Placement Document
Not for Circulation
Serial No.
Strictly Confidential

DEEPAK NITRITE LIMITED

Deepak Nitrite Limited (our "Company" or the "Issuer") was incorporated as a private limited company on June 6, 1970 under the Companies Act, 1956 issued by the Registrar of Companies, Gujarat. Our Company was subsequently converted into a public limited company on April 7, 1971. The registered office of our Company is at 9/10, Kunj Society, Alkapuri, Vadodara - 390 007, India and the corporate office is situated at Aaditya-I, National Highway No. 8, Chhani Road, Vadodara - 390 024, India; Telephone: +91 265 276 5200; Fax: +91 265 234 0506; Email: investor@deepaknitrite.com; Website: www.deepaknitrite.com. The corporate identification number of our Company is L24110GJ1970PLC001735. For further details, please see "General Information" on page 165.

Our Company is issuing 1,44,23,076 equity shares of face value of ₹ 2 each (the "**Equity Shares**") at a price of ₹ 104 per Equity Share, including a premium of ₹ 102 per Equity Share, aggregating to ₹ 1,49,99,99,904 (the "**Issue**"), only to Qualified Institutional Buyers ("**QIBs**"), as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "**SEBI ICDR Regulations**").

ISSUE IN RELIANCE ON SECTION 42 AND 62 OF THE COMPANIES ACT, 2013, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AND CHAPTER VIII OF THE SEBI ICDR REGULATIONS.

THIS ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QIBs ONLY IN RELIANCE UPON CHAPTER VIII OF SEBI ICDR REGULATIONS AND SECTION 42 OF THE COMPANIES ACT, 2013 ("COMPANIES ACT") AND RULES MADE THEREUNDER. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QIBs. THIS PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES OFFERED IN THE ISSUE.

Invitations, offers and sales of the Equity Shares offered in the Issue shall only be made pursuant to this Placement Document, the Preliminary Placement Document, the Application Form and the Confirmation of Allocation Note. For further details, please see "*Issue Procedure*" on page 118. The distribution of this Placement Document or the disclosure of its contents to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

Copies of this Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter)) have been delivered to the National Stock Exchange of India Limited ("**NSE**") and the BSE Limited ("**BSE**") (collectively the **Stock Exchanges**"). This Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges or any other regulatory or listing authority and is intended only for use by QIBs. Copies of this Placement Document (which will include disclosures prescribed under Form PAS-4) will be filed with the Stock Exchanges in accordance with the SEBI ICDR Regulations. Our Company shall make the requisite filings with the Registrar of Companies, Ahmedabad ("**RoC**") and the SEBI within the stipulated period as required under the Companies Act and the Companies (Prospectus and Allotment of Securities) Rules, 2014. The Preliminary Placement Document and this Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

THE ISSUE IS MEANT ONLY FOR QIBs BY WAY OF A PRIVATE PLACEMENT AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS, WHETHER WITHIN OR OUTSIDE INDIA.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENTS. PROSPECTIVE INVESTORS ARE ADVISED TO READ THE SECTION TITLED "RISK FACTORS" CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF ITS INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT.

The information on our Company's website or any website directly or indirectly linked to our Company's website does not form part of this Placement Document and prospective investors should not rely on information contained in, or available through, such websites for their investment in this Issue.

All of our Company's outstanding Equity Shares are listed on the Stock Exchanges. The closing price of the outstanding Equity Shares on the BSE and the NSE on March 2, 2017 was ₹ 122.30 and ₹ 121.95 per Equity Share, respectively. In-principle approvals under Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares have been received from the Stock Exchanges on February 28, 2017. Applications to the Stock Exchanges will be made for obtaining final listing and trading approvals for the Equity Shares offered in this Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares offered in the Issue to trading on the Stock Exchanges should not be taken as an indication of the merits of our business.

YOU MAY NOT BE AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON, OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER, OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY OUR COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws in the United States and may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdictions where those offers and sales occur. For further details, please see "*Distribution and Solicitation Restrictions*" and the "*Selling – Transfer Restrictions" on pages 132and 137, respectively*.

BOOK RUNNING LEAD MANAGERS

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This Placement Document is dated March 3, 2017.

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NOTICE TO INVESTORS

Our Company has furnished and accepts complete responsibility for all the information contained in this Placement Document and confirms that, to the best of its knowledge and belief and on having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and the Equity Shares which is material in the context of this Issue. The statements contained in this Placement Document relating to our Company and the Equity Shares are, in all material respects, true and accurate and is not misleading. The opinions and intentions expressed in this Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant facts and circumstances, and are based on information presently available with our Company. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of this Issue, make any statement in this Placement Document misleading in any material respect.

The Book Running Lead Managers ("**BRLMs**") have made reasonable enquiries but have not separately verified all the information contained in this Placement Document, whether such information is financial, legal or otherwise. Accordingly, neither the BRLMs nor any of their affiliates, including any of its shareholders, directors, officers, employees, legal counsels, representatives, or agents make any express or implied representation, warranty or undertaking, and accepts no responsibility or liability as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Issue. Each person receiving this Placement Document acknowledges that such person has neither relied on the BRLMs nor any of their affiliates including any of its shareholders, directors, officers, employees, legal counsels, representatives or agents in connection with its investigation of the accuracy of such information or representation or its investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to this Issue. Prospective investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the BRLMs. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to the date of this Placement Document.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or any state securities laws in the United States and unless so registered, and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on, Regulation S. The Equity Shares are being offered and sold only in accordance with the section titled "*Distribution and Solicitation Restrictions*" on page 132. The Equity Shares are only being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales occur. For a description of these and certain further restrictions on offers, sales and transfers of the Equity Shares and distribution of this Placement Document, see section "*Selling - Transfer Restrictions*" and "*Distribution and Solicitation Restrictions*" on page 137 and 132 respectively. Subscribers of the Equity Shares will be deemed to make the representations set forth in the sections "*Representations by Investors*" and "*Selling - Transfer Restrictions*" on page 4 and 137, respectively.

The Equity Shares have not been approved, disapproved or recommended by any other regulatory authority in any jurisdiction including the U.S. Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authorities of any non-United States jurisdiction or any other United States or non-United States regulatory authority. No such authority has passed or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in the United States and may be a criminal offence in other jurisdictions.

The distribution of this Placement Document and the issuance of Equity Shares pursuant to this Issue may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the BRLMs which would permit an issue of the Equity Shares offered in the Issue or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares offered in the Issue may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue related materials may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The information contained in this Placement Document has been provided by our Company and other sources identified herein. Distribution of this Placement Document to any person other than the investors specified by the BRLMs or their representatives, and persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of the contents without prior written consent of our Company is prohibited.

In making an investment decision in the Issue, prospective investors must rely on their own examination of our Company and the terms of this Issue, including the merits and risks involved. Investors should consult their own counsel and advisors as to business, investment, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the BRLMs are making any representation to any investor or purchaser of the Equity Shares offered in the Issue regarding the legality of an investment in the Issue by such investor, subscriber, offeree or purchaser under applicable legal, investment or similar laws or regulations.

Each investor or subscriber of the Equity Shares offered in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Issue under Indian law, including Chapter VIII of the SEBI ICDR Regulations and is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in securities and otherwise accessing the capital markets in India. Each purchaser of Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from our Company and has reviewed information relating to us and the Equity Shares.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

For information to investors in certain other jurisdictions, see the section "*Distribution and Solicitation Restrictions*" on page 132.

REPRESENTATIONS BY INVESTORS

All references to "you" or "your" in this section are to the prospective investors in this Issue. By bidding for and subscribing to any of the Equity Shares offered in this Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the BRLMs that:

(a) you (i) are an eligible QIB as defined hereinafter and are not excluded as an eligible investor in the Issue pursuant to regulation 86(1)(b) of the SEBI ICDR Regulations; (ii) have a valid and existing registration under applicable laws of India (as applicable); and (iii) undertake to acquire, hold, manage or dispose of any Equity Shares that are allotted to you for the purposes of your business in accordance with Chapter VIII of the SEBI ICDR Regulations and (iv) undertake to comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including in respect of reporting requirements, if any;

(b) if you are not a resident of India, you are an eligible QIB, and (i) you are an FPI including a FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) and (ii) have a valid and existing registration with SEBI under the applicable laws in India and (iii) or a multilateral or bilateral development financial institution or an FVCI. You are investing in this Issue under the portfolio investment scheme and will make all necessary filings with the appropriate regulatory authorities, as required, pursuant to applicable laws;

(c) you are eligible to invest in India under applicable laws, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended and any notifications, circulars or clarification issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;

(d) you will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws;

(e) you confirm that if you are allotted equity shares pursuant to this Issue, you shall not, for a period of one year from the date of Allotment (hereinafter defined), sell the Equity Shares so acquired except on the Stock Exchanges;

(f) you are aware that this Placement Document has not been, and will not be, registered as a prospectus under the Companies Act, and the SEBI ICDR Regulations or under any other law in force in India. Further, you are aware that, this Placement Document has not been reviewed or affirmed by SEBI, RBI or the Stock Exchanges or any other regulatory or listing authority and will not be filed or registered with the Registrar of Companies, and is intended for use only by eligible QIBs. This Placement Document has been filed with the Stock Exchanges for record purposes only and has been displayed on the websites of our Company and the Stock Exchanges. The Placement Document will be filed with the Stock Exchanges and in terms of Section 42(7) of the Companies Act, we shall file the list of QIBs (to whom this Placement Document are circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of this Placement Document;

(g) you are aware that additional requirements would be applicable if you are in jurisdictions other than India, as set forth under the section titled *"Selling - Transfer Restrictions"* on page 137, respectively. You are entitled to acquire/subscribe for the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required there under and complied with all necessary formalities and have obtained all necessary consents from governmental or other and authorities to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document), complied with all the necessary formalities and that you and will honor such obligations;

(h) neither we nor the BRLMs nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates is making any recommendation to you or, advising you regarding the suitability of any transactions it may enter into in connection with this Issue; your participation in this Issue is on the basis that you are not, and will not, upto Allotment, be a client of the BRLMs and that neither the BRLMs nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duty or responsibilities to you for providing the protection afforded to their clients or customers for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

(i) you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by us or its agents ("**Company Presentations**") with regard to us or this Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the BRLMs may not have knowledge of the statements that we or their agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the BRLMs have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material information that was not publicly available;

(j) you are aware and understand that the Equity Shares are being offered only to eligible QIBs and are not being offered to the general public and the allotment of the Equity Shares shall be on a discretionary basis;

(k) you have made, or been deemed to have made, as applicable, the representations set forth in "*Representations By Investors*";

(l) you understand that all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place reliance on forward looking statements, which speak only as at the date of this Placement Document. You acknowledge that our Company assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

(m) you have been provided a serially numbered copy of this Placement Document and have read this Placement Document in its entirety including, in particular the "*Risk Factors*";

(n) that in making your investment decision (i) you have relied on your own examination of our Company, its Subsidiaries and the terms of the Issue, including the merits and risks involved; (ii) you have made and will continue to make your own assessment of our Company, the Equity Shares and the terms of this Issue based solely on the information contained in this Placement Document and no other disclosure or representation by our Company, its Directors, Promoters and affiliates or any other party; (iii) you have relied upon your own investigations and resources in deciding to invest in the Equity Shares, (iv) you have consulted your own independent counsel and advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters; (v) you have relied solely on the information contained in this Placement Document and no other disclosure or representation by us or the BRLMs; (vi) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares; and (vii) relied upon your investigation and resources in deciding to invest in this Issue.

(o) you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to us, the BRLMs or their shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise; (iii) are able to sustain a complete loss on the investment in the Equity Shares; and (iv) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to resell or redistribute the Equity Shares (so Allotted to you pursuant to the Issue) prior to the listing of such Equity Shares on the Stock Exchanges. We also undertake and agree that the Equity Shares Allotted to us pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, save and except on the Stock Exchanges;

(p) Neither the BRLMs nor any of their shareholders, investors, directors, officers, employees, counsel, agents, representatives or affiliates has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership or disposal of the Equity Shares (including, but not limited, to this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a service provider and will not rely on the BRLMs or any of their shareholders, investors, officers, employees, counsel, agents, representatives or affiliates when evaluating the tax consequences of the Equity Shares (including, but not limited to, this Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert any claim against us, the BRLMs or any of their shareholders, investors, officers, employees, counsel, agents, representatives or affiliates with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

(q) where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

(r) you are not a "Promoter" of our Company, as defined under section 2(69) of the Companies Act and the SEBI ICDR Regulations and are not a person related to the Promoter or to group companies of the Promoter, either directly or indirectly and your Bid does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter of our Company or to group companies of the Promoter of our Company;

(s) you have no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter or to group companies of the Promoter of our Company, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than such rights acquired, if any, in the capacity of a lender not holding any Equity Shares of our Company, the acquisition of which shall not deem you to be a Promoter, a person related to the Promoter or to group companies of the Promoter of our Company;

(t) you have no right to withdraw your Bid after the Issue Closing Date;

(u) you are eligible to Bid and hold the Equity Shares so Allotted together with any Equity Shares held by you prior to this Issue. You further confirm that your holding upon this Issue of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

(v) the Bid submitted by you would not eventually result in triggering a tender offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Code**");

(w) to the best of your knowledge and belief your aggregate holding, together with other eligible QIBs participating in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the present Issue, shall not exceed 50% of this Issue. For the purposes of this representation:

(a) the expression "**belongs to the same group**" shall be interpreted by applying the concept of "**companies under the same group**" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

(b) "**Control**" shall have the same meaning as is assigned to it under Regulation 2 (i)(e)of the Takeover Code;

(x) you shall not undertake any trade in the Equity Shares credited to your Depository Participant account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

(y) You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1) of the SEBI

Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and an approval has been received from each of the Stock Exchanges, and (ii) the applications for the final listing and trading approvals will be made only after Allotment. There can be no assurance that the final approvals for listing and trading in the Equity Shares will be obtained in time or at all. Our Company shall not be responsible for any delay or non-receipt of such final approvals for listing and trading or any loss arising from such delay or non-receipt.

(z) you are aware and understand that the BRLMs will have entered into a placement agreement with our Company ("**Placement Agreement**") whereby the BRLMs have, subject to the satisfaction of certain conditions set out therein, undertaken to use its reasonable endeavours as an agent of our Company to seek to procure subscriptions for the Equity Shares in this Issue;

(aa) the contents of this Placement Document are exclusive responsibility of the Company and that neither the BRLMs nor any person acting on their behalf has, or shall have, any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of us and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of either of the BRLMs or us or any other person and neither the BRLMs, nor we or any other person including their shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;

(bb) that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares, is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares issued in pursuance of this Issue and that you have neither received nor relied on any other information given or representations, warranties or statements made by the BRLMs or us and the BRLMs (including any view, statement, opinion or representation expressed in any research published or distributed by the BRLMs or their affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of the BRLMs or their respective affiliates) or our Company or any of their shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates and neither the BRLMs nor our Company or any of their shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates will not be liable for your decision to accept an invitation to participate in this Issue based on any other information, representation, warranty or statement or opinion;

(cc) you understand that the BRLMs has no obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with this Issue, including non-performance by us of any of our obligations or any breach of any representations or warranties by us, whether to you or otherwise;

(dd) You are aware that the pre and post issue shareholding pattern of our Company in the format presented under Regulation 31 of the SEBI Listing Regulations will be filed by our Company with the Stock Exchanges and that you are aware that if you are Allotted more than 5% of the Equity Shares in this Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you, to the Stock Exchanges and the Stock Exchanges will make the same available on its websites and you consent to such disclosures. Further, if you are one of the top 10 Shareholders, our Company will be required to make a filing with the RoC within 15 days of the change in shareholding as per Section 93 of the Companies Act;

(ee) you agree to indemnify and hold us and the BRLMs harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements and undertakings in this section and the section titled "*Selling – Transfer Restrictions*" on page 137. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares Allotted under this Issue by, or on behalf of, the managed accounts;

(ff) that each of the representations, warranties, acknowledgements and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment and listing and trading of the Equity Shares on the Stock Exchanges;

(gg) that we, the BRLMs, our respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to the BRLMs on their own behalf and on behalf of us and are irrevocable;

(hh) any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of the Republic of India and the courts at Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Placement Document and the Preliminary Placement Document.

(ii) You understand that the Equity Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of the Equity Shares after the date of issue of the Equity Shares;

(jj) You are aware that if you are Allotted any Equity Shares, our Company is required to disclose details such as your name, address and the number of Equity Shares Allotted to the RoC and the SEBI and you consent to such disclosures; and

(kk) you shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares under this Issue are granted by the Stock Exchanges.

OFF-SHORE DERIVATIVE INSTRUMENTS (P-NOTES)

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI (FPI) Regulations, an FPI (other than Category III foreign portfolio investors and those broad based funds which are classified as Category II FPI by virtue of their investment manager being appropriately regulated), including the affiliates of the BRLMs, may issue, subscribe or otherwise deal in offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities (all such offshore derivative instruments are referred to herein as **"P-Notes"**) listed or proposed to be listed on any recognized stock exchange in India for which they may receive compensation from the purchasers of such instruments. P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation or establishment subject to compliance with "know your client" requirements. An FPI shall also ensure that further issue or transfer of any instrument referred to above, issued by or on behalf of it, is made only to persons who are regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

In terms of the SEBI FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of the total issued capital of a company. As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments. Two or more subscribers of offshore derivative instruments having a common beneficial owner shall be considered together as a single subscriber of the offshore derivative instruments. In the event an investor has investments as a FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company and the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and do not constitute any obligations of, or claims on, the BRLMs. FPI affiliates (other than Category III foreign portfolio investors and those broad based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the BRLMs may purchase, to the extent permissible under law, Equity Shares in this Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document;

2. warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; and

3. take any responsibility for the financial or other soundness of our Company, our Promoters, our Directors, our or any scheme or project of this Company.

It should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to, or in connection with, such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial Data

We prepare and publish our financial statements in Indian Rupees. In this Placement Document, references to (a) "Rs.", "Rupees", "INR" or "₹" are to the legal currency of the Republic of India; and (b) "U.S. Dollars" are to the legal currency of the United States.

All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions. All references herein to the "Government of India" are to the Central Government of India and all references to the "Government" are to the Central Government of India or an Indian state government, as applicable. All the numbers in this document, have been presented in whole number or in lacs as the case may be.

We prepare our financial statements in accordance with Indian Generally Accepted Accounting Principles ("**Indian GAAP**"). Indian GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**") and U.S. Generally Accepted Accounting Principles ("**U.S. GAAP**"). We do not provide a reconciliation of our financial statements to IFRS or U.S. GAAP. We also do not provide a summary of differences between Indian GAAP, IFRS and U.S. GAAP. GAAP and IFRS differs in significant respects from Indian GAAP. Accordingly, the degree to which the financial statements prepared in accordance with Indian GAAP included in this Placement Document will provide meaningful information to a reader is entirely dependent on that reader's level of familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

Unless stated otherwise, the financial data in this Placement Document is derived from our standalone financial statements. Our fiscal year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "fiscal year" or "Fiscal" are to the 12 month period ended on March 31 of that year. Our audited standalone financial statements for the financial years March, 2016, March, 2015 and March, 2014 and our audited consolidated financial statements for the financial year 2016 and 2015 that appear in this Placement Document, have been prepared by our Company in accordance with Indian GAAP.

In this Placement Document, certain monetary thresholds have been subjected to rounding adjustments. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and the U.S. Dollar will affect the U.S. Dollar equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into U.S. Dollars of any cash dividends paid in Rupees on the Equity Shares. The exchange rate between the Rupee and the U.S. Dollar has been volatile over the past year.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the U.S. Dollar (in Rupees per U.S. Dollar) based on the reference rate released by the RBI. The exchange rate as at February 27, 2017 was ₹ 66.72 = U.S. Dollar 1.00.

Exchange Rate (₹ per U.S. Dollar)				
	Period End	**Average[(1)]**	**High[(2)]**	**Low[(3)]**
Fiscal Year ended:				
Fiscal 2016	66.33	65.46	68.78	62.16
Fiscal 2015	62.59	61.15	63.75	58.43
Fiscal 2014	60.10	60.50	68.36	53.74
Months ended:				
Tuesday, January 31, 2017	67.81	68.08	68.23	67.79
Friday, December 30, 2016	67.95	67.90	68.37	67.43
Wednesday, November 30, 2016	68.53	67.63	68.72	66.43
Friday, October 28, 2016	66.86	66.75	66.89	66.53
Friday, September 30, 2016	66.66	66.74	67.06	66.36
Wednesday, August 31, 2016	66.98	66.94	67.19	66.74
Quarters ended:				
Friday, December 30, 2016	67.95	67.46	68.72	66.43
Friday, September 30, 2016	66.66	66.96	67.50	66.36
Thursday, June 30, 2016	67.62	66.93	68.01	66.24
Thursday, March 31, 2016	66.33	67.50	68.78	66.18

(Source: www.rbi.org.in)

1. Represents the average of the official rate for each working day of the relevant period;
2. Maximum of the official rate for each working day of the relevant period;
3. Minimum of the official rate for each working day of the relevant period.

Note: In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end

No representation is made that the Rupee amounts actually represent such U.S. Dollar amounts or could have been, or could be, converted into U.S. Dollars at any particular rate, the rates indicated as above, or at all.

MARKET AND INDUSTRY DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by professional organisations and analysts. The statistical information included in this Placement Document has been extracted and reproduced from the FICCI Report, 2014 and the CRISIL Report.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the data and other limitations and uncertainties inherent in any statistical survey. For further details, please refer to the section titled *"Industry Overview"* on page 67. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates. Industry publications generally state that the information they generally contain has been obtained from sources believed to be reliable but that the accuracy and completeness of the information is not guaranteed.

Neither our Company nor the BRLMs have independently verified this data and neither our Company nor the BRLMs make any representation regarding the accuracy or completeness of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent source and neither we nor the BRLMs can assure potential investors as to their accuracy.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminologies such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "can", "could", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", "will likely result", "is likely", "are likely", "believe", "expect", "expected to", "will continue", "will achieve", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding the Company's expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements and any other projections contained in this Placement Document (whether made by our Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that they may cause the actual results, performance or achievements of our company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections.

Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- Fluctuation in the prices of raw materials and crude oil;
- No long term agreements with suppliers and customers;
- Exchange rate fluctuation;
- Slowdown in end user industries; and
- Inability to implement business strategies;

Certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Additional factors that could cause actual results, performance or achievements of our Company to differ include but are not limited to, those discussed under "*Risk Factors*", "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by and information currently available to the management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and our Company and BRLMs undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is incorporated under the laws of India. Our Board of Directors comprises of 11 (eleven) Directors, all of whom are Indian citizens, except for Mr. Richard H. Rupp, an Independent Director on our Board, who is a citizen of Germany. All of our key managerial personnel are residents of India and all of our assets and the assets of such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Code of Civil Procedure, 1908 (the "**Civil Code**").

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except:

(a) where it has not been pronounced by a court of competent jurisdiction;
(b) where it has not been given on the merits of the case;
(c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
(d) where the proceedings in which the judgment was obtained were opposed to natural justice;
(e) where it has been obtained by fraud; or
(f) where it sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by the relevant court in India. Under the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed-off in a timely manner or be subject to considerable delays.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments thereto, from time to time.

