.85
Diluted (in ₹)	31	8.34	5.85
Face Value Per Share (in ₹)		2.00	2.00
Summary of significant accounting policies and principles of consolidation	1 & 2		
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: April 28, 2017

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} Directors

ARVIND BAJPAI
Company Secretary

Mumbai: April 28, 2017

CONSOLIDATED CASH FLOW STATEMENT

	2017 ₹ in Lakhs	2016 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax from Continuing Operations	13,677.63	8,913.21
Profit before tax	**13,677.63**	**8,913.21**
Non-cash adjustment to reconcile profit before tax to net Cash Flows		
1. Depreciation / Amortisation on Continuing Operations	4,272.32	3,954.27
2. Loss on Sale of Fixed Assets	161.33	177.01
3. Profit on Sale of Fixed Assets (including exceptional items)	(7,062.11)	(14.08)
4. Provision for Doubtful Debts	(113.46)	214.76
5. Wealth Tax	-	(2.82)
6. Amortisation of Misc. Expenses	0.53	-
7. Profit on sale of Investments	(337.84)	(5.93)
8. Interest expenses	3,412.19	3,764.50
9. Interest Income	(112.00)	(53.94)
10. Dividend Income	(0.07)	(51.06)
Operating Profit Before Working Capital changes	**13,898.52**	**16,895.92**
Movements in working capital :		
1. Increase / (Decrease) in Trade Payables	1,533.73	2,012.48
2. Increase / (Decrease) in Other Current Liabilities & Provision	(543.62)	2,053.72
3. Decrease / (Increase) in Trade Receivables	(4,425.48)	(434.10)
4. Decrease / (Increase) in Inventories	(1,440.50)	(1,597.73)
5. Decrease / (Increase) in Long-Term Loans and Advances	(2,014.11)	(693.85)
6. Decrease / (Increase) in Short-Term Loans and Advances	(411.13)	(182.48)
7. Decrease / (Increase) in Other Current Assets	(70.10)	554.87
Cash generated from /(used in) Operations	**6,527.31**	**18,608.83**
Direct taxes paid (net of refunds)	(1,622.12)	(1,880.98)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES (A)	**4,905.19**	**16,727.85**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
1. Purchase of Fixed Assets, including Capital Work in Progress, Capital Advances and Creditors for projects	(29,623.25)	(8,672.77)
2. Proceeds from Sale of Fixed Assets	5,503.38	22.35
3. Decrease / (Increase) in Long-Term Loans and Advances & Other Non Current Assets Related to Capital Assets	(6,636.21)	-
4. Purchase of Current Investments	(71,354.11)	(27,051.21)
5. Proceeds from sale/maturity of Current Investments	68,390.15	18,672.36
6. Interest received	90.76	40.37
7. Dividends received	0.07	51.06
8. Taxes paid on transfer / sale of land	(1,626.20)	-
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES (B)	**(35,255.41)**	**(16,937.84)**

	2017 ₹ in Lakhs	2016 ₹ in Lakhs
C. CASH FLOWS FROM FINANCING ACTIVITIES		
1. Proceeds from issue of Equity Shares	14,643.23	8,070.67
2. Proceeds from Long-Term Borrowings	21,839.02	1,197.10
3. Repayment of Long-Term Borrowings	(10,231.71)	(7,490.32)
4. Net Proceeds from Working Capital Borrowings	8,988.16	1,750.49
5. Proceeds from Short-Term Borrowings	1,000.00	2,000.00
6. Interest paid	(3,415.06)	(3,722.62)
7. Dividend paid on Equity Shares	(1,389.27)	(1,039.88)
8. Tax on Equity Dividend paid	(284.08)	(212.82)
9. Margin money deposits	(688.31)	(120.00)
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES (C)	**30,461.98**	**432.62**
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	**111.76**	**222.63**
Cash and Cash equivalents at the beginning of the year	529.05	306.42
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**640.81**	**529.05**
Reconciliation of Cash and Cash equivalents		
Balances with Banks:		
– In Current Accounts	568.81	476.84
– In EEFC Accounts	15.21	0.01
– On Unpaid Dividend / Interest Account (Refer note below)	56.79	52.20
	640.81	**529.05**
Other Bank Balances		
– Margin Money Deposits with original maturity for more than three months but less than twelve months	808.31	120.00
TOTAL CASH AND CASH EQUIVALENTS AS PER NOTE 18	**1,449.12**	**649.05**

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: April 28, 2017

For and on behalf of the Board

DEEPAK C. MEHTA
Chairman & Managing Director

AJAY C. MEHTA
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Director-Finance & Chief Financial Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
} Directors

ARVIND BAJPAI
Company Secretary

Mumbai: April 28, 2017

NOTES to Consolidated Financial Statements for the year ended March 31, 2017

Company overview

Deepak Nitrite Limited ('DNL' or 'the Company') is a prominent chemical manufacturing Company. The Company manufactures Basic Chemicals , Fine & Speciality Chemicals and Performance Products. 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 method (WDV). Depreciation on all tangible assets is provided at the rates and in the manner prescribed by Schedule II to the Companies Act, 2013 except in case of leasehold land which is amortised over the period of lease term and certain components of plant & machinery such as Reactors, Centrifuge, Cooling towers, Air Compressor etc. which are depreciated over its useful life as technically assessed by Independent/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 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 recognize 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 relatable 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 gain or loss is accrued on periodic settlement and/or completion of contract and is recognised as per the principles set out in i) (i) above.

j) Income Tax

Tax expense comprises of both current and deferred tax.

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

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

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

k) Earnings per Share

The Company reports Basic and Diluted Earnings per Share (EPS) in accordance with the A S 20 on 'Earnings per Share'. Basic Earnings per Equity Share is computed by dividing net income by the weighted average number of Equity Shares outstanding for the period. Diluted Earnings per Equity Share are computed by dividing net income by the weighted average number of Equity Shares adjusted for the effects of all dilutive potential Equity Shares.

l) Segment Reporting - Basis of Information

The Company has disclosed business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Basic Chemicals , (ii) Fine & Speciality Chemicals and (iii) Performance Products.

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 AS 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 31 March 2017. 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 entries used for consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2017.

(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 are accounted under the Equity method as per the Accounting Standard – 23 (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006 (as amended). Under the Equity method, the investment in 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 associates.

(iv)

Name of Entity	Ownership in % either directly or through subsidiaries		Nature	Country of Incorporation
	2016-17	2015-16		
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, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Authorised Capital:		
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:		
13,07,11,266 (Previous year, 11,62,88,190) Equity Shares of ₹ 2/- each fully paid-up (Refer Note a(iv) below)	2,614.22	2,325.76
Total Issued, subscribed and fully paid-up share capital	**2,614.22**	**2,325.76**

(a) Shares:- Terms/Rights:

i) Authorised capital has been classified into Equity and Preference shares.

ii) 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.

iii) 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.

iv) During the current and previous 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, 1,44,23,076 Equity Shares (Previous year, 1,17,50,000 Equity Share) of ₹ 2/- each were allotted to QIBs on March 07, 2017 (Previous year, January 6, 2016) at an issue price of ₹ 104 per Equity Share (Previous year, ₹ 70.90 per Equity Share), including premium of ₹ 102 .00 per Equity Share (Previous year, ₹ 68.90 per Equity Share).