Company related terms

Term	Description
"Deepak Nitrite Limited", "Issuer", "the Company" and "our Company"	Unless the context otherwise indicates or implies, refers to Deepak Nitrite Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 9/10, Kunj Society, Alkapuri, Vadodara – 390 007 and corporate office at Aaditya-I, National Highway No. 8, Chhani Road, Vadodara – 390 024
"Articles" or "Articles of Association"	The articles of association of our Company, as amended
"Associate"	Deepak Gulf LLC, Oman
"Auditors / Statutory Auditors"	The statutory auditors of our Company, M/s. B.K. Khare & Company, Chartered Accountants
"Board of Directors" or "Board"	The board of directors of our Company, or a duly constituted committee thereof. For details of our Board of Directors, please see *"Board of Directors and Senior Management"* on page 105
"Committee"	The Committee duly constituted by the Board of Directors
"Corporate Office"	Aaditya-I, National Highway No. 8, Chhani Road, Vadodara – 390 024
"Director(s)"	Director(s) of our Company, unless otherwise specified
"Eligible QIB"	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations and are not ineligible to apply in the Issue under Regulation 86(1)(b) of the SEBI ICDR Regulations
"Equity Shares"	The equity shares of face value ₹ 2 each of our Company
"Memorandum" or "Memorandum of Association"	The Memorandum of Association of our Company, as amended from time to time
"Promoters"	Mr. Chimanlal K. Mehta, Mr. Deepak C. Mehta and Mr. Ajay C. Mehta
"Promoter Group"	Promoter group of our Company as provided under Regulation 2(1)(zb) of the SEBI ICDR Regulations
"Registered Office"	The registered office of our Company, situated at 9/10, Kunj Society, Alkapuri, Vadodara – 390 007
"Registrar of Companies / RoC"	The Registrar of Companies, Ahmedabad
"Subsidiaries"	The subsidiaries of the Company, namely, Deepak Phenolics Limited and Deepak Nitrite Corporation Inc.
"We", "us" and "our"	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries, on a consolidated basis

Issue related terms

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by such QIBs, in consultation with the BRLMs and in compliance with Chapter VIII of the SEBI ICDR Regulations
Allottee(s)	Successful Bidders to whom Equity Shares are issued and Allotted pursuant to the Issue
Allotment	The issue and allotment of Equity Shares pursuant to this Issue

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by such QIBs, in consultation with the BRLMs and in compliance with Chapter VIII of the SEBI ICDR Regulations
Application or Bid	Indication of interest from a QIB, including all revisions and modifications of interest as provided by them, to subscribe for a specified number of Equity Shares in this Issue on the terms set out in the Application Form to our Company
Application Form or Bid cum Application Form	The form, including all revisions and modifications thereto, pursuant to which a QIB submits an Application
Bidder	Any prospective investor, being a QIB, who makes a Bid pursuant to the terms of the Preliminary Placement Document, Placement Document and the Application Form
Bidding / Issue Period	The period between the Bid/Issue Opening Date and Bid/Issue Closing Date, inclusive of both dates, during which prospective Bidders can submit Bids
Book Running Lead Managers/BRLMs	Inga Capital Private Limited and IIFL Holdings Limited
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CAN or Confirmation of Allocation Note	Note or advice or intimation to successful Bidders confirming Allocation of Equity Shares to such successful Bidders after determination of the Issue Price and requesting payment for the entire applicable Issue Price for all Equity Shares Allocated to such successful Bidders
Closing Date	The Allotment is expected to be made on or about March 7, 2017
Cut-off Price	The Issue Price of the Equity Shares, which shall be determined by our Company, in consultation with the BRLMs
Eligible FPIs	FPIs that are eligible to participate in the Issue and does not include qualified foreign investors and Category III Foreign Portfolio Investors (who are not eligible to participate in the Issue)
Escrow Agreement	The Escrow Agreement dated March 1, 2017 by and between our Company, Escrow Bank and the BRLMs in relation to this Issue
Escrow Bank	Axis Bank Limited
Escrow Cash Account/ Escrow Account	The non-interest bearing, no-lien, escrow bank account without any cheque or overdraft facilities opened by our Company with the Escrow Bank under the arrangement between our Company and the Escrow Bank for receiving the share application amount from the successful Bidders
Floor Price	The floor price of ₹ 103.62 per Equity Share, calculated in accordance with Regulation 85 of the SEBI ICDR Regulations
Interest coverage ratio	Cash profit after tax plus interest paid divided interest paid
Issue	The offer, issue and allotment of 1,44,23,076 Equity Shares to QIBs, pursuant to Chapter VIII of the SEBI ICDR Regulations and the provisions of Companies Act, 2013 and Private Placement Provisions
Issue Closing Date or Bid Closing Date	March 3, 2017, the date on which our Company (or the BRLMs on behalf of our Company) shall cease acceptance of Application Forms
Issue Opening Date or Bid Opening Date	February 28, 2017, the date on which our Company (or the BRLMs on behalf of our Company) shall commence acceptance of Application Forms
Issue Price	The price per Equity Share of ₹ 104
Issue Size	The issue of issuing 1,44,23,076 Equity Shares of face value ₹2 each at a price of ₹ 104 per Equity Share aggregating to ₹1,49,99,99,904.
NSDL	The National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
Pay-in Date	The last date specified in the CAN for payment of application monies by the QIBs.
Placement Agreement	The Placement Agreement dated February 28, 2017 entered between our Company and the BRLMs
Placement Document	This placement document issued by our Company in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules thereunder

Term	Description
Allocated or Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by such QIBs, in consultation with the BRLMs and in compliance with Chapter VIII of the SEBI ICDR Regulations
Preliminary Placement Document	The preliminary placement document which was issued in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the rules thereunder
QIB or Qualified Institutional Buyer	Any Qualified Institutional Buyer as defined under Regulation 2(1) (zd) of Chapter VIII of the SEBI ICDR Regulations and the rules thereunder
QIP	Private placement to QIBs under Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and the Rules made thereunder
Regulation S	Regulation S, as defined under the U.S. Securities Act
Relevant Date	February 28, 2017 date of the meeting of the QIP Committee duly authorised by the Board of Directors deciding to open the Issue
SCRA	Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957 as amended from time to time
SCR(SECC) Regulations	Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 as amended from time to time
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 as amended from time to time
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time
SEBI Listing Regulations	SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015
Stock Exchange	The BSE and the NSE
STT	Securities Transaction Tax
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011
U.S. Securities Act	The United States Securities Act of 1933 as amended from time to time

Technical/ industry related terms and abbreviations

Term	Description
"AIF(s)"	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
"AGM"	Annual General Meeting
"AS"	Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006, as amended, by the Institute of Chartered Accountants of India
"CAGR"	Compounded Annual Growth Rate
"CCI"	Competition Commission of India
"CIN"	Corporate Identification Number
"CSR"	Corporate Social Responsibility
"DASDA"	4-4 Di-amino Stilbin 2-2 Disulphonic Acid
"FDI"	Foreign Direct Investment
"FEMA"	Foreign Exchange Management Act
"FEMA Regulations"	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
"FICCI"	Federation of Indian Chambers of Commerce and Industry
"FICCI Report, 2014"	FICCI Report on Handbook on Indian Chemicals and Petrochemicals Sector, 2014
"Fortune 500"	An annual list of the five hundred largest US industrial corporations, as measured by gross income

Term	Description
“FVCI”	Foreign venture capital investors, as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
“FY”	Financial Year
“GAAP”	Generally Accepted Accounting Principles
“GDP”	Gross Domestic Product
“ICAI”	The Institute of Chartered Accountants of India
“IFRS”	International Financial Reporting Standards of the International Accounting Standards Board
“ISO”	International Organization for Standardization
“MOU”	Memorandum of Understanding
“MTPA”	Metric Tonnes per annum
“OBA”	Optical Brightening Agents
“OHSAS”	Occupational Health and Safety Management Systems
“p.a.”	Per annum
“PAT”	Profit After Tax
“PAN”	Permanent Account Number
“PBT”	Profit Before Tax
“PP”	Performance Products (formerly fluorescent whitening agents)
“SEBI”	Securities and Exchange Board of India
“USD”	United States Dollar

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided:

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the Company indicating both registered office and corporate office.	Cover Page
b.	Date of incorporation of the Company.	Cover Page, 165
c.	Business carried on by the Company and its Subsidiaries with the details of branches or units, if any.	81
d.	Brief particulars of the management of the Company.	105
e.	Names, addresses, DIN and occupations of the Directors.	105
f.	Management's perception of risk factors.	41
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of:	
(i)	Statutory dues;	164
(ii)	Debentures and interest thereon;	NIL
(iii)	Deposits and interest thereon; and	NIL
(iv)	Loan from any bank or financial institution and interest thereon.	NIL
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process.	165
2.	**PARTICULARS OF THE OFFER**	
a.	Date of passing of board resolution.	August 4, 2016
b.	Date of passing of resolution in the general meeting, authorising the offer of securities.	October 5, 2016
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security.	Equity Shares
d.	Price at which the security is being offered including the premium, if any, along with justification of the price.	27
e.	Name and address of the valuer who performed valuation of the security offered.	Not Applicable
f.	Amount which the company intends to raise by way of securities.	Cover page, 62
g.	Terms of raising of securities:	
(i)	Duration, if applicable;	Not Applicable
(ii)	Rate of dividend or rate of interest	66, rate of interest not applicable
(iii)	Mode of payment	Not Applicable
(iv)	Repayment	Not Applicable
h.	Proposed time schedule for which the offer letter is valid	17
i.	Purposes and objects of the offer	62
j.	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Not Applicable
k.	Principle terms of assets charged as security, if applicable	Not Applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**	
i	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons	109 and 111
ii.	details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal	163

Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
	action shall be disclosed	
iii.	remuneration of directors (during the current year and last three financial years)	108
iv.	Related party transactions entered during the last three financial years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided	112
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Sr. No.	Disclosure Requirements	Relevant Page of this Placement Document
	payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government	
c.	the monies received under the offer shall be used only for the purposes and objects indicated in this Placement Document	378

SUMMARY OF BUSINESS

Overview

We are an Indian chemical manufacturing company with exports to over 30 countries globally. We believe that we have a leading market position in most of our products in the domestic as well as in the global markets *(Source: ICRA Report)*. Our products have multiple applications in industries such as agrochemicals, colourants, rubber, pharmaceuticals, paper, textiles, detergents and petrochemicals. We believe we have a built up a long standing reputation in the industry, developed in over 40 years of experience that has translated to a clientele which includes multinational corporations and companies in the "Fortune 500".

We specialise in various processes such as nitration, alkylation, sulphonation, hydrogenation, condensation, diazotisation, oxidation and nox based chemistry. We have diversified our business from being exclusively a basic chemical (formerly bulk chemical and commodity) manufacturer to manufacturing high-value specialty chemicals developed specifically for our customers, as per their specifications. Apart from basic chemicals (formerly bulk chemical and commodity) and speciality chemicals, our business segments also include the manufacture of performance products (formerly fluorescent whitening agents). We believe that our diversified business model, across several chemical intermediaries industries with multiple end-users, acts as a natural hedge to our business. The basic chemicals (formerly bulk chemical and commodity) and commodities segment comprises of chemicals that are made according to standard specifications and are supplied in high volumes. In this segment, we manufacture organic chemicals such as nitro toluene, ortho toluene and inorganic chemicals such as sodium nitrate and sodium nitrite. For Fiscal, 2016, our revenues from the basic chemicals (formerly bulk chemical and commodity) segment (including revenue from sales to other segments) was ₹ 67,455.64 lacs, which was 50.28 % of our total segment revenues (excluding other un-allocable revenue). For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 15,501.49 lacs, ₹ 15,627.16 lacs and ₹ 15,141.57 lacs, which was 49.13%, 51.15% and 53.69%of our total segment revenues (excluding other non-allocable revenue) respectively.

The fine and speciality chemicals segment includes niche products manufactured at relatively lower volumes and from which we derive higher margins. Such products are customised to specific customer requirements. We collaborate with our customers to understand consumer preference and enhance value for their brands. For Fiscal 2016, our revenues from the fine and speciality chemicals segment (including revenue from sales to other segments) was ₹ 39,336.81 lacs, which was 29.32 % of our total segment revenues (excluding other un-allocable revenue). For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 9,877.34 lacs, ₹ 8,828.84 lacs and ₹ 8,175.86 lacs, which was 31.31%, 28.90% and 28.99%of our total segment revenues (excluding other un-allocable revenue). respectively.

Performance products (formerly fluorescent whitening agents) are application chemicals and can be customised into liquid and powder forms, as per the customers' specifications. This segment includes two major products, which are (a) optically brightening agents and (b) key input of OBA, which is DASDA. Performance products (formerly fluorescent whitening agents) are used in the manufacture of paper, photographic paper, detergents, textiles and coating applications in printing. For Fiscal 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 27,368.25 lacs, which was 20.49% of our total segment revenues (excluding other un-allocable revenue). For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 6,172.52 lacs, ₹ 6,095.67 lacs and ₹ 4,885.02 lacs, which was 19.56%, 19.95% and 17.32% of our total segment revenues (excluding other un-allocable revenue). respectively.

Our fully integrated manufacturing infrastructure is equipped to manage products from the stage of design to despatch, lending us competitive advantages such as cost effectiveness and maintenance of quality standards. We have five manufacturing facilities in India, located at Nandesari and Dahej in Gujarat, Tajola and Roha in Maharashtra and Hyderabad in Telangana. We have a research and development facility at Nandesari, Gujarat. This facility has been recognised by the Department of Science and Technology, Government of India. Our facilities include automated and cost-efficient systems, research and development facilities and quality control laboratories, among others. All our manufacturing facilities are ISO certified and we are in the process of receiving the renewed copy of the certificate. Our units include multi-purpose facilities, i.e. the same plant can produce different products as per different campaigns, with significant backward and forward integration linkages, providing us the flexibility to change the product mix to cater to market requirements *(Source: ICRA Report).*

We are also in the process of establishing a plant at Dahej, Gujarat for the manufacture of phenol and acetone. The capacity for phenol manufacture at this plant is proposed to be 2,00,000 MTPA and that for acetone is proposed to be 1,20,000 MTPA. For further details, please see *"Business – The proposed phenol and acetone plant at Dahej, Gujarat*" on page 87.

We believe we have been able to leverage our experience and product quality into establishing customer relationships both domestically and in international markets. We have a diversified customer base, both domestically as well as internationally. In Fiscal 2016, revenue from domestic sales was ₹ 82,444.76 lacs which, as a percentage of the total revenue from operations, was 61.72% and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, revenue from domestic sales was ₹ 18,925.63 lacs, ₹ 19,719.42 lacs and ₹ 17,333.34 lacs which, as a percentage of the total revenue from operations was 60.34%, 65.17% and 61.94%respectively.

We also export our products to the USA, European and East European nations, South Korea, South American countries and the ASEAN countries, to large global companies. In Fiscal 2016, revenue from exports, on a standalone basis, was ₹ 51,127.76 lacs which, as a percentage of our total revenue from operations was 38.28% and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, revenue from exports, on a standalone basis, was ₹ 12,443.92 lacs, ₹ 10,537.27 lacs and ₹ 10,652.19 lacs which, as a percentage of the total revenue from operations was 39.66%, 34.39% and 38.06%,, respectively.

The Company is a dividend paying entity and has declared dividends on its Equity Shares for more than last 40 years.

In Fiscal 2016, our total revenue from operations was ₹ 133,572.52 lacs and our net profit after tax was ₹ 6,514.91lacs and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our total revenue from operations was ₹ 31,369.56 lacs, ₹ 30,256,69 lacs and ₹ 27,985.53 lacs and our net profit after tax was ₹ 6,785.87 lacs, ₹ 1,541.52 lacs and ₹ 801.10 lacs respectively. From Fiscal 2014 to Fiscal 2016, our total revenue from operations and net profit grew at a CAGR of 9.43% and 9.87%, respectively.

Competitive Strengths

We believe that we have the following competitive strengths:

Diversified product portfolio, customer mix and geographical presence

Our business segments comprises of basic chemicals (formerly bulk chemical and commodity), fine and speciality chemicals and performance products (formerly fluorescent whitening agents) with applications in various end user industries**.** Basic chemicals (formerly bulk chemical and commodity) comprises of (a) nitro toluenes which are used for manufacturing intermediates that is used in the manufacture of colourants, rubber production, pharmaceuticals, explosives, dyes and agrochemicals, (b) fuel additives that are used by refineries and (c) sodium nitrites and sodium nitrates, while sodium nitrite is widely used in colourants, pharmaceuticals, electroplating, rubber chemicals etc, sodium nitrate find its application in industrial explosives, glass industry and heat treating chemicals. Fine and speciality chemicals comprises of xylidines, cumidines, oximes, nitro oxylene etc which find its application as ingredients in colourants, pigments, pharmaceutical intermediaries and agrochemicals. Performance products (formerly fluorescent whitening agents) are used in the manufacture of paper, textiles, detergents, etc. Further, our revenues are attributable to both domestic as well as international sales. We export our products to more than 30 countries globally. In Fiscal 2016 and the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from exports represented 38.28%, 39.66%, 34.39% and 38.06% respectively, of our total revenue from operations. We also believe that we have a diversified clientele and are not significantly dependent on a few customers for the success of our business. We believe that our diversified and comprehensive product portfolio and large customer base spread across several countries and customer categories, diminishes the risks associated with the dependence on any particular product, customer or geography.

Long term customer relationship

We have a large customer base which includes leading national and multi-national companies, including companies in the "Fortune 500". In addition to our large customer base, we enjoy long term relationships with several of our customers for over 10 years. With certain customers, our relationship has evolved from a "supplier – customer" to "quasi-partnerships". We have augmented capacities for the benefit of such customers, which has resulted in mutual benefit and growth.

Leading position in the market

We believe that we have a leading market position in most of our products in the domestic as well as in the global markets. We enjoy domestic leadership positions in inorganic intermediates and nitro toluenes. We also are among the top global players in products segments such as xylidines, cumidines, colour intermediates and oximes. *(Source: ICRA Report).* We attribute our market leadership to our diverse and comprehensive product portfolio, our presence in the industry for over 40 years, consistent quality of products, economies of scale, scalability and product innovation. We believe that we have the ability to handle complex and hazardous chemical processes such as hydrogenation and nitration *(Source: ICRA Report")* has allowed us to maintain achieve and maintain our position in the market. We believe that our leadership position offers us several competitive advantages. Our leadership position enables us to leverage our relationship with customers, provides potential to increase the products being sold and strengthen our reputation.

Experienced Promoters and Management Team

We are led by a qualified and experienced management team that we believe has the expertise and vision to manage and grow our business. Mr. Deepak C. Mehta and Mr. Ajay C. Mehta, our Promoters have over 35 and 30 years of experience in the industry, respectively. In addition to our Promoters, we believe that our senior and mid-level management teams are also very experienced, many of whom have worked in large multi-national companies. We believe that the knowledge and experience of our Promoters, along with senior and middle-management, and our team of research and development personnel provide us with a significant competitive advantage as we seek to expand in our existing markets and enter new geographic markets.

Research and development capabilities allowing product innovation

We have a dedicated research and development team comprising of 38 personnel, as of December 31, 2016. We have developed in house research and development capabilities to collaborate with our customers to understand consumer preference and develop new product applications to cater to the needs of our customers. Through our research and development capabilities, we were successful in developing and enhancing our portfolio of customised products. We believe that our ability to develop new product application and our ability to customise products to suit customer needs have helped us in expanding our customer base and thereby enabling us to establish our leadership position.

Our Strategy

Our key focus is to maintain our market leadership in India, while seeking to significantly expand our international business. In particular, we adopt the following key business strategies:

To diversify into the manufacture of phenol and acetone

As part of our strategy, we propose to diversify into the manufacture of phenol and acetone. Phenol and acetone are utilised in the manufacture of laminates and in pharmaceuticals and we believe that there is significant demand for these products in India. Currently, a majority of India's phenol and acetone requirements is met by imports *(Source: CRISIL Report).* To substitute the current imports and meet the growing domestic demand, we are in the process of establishing a plant at Dahej, Gujarat for the manufacture of phenol and acetone. We have also entered into agreements with KBR Inc. USA, for the license of the technology for the project. We propose the manufacturing unit to have a capacity of 2,00,000 MTPA for the manufacture of phenol and 1,20,000 MTPA for the manufacture of acetone. We believe that this diversification would allow us to service new clients, meet existing demand and consequently, enhance business prospects.

Grow our market share in existing geographies and expand operations to new geographies

We export a significant portion of our products to various international markets, which include over 30 countries globally. In Fiscal 2016 and the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, export sales accounted for 38.28%, 39.66%, 34.39% and 38.06% of our total revenues from operations, respectively. Exports have been an important part of our growth and we intend to continue to pay strong emphasis on international markets. We intend to further diversify our customer base in the European, Australian, African and North and South American markets. We specifically want to focus and penetrate in the United States of America and for that purpose, we have incorporated as subsidiary in the U.S. We believe that our expansion plans would strengthen and diversify our customer base. We also intend to continue to leverage our products and our long term relationships and credentials with our international customers to further develop and strengthen our presence in the exports market.

Expansion of the fine and speciality chemicals segment

We propose to expand the fine and speciality chemicals segment in order to take advantage of the growth opportunities in this sector. In order to achieve our strategy of expanding our market share, we intend to expand and strengthen our research capabilities in order to ensure rapid product innovation. Innovation continues to be the key determinant for success in this segment and allows us to create value for our customers. We have incurred ₹ 2,559.99 lacs on research and development in the last three financial years. Through our research and development capabilities, we aim to develop and enhance our portfolio of customised products offered to customers and focus on high value intermediates, especially for the active pharmaceutical industry and personal care industry. We also propose to pursue opportunities of being appointed as a contract manufacturer of customised products by agro-chemical companies by leveraging existing relationships as well as pursuing new clients.

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SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections "*Risk Factors*", "*Use of Proceeds*", "*The Placement and Lock-up*", "*Issue Procedure*" and "*Description of Equity Shares*" of this Placement Document.

Issuer	Deepak Nitrite Limited
Issue Size	Issue of to 1,44,23,076 Equity Shares aggregating to ₹ 1,49,99,99,904. A minimum of 10% of the Issue Size, , shall be available for Allocation to Mutual Funds only, and the balance Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation only to Mutual Funds, such portion or part thereof may be Allocated to other QIBs.
Face Value	₹ 2 per Equity Share.
Issue Price	₹ 104 per Equity Share
Floor Price	The floor price for the Issue calculated on the basis of Chapter VIII of the SEBI ICDR Regulations is ₹ 103.62 per Equity Share.
Eligible Investors	QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations to whom the Preliminary Placement Document, Placement Document and the Application Form is circulated and who are eligible to bid and participate in the Issue and eligible QIBs not excluded pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations who are outside of the United States acquiring Equity Shares in an offshore transaction in reliance on Regulation S. The list of QIBs to whom the Preliminary Placement Document, Placement Document and Application Form is delivered shall be determined by the BRLMs in consultation with our Company, at their sole discretion.
Dividend	See "*Description of Equity Shares*", "*Dividend Policy*" and "*Taxation*" on pages 143, 66and 149respectively.
Indian Taxation	See *"Taxation"* on page 149.
Issue Procedure	The Issue is being made only to QIBs in reliance on Section 42 and 62 of the Companies Act read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Chapter VIII of the SEBI ICDR Regulations. See *"Issue Procedure"* on page 118.
Date of Board Resolution authorizing the Issue	August 4, 2016
Date of Shareholders Resolution authorizing the Issue	October 5, 2016
Equity Shares issued and outstanding immediately prior to the Issue	11,62,88,190 Equity Shares.
Equity Shares issued and outstanding immediately after the Issue	13,07,11,266 Equity Shares.
Listing	Our Company has received in principle approvals dated February 28, 2017 from the NSE and the BSE respectively, in terms of Regulation 28(1) of the SEBI Listing Regulations, for listing of the Equity Shares issued pursuant to the Issue from the Stock Exchanges. The Company shall apply to the Stock Exchanges for the final listing and trading approvals, for the listing of the Equity Shares offered in the Issue.
Lock-up	Please see the sub-section titled "Lock-up" of the section titled *"The Placement and Lock-Up"* on page 130 for a description of restrictions on our Company and our Promoters in relation to the Equity Shares held by them.
Minimum Offer Size	Minimum value of offer or invitation to subscribe to each QIB is ₹ 20,000 of the

	face value of Equity Shares.
Pay-In Date	March 7, 2017
Transferability Restriction	The Equity Shares Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. For details in relation to other transfer restrictions, see *"Selling-Transfer Restrictions"* on page 137.
Use of Proceeds	The net proceeds of the Issue, after deduction of fees, commissions and expenses in relation to the Issue, are expected to total approximately ₹ 1,45,87,99,904. See *"Use of Proceeds"* on page 62.
Risk Factors	See *"Risk Factors"* on page 41 for a discussion of factors that you should consider before deciding whether to subscribe for the Equity Shares.
Closing Date	The Allotment is expected to be made on or about March 7, 2017.
Ranking	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares. The holders of such Equity Shares will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Closing Date, in compliance with the provisions of the Companies Act, the SEBI Listing Regulations and other applicable laws and regulations. The holders of the Equity Shares Allotted in the Issue may attend and vote in Shareholders' meetings in accordance with the provisions of the Companies Act.
Voting Rights of Share Holders	See *"Description of Equity Shares"* on page 143.
Security Codes for the Equity Shares	ISIN : INE288B01029 BSE Code: 506401 NSE Code: DEEPAKNTR

SUMMARY FINANCIAL INFORMATION

The following selected information is extracted from and should be read in conjunction with the (a) audited standalone financial statements prepared in accordance with Indian GAAP, the companies act, as applicable as of and for the years ended March 31, 2014, 2015 and 2016, (b) the audited consolidated financial statements, prepared in accordance with Indian GAAP, the Companies Act, as applicable as of and for the year ended March 31, 2015 and 2016, (c) the unaudited standalone financial results for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, each included elsewhere in this Placement Document. You should refer to "Management's Discussion and Analysis of Financial Conditions and Results of Operations" for further discussion and analysis of the financial statements of our Company.

Summary of Standalone Balance Sheet

	As at March 31, 2016 (₹ in lacs)	**As at March 31, 2015 (₹ in lacs)**	**As at March 31, 2014 (₹ in lacs)**
Equity and Liabilities			
Shareholders' funds			
Share Capital	2,325.76	2,090.76	1,045.38
Reserves and Surplus	45,263.07	32,592.02	29,706.84
	47,588.83	**34,682.78**	**30,752.22**
Long-Term Borrowings	15,892.61	23,860.03	27,125.26
Other Long-Term Liabilities	290.80	267.04	244.39
Long-Term Provisions	468.51	526.01	418.57
Deferred Tax Liability	5,664.71	4,632.40	3,477.13
	22,316.63	**29,285.48**	**31,265.35**
Current Liabilities			
Short-Term Borrowings	23,490.49	23,101.09	19,071.61
Trade Payables	13,025.77	10,938.27	14,118.93
Other Current Liabilities	17,424.25	12,915.00	9,123.50
Short-Term Provisions	2,022.60	1,432.33	1,323.98
	55,963.11	**48,386.69**	**43,638.02**
Total	**125,868.57**	**1,12,354.95**	**1,05,655.59**
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	59,119.53	54,281.45	45,601.53
Intangible Assets	591.19	591.02	526.52
Capital Work-in-Progress (including intangible assets under development)	1,031.15	3,798.36	7,109.72
Non-Current Investments	6,544.31	1,717.22	312.22
Long-Term Loans and Advances	4,049.34	4,131.45	2,512.36
Other Non-Current Assets	-	-	-
	71,335.52	**64,519.50**	**56,062.35**
Current Assets			
Current Investments	6,751.50	-	-
Inventories	12,085.11	10,504.09	12,995.06
Trade Receivables	29,633.78	31,099.22	29,224.06
Cash and Cash Equivalents	388.41	274.07	644.14
Short-Term Loans and Advances	5,354.69	5,198.52	6,597.94
Other Current Assets	319.56	759.55	132.04
	54,533.05	**47,835.45**	**49,593.24**
Total	**125,868.57**	**1,12,354.95**	**1,05,655.59**

Summary of Standalone Statement of Profit and Loss

	Fiscal 2016 (₹ in Lacs)	**Fiscal 2015 (₹ in Lacs)**	**Fiscal 2014 (₹ in Lacs)**

	Fiscal 2016 (₹ in Lacs)	Fiscal 2015 (₹ in Lacs)	Fiscal 2014 (₹ in Lacs)
Income			
Revenue from Operations (Gross)	141,973.06	1,41,532.42	1,35,224.80
Less: Excise Duty	8,400.54	8,816.19	8,261.93
Revenue from Operations (Net)	**133,572.52**	**1,32,716.23**	**1,26,962.87**
Other Income	154.33	205.47	176.74
Total Revenue (I)	**133,726.85**	**1,32,921.70**	**1,27,139.61**
Expenses			
Cost of Raw Material and Components Consumed	79,629.03	84,307.94	84,854.63
Purchase of Traded Goods	-	243.71	1,814.31
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	(654.33)	1,153.04	(3,494.17)
Employee Benefits Expenses	11,607.95	10,009.60	8,835.10
Power & Fuel Expenses	11,814.94	11,592.18	11,057.59
Depreciation and Amortisation Expenses	3,945.04	3,604.07	2,967.22
(Less): Recoupment from Revaluation Reserve	-	(1.66)	(2.86)
Net Depreciation and Amortisation Expenses	-	3,602.41	2,964.36
Finance Costs	3,909.85	3,799.35	2,797.37
Other Expenses	14,341.86	11,439.23	12,495.18
Total (II)	**124,594.34**	**1,26,147.46**	**1,21,324.37**
Profit/(Loss) before Tax (I) - (II)	**9,132.51**	**6,774.24**	**5,815.24**
Tax Expenses			
Current Tax	1,984.57	1,345.32	1,442.73
Mat Credit Entitlements recognised	(399.28)	(1,122.04)	(601.99)
Deferred Tax	1,032.31	1,206.66	1,141.64
Total Tax Expenses	**2,617.60**	**1,429.94**	**1,982.38**
Profit/(Loss) for the year	**6,514.91**	**5,344.30**	**3,832.86**
Earning per Equity Share			
Basic & Diluted (in ₹)	**6.07**	**5.11**	**3.67***
Face Value Per Share (in ₹)	**2.00**	**2.00**	**2.00***

**Figures for Basic and Diluted Earnings per Equity Share and Face Value of Share is restated for split in face value of Equity Shares from ₹10 per equity share to ₹2 per Equity Shares and issue of bonus share of 1:1 during the financial year 2013-2014.*

Statement of Standalone cash flows

	Fiscal 2016 (₹ in lacs)	Fiscal 2015 (₹ in lacs)	Fiscal 2014 (₹ in lacs)
A. Cash Flow from Operating Activities			
Profit Before Tax from Continuing Operations	9,132.51	6,774.24	5,815.24
Profit Before Tax from Discontinuing Operations	-	-	-
Profit before tax	**9,132.51**	**6,774.24**	**5,815.24**
Non-cash adjustment to reconcile profit before tax to net cash flows			
Add:			
1. Depreciation / Amortisation on Continuing Operations	3,945.04	3,602.41	2,964.36
2. Impairment/ (Write back) on Tangible/ Intangible Assets pertaining to Continuing Operations	-	(23.03)	13.66
3. Loss on Sale of Fixed Assets	177.01	132.36	206.21
4. Profit on Sale of Fixed Assets	(14.08)	(98.83)	(1.64)
5. Provision for Doubtful Debts	213.05	82.66	85.42
6. Wealth Tax	(2.82)	16.80	16.08
7. Realised/Unrealised Foreign Exchange Loss	(5.93)	0.00	85.52

	Fiscal 2016 (₹ in lacs)	Fiscal 2015 (₹ in lacs)	Fiscal 2014 (₹ in lacs)
(gain)			
8. Interest expenses	3,744.63	3,640.64	2,574.85
9. Interest (Income)	(50.40)	(62.45)	(109.64)
10.Dividend (Income)	(49.71)	(1.55)	(5.19)
Operating Profit Before Working Capital changes	**17,089.30**	**14,063.25**	**11,644.87**
Less:			
Movements in working capital :			
1. Increase / (Decrease) in Trade Payables	2,087.51	(3,180.67)	(5,804.02)
2. Increase / (Decrease) in Other Current Liabilities & Provision	1,936.99	(347.23)	1,685.42
3. Decrease / (Increase) in Trade Receivables	1,252.37	(1,875.16)	(5,053.35)
4. Decrease / (Increase) in Inventories	(1,581.03)	2,490.97	(2,559.22)
5. Decrease / (Increase) in Long-Term Loans and Advances	(268.77)	68.84	(132.12)
6. Decrease / (Increase) in Short-Term Loans and Advances	(156.17)	1,399.47	(252.72)
7. Decrease / (Increase) in Other Current Assets	516.02	(700.55)	64.55
Cash generated from /(used in) Operations	**20,876.22**	**11,918.92**	**(406.59)**
Direct taxes paid (net of refunds)	(1,874.66)	(1,401.22)	(1,014.93)
Net cash flow from/ (used in) operating activities (A)	**19,001.56**	**10,517.70**	**(1,421.52)**
B. Cash flows from Investing Activities			
1.Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(5,138.82)	(8,445.36)	(9,694.52)
2.Proceeds from Sale of Fixed Assets	22.35	124.86	46.71
3. Advance towards proposed sale of land	-	1,500.00	-
4. Investment in Associates/Subsidiaries	(4,317.09)	(1,915.00)	(179.30)
5.Proceeds of Non-Current Investments	-	-	-
6.Purchase of Current Investments	(23,608.87)	-	-
7.Proceeds from sale/maturity of Current Investments	16,857.36	-	-
8.Interest received	36.83	74.32	113.36
9.Dividends received	49.71	1.55	5.19
Net Cash Flow from/ (used in) Investing Activities (B)	**(16,098.53)**	**(8,659.63)**	**(9,708.56)**
C. Cash Flows from Financing Activities			
1. Proceeds from issue of Equity Shares including Securities Premium	8,070.67	-	-
2.Proceeds from Long-Term Borrowings	1,197.10	4,202.07	5,875.85
3.Repayment of Long-Term Borrowings	(7,490.31)	(5,494.20)	(3,592.79)
4. Net Proceeds from Working Capital Borrowings	388.89	4,029.48	12,039.31
5.Interest paid	(3,702.75)	(3,748.93)	(2,523.75)
6.Dividend paid on Equity Shares	(1,039.88)	(1,038.90)	(832.19)
7.Tax on Equity Dividend paid	(212.82)	(177.66)	(142.26)
Net Cash Flow from/ (used in) in Financing Activities (C)	**(2,789.10)**	**(2,228.14)**	**10,824.17**
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	**113.93**	**(370.07)**	**(305.91)**
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-	-
Cash and Cash equivalents at the beginning of the year	274.48	644.14	950.05

	Fiscal 2016 (₹ in lacs)	Fiscal 2015 (₹ in lacs)	Fiscal 2014 (₹ in lacs)
Cash and Cash equivalents at the end of the year	**388.41**	**274.07**	**644.14**
Components of Cash and Cash equivalents			
Balances with Banks:			
– In Current Accounts	336.20	70.17	88.43
- In EEFC Accounts	0.01	20.30	337.37
– On Unpaid Dividend / Interest Account	52.20	48.64	56.03
Cash on hand	-	0.36	-
	388.41	**139.47**	**481.83**
Other Bank Balances			
– Deposits with original maturity for more than 3 months but less than 12 months	-	134.60	160.20
– Margin money deposit	-	-	2.11
	-	**134.60**	**162.31**
Total Cash and Cash equivalents	**388.41**	**274.07**	**644.14**

Summary of consolidated Balance Sheet

	As at March 31, 2016 (₹ in lacs)	As at March 31, 2015 (₹ in lacs)
Equity and Liabilities		
Shareholders' funds		
Share Capital	2,325.76	2,090.76
Reserves and Surplus	44,960.65	32,531.38
	47,286.41	**34,622.14**
Long-Term Borrowings	15,892.61	23,860.03
Other Long-Term Liabilities	290.80	267.04
Long-Term Provisions	481.34	526.01
Deferred Tax Liability	5,664.71	4,632.40
	22,329.46	**29,285.48**
Current Liabilities		
Short-Term Borrowings	26,851.67	23,101.09
Trade Payables	13,310.47	10,955.08
Other Current Liabilities	17,611.16	12,916.96
Short-Term Provisions	2,025.48	1,432.33
	59,798.78	**48,405.46**
Total	**129,414.65**	**1,12,313.08**
Assets		
Non-Current Assets		
Fixed Assets		
Tangible Assets	59,181.43	54,281.44
Intangible Assets	591.19	591.02
Capital Work-in-Progress	3,192.89	5,010.49
Intangible Assets under Development	-	106.24
Non-Current Investments	280.78	297.86
Long-Term Loans and Advances	8,052.07	4,700.74
Other Non-Current Assets	1.04	1.57
	71,299.40	**64,989.36**
Current Assets		
Current Investments	8,378.83	-
Inventories	12,101.82	10,504.09
Trade Receivables	31,318.54	31,099.22
Cash and Cash Equivalents	649.05	306.42

	As at March 31, 2016 (₹ in lacs)	As at March 31, 2015 (₹ in lacs)
Short-Term Loans and Advances	5,382.11	5,199.63
Other Current Assets	284.90	214.36
	58,115.25	**47,323.72**
TOTAL	**129,414.65**	**1,12,313.08**

Summary of consolidated Statement of Profit and Loss

	Fiscal 2016 (₹ in Lacs)	Fiscal 2015 (₹ in Lacs)
INCOME		
Revenue from Operations (Gross)	145,708.15	1,41,532.42
Less: Excise Duty	8,415.12	8,816.19
Revenue from Operations (Net)	**137,293.03**	**1,32,716.23**
Other Income	158.98	206.89
Total Revenue (I)	**137,452.01**	**1,32,923.12**
EXPENSES		
Cost of Raw Material and Components Consumed	79,629.03	84,307.94
Purchase of Traded Goods	3,587.45	243.71
(Increase)/Decrease in Inventories of Finished Goods, Work-in-Progress and Traded Goods	(669.52)	1,153.04
Employee Benefits Expenses	11,907.77	10,009.60
Power & Fuel Expenses	11,814.94	11,592.18
Depreciation and Amortisation Expenses	3,954.27	3,604.07
(Less): Recoupment from Revaluation Reserve	-	(1.66)
Net Depreciation and Amortisation Expenses	-	3,602.41
Finance Costs	3,971.32	3,799.35
Other Expenses	14,343.54	11,485.76
Total (II)	**128,538.80**	**1,26,193.99**
Profit/(Loss) before Tax (I) - (II)	**8,913.21**	**6,729.13**
Tax Expenses		
Current Tax	1,989.97	1,345.32
Mat Credit Entitlements recognised	(399.28)	(1,122.04)
Deferred Tax	1,032.31	1,206.66
Total Tax Expenses	**2,623.00**	**1,429.94**
Profit/(Loss) for the year	**6,290.21**	**5,299.19**
Less:		
Share of Profit / (Loss) for the year from Associate	(17.08)	(8.93)
Profit / (Loss) for the year	**6,273.13**	**5,290.26**
Earning per Equity Share		
Basic & Diluted (in ₹)	**5.85**	**5.06**
Face Value Per Share (in ₹)	**2.00**	**2.00**

Summary of consolidated statement of cash flows

Particulars	2016 Rs. in Lacs	2015 Rs. in Lacs
A. Cash Flow from Operating Activities		
Profit Before Tax from Continuing Operations	8,913.21	6,729.13
Profit before tax	**8,913.21**	**6,729.13**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Add:		
1. Depreciation / Amortisation on Continuing Operations	3,954.27	3,602.41
2. Impairment/ (Write back) on Tangible/ Intangible Assets pertaining to Continuing Operations	-	(23.03)
3. Loss on Sale of Fixed Assets	177.01	132.36
4. Profit on Sale of Fixed Assets	(14.08)	(98.83)
5. Provision for Doubtful Debts	214.76	82.66
6. Wealth Tax	(2.82)	16.80
7. Realised/Unrealised Foreign Exchange Loss (gain)	(5.93)	-
8. Interest expenses	3,764.50	3,640.64
9. Interest Income	(53.94)	(62.45)
10.Dividend Income	(51.06)	(2.97)
Operating Profit Before Working Capital changes	16,895.92	14,016.72
Less:		
Movements in working capital :		
1. Increase / (Decrease) in Trade Payables	2,012.48	(3,180.67)
2. Increase / (Decrease) in Other Current Liabilities & Provision	1,934.85	216.43
3. Decrease / (Increase) in Trade Receivables	(434.10)	(1,875.16)
4. Decrease / (Increase) in Inventories	(1,597.73)	2,490.97
5. Decrease / (Increase) in Long-Term Loans and Advances	(693.85)	(164.37)
6. Decrease / (Increase) in Short-Term Loans and Advances	(182.48)	1,398.36
7. Decrease / (Increase) in Other Current Assets	554.87	(700.55)
Cash generated from /(used in) Operations	**18,489.96**	**12,201.73**
Direct taxes paid (net of refunds)	(1,880.98)	(1,401.22)
Net Cash Flow from operating activities (A)	**16,608.98**	**10,800.51**
B. Cash flows from Investing Activities		
1.Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(8,553.90)	(10,609.27)
2.Proceeds from Sale of Fixed Assets	22.35	124.86
3. Advance towards proposed sale of land.	-	1,500.00
4. Investment in Subsidiaries	-	(5.00)
5.Purchase of Current Investments	(27,051.21)	250.00
6.Proceeds from sale/maturity of Current Investments	18,672.36	(250.00)
7.Interest received	40.37	74.32
8.Dividends received	51.06	2.97
Net Cash Flow used in Investing Activities (B)	**(16,818.97)**	**(8,912.12)**
C. Cash Flows from Financing Activities		
1. Proceeds from issue of Equity Shares including Securities Premium	8,070.67	-
2. Proceeds from Long-Term Borrowings	1,197.10	4,202.07
3. Repayment of Long-Term Borrowings	(7,490.31)	(5,494.20)
4. Net Proceeds from Working Capital Borrowings	1,750.48	4,029.48
5. Proceeds from Short Term Borrowings	2,000.00	-
6. Interest paid	(3,722.62)	(3,748.93)
7. Dividend paid on Equity Shares	(1,039.88)	(1,038.90)
8. Tax on Equity Dividend paid	(212.82)	(177.66)

Net Cash Flow used in Financing Activities (C)	**552.61**	**(2,228.14)**
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	**342.63**	**(339.75)**
Cash and Cash equivalents at the beginning of the year	306.42	646.17
Cash and Cash equivalents at the end of the year	**649.05**	**306.42**
Reconciliation of Cash and Cash equivalents		
Balances with Banks:		
– In Current Accounts	476.84	102.52
- In EEFC Accounts	0.01	20.30
– On Unpaid Dividend / Interest Account (Refer note below (a))	52.20	48.64
Cash on hand	-	0.36
	529.05	**171.82**
Other Bank Balances		
– Deposits with original maturity for more than 3 months but less than 12 months	120.00	134.60
Total Cash and Cash equivalents as per Note 18	**649.05**	**306.42**

Unaudited standalone financial results for the three month ended June 30, 2016

(₹ in lacs)

Sr. No.	Particulars	Quarter Ended 30.06.2016 (Unaudited)	Quarter Ended 30.06.2015 (Unaudited)	Quarter Ended 31.03.2016 (Audited)	Year Ended 31.03.2016 (Audited)
1	**Income from operations**				
	(a) Net Sales/income from operations (Net of excise duty)	31,013.04	33,637.16	33,583.05	132,035.28
	(b) Other operating income	356.52	195.01	492.41	1,537.24
	Total income from operations (net)	31,369.56	33,832.17	34,075.46	133,572.52
2	**Expenses**				
	(a) Cost of materials consumed	19,013.41	21,726.90	18,550.38	79,629.03
	(b) Purchases of stock-in-trade	-	-	-	-
	(c) Changes in inventories of finished goods, Work-in-progress and stock-in-trade	(963.61)	(1,122.07)	1,090.33	(654.33)
	(d) Employee benefits expense	3,202.00	2,780.57	2,938.81	11,607.95
	(e) Depreciation and amortisation expense	1,051.47	948.74	1,026.50	3,945.04
	(f) Power & Fuel expense	2,676.15	3,118.66	2,755.37	11,814.94
	(g) Other expenses	3,537.42	3,530.58	4,078.04	14,507.08
	Total expenses	28,516.84	30,983.38	30,439.43	120,849.71
3	Profit/(Loss) from Operations before Other income, Finance costs and Exceptional items (1-2)	2,852.72	2,848.79	3,636.03	12,722.81
4	Other Income	228.95	20.02	79.11	154.33
5	Profit/(Loss) from ordinary activities before Finance costs and Exceptional Items (3 ± 4)	3,081.67	2,868.81	3,715.14	12,877.14
6	Finance Costs	837.35	1,002.02	777.63	3,744.63
7	Profit/(Loss) from Ordinary activities after Finance costs but before Exceptional Items (5 ± 6)	2,244.32	1,866.79	2,937.51	9,132.51
8	Exceptional items	7,077.18	-	-	-
9	Profit/(Loss) from Ordinary activities before Tax (7±8)	9,321.50	1,866.79	2,937.51	9,132.51
10	Tax Expense	2,535.63	531.04	881.31	2,617.60
11	Net Profit/(Loss) from Ordinary activities after Tax (9±10)	6,785.87	1,335.75	2,056.20	6,514.91
12	Extraordinary Items (Net of Tax expenses)	-	-	-	-
13	Net Profit/(Loss) for the period (11±12)	6,785.87	1,335.75	2,056.20	6,514.91

Sr.	Particulars	Quarter Ended			Year Ended
14	Paid-up Equity Share Capital (Face Value of Rs. 2/- each)	2,325.76	2,090.76	2,325.76	2,325.76
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous accounting year				45,186.82
16.i.	Earnings per share (Face value of Rs. 2/- each) (not annualised) :				
	a) Basic	5.84	1.28	1.78	6.07
	b) Diluted	5.84	1.28	1.78	6.07
16.ii.	Earnings per share - before exceptional item				
	(Face value of Rs. 2/- each) (not annualised) :				
	a) Basic	1.35	1.28	1.78	6.07
	b) Diluted	1.35	1.28	1.78	6.07

Unaudited standalone financial results for the three month ended September 30, 2016

(₹ in lacs)

Sr.	Particulars	Quarter Ended			Half Year Ended		Year Ended
No.		**30.09.2016**	**30.09.2015**	**30.06.2016**	**30.09.2016**	**30.09.2015**	**31.03.2016**
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income from operations**						
	(a) Net Sales/income from operations (Net of excise duty)	29,907.19	33,444.79	31,013.04	60,920.23	67,081.95	132,035.28
	(b) Other operating income	349.50	353.05	356.52	706.02	548.06	1,537.24
	Total income from operations (net)	30,256.69	33,797.84	31,369.56	61,626.25	67,630.01	133,572.52
2	**Expenses**						
	(a) Cost of materials consumed	17,348.36	20,405.82	19,013.41	36,361.77	42,132.72	79,629.03
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, Work-in-progress and stock-in-trade	(511.85)	56.11	(963.61)	(1,475.46)	(1,065.96)	(654.33)
	(d) Employee benefits expense	2,932.06	2,964.77	3,202.00	6,134.06	5,745.34	11,607.95
	(e) Depreciation and amortisation expense	1,046.55	980.16	1,051.47	2,098.02	1,928.90	3,945.04
	(f) Power & Fuel expense	2,830.08	3,155.11	2,676.15	5,506.22	6,273.77	11,814.94

Sr.	Particulars	Quarter Ended			Half Year Ended		Year Ended
	(g) Other expenses	4,055.51	3,133.44	3,537.42	7,592.93	6,664.02	14,507.08
	Total expenses	27,700.71	30,695.41	28,516.84	56,217.55	61,678.79	120,849.71
3	Profit/(Loss) from Operations before Other income, Finance costs and Exceptional items (1-2)	2,555.98	3,102.43	2,852.72	5,408.70	5,951.22	12,722.81
4	Other Income	99.79	29.90	228.95	328.74	49.92	154.33
5	Profit/(Loss) from ordinary activities before Finance costs and Exceptional Items (3 ± 4)	2,655.77	3,132.33	3,081.67	5,737.44	6,001.14	12,877.14
6	Finance Costs	489.97	1,058.21	837.35	1,327.32	2,060.23	3,744.63
7	Profit/(Loss) from Ordinary activities after Finance costs but before Exceptional Items (5 ± 6)	2,165.80	2,074.12	2,244.32	4,410.12	3,940.91	9,132.51
8	Exceptional items	-	-	7,077.18 *	7,077.18	-	-
9	Profit/(Loss) from Ordinary activities before Tax (7±8)	2,165.80	2,074.12	9,321.50	11,487.30	3,940.91	9,132.51
10	Tax Expense	624.60	596.45	2,535.63	3,160.23	1,127.49	2,617.60
11	Net Profit/(Loss) from Ordinary activities after Tax (9±10)	1,541.20	1,477.67	6,785.87	8,327.07	2,813.42	6,514.91
12	Extraordinary Items (Net of Tax expenses)	-	-	-	-	-	-
13	Net Profit/(Loss) for the period (11±12)	1,541.20	1,477.67	6,785.87	8,327.07	2,813.42	6,514.91
14	Paid-up Equity Share Capital (Face Value of Rs. 2/- each)	2,325.76	2,090.76	2,325.76	2,325.76	2,090.76	2,325.76
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous accounting year						45,186.82
16.i.	Earnings per share (before exceptional item)						

Sr.	Particulars	Quarter Ended			Half Year Ended		Year Ended
	(of Rs. 2/- each) (not annualised) :						
	a) Basic	1.33	1.41	1.35	2.70	2.69	6.07
	b) Diluted	1.33	1.41	1.35	2.70	2.69	6.07
16.ii.	Earnings per share (after exceptional item)						
	(of Rs. 2/- each) (not annualised) :						
	a) Basic	1.33	1.41	5.84	7.16	2.69	6.07
	b) Diluted	1.33	1.41	5.84	7.16	2.69	6.07

* Exceptional item for the quarter ended June 30, 2016 pertains to profit of Rs. 7,077.18 lacs on sale of land and surrender / assignment of leasehold rights in land at Pune.