The issue proceeds of ₹ 8,330.75 Lakhs from the Qualified Institutions Placements of previous year has been fully utilised for the object stated in the offer documents.

Out of issue proceeds of ₹ 15,000.00 Lakhs from the Qualified Institutions Placements during the current year, ₹ 356.77 Lakhs were utilised towards share issue expenses and ₹ 4,400.00 Lakhs has been utilised for the object stated in the offer document. Pending utilisation, ₹ 10,243.23 Lakhs have been invested in Liquid Mutual Funds.

v) For the year ended March 31, 2017, the Dividend per Share is proposed by the Board of Directors as ₹ 1.20/- (Previous year, ₹ 1.20/-) aggregating to ₹ 1,568.54 Lakhs (Previous year, ₹ 1,395.46 Lakhs).

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

	As at March 31, 2017		As at March 31, 2016	
	No.	₹ in Lakhs	No.	₹ in Lakhs
At the beginning of the period	116,288,190	2,325.76	104,538,190	2,090.76
Issued during the year – issued to QIB (Refer Note a (iv) above)	14,423,076	288.46	11,750,000	235.00
Outstanding at the end of the period	130,711,266	2,614.22	116,288,190	2,325.76

(c) Details of shareholders holding more than 5% Equity Shares of ₹ 2 each fully paid in the Company:

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	No.	% holding	No.	% holding
Shri Deepak Chimanlal Mehta	21,236,331	16.25	20,904,040	18.01
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	6.41	8,379,940	7.21
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	5.51	7,206,050	6.20
Stepup Credits & Capital Pvt. Ltd.	6,915,580	5.29	6,915,580	5.95
Stigma Credits & Capital Pvt. Ltd.	6,178,100	4.73	6,178,100	5.31
Franklin India Smaller Companies Fund	7,199,495	5.51	6,100,000	5.25

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

4. Reserves & Surplus

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
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	14,547.45	6,711.77
Add: Receipt of Securities Premium on issue of Equity shares to QIBs	14,711.54	8,095.75
Less:- Share issue Expenses (Refer note a below)	356.77	260.07
Closing Balance	**28,902.22**	**14,547.45**
Revaluation Reserve		
Balance as per the last Financial Statements	76.25	77.94
Less: Transferred to General Reserve for recoupment of Depreciation	1.69	1.69
Closing Balance	**74.56**	**76.25**
General Reserve		
Balance as per the last Financial Statements	7,390.13	6,888.44
Add: Transferred from Revaluation Reserve for recoupment of Depreciation	1.69	1.69
Add: Transferred from Surplus in Statement of Profit and Loss	-	500.00
Closing Balance	**7,391.82**	**7,390.13**
Surplus in statement of profit and loss		
Balance as per last Financial Statements	22,860.55	18,766.96
Profit for the year	9,779.56	6,273.13
Amount available for Appropriation	**32,640.11**	**25,040.09**
Less: Appropriations		
Proposed Final Equity Dividend (Previous year ₹ 1.20/- per share) (Refer note b below)	-	1,395.46
Tax on proposed Equity Dividend	-	284.08
Transferred to General Reserve	-	500.00
Total Appropriations	-	2,179.54
Surplus	**32,640.11**	**22,860.55**
TOTAL	**69,094.98**	**44,960.65**

Notes:

a. Share issue expenses includes fees of Statutory Auditors of ₹ 15.00 Lakhs (Previous year, ₹ 15.00 Lakhs) for work related to Qualified Institutions Placement.

b. For the year ended March 31, 2017, Dividend per Share is proposed by the Board of Directors as ₹ 1.20/- (Previous year, ₹ 1.20/-). Pursuant to Companies Accounting Standards Ammendment Rules 2016 notified by Ministry of Corporate Affairs (G.S.R. 364(E) dated 30.03.2016) amending Accounting Standard 4, dividends proposed/declared after the balance sheet date has not been recognised as Provision/Liability.

5. Long Term Borrowings

	Non-Current		Current	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Term Loans (Refer note below)				
Secured				
Foreign Currency Loan from Banks & Financial Institutions	4,993.35	-	-	-
Loan from Banks	14,552.13	6,639.17	2,160.00	2,160.00
External Commercial Borrowings	2,334.19	9,253.44	6,722.83	7,976.53
Other Loans and Advances				
Unsecured				
Loan from Banks	1,950.00	-	4,000.00	-
TOTAL	**23,829.67**	**15,892.61**	**12,882.83**	**10,136.53**
The above amount includes:				
Secured Borrowings	21,879.67	15,892.61	8,882.83	10,136.53
Unsecured Borrowings	1,950.00	-	4,000.00	-
Current maturities of long term borrowings have been disclosed under the head "Other Current Liabilities" (Refer Note No.10 (b))			(12,882.83)	(10,136.53)
NET AMOUNT	**23,829.67**	**15,892.61**	**-**	**-**

Term Loans:-

The Secured Loans from Banks includes Foreign Currency Loan obtained from Axis Bank during the year amounting to ₹ 4,993.35 Lakhs (Previous year, ₹ Nil), Term loan from (a) State Bank of India ₹ 6,639.17 Lakhs (Previous year, ₹ 8,799.17 Lakhs), (b) Axis Bank ₹ 5,467.40 Lakhs (Previous year, ₹ Nil), (c) Dena Bank ₹ 2,605.57 Lakhs (Previous year, ₹ Nil) and (d) Bank of Baroda ₹ 2,000.00 Lakhs (Previous year, ₹ Nil).

The outstanding balance of External Commercial Borrowings are from (a) Standard Chartered Bank ₹ 1,653.38 Lakhs (Previous year, ₹ 3,797.56 Lakhs) (b) HSBC Bank (Mauritius) Limited ₹ 1,945.16 Lakhs (Previous year, ₹ 4,974.97 Lakhs) and (c) DBS Bank Limited ₹ 5,458.48 Lakhs (Previous year, ₹ 8,457.44 Lakhs).

These are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over Current Assets of the Company. The Company is in the process of executing the necessary charge on the Assets.

The Unsecured loans from Bank includes long term working capital loan obtained from Kotak Mahindra Bank during the year amounting to ₹ 5,950.00 Lakhs (Previous year, ₹ Nil).