Unaudited standalone financial results for the three month ended December 31, 2016

(₹ in lacs)

Sr.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
No.		31.12.2016	31.12.2015	30.09.2016	31.12.2016	31.12.2015	31.03.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income from operations**						
	(a) Net Sales/income from operations (Net of excise duty)	27,557.78	31,370.28	29,907.19	88,478.00	98,452.23	132,035.28
	(b) Other operating income	427.75	496.77	349.50	1,133.77	1,044.83	1,537.24
	Total income from operations (net)	27,985.53	31,867.05	30,256.69	89,611.77	99,497.06	133,572.52
2	**Expenses**						
	(a) Cost of materials consumed	15,819.30	18,945.93	17,348.36	52,181.07	61,078.65	79,629.03
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, Work-in-progress and stock-in-trade	324.74	-678.70	-511.85	-1,150.72	-1,744.66	-654.33
	(d) Employee benefits expense	3,181.01	2,923.80	2,932.06	9,315.07	8,669.14	11,607.95

Sr.	Particulars	Quarter Ended			Nine Months Ended			Year Ended
	(e) Depreciation and amortisation expense	1,063.85	989.64	1,046.55	3,161.87		2,918.54	3,945.04
	(f) Power & Fuel expense	1,923.83	2,785.80	2,830.08	7,430.05		9,059.57	11,814.94
	(g) Other expenses	3,663.57	3,765.02	4,055.51	11,256.50		10,429.04	14,507.08
	Total expenses	**25,976.30**	**28,731.49**	**27,700.71**	**82,193.84**		**90,410.28**	**120,849.71**
3	Profit/(Loss) from Operations before Other income, Finance costs and Exceptional items (1-2)	2,009.23	3,135.56	2,555.98	7,417.93		9,086.78	12,722.81
4	Other Income	35.19	25.30	99.79	363.93		75.22	154.33
5	Profit/(Loss) from ordinary activities before Finance costs and Exceptional Items (3 ± 4)	2,044.42	3,160.86	2,655.77	7,781.86		9,162.00	12,877.14
6	Finance Costs	932.40	906.77	489.97	2,259.72		2,967.00	3,744.63
7	Profit/(Loss) from Ordinary activities after Finance costs but before Exceptional Items (5 ± 6)	1,112.02	2,254.09	2,165.80	5,522.14		6,195.00	9,132.51
8	Exceptional items	-	-	-	7,077.18	*	-	-
9	Profit/(Loss) from Ordinary activities before Tax (7±8)	1,112.02	2,254.09	2,165.80	12,599.32		6,195.00	9,132.51
10	Tax Expense	310.91	608.80	624.60	3,471.14		1,736.29	2,617.60
11	Net Profit/(Loss) from Ordinary activities	801.10	1,645.29	1,541.19	9,128.18		4,458.71	6,514.91

Sr.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
	after Tax (9±10)						
12	Extraordinary Items (Net of Tax expenses)	-	-	-	-	-	-
13	Net Profit/(Loss) for the period (11±12)	801.10	1,645.29	1,541.19	9,128.18	4,458.71	6,514.91
14	Paid-up Equity Share Capital (Face Value of Rs. 2/- each)	2,325.76	2,090.76	2,325.76	2,325.76	2,090.76	2,325.76
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous accounting year						45,186.82
16.i.	Earnings per share (before exceptional item)						
	(of Rs. 2/- each) (not annualised) :						
	a) Basic	0.69	1.57	1.33	3.17	4.27	6.07
	b) Diluted	0.69	1.57	1.33	3.17	4.27	6.07
16.ii.	Earnings per share (after exceptional item)						
	(of Rs. 2/- each) (not annualised) :						
	a) Basic	0.69	1.57	1.33	7.85	4.27	6.07
	b) Diluted	0.69	1.57	1.33	7.85	4.27	6.07

* Exceptional item for the Nine months ended December, 2016 pertains to profit of Rs. 7077.18 Lacs on sale of land and surrender / assignment of leasehold rights in land at Pune.

RISK FACTORS

Any investment in equity shares involves a high degree of risk. Prospective investors should carefully consider these risks relating to our business and our industry described below together with all other information contained in this Placement Document before making a decision to invest in this Issue. These risks and uncertainties are not the only risks our business faces; additional risks and uncertainties that are not presently known to us, or that we may currently believe to be immaterial, may also have an adverse effect on our business, results of operations, financial condition or prospects. If any of the risks contemplated actually materialises, our business, results of operation and financial condition may be adversely affected, the price of our Equity Shares could consequently decline and you may lose all or part of your investment in this Issue. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein. To obtain a complete understanding of our business, you should read this section in connection together with the sections titled "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 81 and 91, respectively. This Placement Document also contains certain forward looking statements that also involve risks and uncertainties. Actual risks could differ materially from those anticipated in these forward looking statements as a result of certain factors, including considerations described below and in the section titled "Forward Looking Statements" on page 14. Investors should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory regime that may be different from that applicable in other countries. Investors should consult their own tax, financial and legal advisors about the particular consequences of an investment in the Issue. Unless otherwise indicated, all financial information included in this section have been derived from our audited standalone financial statements for Fiscal 2014, 2015 and 2016,the unaudited standalone financial results for the quarters ended June 30, 2016, September 30, 2016 December 31, 2016 subject to limited review, included elsewhere in this Placement Document.

INTERNAL RISK FACTORS

1. Failure to obtain no objection certificate ("NOC") from State Bank of India for the proposed QIP may trigger the cross default provision pursuant to the facility agreement

We have obtained a working capital facility of ₹14,000 lacs and a term loan facility of ₹47,000 lacs from State Bank of India. Pursuant to the facility agreements entered into with the bank, the Company is required to obtain a prior written consent of the bank in case of any change in the capital structure, formulate any scheme of amalgamation, and implement any scheme of expansion and certain other corporate actions. Although we have already made an application requesting for the no objection from SBI, we are not sure whether we will be able to obtain the same on time or at all.

In the event we are not able to obtain the required NOC from State Bank of India, it will result in a breach of the covenants of the agreement and the lender can recall these facilities availed by the Company. If any of our lenders accelerate the repayment of our borrowings, we cannot assure you that we will have sufficient assets to repay amounts outstanding under our loan agreements or continue our business.

2. Loss of revenue on account of closure of the manufacturing facility by the Telangana State Pollution Control Board situated at Hyderabad

We have five manufacturing facilities in India out of which three manufacturing facilities are located at Hyderabad. One of the manufacturing facility situated in Hyderabad is engaged in the manufacture of Di-Nitro Stillbene Disulphonic Acid. The Telangana State Pollution Control Board ("**TSPCB**") had issued its consent to operate under Air Act, Water Act and Hazardous Rules ("**Applicable Laws'**) which is valid upto July 31, 2021 and pursuant to the consent, the Company was required to observe and maintain various conditions stipulated therein. The officials of TSPCB conducted an inspection on the premises of the manufacturing facility in September 2016, wherein various non-compliances under the Applicable Laws were observed. The TSPCB had issued a show cause notice for the non-compliances and thereafter issued closure order dated October 1, 2016 of the said unit ("**Closure Order**") for non-compliance of the directions of TSPCB and causing air pollution in the area, disconnected the power supply to the industry and our Company has been directed to stop all industrial activities with effect from the date of the Closure Order. Further, the TSPCB had revoked the Closure Order vide letter dated October 29, 2016 for a temporary period upto January 31, 2017.However, our Company has made an application for obtaining permanent revocation of the Closure Order on January 16, 2017 but the same is pending before the TSPCB. We cannot assure you that we will be able to get the revocation extended and our

Company will be able to resume the manufacturing process at the said unit. In such an instance, there will be loss of revenue and it will have an adverse effect on our financial conditions and results of operations.

3. We continue exploring potential growth areas for our business and to achieve this we may pursue expansion of the scale of manufacturing of the personal care product segment as well as pharmaceutical intermediates of the Company. We cannot assure whether these initiatives will be successful and / or generate results as expected by us.

We specialise in various processes such as hydrogenation, nitration, alkylation, sulphonation, oxidation and nox based chemistry. Our business sections are categorised into basic chemicals (formerly bulk chemical and commodity), fine and speciality chemicals and performance products (formerly fluorescent whitening agents). The Fine and speciality chemicals includes niche products that are customised as per customer specifications. The segment comprises of products such as xylidine, cumidine, methoxy methyl di-phenyl amine, nitro oxyline which find application in the manufacture of agrochemicals, pharmaceuticals, pigments, paper and personal care product, etc. Our Company is currently involved in the manufacture of personal care product like hair dyes. We are planning to expand the personal care products segment in order to increase the scale of manufacturing process and also sell these products to its customers. We cannot ensure that this expansion will be profitable for the Company since we may need to incur additional expenditure for the expansion of the manufacturing units. In such circumstance(s), we may be exposed to risks associated with its consequences and this in turn will affect our business reputation, growth and results of operations. Any failure to earn adequate revenues from these capital expenditures may result in a loss of capital as well as operating losses thereby adversely affecting the profits of our Company.

4. Fluctuation in the prices of raw materials and crude oil may affect our ability to price our products competitively.

The raw materials we use in our manufacturing process are primarily sourced from third party suppliers. For Fiscal 2016, the cost of raw materials consumed was ₹ 79,629.03 lacs, which as a percentage of our total expenses was 63.91% and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, the cost of raw materials consumed was ₹19,013.41 lacs, ₹ 17,348.36 lacs and ₹ 15,819.30 lacs, which as a percentage of our total expenses was 64.77%, 61.54% and 58.79%, respectively. Our raw materials include caustic lye, ammonia and cumene, the prices of which have been volatile in the past. As a result, we continue to remain susceptible to the risks arising out of raw material price fluctuations which could result in declining operating margins.

Our raw materials also include derivatives of crude oil, such as benzene, toluene and 2, ethyl hexanol. The price of some of our raw materials is linked to a formula based on the international prices of such raw material. The price of crude oil globally has been volatile and increases in crude prices would have an impact on our cost of production. Resultant increases in costs of production, in order to remain profitable, could affect the volumes sold and consequently, would adversely affect our financial condition and results of operations.

While we have been able to pass on increase in prices of raw material to our customers, there have also been occasions when we have been unable to pass on increases in raw materials prices to our customers. Any such increases in prices of raw materials in future could adversely affect our ability to price our products competitively.

5. We do not have long term agreements with majority of our suppliers and customers.

We do not have long term agreements with majority of our suppliers. We do not have long term agreements with any of our customers. The success of our business is significantly dependent on maintaining good relationships with our suppliers and customers. Short term supplier contracts subject us to risks such as price volatility, unavailability of certain raw materials in the short term and failure to source critical raw materials in time, which would result in a delay in manufacturing of the final product. Any delay in supplying products in accordance with the terms and conditions of the purchase orders, such as delivery within a specified time, could result in the customer refusing to accept our products, which could have an adverse effect on our business and reputation. Further, we cannot assure you that we will be able to enter into new or renew our existing arrangements with suppliers on terms acceptable to us, which could have an adverse effect on our ability to source raw materials in a commercially viable and timely manner, if at all, which may impact our business and profitability.

While we have long term relationships with several customers, we do not have long term contractual agreements with a majority of our customers. We have expanded our capacities specifically to cater to the specifications and demand of certain customers. Absence of such long term agreements exposes us to the risk that our customers may cease to source products from us. In case of such eventuality, where a customer or several customers cease procurement of products from us, our revenues and reputation would be materially affected, which could also impact our ability to enter into arrangements with new customers, thereby limiting business growth.

6. ***Exchange rate fluctuations may adversely affect our results of operations as our sales from exports and a portion of our expenditures are denominated in foreign currencies.***

Our financial statements are prepared in Indian Rupees. However, our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies, mostly the U.S. dollars. For Fiscal 2016, our revenue from exports was ₹ 51,127.76 lacs and revenue from exports as a percentage of total revenue was 38.28 % and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from exports was ₹ 12,443.92 lacs, ₹ 10,537.27 lacs and ₹ 10,852.19 lacs which, as a percentage of the total revenue was 39.66%, 34.39% and 38.06%, respectively Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. dollar and the Indian Rupee and we cannot assure you whether hedging or other risk management strategies will be effective.

As of March 31, 2016, our external commercial borrowings comprised of 34.79% of our total borrowings, on standalone basis (including short term portion of long term borrowings presented within other current liabilities), respectively. Consequently, adverse exchange rate fluctuations could also increase the quantum of our outstanding indebtedness and affect our ability to service our debt obligations.

7. ***As part of our growth strategy, we are in the process of establishing a manufacturing unit at Dahej, Gujarat for the manufacture of phenol and acetone. Implementation risks along with possible time or cost overruns could adversely affect our business and results of operations.***

We are in the process of establishing a manufacturing unit at Dahej, Gujarat for the manufacture of phenol and acetone ("Project"). The cost of the Project is estimated to be ₹ 1,40,000 lacs. The Project is proposed to be capitalised through ₹ 84,000 lacs of debt, the financial closure for which has been achieved. The Project is proposed to be completed by Fiscal 2018. The Project cost as well as the proposed completion time are management estimates and in the event such estimates prove to be incorrect, our business plans and consequent results of operations may be adversely affected. Moreover, the Project faces implementation risks associated with it having a long implementation schedule. Moreover, the scheduled time and cost estimation of the Project are subject to delays as a result of, among other factors, contractor performance shortfalls, unanticipated cost increases, inability in obtaining government approvals or other environmental clearances, in a timely manner or at all, and force majeure events, the occurrence of any of which could give rise to cost and/ or time overruns or abandonment of the Project.

The completion of the Project is also dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. We are unable to assure you that the performance of external agencies will meet the required specifications or performance parameters, which could adversely affect our business and results of operations.

The price of phenol and acetone is also closely linked to the price of crude oil. Volatility in the price of crude oil may also impact our ability to competitively price these products. Moreover, our decision to undertake the Project is based on our understanding of the demand in the phenol and acetone market in India. In the event our estimates prove to be incorrect, or we are unable to market such products in a commercially successful manner or in the event we are unable to operate the Project successfully, our investment in the Project would suffer and so would our results of operations.

8. ***We require various licenses and approvals for undertaking our businesses and the failure to obtain or retain such licenses or approvals in a timely manner, or at all, may adversely affect our operations.***

Our business operations are subject to various laws, the compliance of which is supervised by multiple regulatory authorities and government bodies. In order to conduct our business, we are required to obtain multiple licenses, approvals, permits and consents. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to make substantial expenditure. Furthermore, we incur significant expenditure in order to comply with such applicable laws and regulations. If we fail to comply, or a regulator claims we have not complied, with these conditions, our business, financial condition and results of operations would be materially adversely affected.

Amongst the laws that we must adhere to, environmental laws and regulations are one of the most critical laws. These include laws and regulations that limit the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of hazardous waste materials. Significant fines and penalties may be imposed for non-compliance with such environmental laws. Some of these licenses have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. The licenses are under the process of renewal. If we fail to renew, obtain or retain any of such approvals, in a timely manner, or at all, our business may be adversely affected. We are also inspected at regular intervals by various environmental protection agencies to ensure our compliance with applicable laws and regulations. We are also required to obtain permits from governmental authorities for certain aspects of our operations. These laws and regulations and permits often require us to purchase and install expensive pollution control equipment or to make operational changes to limit impacts or potential impacts on the environment and/or health of our employees.

9. Our insurance coverage may not adequately protect us against all losses or the insurance cover may not be available for all the losses as per the insurance policy, which could adversely impact our results of operations.

Operating and managing a business involves many risks that may adversely affect our operations, and the availability of insurance is therefore important to our operations. We believe that the insurance coverage we maintain would reasonably be adequate to cover most normal risks associated with the operation of our business. However, to the extent that any uninsured risks materialise or if we fail to effectively cover ourselves against any risks, we could be exposed to substantial costs and losses that would adversely affect our financial condition. In addition, we cannot be certain that the coverage will be available in sufficient amounts to cover one or more large claims, or that our insurers will not disclaim coverage as to any claims. To the extent that we suffer loss or damage that is uninsured or underinsured, such loss would have to be borne by us and it could have a material adverse effect on our results of operations and financial condition. In October 2016, there was a blast/ explosion followed by fire at the manufacturing unit located at APL division, Roha, as a result of which there was severe damage to the property of the Company and also the property of the residential premises and commercial units surrounding the area and two employees suffered injuries. Although immediate actions were taken to minimise the damage caused, we cannot assure you that such incidents will not happen in the future and have an adverse impact on the financial condition and operations of our Company. Our Company has filed a claim with the insurance company and the same is under consideration. We cannot assure you whether full compensation will be received by the Company against such claim or at all.

10. Our Company has experienced negative cash flows during the last three financial years. Any negative cash flows in future could adversely affect our business and financial conditions.

Our Company has experienced negative cash flows in the last three financial years. Details of such negative cash flows are as follows:

(₹ in lakhs)

Particulars	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
Net cash from/ (used in) operating activities	19,001.56	10,517.70	(1,421.52)
Net cash from/ (used in) investing activities	(16,098.53)	(8,659.63)	(9,708.56)
Net cash from/ (used in) financing activities	(2,789.10)	(2,227.73)	10,824.17

For further details of such negative cash flow, please see *"Management Discussion and Analysis of Financial Conditions and Results of Operations"* on page 91. Negative cash flows exposes us to certain risks such as our ability to meet certain business obligations and repay our outstanding borrowings. Moreover, due to the proposed establishment of the phenol and acetone plant at Dahej, part of which is sought to be financed through internal accruals, we shall require sufficient cash generated from operations or other sources. While our Company has witnessed positive cash flow from operating activities during the last 2 financial years, we cannot assure you that we will generate sufficient cash to service existing or proposed borrowings or fund other liquidity needs in future. Any negative cash flows in future could adversely affect our business and financial conditions.

11. ***We are subjected to certain risks consequent to our operations involving the manufacture, usage and storage of various hazardous substances.***

Our manufacturing processes involve manufacturing, storage and transportation of various hazardous substances such as toluene, benzene, etc. We are subject to operating risks associated with handling of such hazardous materials such as possibility for leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause personal injury, property damage and environmental contamination. In the event of occurrence of any such accidents, our business operations may be interrupted. Any of these occurrences may result in the shutdown of our manufacturing facility and expose us to civil or criminal liability which could have an adverse effect on our results of operations and financial condition. Moreover, certain environmental laws imposes strict liability for accident/damages resulting from hazardous substances and any failure to comply with such laws may lead to penalties, fines and imprisonment.

12. ***We have incurred substantial indebtedness which may affect our ability to operate our business and limit the flexibility in managing our business. We are also not in compliance with certain covenants in the agreements governing our debt obligation, which could result in acceleration of our payment obligations or result in other penalties that could affect our business and results of operations.***

As at September 30, 2016, our outstanding long term (including current maturities) and short term borrowings, on a standalone basis, aggregated to ₹ 47,687.61 lacs. Our standalone Interest Coverage Ratio for Fiscal 2016 was 3.34. Our level of indebtedness exposes us to several risks, such as:

(i) Insufficient cash flow from our operations to meet our payment obligations of principal and interest;
(ii) Payment of interest in respect of any floating rate indebtedness may be affected by fluctuations in interest rates, as increases in interest expenses may have an adverse effect on our cash flows; and
(iii) Increased vulnerability to general adverse economic, industry and competitive conditions, which could make it more difficult or expensive for us to obtain funding in the future.

Further, we have a number of working capital financings and other short-term debt facilities, which have been extended to us on a yearly basis. We cannot assure you that we shall be able to successfully negotiate with banks to roll-over our short-term debt instruments and obtain sufficient credit in future. This may result in liquidity problems and we may be required to find alternate sources of funding, which may not be available on terms acceptable to us or at all. If any of these risks were to materialize, our business, results of operations and financial condition may be adversely affected.

Moreover, there are restrictive covenants in the loan agreements that we have entered into with certain banks for our borrowings, including, but not limited to, requirements that we obtain consent from the lenders prior to altering the capital structure, effecting any scheme of amalgamation or reconstitution, creating any charge or lien on the security, any alteration to the Memorandum of Association or Articles of Association. In addition, financial defaults affect our ability to pay dividends. Such financing agreements may also require us to maintain certain financial ratios. We are presently not in compliance with covenants which insist on maintenance of such financial ratios, which could result in an event of default, and consequent acceleration of payments. Though we may have received waivers from some of our lenders for such non-compliance in the past, however, we are unable to assure you that we shall be able to receive waivers for such non-compliances in future. Furthermore, our financing arrangements also contain cross default provisions which could trigger under certain circumstances. Any or all of the above restrictive covenants may restrict our ability to conduct business and may adversely affect our results of operations and financial condition.

13. ***Our operations are subject to operational risks such as industrial accidents, breakdown of equipment and labour disputes. If any of these risks were to materialize, our business and results of operations could be adversely affected.***

As a manufacturing unit, our operations are subject to risks such as industrial accidents at our plants. Such accidents may adversely affect our business, our reputation and results of operations. For instance, there has been an industrial accident in 2010 at Hyderabad which resulted in fatality of two of our workmen and also a fire which had occurred in October 2016 at one of our manufacturing facilities in Roha, Maharashtra which resulted in severe damage to the plant at the facility.

Our operations may also be affected by the malfunction or breakdown of our machinery. Any malfunction or break-down of our machinery or equipment could also adversely affect the quality of products and raw materials stored with us. Consequently, delays in manufacturing may result in the breach of our contractual obligations to our customers that may result in termination of our supply contracts, which could in turn have an adverse effect on our business, results of operations and financial condition.

Moreover, strikes and lockouts as a result of disputes with our labour force may adversely affect our operations. We have, in the past, experienced such disruptions such as strikes at our Taloja and Hyderabad plants in the years 2010 and 2012 respectively. The strikes were caused by disputes over wages. We cannot assure you that we shall not experience any strikes or work stoppages in future. Such events could disrupt our operations and may have a material adverse effect on our business and results of operations.

14. Restrictions on import of raw materials and an increase in shipment cost may adversely impact our business and results of operations.

Our raw material imports are regulated by the Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 that, *inter alia,* allows the concerned authority to stop any import if it is deemed that the chemicals proposed to be imported may cause major accidents. We are unable to assure you that such regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. We also cannot assure you that, under these circumstances, we will be successful in identifying alternate suppliers for raw materials or we will be able to source the raw materials at favorable terms in a timely manner. Any restriction on import of raw materials could have an adverse effect on our ability to deliver products to our customers, business and results of operations.

15. We engage contract labour for carrying out certain business operations.

In order to retain operational efficiencies, we engage independent contractors through whom we engage contract labour for performance of certain functions at our manufacturing units as well as at our offices. As of December 31, 2016, we engaged 1,330 contract employees. Although we do not engage these labourers directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial conditions.

16. We are dependent on third parties for the supply of utilities, such as water, gas and electricity, at our manufacturing premises and any disruption in the supply of such utilities could adversely affect our manufacturing operations.

We procure utilities such as water, natural gas and electricity from third parties for use at our manufacturing units. Reliance on third parties for such utilities exposes us to risks such as shortage or break down in supply, the correction of which is in the hands of such third parties. Availability of natural gas for use as feedstock is a critical part of the production process of organic chemicals *(Source: FICCI Report, 2014)*. Any breakdown of our relationship with any of our utility providers could adversely affect our operations. As part of our manufacturing process, we use natural gas supplied by a public sector gas company. We have a "take or pay" arrangement with such company that requires us to pay a certain amount to such company irrespective of the volume of gas procured. In case of a break-down of our relationship with the utility providers, we are unable to assure you that we shall be able to source such utilities from alternate sources in a timely manner, which could adversely affect our operations and results.

17. We are subject to certain legal proceedings and we cannot assure you that we will be successful in all of these actions. In the event we are unsuccessful in litigating any or all of the disputes, our business, results of operations and cash flows may be adversely affected.

We are contesting certain legal proceedings in various courts, including certain civil/criminal/labour/tax cases before various forums and cannot assure you that the outcome of these legal proceedings will be favourable. We have also been issued legal notices by parties that could potentially result in legal proceedings. Any adverse decision in any of these cases may adversely affect our reputation and financial condition. Such litigation could divert management time and attention, and consume financial resources in their defense or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, financial condition, reputation, results of operations and cash flows could be adversely affected. For further details of the legal proceedings that we are subject to, please see the chapter titled *"Legal Proceedings and Defaults"* on page 162.

18. Our reliance on certain industries for a significant portion of our sales could have an adverse effect on our business.

Our products have applications in industries such as agrochemicals, colourants, rubber, pharmaceuticals, paper, textiles, detergents and petrochemicals. Consequently, our revenues are dependent on the end user industries that use our products as an input. In Fiscal 2016, a significant portion of our revenues was contributed by companies engaged in operating refineries and the agrochemicals sectors. Factors affecting any of these industries in general, or any of our customers in particular, could have a cascading adverse effect on our business and our results of operations. Such factors include, but is not limited to, the following:

(i) Seasonality of demand for our customers' products, which may cause our manufacturing capacities to be underutilised during specific periods;

(ii) Our customers' failure to successfully market their products or to compete effectively;

(iii) Loss of market share, which may lead our customers to reduce or discontinue the purchase of our products;

(iv) Economic conditions of the markets in which our customers operate;

For any of the above reasons or for any other reason whatsoever, in the event sales to our customers were to substantially decrease, our business, results of operations and financial condition could be adversely affected.

19. Our inability to successfully implement some or all of our business strategies in a timely manner or at all could have an adverse effect on our business.

As part of our strategy aimed towards business growth and improvement of market position, we intend to implement several business strategies, which include:

- Diversification into the manufacturing of phenol and acetone;
- Expansion and penetration in international markets;
- Expansion of the fine and speciality chemicals;
- Enhancement of our research and development abilities;

Our Company intends to focus on manufacturing of active pharmaceutical industry intermediates and personal care intermediates as the Company sees potential from this business which is already a part of our fine and speciality chemical business. For further details of our strategies, please see *"Business"* on page 81. We are unable to assure you that we shall be successful in implementing any or all of these key strategies, in an effective and timely manner. Failure to implement such strategies in a timely manner, if at all, would adversely affect our prospects, business and results of operations.

20. We face competition from both domestic as well as multinational corporations and our inability to compete effectively may have a material adverse impact on our business and results of operations.

Competition in our business is based on pricing, relationships with customers, product quality, customisation and innovation. We face price pressures from foreign companies that are able to produce chemicals at competitive costs and consequently, supply their products at cheaper prices. Moreover, Indian chemical companies are faced with poor infrastructure and lack of adequate facilities at ports and railway terminals as well as poor pipeline connectivity, which imposes difficulties in raw material procurement and at a cost competitive price with global peers *(Source: FICCI Report, 2014).* We are unable to assure you that we shall be able to meet the pricing pressures imposed by such multinational competitors which would adversely affect our profitability.

Additionally, some of our competitors in the fine and speciality chemicals segment may have greater financial, research and technological resources, larger sales and marketing teams and more established reputation. They may also be in a better position to identify market trends, adapt to changes in industry, innovative new products, offer competitive prices due to economies of scale and also ensure product quality and compliance.

21. Our failure to manage growth effectively may adversely impact our business, prospects, financial condition and results of operations.

In the past, we have witnessed significant growth in our businesses. Our standalone total revenues from operations (net) increased by 24.55%, 4.53% and 0.65% during Fiscal 2014, 2015 and 2016 respectively, on a year on year basis. Our ability to sustain growth depends primarily upon our ability to manage key issues such as our ability to sustain existing relationships with our clients, ability to compete effectively, adhering to high quality and execution standards, our ability to expand our distribution network in India as well as globally, the effectiveness of our marketing initiatives, selecting and retaining skilled personnel, etc.. Sustained growth also puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, prospects, financial condition and results of operations.

22. Our performance may be adversely affected if we are not successful in managing our inventory or working capital balances.

We evaluate our inventory balances of materials based on shelf life, expected sourcing levels, known uses and anticipated demand based on forecasted customer order activity and changes in our product sales mix. Efficient inventory management is a key component of the success of our business, results of operations and profitability. To be successful, we must maintain sufficient inventory levels and an appropriate product sales mix to meet our customers' demands, without allowing those levels to increase to such an extent that the costs associated with storing and holding other inventory adversely affects our results of operations. If our raw materials purchase decisions do not accurately predict sourcing levels, customer trends or our expectations about customer needs are inaccurate, we may have to take unanticipated markdowns or impairment charges to dispose of the excess or obsolete inventory, which can adversely affect our results of operations. Our working capital requirements may also increase if payment terms shift payments on completion of delivery or otherwise increase our working capital burdens. In addition, our working capital requirements have increased in recent years due to the general growth of our business. If a client defaults in making its payment on a product to which we have devoted significant resources, it may also affect our profitability and liquidity and decrease the capital resources that are otherwise available for other uses. All of these factors may result, or have resulted, in increases in our working capital requirements. If we are unable to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms or at all, it may adversely affect our business, growth prospects and results of operations.

23. An inability to attract, recruit and retain our senior management and other key personnel could adversely affect our business and results of operations.

The success of our business is heavily dependent on our executive Directors, senior management and other key personnel. We are unable to assure you that we shall be able to retain any or all of our senior management personnel or attract new senior management personnel in case of such attrition. We do not maintain "key man" insurance for these individuals. The loss of the services of our executive Directors, senior management or other key personnel may have an adverse effect on our business or results of operations.

24. Our Promoters have significant control over us and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.

As on December 31, 2016, our Promoters, together with the members of the Promoter Group, beneficially own 51.95% of our issued and outstanding Equity Shares. The Promoters have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, timing and distribution of dividends, election of our officers and directors and change of control transactions. The Promoters' control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in the Company's best interest. The Promoters and members of the Promoter Group may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders.

25. We do not own the properties on which our Registered Office, our Corporate Office and a few of our manufacturing facilities are located.

We do not own the premises on which our Registered Office and Corporate Office are located and premises have been leased from third parties. Further, we do not have a lease deed for our Registered Office. If the owner of the premises does not renew the agreements under which we occupy the premises or renew such agreements on terms and on such conditions that are unfavorable to us, we may suffer a disruption in our operations which could have an adverse effect on our business operations. Moreover, the lands on which our units at Nandesari, Dahej, Taloja and Roha are located, have been granted to us on long term leases by the respective State Governments. However, these leases may be terminated by the respective State Government on grounds of violation of the terms of the respective lease agreement. Such terminations may adversely impact our business and results of operations. For further details, please refer to chapter titled "*Legal Proceedings and Defaults*" on page 162.

26. We have entered into and may, in future, enter into related party transactions. We may face conflicts of interest in transactions with related parties.

In the course of our business, we have entered into and may continue to enter into transactions with related parties. For more information regarding our related party transactions, see *"Financial Information-Related Party Transactions"*. While we believe that all of our related party transactions have been conducted on an arm's length basis in the ordinary course of business, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, results of operations and financial condition, including because of potential conflicts of interest or otherwise.

27. We engage in hedging transactions which involves certain risks. If any of such risks materializes, our financial performance could be adversely affected.

We are exposed to market risks arising from the conduct of our business activities that are denominated in foreign currencies, which is subject to exchange rate fluctuations. For Fiscal 2016 and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, 38.28%, 39.66%, 34.39% and 38.06% of our revenues was from exports, respectively. For Fiscal 2016, consumption of imported raw materials constituted 28.25% of our total raw material consumption. Moreover, as at September 30, 2016, our external commercial borrowings comprised of ₹ 13,515.24 lacs, which was 28.34% of our total borrowings. Since we have significant exposure in foreign exchanges, we have hedged risks arising out of exchange rate fluctuations and fluctuations in interest rates by entering into hedging arrangements with various banks. Our hedging arrangements are typically on a 12 month rolling basis. Hedging agreements exposes us to certain risks which, if materializes, could adversely affect our profitability.

28. Our contingent liabilities that have not been provided for in our financial statements may have an adverse impact our financial condition.

The table below sets out our standalone contingent liabilities (as disclosed in our audited financial statements in prepared in accordance with Indian GAAP) that have not been provided for, as of March 31, 2016.

Particulars	**₹ in Lacs**
a) In respect of income tax matters	98.60
b) In respect of sales tax / vat matters	59.43
c) In respect of excise matters	218.41
d) Bank guarantees:	
-Financial	1,155.33
-Performance	2 ,936.42
e) In respect of stamp duty matter	22.85
f) Disputed labour matters	Not ascertainable
In respect of (a) to (c),(e) & (f), future cash outflow in respect of contingent liabilities is determinable only on receipt of judgments pending at various forums/authorities.	
Total	**4,491.04**

Any or all of these contingent liabilities may become actual liabilities. In the event that any of these contingent liabilities materialises, our business, results of operations, prospects, cash flows and financial condition may be adversely affected.

29. Certain data in this Placement Document is based on reports prepared by third party sources and management estimates.

Industry related data and projections are based on reports prepared by third parties such as FICCI and CRISIL. We have not independently verified such data and therefore we are unable to confirm the accuracy of such data. Such information may be inconsistent with the facts and statistics compiled by other studies within or outside India. We are also unable to assure you that that such data is complete or accurate. Moreover, the FICCI Report, 2014 and the CRISIL Report include projections that, by their very nature, is an estimation. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate and their growth prospects, in this Placement Document, are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete and are speculative. For further details, see *"Industry Overview"* on page 67.

Moreover, the Project cost and the time estimated for its completion is based on management estimates. We are unable to assure you that such estimates shall prove to be accurate and at this point is based on certain assumptions, including our understanding of the market, which may not materialize. In the event such management estimates prove to be inaccurate, our business, financial conditions and results of operations may be adversely affected.

30. The demand of our products in foreign countries is subject to international market conditions and regulatory risks that could adversely affect our business and results of operations.

We export our products to over 30 countries. For Fiscal 2016 and the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our sales from exports, on a standalone basis, as a percentage of total revenue from operations was 38.28%, 39.66%, 34.39% and 38.06% respectively. Therefore, any developments in the global chemical industry or the industries in which our customers operate could have an impact on our sales from exports. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that the European Community and the United States, among others, where we seek to sell our products will not impose trade restrictions on us in future. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States. Any such imposition of trade barriers may have an adverse effect on our results of operations and financial condition.

31. Any failure of our information technology systems could adversely affect our business and our operations.

We have information technology systems that support our business processes, including sales, order processing, production, distribution and finance. These systems may be susceptible to outages due to power loss, telecommunications failures, software malfunction, break-ins and similar events. In addition, our proprietary data is stored electronically and may be vulnerable to computer viruses, cybercrime and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, reputation and expose us to potential litigations.

32. The cost of implementing new technologies for our operations could be significant and could adversely affect our results of operations, cash flows and financial condition.

Our future success may depend in part on our ability to respond to technological advances and emerging standards and practices on a cost effective and timely basis. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to the technology underpinning our operational platform, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our services less competitive or attractive. In addition, rapid and frequent technology and market demand changes can often render existing technologies and equipment obsolete, requiring substantial new capital expenditures or write-down of assets. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs (in comparison to our competitors who are able to successfully implement such technologies) and lead to us being less competitive in terms of our prices or quality of services we provide. Further, implementation of new or upgraded technology may not be cost effective, which may adversely affect our profitability. Any of the above events may adversely affect our future prospects, business, results of operations and financial condition.

33. We cannot assure you that our Company will declare dividends to its shareholders in the future.

We have declared / paid dividends over more than 40 years. However, there can be no assurance that we shall, or shall be able to, declare dividends in future. The declaration and payment of dividends, if any, in the future will be recommended by our Board of Directors, at their discretion and will depend on a number of factors, including our earnings and profitability, cash generated from operations, capital requirements and overall financial conditions. Consequently, we may be unable to pay dividends in the near- or medium-term. In the event we do not declare dividends going forward, our reputation and the price of the Equity Shares shall be adversely affected.

Risks relating to the Equity Shares

34. We cannot guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner, if at all.

In accordance with Indian law and practice, after our Board or committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the QIBs, we are required to apply to the Stock Exchanges for listing and trading approvals. After receiving the listing and trading approvals from the Stock Exchanges, we will credit the Equity Shares into the Depository Participant accounts of the respective QIBs and apply for the final listing and trading approvals from the Stock Exchanges. There could be a delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of the Equity Shares on the Stock Exchanges. Any delay in obtaining these approvals would restrict your ability to dispose of your Equity Shares.

35. An investor will not be able to sell any of the Equity Shares other than on a recognized Indian stock exchange for a period of 12 months from the date of this Issue.

The Equity Shares are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of the Equity Shares, QIBs subscribing to the Equity Shares may only sell their Equity Shares on the Stock Exchanges and may not enter into any off market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price and liquidity of the Equity Shares.

36. Any future issuance of the Equity Shares or sales of the Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of the Equity Shares.

A future issuance of Equity Shares by us may dilute your shareholding in the Company. There are no restrictions on our ability to issue further Equity Shares, including allotment of any securities to the Promoters, other than as stipulated under applicable laws. The issue and allotment of Equity Shares by us to third parties would result in a dilution of your shareholding and rights in the Company.

Moreover, any significant disposal of Equity Shares by any of our significant shareholders, or the perception that such sales will occur, may affect the trading price of our Equity Shares. As a publicly traded company, there is no restriction on our shareholders to dispose of a part or the entirety of their shareholding in the Company, which could lead to a negative sentiment in the market regarding the Company that could in turn impact the value of the Equity Shares.

37. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of the Equity Shares within 12 months in an Indian company are generally taxable in India. Any gain realized on the sale of listed Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of the Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. The above statements are based on the current tax laws.

38. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control of our Company, even if a change in control would result in the purchase of the Equity Shares at a premium to the market price or would otherwise be beneficial to investors. The Takeover Code requires that if an acquirer (together with any persons acting in concert with him): (a) acquires shares or voting rights entitling them to exercise 25% or more of the voting rights in a listed company; or (b) already holds shares or voting rights entitling them to exercise 25% or more of the voting rights in a listed company, and acquires shares or voting rights entitling them to exercise more than 5% of the voting rights in the listed company during any financial year; or (c) acquires control directly or indirectly over a listed company, such acquirer will have to make an open offer for at least 26% of the total shares of the listed company. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of our Company. See *"The Securities Market of India"* on page 139.

39. Foreign investors are subject to foreign investment restrictions under Indian law that limits our Company's ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Subject to certain conditions, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted if they comply with the pricing guidelines and reporting requirements specified by RBI. If a transfer of the Equity Shares is not in compliance with such pricing guidelines or reporting requirements, then the prior approval of RBI or the FIPB will be required. In addition, Shareholders who seek to convert the Rupee proceeds from a sale of the Equity Shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from RBI or any other Government agency will be obtained on any particular terms or at all.

40. Public companies in India, including us, may be required to prepare financial statements under IND-AS. The transition to IND-AS in India is still at an early stage and we may be adversely affected by this transition.

We currently prepare our annual financial statements in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) ("**Indian GAAP**") and use the recognition and measurement principles of Indian GAAP for the preparation of our interim financial results. On January 2, 2015, the Ministry of Corporate Affairs, Government of India (the "**MCA**") announced the revised roadmap for the implementation of Ind-AS (on a voluntary as well as mandatory basis) for companies other than banking companies, insurance companies and non-banking finance companies through a press release (the "**Press Release**"). Further, on February 16, 2015, the MCA has released the Companies (Indian Accounting Standards) Rules, 2015 (the "**Ind AS Rules**") which has come into effect from April 1, 2015. The Ind AS Rules provide for voluntary adoption of Ind AS by companies in fiscal 2015. Ind-AS will be required to be implemented on a mandatory basis by companies. The timing of such mandatory implementation depends *inter alia* on the networth of the companies and whether the company has securities listed or not. In preparing their first annual financial statements under IND AS, companies in India, including ourselves, will be required to prepare annual as per Indian Accounting Standard 101 "First-time Adoption of Indian Accounting Standards ("**Ind-AS**"). The recognition and measurement principles of IND-AS (including IND AS 101) will also be applicable in the preparation of our interim financial results. Further, from April 1, 2017 onwards, our Company will be required to prepare its financials as per Ind-AS and hence the March 31, 2017 financials will not be comparable with the previous fiscals.

There is not yet a significant body of established practice on which to draw informing judgments regarding its implementation and application. Additionally, Ind-AS differs in certain respects from IFRS and Indian GAAP and therefore financial statements prepared under Ind-AS may be substantially different from financial statements prepared under IFRS and Indian GAAP. There can be no assurance that our financial condition, results of operation, cash flow or changes in shareholders' equity will not be presented differently under Ind-AS than under Indian GAAP or IFRS. When we adopt Ind-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. There can be no assurance that the adoption of Ind-AS by us will not adversely affect its results of operation or financial condition.

41. There may be less information available about companies listed on Indian securities markets than companies listed on securities markets in other countries.

There may be differences between the level of regulation and monitoring of companies listed on Indian Stock Exchanges and the activities of investors, brokers and other participants and that of the markets in the United States and certain other countries. Consequently, there may be less publicly available information about companies listed on an Indian Stock Exchange compared with information that would be available if that company was listed on a securities market in certain other countries. Such information asymmetry may affect an investor's judgment while investing in a company listed on an Indian Stock Exchange which could adversely affect the value of such investment.

42. There may be difficulty in enforcing a judgment obtained outside India against our Company

Our Company is a limited liability company incorporated under the laws of India. The Board of Directors of the Company comprises 11 Directors, of which majority are Indian citizens. All of our Key Managerial Personnel are residents of India and majority of the assets of our Company and such persons are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce against them judgments obtained in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Code of Civil Procedure, 1908 (the "Civil Code").

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except:

(a) where it has not been pronounced by a court of competent jurisdiction;
(b) where it has not been given on the merits of the case;
(c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable;
(d) where the proceedings in which the judgment was obtained were opposed to natural justice;
(e) where it has been obtained by fraud; or
(f) where it sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by the relevant court in India. Under the Civil Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards.

Each of the United Kingdom, Singapore and Hong Kong has been declared by the Government to be a reciprocating territory for the purposes of section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

For details in relation to enforceability of judgments obtained outside India, see the section titled *"Enforcement of Civil Liabilities"* on page 15.

43. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association and applicable law govern our corporate affairs. Legal principles related to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company incorporated under the laws of another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Consequently, investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation incorporated under the laws of another jurisdiction.

44. The proposed new taxation system in India could adversely affect our business and the trading price of the Equity Shares.

The Government has proposed two major reforms in Indian tax laws, namely the goods and services tax and provisions relating to GAAR.

As regards the implementation of the goods and service tax and the direct tax code, the Government has not specified any timeline for their implementation. The goods and services tax would replace the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments. As regards GAAR, the provisions have been introduced in the Finance Act, 2012 to come into effect from April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. As the taxation system is intended to undergo the said overhaul, its consequent effects on our Company cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

45. Since our Equity Shares are quoted in Indian rupees in India, foreign investors may be subject to potential losses arising out of exchange rate risk on the Indian rupee and risks associated with the conversion of Indian rupee proceeds into foreign currency.

Foreign investors are subject to currency fluctuation risk and convertibility risk since our Equity Shares are quoted in Indian rupees on the Indian Stock Exchanges on which they are listed. Dividends on our Equity Shares will also be paid in Indian rupees. Investors that seek to convert the Indian rupee proceeds of a sale of equity shares into foreign currency and export the foreign currency will need to obtain the approval of the RBI for each such transaction. Holders of Indian rupees in India may also generally not purchase foreign currency without general or special approval from RBI.

46. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

We are subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the underlying Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular time.

EXTERNAL RISK FACTORS

47. If terrorist attacks or civil unrest in India increase, our business could be adversely affected and the trading price of our Equity Shares could decrease.

India has from time to time experienced instances of civil unrest and terrorist attacks. These events could lead to political or economic instability in India and may adversely affect the Indian economy, our business, and results of operations, financial condition and the trading price of our Equity Shares. India has also experienced social unrest and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and the trading price of our Equity Shares.

48. Natural disasters could have an adverse effect on the Indian economy our business and the trading price of our Equity Shares.

India has experienced natural disasters such as earthquakes, a tsunami, floods, typhoons and droughts in the past few years. In the event of a natural disaster of a significant scale, we could suffer significant losses. The extent and severity of these natural disasters determines their impact on the Indian economy and infrastructure. Prolonged spells of below normal rainfall or other natural calamities could adversely affect the Indian economy, our business and the trading price of our Equity Shares.

49. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and the trading price of the Equity Shares.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance and our ability to obtain financing to fund its growth, as well as on the trading price of the Equity Shares.

50. A decline in economic growth in India could adversely affect our business. Further, changing laws, rules and regulations may adversely affect our business and financial performance

We derive a substantial portion of our revenue from our operations in India and so the performance and the growth of our business is dependent on the performance of the Indian economy. In the recent past, the Indian economy has been affected by global economic uncertainties and liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors. The RBI, in its recent monetary policy reviews, has indicated that inflation continues to be a concern and further tightening measures may be required.

Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could adversely affect our business, results of operations, financial condition and the trading price of our Equity Shares.

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business.

It is difficult to predict the economic policies that will be pursued by the Government. The rate of economic liberalization could change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. For instance, the Government of India on November 8, 2016 demonetised the high value currency notes of ₹ 500 and ₹ 1,000 and replaced the same with new ₹ 2,000 and ₹ 500 currency notes. Since the old currency notes comprised around 86% of the total currency in circulation in India, there has been a shortage of high value currency notes. The Government of India has also imposed restrictions on withdrawal of cash which is causing our Company inconvenience with respect to management of petty cash and payment to casual manpower which we engage from time to time. Although, we believe that the cash shortage in the economy will not be long term, however, presently, there is no assurance or visibility with regard to the time period within which the Government of India will be able to resolve the currency notes shortage in the economy.

51. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act, 2002, of India, as amended (the "Competition Act") regulates practices having an appreciable adverse effect on competition ("AAEC") in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and results in the imposition of substantial monetary penalties which may extend up to 10% of the average of the turnover for the last three financial years. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of service by way of allocations of geographical area or types of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "CCI"). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. In the event our Company or any of its Subsidiaries enters into any agreements or transactions that are held to have an AAEC on competition in the relevant market in India, the provisions of the Competition Act will apply. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

52. Significant differences exist between Indian GAAP used throughout our financial information and other accounting principles, such as U.S. GAAP or IFRS, with which investors may be more familiar.

Our financial statements are prepared in conformity with Indian GAAP, consistently applied during the periods stated, except as provided in the related reports, and no attempt has been made to reconcile any of the information given in this Placement Document to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries such as U.S. GAAP and IFRS. The degree to which financial information in this Placement Document will provide meaningful information depends on your familiarity with Indian GAAP and the Companies Act and therefore, no undue reliance should be put by persons not familiar with Indian GAAP on the financial disclosures presented in this Placement Document.

53. You may be restricted in your ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.

Pursuant to the Companies Act a company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution when the votes cast in favour of the resolution by the holders who, being entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without us filing a placement document or registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by you, your proportional interest in us would be reduced.

MARKET PRICE INFORMATION

The Equity Shares of the Company are listed and traded on the NSE and BSE. The stock market data presented below is given for the NSE and the BSE separately.