Repayment Schedule:-

a) Rate of interest of Foreign Currency Loan from Bank is 3.35% p.a. including LIBOR

b) Rate of interest of Rupee loan from State Bank of India is in the range of Base Rate/MCLR plus 0.00% to 1.40% p.a.

c) Rate of interest of Rupee loan from Axis Bank, Dena Bank and Bank of Baroda are in the range of 10.55% to 10.80%

d) Rate of interest of External Commercial Borrowings are in the range of LIBOR plus 2.50% to 3.00% p.a.

e) Rate of interest of Unsecured loan from Kotak Mahindra Bank is six months MCLR.

f) Foreign currency loan from Axis Bank is repayable on quarterly basis starting from June, 2019 with last installment payable in March, 2026.

g) Term loan from State Bank of India is repayable on monthly basis starting from June, 2015 with last installment payable in November, 2021.

h) Term loan from Axis Bank, Dena Bank and Bank of Baroda shall be repayable on quarterly basis from June, 2020.

i) External Commercial Borrowing from Standard Chartered Bank is repayable on half-yearly basis which started on August 23, 2013 with a step up repayment schedule and last installment payable on February 23, 2018.

j) External Commercial Borrowing from HSBC Bank (Mauritius) Limited is repayable on half yearly basis which started on March 30, 2014, with a step up repayment schedule and last installment payable on March 29, 2018

k) 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 installment payable on November 1, 2018.

l) Long Term working capital loan from Kotak Mahindra Bank is repayable on quarterly basis starting from June, 2017 with last installment payable in September, 2018.

6. Deferred Tax Liability

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Deferred Tax Liability		
Difference between book and tax depreciation on Fixed Assets	7,190.01	6,207.79
Gross Deferred Tax Liability	**7,190.01**	**6,207.79**
Deferred Tax Asset		
Disallowances u/s 43 B	489.52	323.76
Others	128.12	219.32
Gross Deferred Tax Asset	**617.64**	**543.08**
Net Deferred Tax Liability / (Asset) Recognised	**6,572.37**	**5,664.71**

7. Other Long Term Liabilities

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Security Deposits	286.16	290.80
TOTAL	**286.16**	**290.80**

8. Long Term & Short Term Provisions

	Long-Term		Short-Term	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 29 A (iii))	21.36	4.89	121.11	52.45
Provision for Leave Benefits (Refer Note No. 29 B (iii))	758.76	476.45	288.86	293.49
	780.12	**481.34**	**409.97**	**345.94**
Other Provisions				
Proposed Equity Dividend (Refer note 4(b) above))	-	-	-	1,395.46
Provision for tax on proposed Equity Dividend	-	-	-	284.08
	-	**-**	**-**	**1,679.54**
TOTAL	**780.12**	**481.34**	**409.97**	**2,025.48**

9. Short Term Borrowings

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Working Capital Borrowing from Banks (Refer note a, b & c below)		
Secured	22,427.48	19,243.75
Unsecured	11,412.25	5,607.92
Total of Working Capital Borrowing from Bank	**33,839.73**	**24,851.67**
Short term Borrowings from Banks- Unsecured	-	2,000.00
Short term Borrowings from Related Parties- Unsecured (Refer note d below)	3,000.00	-
Buyers Credit for capital goods (Refer note e below)	822.70	-
TOTAL	**37,662.43**	**26,851.67**

a) Working Capital borrowings from banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit with rate of interest as Base Rate/MCLR of respective banks plus spread ranging from 0% - 2.00% 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 0.30% p.a. to 0.80% p.a. These borrowings are repayable on demand.

Working Capital borrowings from banks also represent Buyers' Credit against Letter of Undertaking carrying rate of interest ranging from 0.84% p.a. to 1.65% p.a & Cash Credit Facility of ₹ 730 Lakhs carry rate of interest 10.75% p.a. This is secured Facility repayable on demand.

b) Unsecured Commercial Paper placed by the Company during the year carries interest rate ranging from 6.40% p.a. to 7.75% p.a., tenure of each placement ranging from 41 days to 120 days.

c) 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.

d) Short term Borrowings from Related Parties includes unsecured loan taken from related parties amounting to ₹ 3,000.00 Lakhs (Previous year, ₹ Nil), carrying interest rate of 10.50 % p.a.

e) Buyers Credit for capital goods against Letter of Undertaking carrying rate of interest ranging from 1.57% p.a. to 1.968 % p.a. This facility is availed against sublimit of project loan of ₹ 84,000.00 Lakhs.

10 a. Trade Payables

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Total Outstanding dues of Micro, Small and Medium Enterprises	85.00	143.04
Total Outstanding dues of creditors other than Micro, Small and Medium Enterprises	14,934.84	13,167.43
TOTAL	**15,019.84**	**13,310.47**

10 b. Other Current Liabilities

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Current maturities of long-term borrowings (Refer Note No. 5)	12,882.83	10,136.53
Creditors for Capital Assets	6,506.72	458.05
Interest accrued but not due on borrowings	165.89	167.16
Advance from Customers	118.25	176.71
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	52.83	46.64
Unclaimed Matured Deposits	7.84	9.22
Unpaid Interest on Matured Fixed Deposits	3.96	5.56
Accrued Expenses	2,818.02	4,085.99
Advance received against Land sale	-	1,500.00
Excise duty on Finished Goods	330.21	356.11
Provision for tax (Net of payments)	-	19.26
Others	1,328.70	649.93
TOTAL	**24,215.25**	**17,611.16**

Note: The Unclaimed Matured deposits of ₹ 7.84 Lakhs outstanding as at March 31, 2017 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

₹ in Lakhs

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK
		As at April 1, 2016	Additions	Deletions	Total March 31,2017	Upto April 1,2016	For the year	Deletions	Total March 31,2017	As at March 31, 2017
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
1	Freehold Land	581.11	-	2.43	578.68	-	-	-	-	578.68
2	Leasehold Land	3,001.70	483.52	-	3,485.22	232.65	31.52	-	264.17	3,221.05
3	Plant and Machinery	73,347.29	2,948.29	1,573.69	74,721.89	25,599.57	3,452.11	1,160.55	27,891.13	46,830.76
4	Factory and Other Buildings	8,642.71	118.68	180.23	8,581.16	1,988.63	252.57	100.06	2,141.14	6,440.02
5	Roads	537.48	-	-	537.48	240.40	102.70	-	343.10	194.38
6	Office Equipment's	568.11	90.36	111.67	546.80	375.17	89.11	106.89	357.39	189.41
7	Furniture & Fixture	860.45	200.34	138.16	922.63	481.91	78.70	134.85	425.76	496.87
8	Vehicles	884.56	134.51	158.32	860.75	323.65	105.37	85.37	343.65	517.10
	Total - Current Year	**88,423.41**	**3,975.70**	**2,164.50**	**90,234.61**	**29,241.98**	**4,112.08**	**1,587.72**	**31,766.34**	**58,468.27**

₹ in Lakhs

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	Deletions	Total March 31,2016	As at March 31,2016
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
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	818.31	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 - Previous 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**