(i) The following tables set forth the reported high, low, the number of Equity Shares traded and the total trading volume on the dates on which such high and low prices were recorded and the average closing prices of the Equity Shares, on the NSE and the BSE during the fiscal years ended March 31, 2016, March 31, 2015 and March 31, 2014:

NSE:

Month – Year	High (₹)(1)	Date of High	No. of shares traded on date of high	Volume on date of high (₹ in lacs)	Low (2)	Date of Low	Number of shares traded on date of low	Volume on date of low (₹ in lacs)	Average price for the Fiscal Year* (₹)
2014	447.40	February 25, 2014	9,938	40.58	217.00	August 12, 2013	5	0.01	291.63
April 1st, 2014 – June 19th, 2014 #	975.10	June 05, 2014	11,049	105.21	425.05	April 01, 2014	3,075	13.52	678.67
June 20th, 2014 – March 31st, 2015 #	105.00	June 23, 2014	4,98,077	504.46	63.00	March 30, 2015	23.025	15.41	80.15
April 1st 2015 – January 5th 2016 $	80.00	December 23, 2015	1,19,146	93.19	54.45	September 8, 2015	50,165	27.84	66.96
January 6th – March 31, 2016 $	75.00	January 6, 2016	31,711	23.53	56.00	February 12, 2016	87,182	49.84	64.31

Source: www.nseindia.com
** Average of the daily closing price*
(1) High of daily closing prices. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low of daily Closing prices. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
 # Our Shareholders passed the resolutions through postal ballot on June 11, 2014 and approved the subdivision of equity shares from the face value of ₹10/- per equity share to the face value of ₹2/- per equity share and also approved the issue of bonus shares in the proportion of one new equity share of ₹2/- each for every one existing fully paid equity share of ₹2 each. The record date for stock split and bonus issue was fixed on June 23, 2014. The share prices upto June 19, 2014 are pre-split and cum bonus and share prices from June 20, 2014 onwards are post stock split and ex-bonus.
$ change in share capital due to allotment of equity shares of ₹ 2/- each in a QIP. The share prices upto January 5, 2016 are prior to allotment and share prices from January 6, 2016 are from date of allotment

BSE:

Month – Year	High(1)	Date of High	No. of shares traded on date of high	Volume on date of high (₹ in lacs)	Low(2)	Date of Low	Number of shares traded on date of low	Volume on date of low (₹ in lacs)	Average price for the Fiscal Year* (₹)

Month – Year	High[(1)]	Date of High	No. of shares traded on date of high	Volume on date of high (₹ in lacs)	Low[(2)]	Date of Low	Number of shares traded on date of low	Volume on date of low (₹ in lacs)	Average price for the Fiscal Year* (₹)
2014	430.00	March 22, 2014	355	1.51	211.00	September 04, 2013	52	0.11	286.60
April 1, 2014 – June 19, 2014 #	975.05	June 04, 2014	5,549	52.71	431.40	April 01, 2014	5,773	25.46	677.61
June 20, 2014 – March 31, 2015 #	106.00	June 23, 2014	3,86,706	392.31	64.00	March 27, 2015	20,083	13.17	80.09
April 1st 2015 – January 5th 2016 $	79.90	December 23, 2015	59,898	46.85	54.50	September 8, 2016	11,884	6.61	67.00
January 6th – March 31, 2016 $	75.00	January 6, 2016	18,163	13.50	56.10	February 12, 2016	71,529	40.92	64.25

Source: www.bseindia.com

** Average of the daily closing price*

(1) High of daily closing prices. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

(2) Low of daily closing price. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

 # Our Shareholders passed the resolutions by way of postal ballot on June 11, 2014 and approved the subdivision of equity shares from the face value of ₹10/- per equity share to the face value of ₹2/- per equity share and also approved the issue of bonus shares in the proportion of one new equity share of ₹2/- each for every one existing fully paid equity share of ₹2 each. The record date for stock split and bonus issue was fixed on June 23, 2014. The share prices upto June 19, 2014 are pre-split and cum bonus and share prices from June 20, 2014 onwards are post stock split and ex-bonus.

$ change in share capital due to allotment of equity shares of ₹ 2/- each in a QIP. The share prices upto January 5, 2016 are prior to allotment and share prices from January 6, 2016 are from date of allotment

(ii) The following tables set forth the reported high, low, the number of Equity Shares traded and the total trading volume on the dates on which such high and low prices were recorded and the average closing prices of the Equity Shares, on the NSE and the BSE during the last six months:

NSE:

Month – Year	High (₹)[(1)]	Date of High	No. of shares traded on date of high	Volume on date of high (₹ in lacs)	Low [(2)]	Date of Low	Number of shares traded on date of low	Volume on date of low (₹ in lacs)	Average price for the Month* (₹)
January 2017	113.90	January 30, 2017	1,43,758	158.13	90.20	January 2, 2017	70,545	64.81	102.54
December 2016	109.40	December 9, 2016	3,13,469	324.32	75.75	December 26, 2016	4,71,648	387.97	92.66
November 2016	117.90	November 1, 2016	97,198	108.85	87.00	November 9, 2016	1,72,612	175.80	98.36
October 2016	131.90	October 6, 2016	2,06,466	267.22	108.00	October 27, 2016	2,66,573	293.49	120.60
September 2016	134.00	September 9, 2016	2,70,075	349.89	108.35	September 29, 2016	3,54,462	426.61	121.72
August	117.00	August	15,17,171	1,715.87	98.80	August 3,	2,66,962	276.56	102.61

2016		31, 2016				2016			

Source: www.nseindia.com
** Average of the daily closing price*
(1) High of daily prices. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low of daily prices. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

BSE:

Month – Year	High (₹)(1)	Date of High	No. of shares traded on date of high	Volume on date of high (₹ in lacs)	Low (2)	Date of Low	Number of shares traded on date of low	Volume on date of low (₹ in lacs)	Average price for the Month* (₹)
January 2017	113.80	January 27, 2017	1,28,559	144.36	90.00	January 2, 2017	35,813	32.85	102.57
December 2016	108.00	December 9, 2016	1,17,199	121.73	75.80	December 26, 2016	1,57,300	129.70	92.74
November 2016	116.00	November 1, 2016	46,965	52.45	88.20	November 21, 2016	17,292	15.62	98.23
October 2016	131.90	October 6, 2016	73,355	94.97	107.65	October 27, 2016	1,77,475	195.58	120.95
September 2016	134.25	September 9, 2016	1,40,429	181.82	108.70	September 29, 2016	1,95,966	236.45	121.63
August 2016	117.80	August 31, 2016	5,49,055	621.87	98.55	August 5, 2016	3,29,420	340.00	102.55

Source: www.bseindia.com
** Average of the daily closing price*
(1) High of daily prices. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.
(2) Low of daily prices. In case the price is the same on 2 dates then the date on which the volume is higher has been considered.

(iii) The following tables set forth the details of the number of Equity Shares traded and the total trading volume during the fiscal years ended March 31, 2016, March 31, 2015 and March 31, 2014 on the NSE and the BSE:

	NSE		BSE	
Period	**Number of Equity Shares Traded**	**Volume (₹ in lacs)**	**Number of Equity Shares Traded**	**Volume (₹ in lacs)**
Fiscal 2014	4,41,862	1,530.46	5,40,221	1,652.52
April 1, 2014 – June 19, 2014 #	9,06,548	6,689.36	5,56,307	3,705.56
June 20, 2014 – March 31, 2015 #	1,37,46,903	11,372.14	86,82,835	7,042.67
April 1st 2015 – January 5th 2016 $	92,38,334	6,433.77	58,70,227	4,035.93
January 6th – March 31, 2016 $	32,64,026	2,110.53	17,09,642	1,096.16

Source: www.bseindia.com, www.nseindia.com
 # Our Shareholders passed the resolutions by way of postal ballot on June 11, 2014 and approved the subdivision of equity shares from the face value of ₹10/- per equity share to the face value of ₹2/- per equity share and also approved the issue of bonus shares in the proportion of one new equity share of ₹2/- each for every one existing fully paid equity share of ₹2 each. The record date for stock split and bonus issue was fixed on June 23, 2014. The Number of Equity Shares traded and the volume upto June 19, 2014 are pre-split and cum bonus and Number of Equity Shares traded and the Volume from June 20, 2014 onwards are post stock split and ex-bonus.
$ Change in share capital due to allotment of equity shares of ₹ 2/- each in a QIP. The share prices upto January 5, 2016 are prior to allotment and share prices from January 6, 2016 are from date of allotment.

(iii) The following tables set forth the details of the number of Equity Shares traded and the total trading volume during the last six months on the NSE and the BSE:

	NSE		BSE	
Period	**Number of Equity Shares Traded**	**Volume (₹ in lacs)**	**Number of Equity Shares Traded**	**Volume (₹ in lacs)**
January 2017	30,68,512	3,216.64	10,67,150	1,111.89
December 2016	82,15,201	7,141.40	19,33,506	1,735.45
November 2016	16,65,685	1,644.84	6,61,870	663.07
October 2016	25,90,780	3,151.26	12,52,092	1,517.23
September 2016	55,64,195	6,859.32	22,64,287	2,786.63
August 2016	51,96,412	5,524.62	23,50,576	2,483.41

Source: www.bseindia.com, www.nseindia.com

(iv) The following table sets forth the market price on the Stock Exchanges on August 5, 2016, the first working day following the approval of the Board of Directors for the Issue:

	NSE				BSE			
	Open	**High**	**Low**	**Close**	**Open**	**High**	**Low**	**Close**
Price of the Equity Shares (₹)	106.50	107.20	99.00	100.30	105.00	107.00	98.55	100.05
Volume (number of Equity Shares)	755,953				32,9420			

Source: www.bseindia.com, www.nseindia.com

USE OF PROCEEDS

The gross proceeds from the Issue will be approximately ₹ 1,49,99,99,904.

The net proceeds from the Issue, after deducting fees, commissions and expenses for the Issue, will be approximately ₹ 1,45,87,99,904(the "**Net Proceeds**").

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds of the Issue for enhancing Company's competitiveness by investing in growth opportunities and fund the expansion plans of the Company or its Subsidiaries and general corporate purposes.

As permissible under applicable laws and government policies, our management will have flexibility in deploying the Net Proceeds. Pending utilisation for the purposes described above, we intend to temporarily invest funds in creditworthy instruments, including money market mutual funds and deposits with banks and corporates. Such investments would be in accordance with the investment policies as approved by the Board from time to time and all applicable laws and regulations.

Our Promoters may contribute towards any expansion plans, if necessary, by way of infusion of funds, in addition to loans from banks and proceeds from this Issue.

CAPITALIZATION

The following table sets forth our standalone capitalization and total borrowings as per our Financial Statements as on September 30, 2016 and March 31, 2016 , on an actual basis and as adjusted to give effect to the Issue. This table should be read in conjunction with the section *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on page 91 and other financial information contained in the section *"Financial Information"* on page 166.

(₹ in lacs)

	As of September 30, 2016[c]	As of March 31, 2016	As at September 30, 2016 and as Adjusted for the Issue[b]
Shareholders' Fund (Equity)			
Share Capital	2,325.76	2,325.76	2,614.23
Reserves and surplus	53,590.14	45,263.07	68,301.68
Total Shareholders' Funds (A)	55,915,90	47,588.83	70,915.91
Debt			
Long-term borrowings[a]	21,234.41	26,029.14	21,234.41
Short-term borrowings	26,453.20	23,490.49	26,453.20
Total Debt (B)	47,687.61	49,519.63	47,687.61
Total (A+B)	1,03,603.51	97,108.46	1,18,603.52

Notes:

(a) 'Long term borrowings' includes current maturities of long term borrowings.

(b) The reserves and surplus as adjusted for the Issue comprises only the reserves and surplus as at September 30, 2016 as increased by the securities premium to be received from the proceeds of the Issue (before deducting fees, commissions and expenses for the Issue).

(c) The above amounts for the six months ended September 30, 2016 have been extracted from the Statement of Standalone Financial results for the quarter and six months ended September 30, 2016 submitted to the Stock Exchanges. The Statutory Auditors have performed the review on the results for the quarter ended September 30, 2016.

CAPITAL STRUCTURE

Our Company's capital structure as on the date of this Placement Document is as follows:

No.	Particulars	Amount (In ₹) Aggregate nominal value
A.	**Authorised Share Capital**	
	15,00,00,000 Equity Shares of ₹ 2 each *(In ₹ lakh)*	3,000.00
	20,00,000 preference shares of ₹ 100 each *(In ₹ lakh)*	2,000.00
B.	**Issued, Subscribed and Paid-Up Share Capital before the Issue**	
	11,62,88,190 Equity Shares of ₹ 2 each *(In ₹ lakh)*	2,325.76
C.	**Present Issue in terms of this Placement Document**[(a)]	
	Issue of 1,44,23,076 Equity Shares of ₹ 2 each	2,88,46,152
D.	**Issued, Subscribed and Paid-Up Share Capital after the Issue**	
	13,07,11,266 Equity Shares of ₹ 2 each	26,14,22,532
E.	**Securities Premium Account**	
	Before the Issue *(In ₹ lakh)*	14,547.45
	After the Issue[(b)] *(In ₹ lakh)*	29,258.99

Notes:

(a)The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on August 4, 2016 and by the shareholders of our Company by way of approval through postal ballot held on October 5, 2016.

(b)The Securities Premium Account after the Issue is calculated net of adjustments for estimated issue expenses of approximately ₹ 412 lakhs.

(c)As on December 31, 2016, our Promoter and Promoter Group, holds 51.95% of the share capital of our Company

NOTES TO THE CAPITAL STRUCTURE

1. History of Equity Share Capital of our Company

The history of the equity share capital of our Company is provided in the following table:

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment
June 6, 1970	2	100	100	Cash	Allotment to the initial subscribers to the Memorandum
August 11, 1970	6,550	100	100	Cash	Further allotment of equity shares
March 09, 1971	Sub-division of face value from ₹ 100 per equity share to ₹ 10 per equity share each				
June 16, 1971	1,59,480	10	10	Cash	Further allotment of equity shares
August 23, 1971	2,25,000	10	10	Cash	Public issue of equity shares
July 13, 1977	3,60,000	10	-	NA	Issue of bonus shares in the ratio 4:5 to the existing shareholders of the Company
August 22, 1980	8,10,000	10	-	NA	Issue of bonus shares in the ratio 1:1 to the existing shareholders

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Nature of Consideration	Nature of Allotment
					of the Company
June 25, 1986	8,10,000	10	-	NA	Issue of bonus shares in the ratio 1:2 to the existing shareholders of the Company
November 24, 1991	29,16,000	10	50	Cash	Allotment of equity shares on conversion of partially convertible debentures issued on a rights basis in the ratio 1:1.
December 20, 1995	4,04,000	10	54	Cash	Allotment pursuant to conversion of warrants
June 17, 2004	2,32,062	10	-	Cash	Allotment of shares pursuant to a scheme of amalgamation of Aryan Pesticides Limited with the Company in the ratio of 1 equity share for every five equity shares of Aryan Pesticides Limited
May 5, 2006	29,81,171	10	150	Cash	Rights Issue of shares
February 9, 2010	14,90,586	10	100	Cash	Allotment pursuant to conversion of warrants
June 24, 2014	Sub-division of face value from ₹ 10 per equity share to ₹ 2 per Equity Share each				
June 24, 2014	5,22,69,095	2	-	NA	Issue of bonus shares in the ratio 1:1 to the existing shareholders of the Company
January 6, 2016	1,17,50,000	2	70.90	Cash	Issue of Equity Shares pursuant to QIP

2. Equity Shares issued for consideration other than cash by our Company

In the last one year preceding the date of this Placement Documents, our Company has not issued any Equity Shares for consideration other than cash.

DIVIDEND POLICY

The declaration and payment of dividend by our Company is governed by the applicable provisions of the Companies Act and our Articles of Association.

We believe that we are a dividend paying company and we have paid dividend on our Equity Shares for each of the last three financial years.

The table below sets forth the details of the dividends declared by our Company on its Equity Shares during the last two financial years:

Financial Year	Issued and paid up share capital (₹ in lacs)	Dividend per Equity Share (₹)	Dividend (₹ in lacs)	Rate of dividend (%)
2014	1,045.38	10.00*	1,045.38	100.00
2015	2,090.76	1.00**	1,045.38	50.00
2016	2,325.76	1.20**	1,395.46	60.00

**the face value of the equity shares was ₹10 for Fiscal 2014*
*** the face value of the Equity Shares was ₹2 for Fiscal 2015 and Fiscal 2016*

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

The amount of dividend, including any interim dividend, shall be deposited in a scheduled bank in a separate account within five days from the declaration of such dividend. Where the dividend declared by a company has not been claimed or paid within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, a company shall transfer such unpaid or unclaimed dividend to a separate account opened with a scheduled bank within seven days from the expiry of the 30 day period.

The Articles grant discretion to the Board to declare and pay interim dividends of such amount on such class of shares and at such times as it may think fit. Dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owner in the records of the Depository on the date specified as the ‘record date’ or ‘book closure date’. Any shareholder who ceases to be a shareholder prior to the record date or who becomes a shareholder after the record date will not be entitled to the dividend declared by our Company.

INDUSTRY OVERVIEW

The information contained in this section is derived from the Handbook on Indian Chemicals and Petrochemicals Sector, 2014 (the "FICCI Report") published by FICCI in October 2014 and the Market Assessment for Phenol and Acetone – India by CRISIL which is dated June 2014 (the "CRISIL Report"). The FICCI Report and the CRISIL Report reflects estimates based on sample survey, projection techniques and other research tools. Neither we nor any other person connected with the Issue has independently verified this information or can confirm such projections. The information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. The FICCI Report and the CRISIL Report are also prepared on information as of specific dates and may no longer be current or reflect current trends.

CRISIL Limited has used due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. No part of this report may be published/reproduced in any form without CRISIL's prior written approval. CRISIL is not liable for investment decisions which may be based on the views expressed in this report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Rating Division, which may, in its regular operations, obtain information of a confidential nature that is not available to CRISIL Research.

In this section, all monetary and market related data is denominated in "million" or "billion". For reference, one lakh is equal to 0.1 million and a thousand million is equal to one billion.

The information on the chemical industry, as disclosed below, has been extracted from the FICCI Report.

Global Chemical Industry

Chemical industry is a knowledge as well as capital intensive industry. It plays a significant role in the global economic and social development. It is also a human resource intensive industry and employs a large number of people. Globally, more than 20 million people are expected to be employed in this industry. The diversification within the chemical industry is large and covers more than eighty thousand commercial products.

Global chemical market size was estimated at US$ 3.9 trillion in 2013 and is expected to grow at 5-6% per annum over the next 5 years to reach US$ 5.1 trillion by 2018. India currently accounts for approximately 3% of the world chemical market.

The Chemical Industry in India

The Indian chemical and petrochemical industry currently stands at US$ 118 Billion. Chemical and chemical products sector accounted for 2.11% of the GDP (at 2004-05 prices) in 2012-13, compared to 2.06% in 2011-2012. The share of this sector in the manufacturing GDP was 15% during 2012-13 and it accounted for approximately 9% of India's total exports. Bulk chemicals form the largest sub-segment of Indian chemical industry with a 40% market share whereas specialty chemicals, with approximately 19% market share, is the fastest growing segment. Together, the Indian states of Gujarat, Maharashtra and Uttar Pradesh account for more than 50% of gross value add and gross output of the chemical and petrochemical industry.

Consumption of major chemicals has also witnessed a growth of 6% CAGR between 2009 and 2013. At the end of 2013, annual consumption figures of major chemicals and petrochemicals stood at 24 MMTPA. Top seven states, namely, Gujarat (33.5%) Maharashtra (19.7%), Uttar Pradesh (6.0%), West Bengal (5.0%), Himachal Pradesh (4.7%), Tamil Nadu (4.1%) and Andhra Pradesh (4.1%), contributed 77.2% in the GVA for the chemical and chemical products sector and the same seven States, namely, Gujarat (30.6%) Maharashtra (16.3), Uttar Pradesh (5.4%), West Bengal (6.4%), Himachal Pradesh (3.1%), Tamil Nadu (5.3%) and Andhra Pradesh (5.8%), contributed 72.8% in value of output.

In the base case the market size of the Indian chemical industry is estimated at $151 billion by Fiscal 2018. The most likely case, the growth rate is estimated at approximately 8% with a market size of $173 billion. The optimistic case is a growth of approximately 10% p.a. over the next five years resulting in an industry size of $190 billion.

Industry Segments

The chemical industry is broadly classified as the following sub groups:

1. **Bulk Chemicals**: It includes basic organic chemicals (methanol, acetic acid etc.) and basic inorganic chemicals (caustic soda, chlor alkali etc.).

2. **Specialty Chemicals**: Specialty Chemicals, also known as performance chemicals, are low-volume but high-value compounds. These chemicals are derived from basic chemicals and are sold on the basis of their function. Paint, adhesives, electronic chemicals, oilfield chemicals are some examples of specialty chemicals.

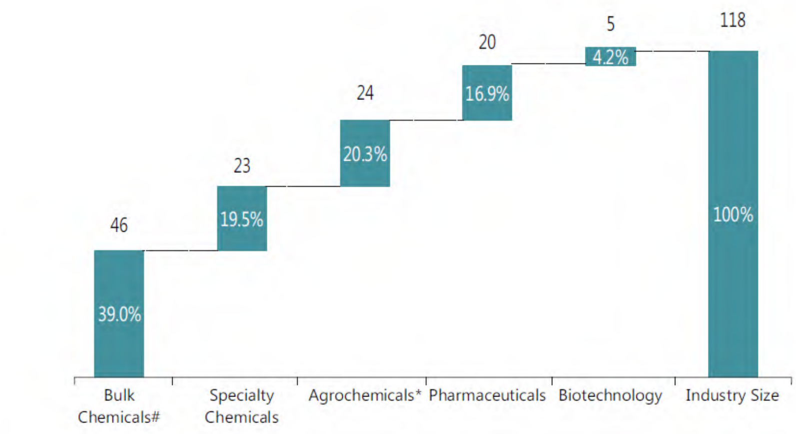
3. **Agro Chemicals:** Chemicals essentially meant for protecting agriculture crops against insecticides and pesticides are covered under this sub-group.

4. **Petrochemicals:** Petrochemicals are chemical products derived from petroleum. The two most common petrochemical classes are olefins (including ethylene and propylene) and aromatics (including benzene toluene and xylene isomers).

5. **Fertilizers:** Fertilizers are any organic or inorganic substances which supplies chemical elements required for plant growth.

Of the five segments, bulk chemicals (approximately 39% market share) is the largest followed by agro chemicals (approximately 20%) and then specialty chemicals (approximately 19%). In terms of potential growth, specialty chemicals is the fastest growing segment followed by bulk chemicals.

Segment wise break down of Indian chemical sales in Fiscal 2013 (in USD billion)



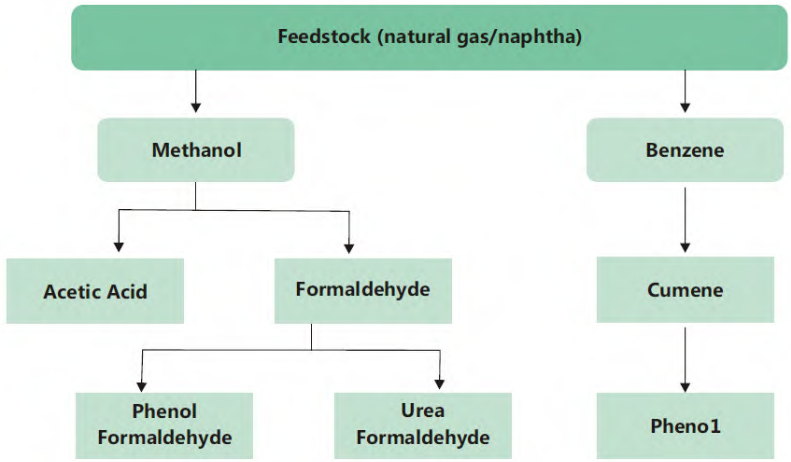
I. Bulk Chemicals

Bulk chemicals is categorised into organic chemicals and inorganic chemicals.

a. Organic chemicals

Organic chemicals are a significant part of the chemical industry. Availability of natural gas for use as feedstock is a critical part of the production process for organics chemicals. For example, formaldehyde and acetic acid are important methanol derivatives and are used in numerous industrial applications. Similarly, phenol is an aromatic compound and derived from cumene, a benzene and propylene derivative.

Classification of organic chemicals



Five major organic chemicals produced in India are methanol, aniline and its derivatives formaldehyde, acetic acid and phenol. Together, they contribute to approximately 2/3rd of Indian basic organic chemical industry. The balance 1/3rd of the organic chemical consumption is accounted for by a variety of chemicals such chloro methanes and ethyl acetates. The demand for organic chemicals in India has increased by nearly 7.8% between Fiscal 2009 to Fiscal 2013 to reach 3.6 million tonnes in Fiscal 2013. However, domestic supply has grown at a much slower pace and has essentially been stagnant in the last three years. This has resulted in widening of demand supply gap which was primarily bridged through imports. Domestic production has increased at approximately 2.4% per annum and imports grew at a rate of 8.7% between Fiscal 2009 and Fiscal 2013. The stagnation in the domestic production is largely attributed to the large volume imports taking place from countries like China, resulting in low capacity utilization rates of approximately 60%.

b. Inorganic chemicals

Inorganic chemicals serve as key inputs for a number of industries such as aluminium, soap, detergent, glass, tyre, rubber, pulp and paper, pharmaceutical, water treatment, textiles, leather, fiber etc. The key chemicals in the chlor-alkali industry are (a) caustic soda (b) chlorine (including liquid chlorine) and (c) soda ash.

The demand for inorganic chemicals in India has been increasing at nearly 3.6% from Fiscal 2009 to Fiscal 2013 and has reached the level of 6.9 million tons. The domestic supply has however grown at a slower pace resulting in gradual widening of demand supply gap which was primarily bridged through imports. Domestic production grew at approximately 2.2% per annum and imports grew at a rate of 12.5% between Fiscal 2009 and Fiscal 2013. The capacity utilization levels have remained stable at 75%.

Growth forecast

Domestic demand of basic organic chemicals is expected to grow at 9% between Fiscal 2014 to Fiscal 2018, mainly led by the growth in the end-user market. Domestic utilization rates of Indian plants are expected to be around 90% by the end of Fiscal 2018. Imports as a percentage of domestic consumption is expected to widen from the existing approximately 11% to approximately 20% by the end of Fiscal 2018.

Domestic demand of basic inorganic chemicals is expected to grow at a stable 6 to 7% CAGR from Fiscal 2014 to Fiscal 2018, mainly due to the growth in the end-user markets, such as alumina, textiles, paper and detergents. Domestic utilization rates of Indian plants improved to 81% in Fiscal 2013 from 73% in Fiscal 2009. Domestic utilisation is expected to reach approximately 92% by the end of Fiscal 2018. Imports as a percentage of domestic consumption is expected to increase from 11% in Fiscal 2013 to 15% in Fiscal 2018 despite the anti-dumping duties levied on major exporting countries. For details of anti-dumping duties, please see *"Industry Overview"* on page 69.

II. Specialty Chemicals

Specialty chemicals are defined as a "group of relatively high value, low volume chemicals known for their end use applications and/ or performance enhancing properties." In contrast to base or commodity chemicals, specialty chemicals are recognized for 'what they do' and not "what they are". Specialty chemicals provide the required "solution" to meet the customer application needs. It is a highly knowledge driven industry with raw materials cost (measured as percentage of net sales) much lower than the raw material cost of bulk chemicals. The critical factors for success in the sector include understanding of customer needs and product/ application development to meet such customer needs at a favourable price-performance ratio. The key segments of the speciality chemicals sector in India are agrochemicals, paints coating and construction chemicals, colorants, active pharmaceutical ingredients, personal care chemicals and flavours and fragrances.

The specialty chemical market in India is valued at approximately $ 23 billion as of Fiscal 2013. It has seen a high growth rate of approximately 8% from its Fiscal 2009 levels when the market size was approximately $14 billion. The past growth has been mostly due to growth in end use industries, which has resulted in increased consumption for specialty chemicals.

Growth forecast

As of Fiscal 2013, the Speciality Chemicals market in India is valued at US$ 23 billion and is expected to grow at approximately 14% per annum to reach US$ 90 billion by Fiscal 2023. This projected growth is significantly higher than the global chemical industry projected growth rate of approximately 3% per annum or the growth rate of the Indian chemical industry, which is approximately 8% per annum. The key drivers for this growth is estimated to be because of revival in the Indian economy, increasing demand for higher quality products across various end use industries and possible inflection points in several segments in the near future. There are new developments that are taking place in the end user industries which would have implications on specialty chemical usage. New opportunities are emerging in areas such as electronics, food, textiles, tools etc. Moreover, there is a growing demand for specialty chemicals in the local market. The industry is achieving critical economies of scale to cater to the domestic market itself. Further, sophistication of products is driving proportional usage of chemicals. These trends are having a positive influence on the local production.

III. Agrochemicals

Agrochemicals are the substances manufactured through chemical or biochemical processes containing the active ingredient in a definite concentration along with other materials which improve its performance and increase safety. For application, these are diluted with water in recommended doses and applied on seeds, soil, irrigation water and crops to prevent the damages from pests.

With increasing population, demand for food grains is increasing at a faster pace as compared to its production. Moreover, every year, significant amount of crop yield is lost due to non-usage of crop protection products. It is estimated that the present food grain production can increase by approximately 33% through use of crop protection products. Therefore, pesticides have been recognized in India as essential in increasing agricultural production by preventing crop losses before and after harvesting.

India is the fourth largest producer of crop protection chemicals globally, after United States, Japan and China. The crop protection industry is a significant industry for the Indian economy and accounts for approximately 3% of the total chemicals market. For Fiscal 2014, the Indian crop market is estimated at approximately US$ 4.3 billion. Greater export opportunities and introduction of newer molecules have led to high growth rates. Currently, the exports of crop protection chemicals are estimated at approximately 50% of the market. High spent on food and large employed population makes agriculture a significant part of economy. While agriculture accounts for only about 13.7% of the GDP, the industry employs 47% of the workforce in India. However, Indian agriculture faces challenges such as limited farmland availability and low crop yields.

The Indian agrochemicals market is characterized by low capacity utilization. The total installed capacity in Fiscal 2013 was 150,000 tons and total production was 86,000 tons, leading to a low capacity utilization of approximately 57%. The industry suffers from high inventory (owing to seasonal and irregular demand on account of monsoons) and long credit periods to farmers, which makes the business "working capital" intensive. India, due to its inherent strength of low-cost manufacturing and qualified low-cost manpower, is a net exporter of pesticides to countries such as USA and some European and African countries. Exports formed approximately 37% of total industry turnover in Fiscal 2013.

Growth forecast

The Indian crop protection industry is expected to grow at a CAGR of 12% to reach US$ 7.5 billion by Fiscal 2018. Exports currently constitute almost 50% of Indian crop protection industry and are expected to grow at a

CAGR of 16% to reach US$ 4.2 billion by Fiscal 2018, resulting in a 60% share in the Indian crop protection industry. Domestic market on the other hand would grow at 8% CAGR, as it is predominantly monsoon dependent, to reach US$ 3.3 billion by Fiscal 2018.

IV. Petrochemicals

Petrochemicals are derived from various chemical compounds, mainly hydrocarbons. These hydrocarbons are derived from crude oil and natural gas. Among the various fractions produced by distillation of crude oil, petroleum gases, naphtha, kerosene and gas oil are the main feed-stocks for the petrochemical industry. Unconventional feedstocks, such as shale gas, coal, CBM, pet coke etc, are also increasing in importance.

Ethane, propane, butane and natural gas liquid, obtained from the natural gas, are the other important feed-stocks used in the petrochemical industry. The basic building blocks olefins (ethylene, propylene and butadiene) and aromatics (benzene, toluene and xylene) are the major raw materials from which most of the chemicals are derived.

The two major segments for petrochemicals are (a) basic petrochemicals and (b) end-product petrochemicals. The feedstocks are used to derive the basic petrochemicals. Basic petrochemicals can be reclassified as olefins (ethylene, propylene and butadiene) and aromatics (benzene and xylene). These basic petrochemicals are then used to produce end product petrochemicals.

As a downstream industry of exploration and refining business, the petrochemicals industry is a significant industry for the Indian economy. The Indian basic petrochemicals market (including end products market which includes polymers, synthetic fibers, elastomers and surfactants) the total petrochemical market has grown at a CAGR of 11% from US$ 19.3 billion in Fiscal 2011 to US$ 24 billion in Fiscal 2013. By global standards, its contribution to global market size is not very large, primarily due to a low per capita consumption of polymers in India. The total installed capacity of major basic petrochemicals (ethylene, propylene, butadiene, styrene, benzene & toluene) in Fiscal 2013 is 12.2 mmtpa against the total demand of 12.5 mmtpa. In Fiscal 2012, there was a surplus capacity of approximately 1 mmtpa, but in the last two years overall demand has crossed the installed capacity.

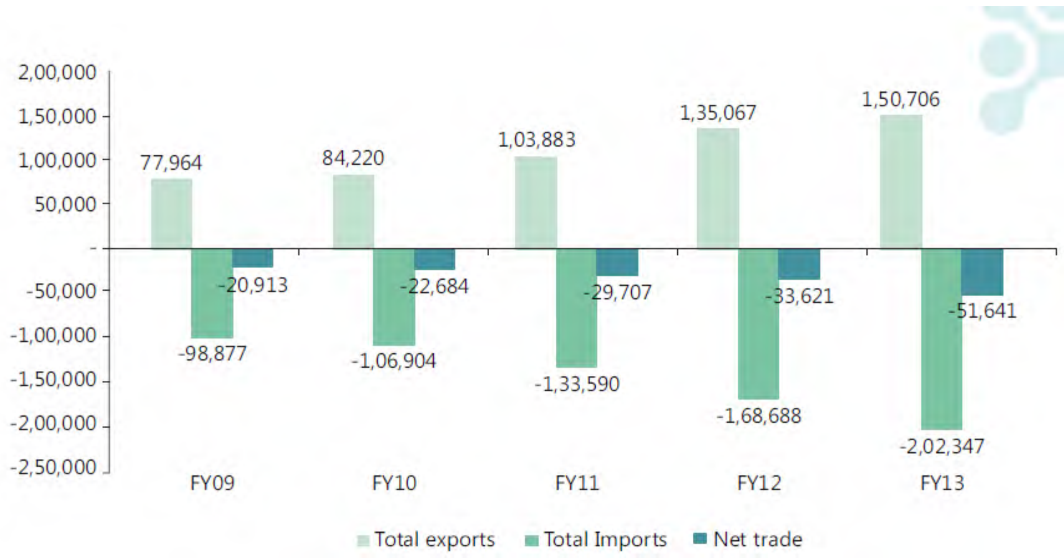
Growth Forecast

In India, the demand for basic petrochemicals is expected to grow at a CAGR of approximately 10% to reach 16 mmtpa by Fiscal 2018. At this point, the market is estimated to be oversupplied by approximately 0.9 mmtpa. The demand growth will be driven by olefins segment including ethylene, propylene and butadiene. Demand and capacity growth in aromatics, such as benzene and toluene, will be marginal compared to overall market size. Indian end products petrochemicals market is also expected to grow at a CAGR of approximately 10% to reach 19.5 mn tons by Fiscal 2018. The surplus capacity is expected to be approximately1.8 mmtpa in Fiscal 2018.

Chemical Import and Export

The chemical industry contributed approximately 9.2% of total Indian exports in Fiscal 2013.

Import - Export trend from Fiscal 2009 to Fiscal 2013 is shown below:



Bulk Chemicals

For organic chemicals, imports as a percentage of domestic consumption is expected to widen from the existing 11% in Fiscal 2013 to approximately 20% by the end of Fiscal 2018. For inorganic chemicals, imports as a percentage of domestic consumption is expected to increase from 11% in Fiscal 2013 to 15% in Fiscal 2018 despite the anti-dumping duties levied on major exporting countries.

Speciality Chemicals

India exports specialty chemicals to nearby Asia-Pacific countries which don't have competitive scale of productions. India also exports to developed countries of Europe and USA where it leverages its low cost of production and quality talent pool. Compliance with global regulations and India's manufacturing competitiveness has helped the export market to grow significantly.

Agrochemicals

Pesticides industry in India has witnessed a trend of increasing exports. This is due to its competence in low-cost manufacturing, low-cost manpower. Seasonal domestic demand, domestic overcapacity and better price realization in the overseas market has also led to this trend. India has emerged as the thirteenth largest exporter of pesticides in the world. However, most of the exports are off-patent products. Currently, the total export value of crop protection chemicals amount to US$ 2.1 billion and exports formed approximately 37% of total industry turnover in Fiscal 2013. America, Asia (excluding Middle East) and Europe are the major exporting destinations.

Petrochemicals

The Indian petrochemical sector is highly dependent on exports (approximately 40%), making it strongly correlated with global markets. Imports have grown at a CAGR of 17% between Fiscal 2009 and Fiscal 2013, whereas the exports have grown at a higher rate of 19% in the same period.

Key regulatory trends in certain segments

In Bulk Chemicals - the Government of India continues to provide duty protection to domestic manufacturers. Historically, the Government has also levied anti-dumping duty on import of phenol to protect domestic players from imports. In October 2008, an anti-dumping duty was levied on imports from Singapore, South Africa and the European Union for a period of 5 years. In 2010, anti-dumping duty of up to US$547/ tonne was imposed on imports from Japan and Thailand for a period of five years. In 2014, anti-dumping duty of up to US$80/ton was imposed on imports from China and up to US$194/ton was imposed on imports from any country other than China for a period of six months.

In Agrochemicals – Stringent environment regulations across the world is increasing the cost of developing new products and simultaneously delaying the introduction of new products in the market. For instance, in the European Union, any agrochemical product, if found to be mutagenic, carcinogenic or endocrine disruptor, would not achieve registration or re-registration irrespective of the level of exposure generated. The focus on developing environmentally safe pesticides by the industry as well as the Government.

In Petrochemicals - As India is fast becoming a refining and petrochemical surplus nation, the government has taken away the income tax holidays and other fiscal benefits from the industry. Only oil exploration companies now enjoy the benefits based on the profit-sharing mechanism with the government.

The information on the phenol and acetone industry, as disclosed below, has been extracted from the CRISIL Report.

Introduction to phenol and acetone

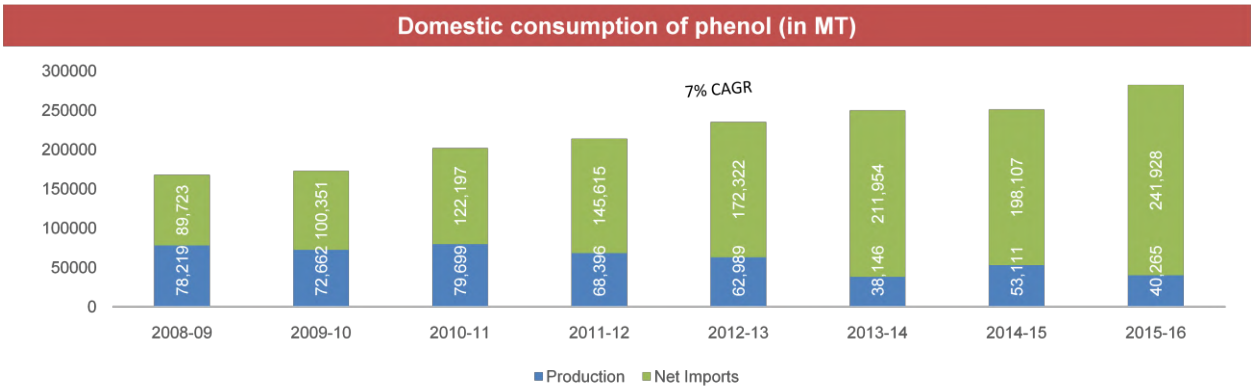
Phenol and acetone is produced using cracked derivatives of crude oil, predominantly benzene and propylene as raw materials.

Phenol is predominantly consumed in phenolic resins used in laminates and plywood, automobile components casting and automobile components industries. Approximately 47% of phenol manufactured globally is used in the manufacture of Bisphenol, which is used in the manufacturing of plastic products. The global demand for Bisphenol-A is expected to remain strong growing at 6% over the long term. The largest domestic application of phenol is in phenolic resins.
Acetone is predominantly consumed in pharmaceutical industry, adhesives, paints, aldol chemicals and other industries. 32% of the acetone manufactured globally is used in the manufacture of solvents, which is further used in the manufacture of pharmaceuticals, paints, inks etc.

Phenol

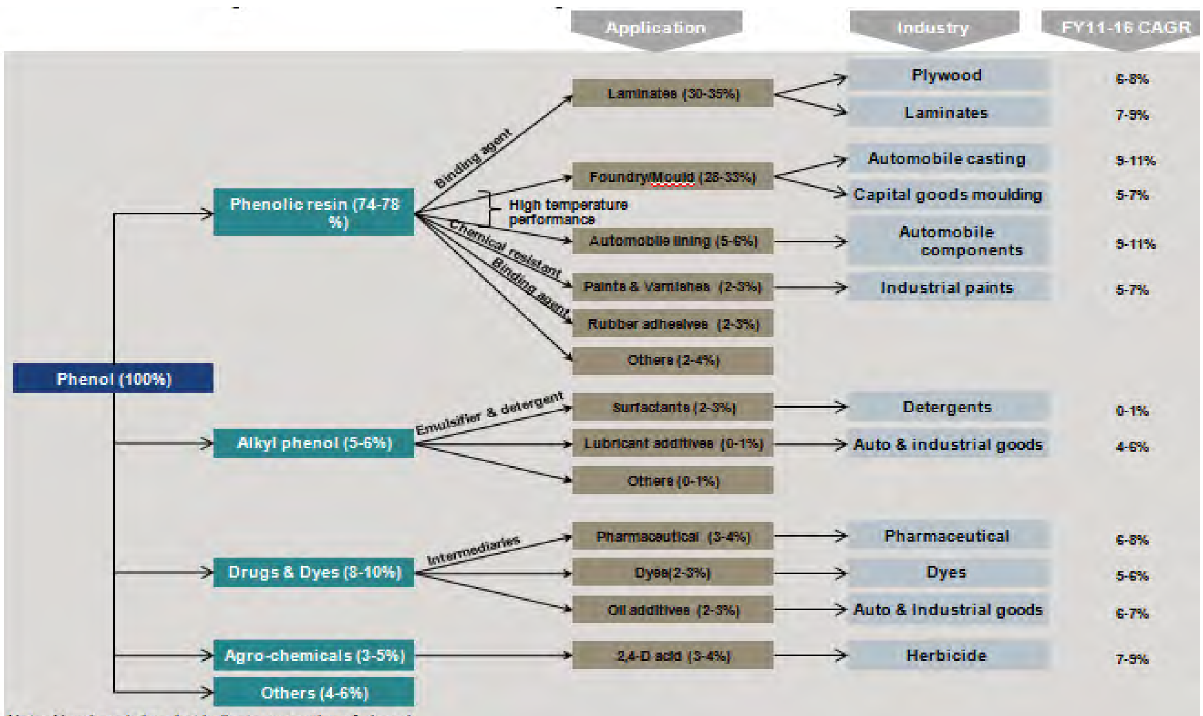
Phenol Consumption In India:

Phenol consumption in India increased at a CAGR of about 7%, from nearly 202,000 MT in 2010-11 to 282,000 MT in 2015-16. It was majorly driven by the phenolic resins industry. Other key end-user industries include: drugs and dyes, alkyl phenol, agro chemicals and others.



Phenolic resins: Phenolic resins accounted for 76% of phenol consumption in India in 2015-16. It is mainly used in the plywood and laminates, and foundries industries. It has grown at a healthy pace of 7-8% over the last 5 years driven by rising automobile sales in domestic market as well as healthy rise in exports. Plywood and laminates industry has grown at a healthy pace driven by construction and housing industry. Other key end-user industries include: drugs and dyes, alkyl phenol, agro chemicals and others.

Domestic Phenol Consumption value chain in India



Note: Numbers in bracket indicate proportion of phenol

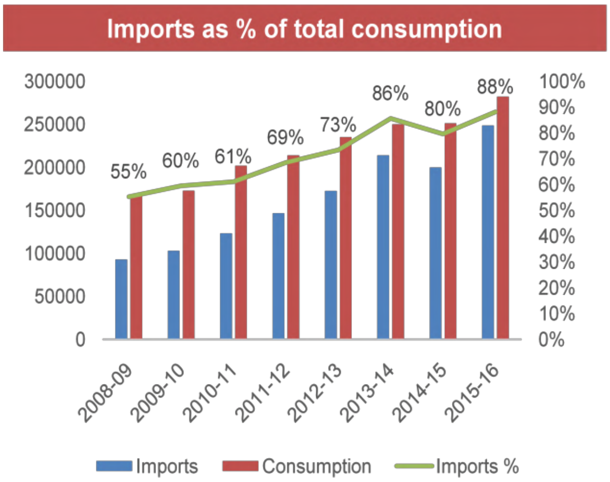
Phenol: Domestic Market

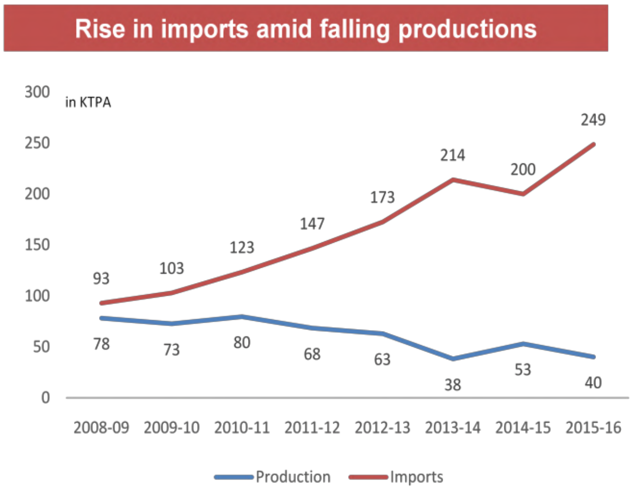
Domestic phenol capacity stood at about 80,000 MTPA in FY16 dominated by two players – HOCL and SI Group. No capacity added in past 7-8 years due to import threat. Utilisation rate of domestic manufacturers declined from 100% in FY11 to 50% in FY16. Domestic supply as a component of consumption fell from 39% to 14%.

Phenol imports increased at a CAGR of about 15% between 2010-11 and 2015-16. Imports increased substantially because of:

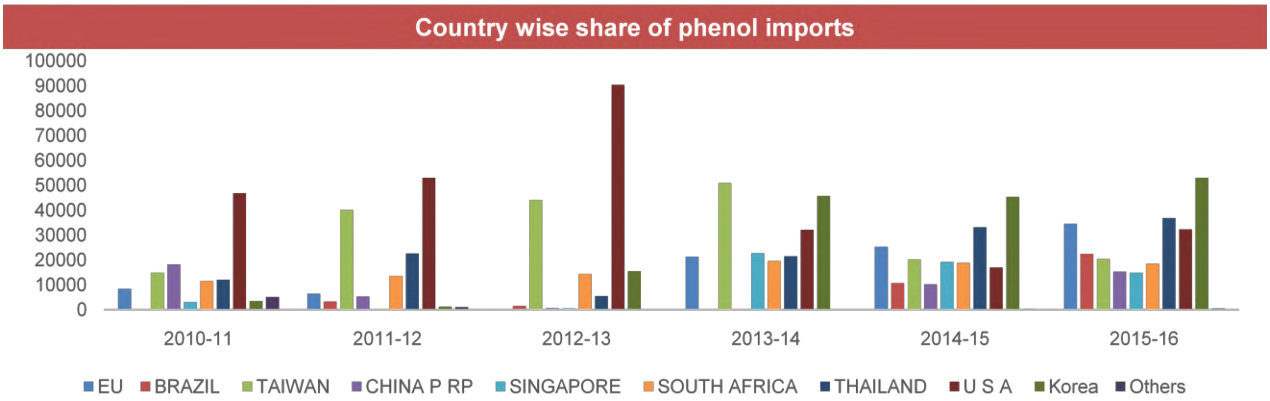
- Rising domestic demand for phenol
- Difference in domestic versus landed cost due to uneconomical cost structure of domestic players
- Rise in operating costs led to drastic fall in margins thus resulting in continued losses

As a result, share of imports in total consumption increased from 55% in 2008-09 to about 88% in 2015-16. Thus, domestic phenol production declined in 2015-16, resulting in capacity utilisation of about 50%.





Phenol imports have risen at a CAGR of 15% between fiscals 2011 and 2016. USA, Thailand and EU were major phenol exporters to India in FY2015-16. Rise in capacity and tepid regional demand has led to rise in imports from Taiwan, EU and Singapore.



Phenol: Future Outlook

Domestic phenol consumption in India is primarily supported by resins, which in turn depends on growth of automobile, capital goods sector and laminates resins required in laminates and plywood industry. Domestic players have increased phenolic resins capacity. Going forward, phenol demand in India is expected to grow 8-9% between fiscals 2016 and 2021.

Phenolic resins: consumption is expected to strengthen, backed by a robust growth in foundry resins required in automobile, capital goods sector and laminates resins required in laminates & plywood industry

Drugs and dyes: With pharma industry expected to grow at a healthy rate of 8-9% and dyes industry to grow at 4-6%, we expect phenol demand from this segment to grow at 6-7% between fiscals 2016 and 2021.