12 a. Intangible Assets

₹ in Lakhs

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK
		As at April 1,2016	Additions	Deletions	Total March 31,2017	Upto April 1,2016	For the year	Deletions	Total March 31,2017	As at March 31,2017
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
1	Goodwill	233.50	-	-	233.50	233.50	-	-	233.50	-
2	Computer Software (Office-equipment)	746.63	185.85	96.82	835.66	456.34	105.18	65.14	496.38	339.28
3	Others	499.84	-	-	499.84	198.94	55.06	-	254.00	245.84
	Total - Current Year	**1,479.97**	**185.85**	**96.82**	**1,569.00**	**888.78**	**160.24**	**65.14**	**983.88**	**585.12**

₹ in Lakhs

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	Deletions	Total March 31,2016	As at March 31,2016
1	2	3	4	5	6 (3+4-5)	7	8	9	10(7+8-9)	11 (6-10)
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 - Previous Year	**1,334.94**	**153.99**	**8.96**	**1,479.97**	**743.92**	**148.95**	**4.09**	**888.78**	**591.19**

Notes:

1 Building includes ₹ 1,080.00 Lakhs (Previous year, ₹ 1,080.00 Lakhs) 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 Lakhs as of that was restated at replacement cost of ₹ 1,903.81 Lakhs. The details of said assets as on Balance Sheet date net of subsequent deletions are as follows :

Sr No.	Assets	Original Cost ₹ in Lakhs	Replacement Cost ₹ in Lakhs	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 equipment's by using respective countries indices as also adjusting for customs duty and foreign exchange fluctuations.
2	Plant & Machinery	208.75	442.23	
3	R&D Equipment	13.17	19.28	
4	Factory & Other Buildings	55.45	149.04	
5	R&D Building	2.11	5.61	
	Total	**296.01**	**740.26**	
	Previous year	348.05	849.95	

3 Capitalised borrowing costs:
Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to ₹ (113.27) Lakhs (Previous year, ₹ 1,289.44 Lakhs)

Sr No.	Particulars	Capitalised during the Current Year ₹ In Lakhs	Capitalised during the previous Year ₹ In Lakhs
	Exchange loss/(Gain) Capitalised (Refer note below)		
a	Plant & Machinery	(106.82)	1,216.03
b	Factory & Other Building	(6.45)	73.41
	Total	**(113.27)**	**1,289.44**

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 2016-17 has adjusted to fixed assets, foreign exchange differences amounting to ₹ (113.27) Lakhs (Previous year, ₹ 1,289.44 Lakhs) on revaluation of long term foreign currency borrowing for acquisition of fixed assets as an adjustment to borrowing costs.

4 (a) Fixed assets amounting to ₹ 23.03 Lakhs pertaining to Fine & Speciality Chemicals segment forming part of Nandesari division and which were held of disposal, were revalued at ₹ 12.65 Lakhs and loss on revaluation of ₹ 7.58 Lakhs (Previous year, ₹ 4.70 Lakhs) is recognised in Statement of Profit and Loss. Assets pertaining to Performance Products segment were retired from active use in the previous year and held for disposal and are stated at realisable value ie. at ₹ 51.22 Lakhs (Previous year, ₹ 51.22 Lakhs).

(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 Lakhs as on Balance Sheet date.

(c) The Company has sold a parcel of freehold land situated at Pune for a consideration of ₹ 6,960.00 Lakhs and has also surrendered / assigned its leasehold rights in respect of adjoining land for consideration of ₹ 966.00 Lakhs. The profit on sale of land and surrender / assignment of its leasehold rights amounting to ₹ 7,048.38 Lakhs has been recognised in the Statement of Profit and Loss.

5 Estimated useful life of Intangible assets and balance carrying amount

Sr. No	Particulars	Estimated useful life	Balance carrying amount ₹ in Lakhs
1	Software and related implementation costs	6 years	339.28
2	Rights to use facilities	5 years	73.44
3	Technical Know How	10 years	172.40

12 b. Capital Work In Progress

₹ in Lakhs

Sr. No.	Particular	March 31, 2017	March 31, 2016
1	Capital Work in Progress (others)	27,981.07	1,031.15
2	Capital Work in Progress (Projects) (Refer note below)	6,950.00	2,161.74
3	Capital Work in Progress (Building)	397.88	397.88
4	Less: Impairment Loss	(397.88)	(397.88)
	Capital Work in Progress (Net)	**34,931.07**	**3,192.89**

Note: Details of Capital Work in Progress - Projects

₹ in Lakhs

Sr. No.	Description	Incurred till March 31, 2016	Incurred during the year	Capitalised / Transferred during the year	Total as on March 31, 2017
	Capital Work in Progress :				
1	Land & Site Development	17.91	370.78	-	388.69
2	Other Engineering Fees	806.52	2,242.01	-	3,048.53
	Preoperative expenses :				
1	Employees emoluments / Deputation	618.15	951.56	-	1,569.71
2	Other Expenses	714.10	754.93	-	1,469.03
3	Interest (net) on loans & finance charges	5.06	468.98	-	474.04
	Total	**2,161.74**	**4,788.26**	**-**	**6,950.00**

13. Investments

	Non-Current		Current	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
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.				
Balance at the beginning of the year	147.86	164.94	-	-
Share of Loss of Associate Company	(14.21)	(17.08)	-	-
Balance at the end of the year	133.66	147.86	-	-
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	-	-
	191.02	**205.22**	**-**	**-**

	Non-Current		Current	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Non Trade (Unquoted)				
a) Investment in Equity Instruments - 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 Jedimetla 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 Funds (Valued at cost)				
181,864 (Previous year, Nil) Reliance Liquid Fund Treasury Plan	-	-	7,185.00	-
127,242 (Previous year, Nil) Reliance Liquidity Fund	-	-	3,106.27	-
60,318 (Previous year, 4,488) Axis Liquid Fund - Growth	-	-	1,100.00	75.00
Nil (Previous year, 39,32,029) JM High Liquidity Fund	-	-	-	1,610.20
Nil (Previous year, 1,03,826) UTI Money Market Mutual Fund	-	-	-	1,743.64
Nil (Previous year, 1,15,218) Baroda Pioneer Liquid Fund	-	-	-	1,987.38
Nil (Previous year, 54,436) HDFC Liquid Fund	-	-	-	1,610.27
Nil (Previous year, 38,600) Religare Invesco Liquid Fund - Growth Plan(LF-SG)	-	-	-	800.00
Nil (Previous year, 2,29,202) BSL Mutual Fund	-	-	-	552.34
	-	**-**	**11,391.27**	**8,378.83**
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	**266.58**	**280.78**	**11,391.27**	**8,378.83**

i) Aggregate amount of Unquoted Investments ₹ 244.19 Lakhs (Previous year, ₹ 258.39 Lakhs).

ii) Aggregated amount of Quoted Investments ₹ 11,413.66 Lakhs (Previous year, ₹ 8,401.22 Lakhs).

iii) Aggregate Market Price of Quoted Investments ₹ 12,072.46 Lakhs (Previous year, ₹ 8,528.93 Lakhs).

14. Long Term & Short Term Loans & Advances

	Non-Current		Current	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As atMarch 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Capital Advances				
Unsecured, considered good	10,062.32	3,380.10	-	-
	10,062.32	**3,380.10**	**-**	**-**
Security Deposit				
Unsecured, considered good (Refer Note 2 below)	1,268.98	1,191.98	9.87	35.24
	1,268.98	**1,191.98**	**9.87**	**35.24**
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	1,911.99	1,043.34
	-	**-**	**1,911.99**	**1,043.34**
Other Loans and Advances				
Loans to Company (Refer Note 1 below)	-	-	187.90	187.90
Advance Income-Tax (Net of Provisions)	164.58	0.92	5.21	-
MAT Credit Entitlements	2,586.64	2,374.55	-	-
Prepaid Expenses	34.06	84.42	123.67	52.43
Loans to Employees (Refer Note 2 below)	227.52	301.38	179.11	201.78
Balances with Statutory / Government Authorities	2,662.03	718.72	3,736.98	3,861.42
	5,674.83	**3,479.99**	**4,232.87**	**4,303.53**
TOTAL	**17,006.12**	**8,052.07**	**6,154.73**	**5,382.11**

Notes:

1. Loans to company have been given for business purpose.
2. Loans to employees includes loans and advances due by Directors and Key Managerial Personnel

	Non-Current		Current	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Loans to Employees include				
Dues from Key Managerial Personnel and Directors	1.51	2.13	0.62	0.62
Loans and Advances to related parties include				
Security Deposit towards lease of residential premises	400.00	400.00	-	-
TOTAL	**401.51**	**402.13**	**0.62**	**0.62**

15. Other Non-Current and Current Assets

	Non-Current		Current	
	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Unsecured, considered good unless stated otherwise				
Unamortised expenditure	0.52	1.04	-	-
Interest Accrued on Fixed Deposit	-	-	-	3.13
Interest receivable on loans	-	-	55.62	34.38
Assets held for disposal	-	-	63.87	80.84
Others	-	-	497.84	166.55
TOTAL	**0.52**	**1.04**	**617.33**	**284.90**

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

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Raw Materials and Components (including Packing Material)	3,752.76	3,440.18
Stock in Process	3,529.68	2,358.42
Finished Goods	4,086.43	5,300.45
Traded Goods	1,057.54	15.18
Stores and Spares	1,325.56	1,197.25
	13,751.97	12,311.48
Provision for Obsolescence	(170.20)	(209.66)
TOTAL	**13,581.77**	**12,101.82**

17. Trade Receivables

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Debts outstanding for a period exceeding six months		
Unsecured, considered good	573.55	200.66
Considered doubtful	331.15	444.61
	904.70	645.27
Provision for Doubtful Debts	(331.15)	(444.61)
	573.55	**200.66**
Other receivables		
Unsecured, considered good	**35,459.56**	**31,117.88**
TOTAL	**36,033.11**	**31,318.54**

18. Cash and Cash Equivalents

	As at March 31, 2017 ₹ in Lakhs	As at March 31, 2016 ₹ in Lakhs
Balances with Banks:		
– In Current Accounts	568.81	476.84
– In EEFC Accounts	15.21	0.01
– On Unpaid Dividend / Interest Account (Refer note below)	56.79	52.20
	640.81	**529.05**
Other Bank Balances		
– Margin Money Deposits with original maturity for more than three months but less than twelve months	808.31	120.00
TOTAL	**1,449.12**	**649.05**

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

19. Revenue from Operations

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Revenue from Operations		
Sale of Products		
Finished Goods	128,807.43	140,435.82
Traded Goods	13,942.81	3,709.78
Sale of Services - Conversion Charges	865.75	687.13
Other Operating Revenue		
Scrap sales	216.44	270.00
Foreign Exchange Gain	576.56	584.41
Others	35.60	21.01
Revenue from Operations (Gross)	**144,444.59**	**145,708.15**
Less: Excise duty	8,400.24	8,415.12
Revenue from Operations (Net)	**136,044.35**	**137,293.03**

20. Other Income

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Interest income on		
Bank deposits	78.76	18.31
Loans and other deposits	33.24	35.63
Dividend Income on		
Current Investments	0.07	49.08
Long-Term Investments	-	1.98
Profit on Sale of Investments	337.84	5.93
Rent	1.67	1.70
Profit on Sale of Fixed Assets	13.73	14.08
Sundry Receipts	24.67	32.27
TOTAL	**489.98**	**158.98**

21. Cost of Raw Material and Components Consumed

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
a) Raw Material and Components Consumed		
Inventory at the beginning of the year	3,439.03	2,609.23
Add: Purchases during the year	68,694.43	78,021.27
	72,133.46	80,630.50
Less: Inventory at the end of the year	3,751.52	3,440.18
Cost of Raw Material and Components Consumed	**68,381.94**	**77,190.32**
b) Packing Material Consumed	**2,218.83**	**2,438.71**
TOTAL	**70,600.77**	**79,629.03**

22. Details of Purchase of Traded Goods

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Purchase of Finished Goods for Resale	14,984.37	3,587.45
TOTAL	**14,984.37**	**3,587.45**

23. (Increase)/ Decrease in Inventories

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Inventories at the beginning of the year		
Stock in Process	2,358.42	2,384.42
Finished Goods	5,300.44	4,620.11
Traded goods	15.18	-
	7,674.04	**7,004.53**
Less:		
Inventories at the end of the year		
Stock in Process	3,529.68	2,358.42
Finished Goods	4,086.43	5,300.45
Traded goods	1,057.54	15.18
	8,673.65	**7,674.05**
TOTAL	**(999.61)**	**(669.52)**

24. Employee Benefits Expense

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Salaries, Wages and Bonus	10,857.58	10,729.23
Contribution to Provident and Other Funds	645.78	536.91
Gratuity Expenses (Refer Note No. 29 A(iv))	449.03	143.14
Staff Welfare expenses	606.98	498.49
TOTAL	**12,559.37**	**11,907.77**

25. Power & Fuel Expenses

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Consumption of Gas	898.51	784.22
Consumption of Furnace Oil	677.30	667.84
Consumption of High Speed Diesel	110.27	98.73
Consumption of Coal and Coke	3,230.58	3,703.62
Electricity Expenses	4,845.29	5,955.98
Water Charges	476.57	596.45
Other Expenses	5.42	8.10
TOTAL	**10,243.94**	**11,814.94**

26. Depreciation and Amortisation Expenses

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Depreciation of Tangible Assets	4,114.34	3805.32
Amortisation of Intangible Assets	157.98	148.95
TOTAL	**4,272.32**	**3,954.27**

27. Finance Costs

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Interest	3,071.99	2,916.51
Bank charges	241.56	206.82
Exchange difference to the extent considered as an adjustment to Borrowing Costs	340.20	847.99
TOTAL	**3,653.75**	**3,971.32**

28. Other Expenses

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Conversion Charges	604.06	511.63
Excise Duty paid	22.86	20.94
(Increase)/ Decrease of Excise Duty on Inventories	(26.08)	61.23
Other Manufacturing Expenses	840.20	887.08
Loss on Sale / Discard of Fixed Assets	160.46	177.01
Insurance	284.49	254.56
Amortisation of Misc. Expense	0.53	0.53
Repairs and Maintenance :-		
Plant and machinery	2,068.51	2,426.20
Buildings	200.42	166.45
Others	67.51	94.74
Freight and Forwarding Charges	2,571.82	2,442.20
Consumption of Stores and Spare parts	1,532.53	1,459.12
Sales Commission	304.77	347.64
Corporate Social Responsibility Activity Expenditure (Refer Note: 38) / Donations	207.71	163.94
Rent	438.64	204.35
Rates and Taxes	398.51	227.26
Travelling and Conveyance	513.13	448.69
Vehicle Expenses	273.90	287.10
Legal and Professional Expenses	1,737.89	957.98
General Expenses	2,450.02	2,916.14
Foreign Exchange Loss	-	14.16
Provision / (Write back) for Inventory Obsolescence (net)	(39.45)	(15.94)
Provision for Doubtful Debts	6.57	241.59
Add:- Bad Debts / (recovered)	25.20	17.93
Less:- Transfer from Provision for Doubtful Debts	120.03	26.81
	(88.26)	**232.71**
Directors' Sitting Fees	17.45	17.36
Payment to Auditor (Refer note below)	48.55	40.46
TOTAL	**14,590.17**	**14,343.54**

Note: Payment to Auditor

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
i) As Auditor:		
Audit fees	31.62	27.00
Tax Audit fees	4.02	3.52
Quarterly Limited Review	4.50	4.50
ii) In Other Capacity:		
Taxation Matters	4.50	3.02
Other Services (Certification Fees)	3.18	2.27
iii) Reimbursement of Expenses	0.73	0.15
TOTAL	**48.55**	**40.46**

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 Lakhs	Previous Year ₹ in Lakhs
Balance at the beginning of the year	1,343.89	1,175.52
Current Service Cost	98.41	94.63
Interest Cost	106.54	93.49
Actuarial (gain)/losses	354.20	40.83
Benefits Paid	(87.44)	(60.58)
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Balance at the end of the year	**1,815.60**	**1,343.89**

ii) Fair Value of Plan Assets:

	As At March 31, 2017 ₹ in Lakhs	As At March 31, 2016 ₹ in Lakhs
Balance at the beginning of the year	1,286.55	1,101.32
Expected Return on Plan Assets	102.25	84.04
Actuarial (gain)/losses	2.72	(1.78)
Contribution by the Company	372.10	163.56
Benefits Paid	(90.50)	(60.58)
Settlements	-	-
Balance at the end of the year	**1,673.12**	**1,286.56**
Actual Return on Plan Assets	**7.56% to 8.07%**	**8.00% to 8.85 %**

iii) Assets and Liabilities Recognised in the Balance Sheet:

	As At March 31, 2017 ₹ in Lakhs	As At March 31, 2016 ₹ in Lakhs
Present Value of Defined Benefit Obligation	1,815.60	1,343.90
Less: Fair Value of Plan Assets:	1,673.13	1,286.56
Less: Unrecognised Past Service costs	-	-
Amounts recognised as liability	**142.47**	**57.34**
Recognised under:		
Long Term provision (Refer Note No. 8)	21.36	4.89
Short Term provision (Refer Note No. 8)	121.11	52.45
Total	**142.47**	**57.34**

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

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Current Service Cost	98.41	94.63
Interest Cost	106.54	93.49
Expected return on Plan Assets	(102.25)	(87.60)
Actuarial (gain)/losses	346.42	42.61
Liability Transferred	8.13	-
Less: transferred to CWIP	(8.21)	-
Settlements	-	-
Total Expenses (Refer Note No. 24)	**449.03**	**143.14**

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	7.34%	8.07%
Expected Return on Plan Assets	7.34%	8.07%
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 31,2017 ₹ in Lakhs	As at March 31,2016 ₹ in Lakhs	As at March 31,2015 ₹ in Lakhs	As at March 31,2014 ₹ in Lakhs	As at March 31,2013 ₹ in Lakhs
Defined Benefit Obligation	1,815.60	1,343.90	1,175.52	952.37	848.09
Plan Assets	1,673.13	1,286.56	1,101.32	918.64	833.80
Surplus/Deficit	142.47	57.34	74.20	33.73	14.29
Experience adjustments in plan liabilities	287.99	36.27	49.98	51.86	49.10
Experience adjustments in plan assets	2.72	(2.03)	5.16	2.08	(0.20)

viii) Expected Contribution to the Fund in the next Year

		Current Year ₹ in Lakhs
Gratuity		210.00

B) Leave Encashment

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

2) Principal Actuarial Assumptions:

	Current Year	Previous Year
Discount Rate	7.34%	8.07%

3) The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2017, is ₹ 1,047.62 Lakhs (Previous year ₹ 769.94 Lakhs), which is determined on actuarial basis using Projected Unit Credit Method.

C) Defined Contribution Plan

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
Employer's Contribution to Provident Fund	437.18	363.24
Employer's Contribution to Superannuation Fund	162.06	136.45

Expected Contribution for the next year	₹ in Lakhs
Employer's Contribution to Provident Fund	488.29
Employer's Contribution to Superannuation Fund	175.02

30. Segment Reporting

(a) The Company has disclosed business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Basic Chemicals , (ii) Fine & Speciality Chemicals and (iii) Performance Products.

	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
I) Segment Revenue		
a) Basic Chemicals	63,457.13	67,455.64
b) Fine & Speciality Chemicals	35,936.34	39,336.81
c) Performance Products	24,296.05	27,368.25
d) Un-allocable (includes trading revenue ₹ 13,601.23 Lakhs during the year)	14,089.93	4,298.89
TOTAL	**137,779.45**	**138,459.59**
Less: Inter Segment Revenue	1,735.10	1,166.56
Net Sales/Income from operations	**136,044.35**	**137,293.03**
II) Segment Results		
Profit (+) Loss (-) Before Tax & Interest		
a) Basic Chemicals	9,100.47	7,958.85
b) Fine & Speciality Chemicals	8,509.03	9,718.62
c) Performance Products	(1,875.35)	(870.59)
TOTAL	**15,734.15**	**16,806.88**
Less: i) Interest Expenses	3,412.19	3,764.50
ii) Other un-allocable expenditure net of un-allocable Income	(1,355.67)	4,129.17

		Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
III)	**Profit Before Tax**	**13,677.63**	**8,913.21**
	Provision for Taxation		
	Current Tax	3,188.30	1,989.98
	MAT Credit Entitlements	(212.10)	(399.28)
	Deferred Tax	907.66	1,032.31
IV)	**Profit After Tax**	**9,793.77**	**6,290.21**
V)	**Segment Assets**		
	a) Basic Chemicals	35,445.36	29,965.85
	b) Fine & Speciality Chemicals	33,141.98	33,097.82
	c) Performance Products	40,332.31	41,600.05
	d) Un-allocable	71,565.37	24,750.94
TOTAL		**180,485.01**	**129,414.65**
VI)	**Segment Liabilities**		
	a) Basic Chemicals	7,070.03	9,021.46
	b) Fine & Speciality Chemicals	3,872.82	3,788.45
	c) Performance Products	6,561.80	4,515.86
	d) Un-allocable	84,698.80	59,137.76
TOTAL		**102,203.44**	**76,463.53**
VII)	**Capital Expenditure**		
	a) Basic Chemicals	2,522.70	3,975.53
	b) Fine & Speciality Chemicals	340.01	3,158.61
	c) Performance Products	90.59	1,395.71
	d) Un-allocable	1,208.25	563.48
TOTAL		**4,161.55**	**9,093.33**
VIII)	**Depreciation**		
	a) Basic Chemicals	1,283.20	1,074.32
	b) Fine & Speciality Chemicals	981.65	824.77
	c) Performance Products	1,528.75	1,609.40
	d) Un-allocable	478.72	445.78
TOTAL		**4,272.32**	**3,954.27**

(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 Lakhs	Previous Year ₹ in Lakhs
In India	90,135.60	86,165.27
Outside India	45,908.75	51,127.76
Total	**136,044.35**	**137,293.03**

Carrying Amount of Segment Assets	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
In India	164,109.12	114,711.89
Outside India	16,375.89	14,702.76
Total	**180,485.01**	**129,414.65**

Addition to Fixed Assets	Current Year ₹ in Lakhs	Previous Year ₹ in Lakhs
In India		
- Tangible	3,963.10	8,939.34
- Intangible	185.85	153.99
Outside India		
- Tangible	12.60	-
- Intangible	-	-
Total	**4,161.55**	**9,093.33**

31. Disclosure under AS 20 "Earnings Per Share"

	Current Year	Previous Year
Basic and Diluted Earnings per Share		
Number of Shares as on April 1, 2016 (Nos. in Lakhs).	1,162.88	1,045.38
Number of Shares as on March 31, 2017 (Nos. in Lakhs).	1,307.11	1,162.88
Weighted Average Number of Shares considered for Basic Earnings Per Share (Nos. in Lakhs).	1,172.76	1,072.99
Weighted Average Number of Shares considered for Diluted Earnings Per Share (Nos. in Lakhs).	1,172.76	1,072.99
Net Profit after Tax available for Equity Shareholders (₹ in Lakhs)	9,779.56	6,273.13
Basic Earning (in Rupees) Per Share of ₹ 2/- each.	8.34	5.85
Diluted Earning (in Rupees) Per Share of ₹ 2/- each.	8.34	5.85

32. Disclosure under AS 18 "Related Party Disclosures"

(i) **Subsidiary Companies:**

Deepak Nitrite Corporation Inc.

Deepak Phenolics Limited

(ii) **Associate Companies**:

Deepak Gulf LLC

(iii) **Key Management Personnel**

Shri D.C. Mehta, Chairman & Managing Director

Shri A.C. Mehta, Managing Director

Shri M.D. Mehta, Whole Time Director

Shri Umesh Asaikar, Executive Director & Chief Executive Officer

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

Check Point Credits & Capital Private Limited * Deepak Cybit Private Limited * Deepak Fertilisers and Petrochemicals Corporation Limited * Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Hardik Leafin Private Limited * Pranawa Leafin 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 Credit and Capital Private Limited * Sundown Finvest Private Limited

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

Shri C. K. Mehta
Shri Meghav D. Mehta

(vi) **Transaction with Related Parties** **₹ in Lakhs**

Sr. No.	Nature of Transaction	March 31, 2017				March 31, 2016			
		Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Key Management Personnel	Entities 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	-	8,201.53	-	**8,201.53**	-	7,082.93	-	**7,082.93**
	Deepak Novochem Technologies Limited	-	-	-	**-**	-	54.86	-	**54.86**
2	**Sale of Goods**								
	Deepak Novochem Technologies Limited	-	712.69	-	**712.69**	-	64.05	-	**64.05**
3	**Conversion Charges Received**								
	Deepak Novochem Technologies Limited	-	894.86	-	**894.86**	-	712.90	-	**712.90**
5	**Rendering of Services / Reimbursement of Expenses**								
	Deepak Novochem Technologies Limited	-	0.39	-	**0.39**	-	0.46	-	**0.46**
6	**Receiving of services / Reimbursement of Expenses**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	14.03	-	**14.03**	-	16.32	-	**16.32**
	Deepak Novochem Technologies Limited	-	1.72	-	**1.72**	-	3.22	-	**3.22**
	Deepak Foundation	-	2.37	-	**2.37**	-	0.66	-	**0.66**
	Deepak Medical Foundation	-	18.12	-	**18.12**	-	0.82	-	**0.82**
	Sofotel Infra private limited	-	-	-	**-**	-	0.04	-	**0.04**
	Deepak Cybit Private Limited	-	16.61	-	**16.61**	-	-	-	**-**
	Shri Deepak C. Mehta	9.60	-	-	**9.60**	9.60	-	-	**9.60**
	Shri C. K. Mehta	0.60	-	1.00	**1.60**	4.51	-	-	**4.51**
	Shri Maulik D. Mehta	-	-	8.76	**8.76**	-	-	45.50	**45.50**
	Shri Meghav D. Mehta	-	-	30.05	**30.05**	-	-	26.14	**26.14**

Sr. No.	Nature of Transaction	March 31, 2017				March 31, 2016			
		Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
7	**Loan taken from Related Parties**								
	Shri Deepak C. Mehta	700.00	-	-	**700.00**	-	-	-	**-**
	Storewell Credits and Capital Private Limited	-	2,300.00	-	**2,300.00**	-	-	-	**-**
8	**Interest paid to Related Parties**								
	Shri Deepak C. Mehta	38.66	-	-	**38.66**	-	-	-	**-**
	Storewell Credits and Capital Private Limited	-	147.75	-	**147.75**	-	-	-	**-**
9	**Managerial Remuneration**								**-**
	Shri Deepak C. Mehta	322.51	-	-	**322.51**	342.92	-	-	**342.92**
	Shri Ajay C. Mehta	98.17	-	-	**98.17**	336.59	-	-	**336.59**
	Shri Maulik D. Mehta	75.35	-	-	**75.35**	-	-	-	**-**
	Shri Umesh Asaikar	387.82	-	-	**387.82**	367.57	-	-	**367.57**
10	**Dividend Paid**								
	Checkpoint Credits & Capitals Private Limited	-	86.47	-	**86.47**	-	72.06	-	**72.06**
	Stigma Credits & Capital Private Limited	-	74.14	-	**74.14**	-	61.78	-	**61.78**
	Stiffen Credits & Capital Private Limited	-	100.56	-	**100.56**	-	83.80	-	**83.80**
	Stepup Credits & Capital Private Limited	-	82.99	-	**82.99**	-	69.16	-	**69.16**
	Skyrose Finvest Private Limited	-	44.30	-	**44.30**	-	36.91	-	**36.91**
	Shri Deepak C. Mehta	251.28	-	-	**251.28**	206.00	-	-	**206.00**
	Shri C.K. Mehta	1.04	-	-	**1.04**	0.86	-	-	**0.86**
	Shri Maulik D. Mehta	-	-	1.58	**1.58**	-	-	1.31	**1.31**
	Shri Meghav D. Mehta	-	-	0.57	**0.57**	-	-	0.47	**0.47**
	Others	-	65.66	16.39	**82.05**	-	52.82	13.66	**66.48**
11	**Donation / CSR Activity**								
	Deepak Foundation - PHTI	-	148.26	-	**148.26**	-	114.10	-	**114.10**
	Deepak Medical Foundation	-	23.84	-	**23.84**	-	20.00	-	**20.00**
	Deepak Foundation	-	33.10	-	**33.10**	-	23.50	-	**23.50**
12	**Net Accounts Receivable / (Payable)**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	(851.42)	-	**(851.42)**	-	(1,039.62)	-	**(1,039.62)**
	Deepak Novochem Technologies Limited	-	810.95	-	**810.95**	-	152.92	-	**152.92**
	Shri Deepak C. Mehta	(326.00)	-	-	**(326.00)**	135.55	-	-	**135.55**
	Shri Ajay C. Mehta	(26.00)	-	-	**(26.00)**	(264.45)	-	-	**(264.45)**
	Shri C.K. Mehta	-	-	(1.00)	**(1.00)**	(3.00)	-	-	**(3.00)**
	Shri M.D. Mehta	(20.25)	-	-	**(20.25)**	-	-	-	**-**
	Shri Umesh Asaikar	(72.13)	-	-	**(72.13)**	(86.25)	-	-	**(86.25)**
	Storewell Credits and Capital Private Limited	-	(2,300.00)	-	**(2,300.00)**	-	-	-	**-**
	Sofotel Infra Private Limited	-	-	-	**-**	-	(0.04)	-	**(0.04)**

33. Contingent Liabilities not provided for

	As At March 31, 2017 ₹ in Lakhs	As At March 31, 2016 ₹ in Lakhs
a) In respect of income tax matters	98.60	98.60
b) In respect of sales tax / vat matters	72.84	59.43
c) In respect of excise matters	493.23	218.41
d) Bank Guarantees:		
-Financial	1,184.46	1,155.33
-Performance	2,525.51	2,936.42
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	**4,397.49**	**4,491.04**

34. On October 21, 2016, there was a fire at one of the Company's manufacturing unit at Roha Industrial Estate, Maharashtra. Out of the four affected facilities at the unit, three have resumed operation by now in a phased manner. The facility, where accident took place, is expected to resume full fledged operations by May, 2017. The Company is adequately insured for replacement value of the damaged facilities and loss of profits due to business interruption; claims under insurance have been lodged and shall be recognised in due course. Therefore, no effect has been given in the books of accounts.

35. Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 as per MCA Notification No. G.S.R. 307(E) dated March 30, 2017

	SBNs	Other denomination notes	Total
Closing Cash in Hand as on 08.11.2016	1,235,000	271,867	1,506,867
(+) Permitted Receipts	-	4,711,420	4,711,420
(-) Permitted Payments	-	4,063,830	4,063,830
(-) Amount deposited in Banks	1,235,000	70	1,235,070
Closing Cash in Hand as on 30.12.2016	**-**	**919,387**	**919,387**

36. Capital Commitments (Net of Advances)

	As At March 31, 2017 ₹ in Lakhs	As At March 31, 2016 ₹ in Lakhs
Capital Commitments	45,985.15	4,335.10

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.

37. 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 Lakhs)	169.01	72.61
Equivalent INR (in Lakhs)	11,186.87	5,045.36
EURO		
Amount EURO (in Lakhs)	-	6.31
Equivalent INR (in Lakhs)	-	482.65

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 Lakhs	188.95	231.74
Trade Payables	USD Lakhs	44.43	42.43
	EURO Lakhs	0.06	0.98
Receivables (Net of Forward & Option Contracts)			
Export Trade Receivables (Net of forward contract upto 3 months)	USD Lakhs	248.35	185.75
	EURO Lakhs	-	3.26
	GBP Lakhs	0.10	-
Term Loans			
External Commercial Borrowings	USD Lakhs	127.50	259.75
Short Term Borrowings			
Buyers Credit for Capital Goods	USD Lakhs	12.69	-

38. During FY 2016-17, your Company has spent ₹ 205.00 Lakhs on Corporate Social Responsibility activities, against the requirement of ₹ 163.00 Lakhs, 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 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 Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)
	1	2	3	4	5
1	**Parent**	60.79%	43,591.38	109.98%	10,755.47
2	**Subsidiaries**				
	1. Deepak Phenolics Limited	38.92%	27,911.26	(9.82)%	(960.35)
	2. Deepak Nitrite Corporation Inc.	0.10%	72.90	(0.01)%	(1.35)
3	**Minority Investment in all subsidiaries**	-	-	-	-
4	**Associate (investment as per the equity method)**				
	Foreign				
	1. Deepak Gulf LLC	0.19%	133.66	(0.15)%	(14.21)

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: April 28, 2017

For and on behalf of the Board

D. C. MEHTA
Chairman & Managing Director

AJAY C. MEHTA
Managing Director

MAULIK D. MEHTA
Whole-time Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Director-Finance & Chief Financial Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
} Directors

ARVIND BAJPAI
Company Secretary

Mumbai: April 28, 2017

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.

NOTES



During the year, your Company was conferred with Corporate Social Responsibility Award 2015-16 in the category of Women Empowerment Private Sector Companies with turnover between ₹ 201 crores and ₹ 3000 crores by FICCI.





Comprehensive Emergency Obstetric & Newborn Care (CEmONC) implemented in partnership with Government of Gujarat by Deepak Foundation under the CSR initiative of your Company was awarded as the Best CSR project by Gujarat CSR authority for cohesive and strategic partnerships.

DEEPAK NITRITE LIMITED

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