Agrochemicals sector: Phenol consumption in 2, 4-D product (used in herbicides) is expected to increase as domestic crop protection market is expected to grow 10-12%.

Industry	Past 5 year CAGR	Next 5 years CAGR
Phenolic Resins	7-8%	8-10%
Drugs and Dyes	6-8%	6-8%
Alkyl Phenol	4-6%	3-4%
Agro chemicals	8-10%	7-8%
Others	5-7%	6-8%

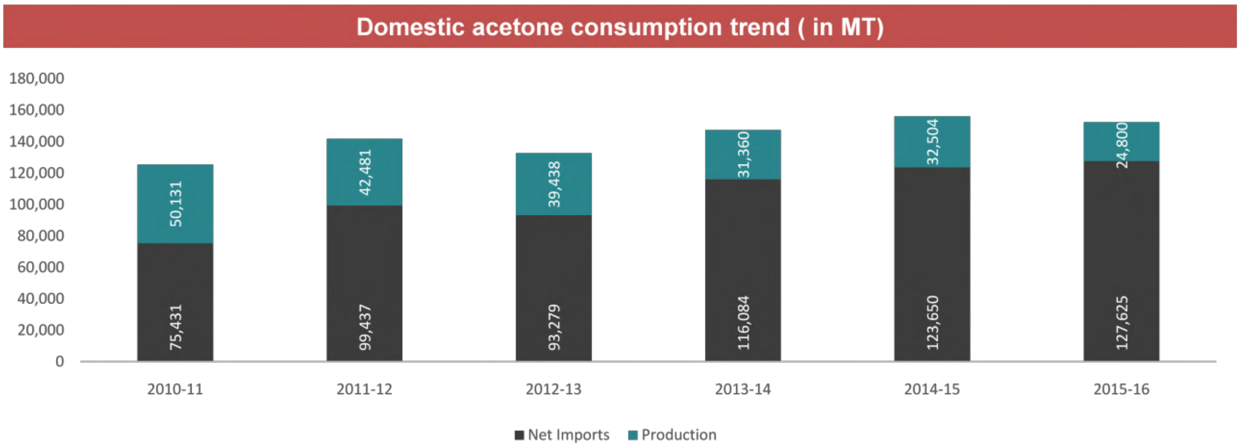
Imports to fall over the next 5 years with addition of domestic capacity. Estimated phenol market by value in 2015-16 was Rs 19-20 billion. It is expected to reach Rs 35-40 billion by 2020-21.The growth will be driven by rising volume which and improving realisations which is expected to rise by 15-25% due to rebounding crude oil prices.

Imports are likely to fall in 2017-18 and 2018-19, with addition of 200 ktpa capacity of Deepak Phenolics. The projected fall in share is likely to be from 88% in 2015-16 to 48-52% in 2020-21. Imports share to rise subsequently due to lack of further capacity addition. Domestic production share to rise from 12% in 2015-16 to 48-52% in 2020-21 led by rising domestic supply. Anti-dumping duty till 2021 will continue to aid domestic manufacturers.

Acetone

Acetone Consumption in India

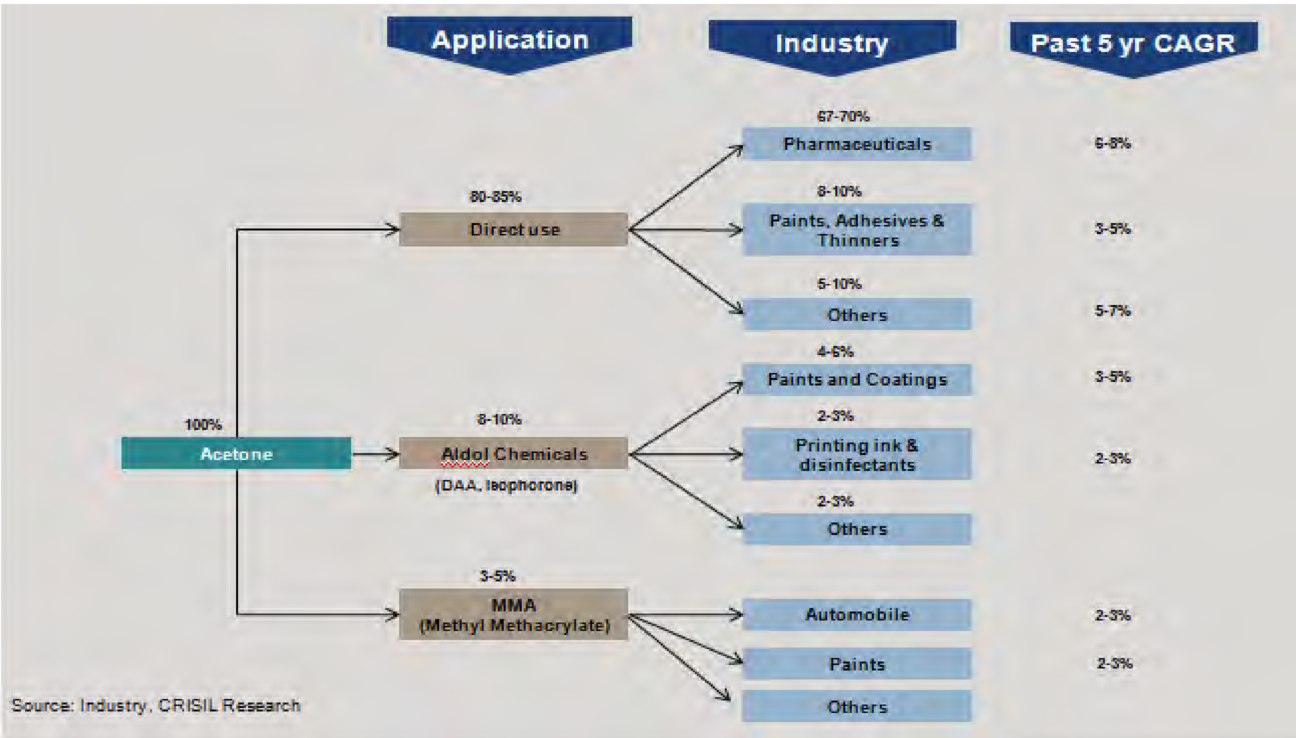
Acetone consumption in India has increased at a CAGR of about 4%, from nearly 125,500 MT in 2010-11 to 152,425 MT in 2015-16.



Pharma growth drives 4% acetone consumption growth in past 5 years. Growth drivers are:

- Pharma: The industry has grown 8-10% in volume terms over the last 5 years because of significant exports growth sparked by currency depreciation.
- Paints and adhesives: Industrial paints, which uses acetone as a solvent, has grown in the past 5 years, driven by steady demand from the automobile and packaging industry.
- Other key sectors include Aldol chemicals, MMA, etc.

Domestic Acetone Consumption value chain in India

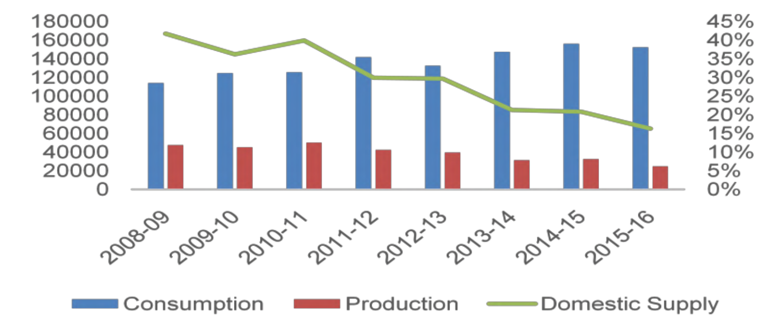


Acetone: Domestic Market

Domestic acetone capacity is 48,000 MTPA, dominated by two players – HOCL and SI Group. Financial issues of HOCL led to fall in production

Thus, domestic supply as a percentage of consumption fell from 40% in 2011-12 to 16% in 2015-16

Fall in domestic supply due to rising imports (in MT)

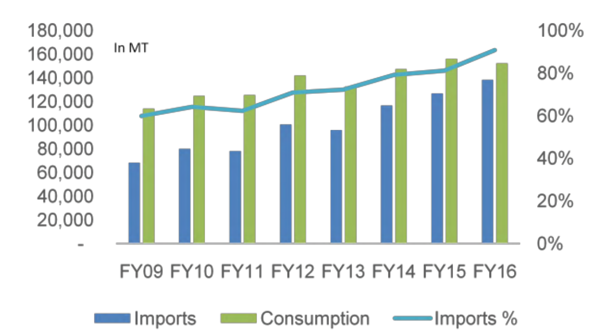


Acetone imports increased at a CAGR of about 12% between 2010-11 and 2015-16. Imports increased substantially due to:

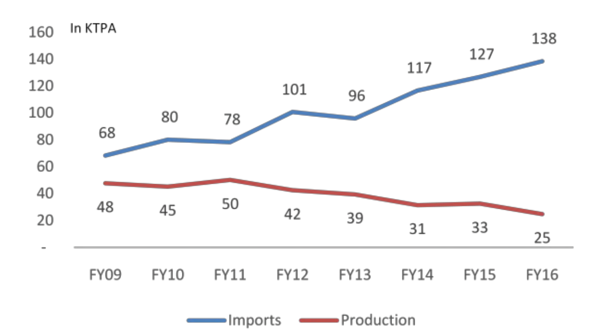
- Rising domestic demand for acetone
- Lack of domestic supply
- Difference in domestic and landed cost

Due to above reasons, imports not only increased in absolute terms, but also as a percentage of total consumption, from 60% in 2008-09 to about 91% in 20115-16. This led to a decline in domestic acetone production in 2015-16, with capacity utilisation at about 52%.

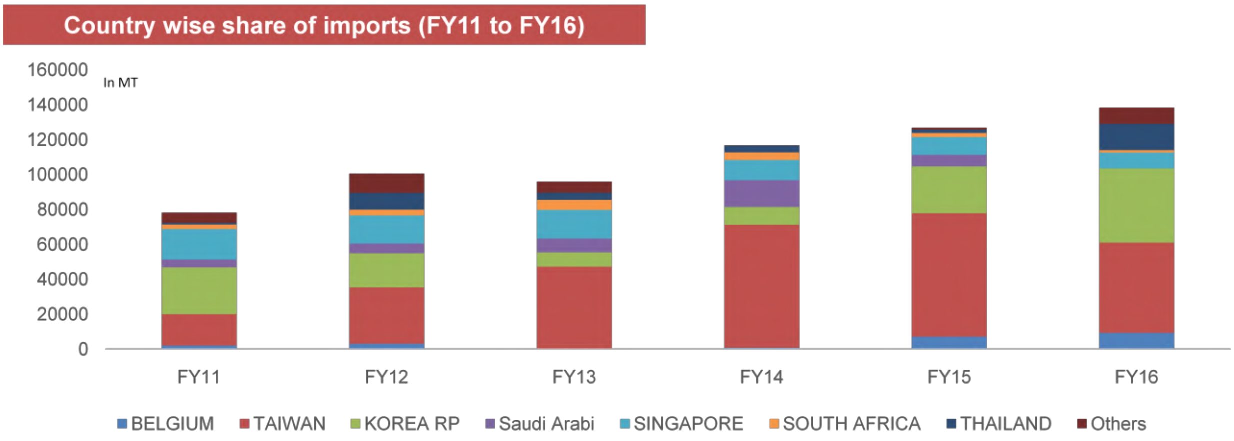
Rise in acetone imports owing to low domestic supply



Rising gap between imports and domestic supply



Taiwan and Korea remained the dominant exporters of acetone to India, accounting for 60% of imports 2015-16. Capacity additions and lack of domestic demand for acetone has resulted in Taiwan and Korea being acetone surplus. Thailand and Belgium have also evolved as important exporters due to capacity addition in the recent past. Lack of anti dumping duty on imports from Thailand, has led to a rise in share of imports from Thailand. Anti dumping duty meanwhile has led to drop in imports from South Africa and China. Going ahead, we expect a rise in imports from Russia and Thailand, owing to surplus capacity and lack of anti dumping duty.



Acetone: Future Outlook

Acetone consumption in India has grown about 4% in the past 5 years, mainly supported by strong growth in the pharma industry which accounts for majority of acetone consumption. Acetone demand in India is expected to grow faster, at a CAGR of 5-7% between 2015-16 and 2020-21.

Aldol chemicals expected to register an increase in acetone consumption owing to expected capacity addition for MIBK/MIBC by Cetex Petrochemicals.

Pharmaceutical sector expected to continue its strong pace of acetone consumption in future, backed by a robust expected growth.

Consumption from adhesives, paints and thinner industries is expected to fall marginally, as they mainly consume used acetone from pharmaceutical industry.

Industry	*Past 5 years CAGR*	*Next 5 years CAGR*
Pharmaceuticals	*6-8%*	*6-8%*
Aldol Chemicals	*2-3%*	*4-6%*
MMA	*1-2%*	*0-1%*
Adhesives, Paints and Thinners	*3-5%*	*2-3%*
Others	*2-3%*	*1-2%*

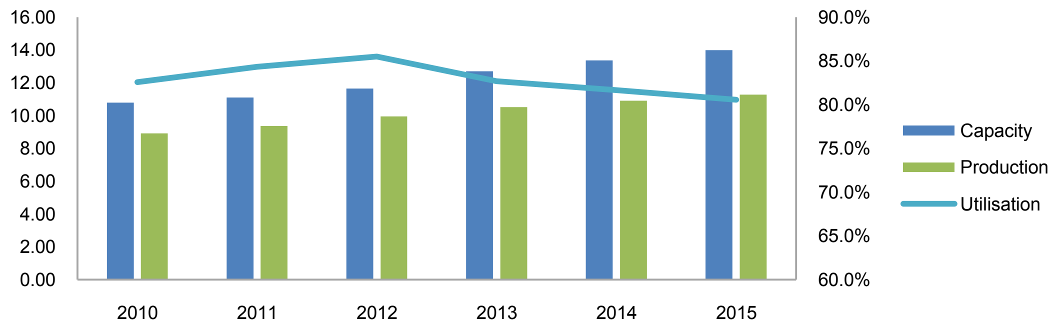
Estimated acetone market by value in 2015-16 was Rs 10-11 billion, and expected to reach Rs 14-17 billion by 2020-21. Imports are likely to fall in 2017-18 and 2018-19, owing to capacity addition by Deepak Phenolics in 2017-18. Imports share is expected to fall from 91% in 2015-16 to 40-45% in 2020-21. Imports will rise subsequently due to lack of further capacity addition. Domestic production share to rise from 16% in 2015-16 to 55-60% in 2020-21.
Anti-dumping duty till 2021 will aid the domestic manufacturers.

Global Market Scenario: Phenol

The global demand for phenol has grown at a CAGR of 4% in the past five years, driven by demand for its derivatives from the end-use segments. In 2015, global phenol demand was estimated at about 11.3 million metric tonnes, up from 10 million metric tonnes in 2012. Global capacity is estimated at about 13.8-14 million metric tonnes per annum (MMTPA).

Asia Pacific region accounts for over 50% of the total capacity. Operating rates have reduced from 86-87% in 2012, to about 80-81% in 2015 led by aggressive capacity addition by China.

Global demand supply scenario – phenol (in MMT)



Surplus capacity in China led to global glut, lower utilisation and pricing pressures. China has emerged as a petrochemical product manufacturer and thus imports a huge amount of phenol for producing its derivatives. Increase in production capacity in China from 1 million tonnes in 2012 to about 2.6 million tonnes in 2015 has led to drastic fall in imports, which in turn has reduced global utilisation, thus putting pressure on prices.

Future Outlook

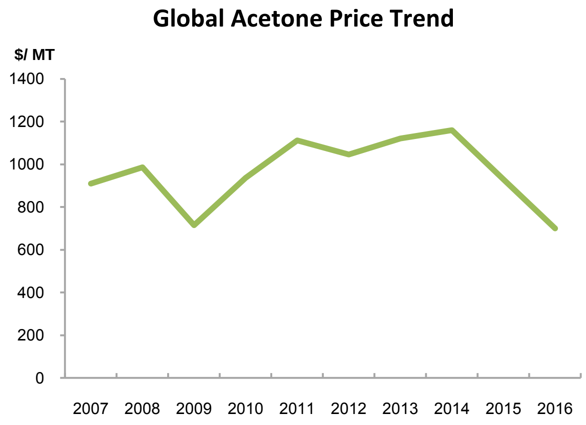
About 47% of the phenol globally is used in production of Bisphenol-A, used in manufacturing plastic products. Ban on plastic products made of BPA in several nations has limited the demand from this segment. However, demand for phenol from Bisphenol-A grew 6-7% over the past 5 years. This led to aggressive capacity addition by China. Demand is expected to slow down with global demand for BPA derivatives falling. Demand for phenolic resins grew 2-3% in the past 5 years, mainly driven by China and India and is expected to grow at a similar pace. Overall demand for phenol is expected to grow at a CAGR of 3-5% between 2015 and 2020.

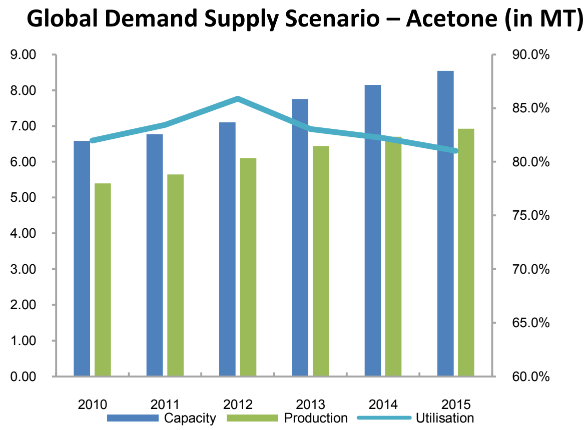
Expected Demand Growth in Key Applications:

Product	Past Demand growth	Demand growth forecast
Bisphenol - A	6-7%	4-6%
Phenolic Resins	2-3%	2-3%
Calprolactam	2-3%	1-2%
Others	3-4%	3-4%
Overall	**4%**	**3-5%**

Global Market Scenario: Acetone

Global demand for acetone grew at a CAGR of 3-4% in the past 5 years. Demand for acetone was driven by demand for its derivatives from end-use segments. Global acetone demand was estimated at about 6.5 million metric tonnes in 2015, up from 5.8 million metric tonnes in 2012. Global capacity was estimated at 8.2-8.5 MMTPA. Unlike phenol, global acetone demand is led by the US and Europe, accounting for about 50% of total demand. Asia Pacific region comprises over 50% of total capacity.





Future Outlook:

32% of acetone globally is used in production of solvents, further used in pharmaceuticals, paints, inks etc. Demand for Bisphenol-A is expected to remain strong, growing at 6% over the long term. However, demand for acetone from MMA is expected to grow merely at 1% CAGR, as new capacities for MMA production do not use acetone as a raw material. Overall demand for acetone is expected to grow at a CAGR of ~3% between 2015 and 2020.

Expected demand growth in key application:

Product	**Past Demand growth**	**Demand growth forecast**
Bisphenol - A	6-7%	4-6%
Solvents	3-4%	3-4%
MMA	2-3%	0-1%
Aldol chemicals and others	3-5%	3-4%
Overall	**4%**	**4-5%**

BUSINESS

All financial data in this section are of our Company, on a standalone basis, except as otherwise stated.

Overview

We are an Indian chemical manufacturing company with exports to over 30 countries globally. We believe that we have a leading market position in most of our products in the domestic as well as in the global markets *(Source: ICRA Report)*. Our products have multiple applications in industries such as agrochemicals, colourants, rubber, pharmaceuticals, paper, textiles, detergents and petrochemicals. We believe we have a built up a long standing reputation in the industry, developed in over 40 years of experience that has translated to a clientele which includes multinational corporations and companies in the "Fortune 500".

We specialise in various processes such as nitration, alkylation, sulphonation, hydrogenation, condensation, diazotisation, oxidation and nox based chemistry. We have diversified our business from being exclusively a basic chemical (formerly bulk chemical and commodity) manufacturer to manufacturing high-value specialty chemicals developed specifically for our customers, as per their specifications. Apart from basic chemicals (formerly bulk chemical and commodity) and speciality chemicals, our business segments also include the manufacture of performance products (formerly fluorescent whitening agents). We believe that our diversified business model, across several chemical intermediaries industries with multiple end-users, acts as a natural hedge to our business. The basic chemicals (formerly bulk chemical and commodity) and commodities segment comprises of chemicals that are made according to standard specifications and are supplied in high volumes. In this segment, we manufacture organic chemicals such as nitro toluene, ortho toluene and inorganic chemicals such as sodium nitrate and sodium nitrite. For Fiscal, 2016, our revenues from the basic chemicals (formerly bulk chemical and commodity) segment (including revenue from sales to other segments) was ₹ 67,455.64 lacs, which was 50.28 % of our total segment revenues (excluding other un-allocable revenue). For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 15,501.49 lacs, ₹ 15,627.16 lacs and ₹ 15,141.57 lacs, which was 49.13%, 51.15% and 53.69%of our total segment revenues (excluding other non-allocable revenue) respectively.

The fine and speciality chemicals segment includes niche products manufactured at relatively lower volumes and from which we derive higher margins. Such products are customised to specific customer requirements. We collaborate with our customers to understand consumer preference and enhance value for their brands. For Fiscal 2016, our revenues from the fine and speciality chemicals segment (including revenue from sales to other segments) was ₹ 39,336.81 lacs, which was 29.32 % of our total segment revenues (excluding other un-allocable revenue). For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 9,877.34 lacs, ₹ 8,828.84 lacs and ₹ 8,175.86 lacs, which was 31.31%, 28.90% and 28.99%of our total segment revenues (excluding other un-allocable revenue). respectively.

Performance products (formerly fluorescent whitening agents) are application chemicals and can be customised into liquid and powder forms, as per the customers' specifications. This segment includes two major products, which are (a) optically brightening agents and (b) key input of OBA, which is DASDA. Performance products (formerly fluorescent whitening agents) are used in the manufacture of paper, photographic paper, detergents, textiles and coating applications in printing. For Fiscal 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 27,368.25 lacs, which was 20.49 % of our total segment revenues (excluding other un-allocable revenue). For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 6,172.52 lacs, ₹ 6,095.67 lacs and ₹ 4,885.02 lacs, which was 19.56%, 19.95% and 17.32% of our total segment revenues (excluding other un-allocable revenue). respectively.

Our fully integrated manufacturing infrastructure is equipped to manage products from the stage of design to despatch, lending us competitive advantages such as cost effectiveness and maintenance of quality standards. We have five manufacturing facilities in India, located at Nandesari and Dahej in Gujarat, Tajola and Roha in Maharashtra and Hyderabad in Telangana. We have a research and development facility at Nandesari, Gujarat. This facility has been recognised by the Department of Science and Technology, Government of India. Our facilities include automated and cost-efficient systems, research and development facilities and quality control laboratories, among others. All our manufacturing facilities are ISO certified and we are in the process of receiving the renewed copy of the certificate. Our units include multi-purpose facilities, i.e. the same plant can produce different products as per different campaigns, with significant backward and forward integration linkages, providing us the flexibility to change the product mix to cater to market requirements *(Source: ICRA Report).*

We are also in the process of establishing a plant at Dahej, Gujarat for the manufacture of phenol and acetone. The capacity for phenol manufacture at this plant is proposed to be 2,00,000 MTPA and that for acetone is proposed to be 1,20,000 MTPA. For further details, please see *"Business – The proposed phenol and acetone plant at Dahej, Gujarat*" on page 87.

We believe we have been able to leverage our experience and product quality into establishing customer relationships both domestically and in international markets. We have a diversified customer base, both domestically as well as internationally. In Fiscal 2016, revenue from domestic sales was ₹ 82,444.76 lacs which, as a percentage of the total revenue from operations, was 61.72% and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, revenue from domestic sales was ₹ 18,925.63 lacs, ₹ 19,719.42 lacs and ₹ 17,333.34 lacs which, as a percentage of the total revenue from operations was 60.34%, 65.17% and 61.94%respectively.

We also export our products to the USA, European and East European nations, South Korea, South American countries and the ASEAN countries, to large global companies. In Fiscal 2016, revenue from exports, on a standalone basis, was ₹ 51,127.76 lacs which, as a percentage of our total revenue from operations was 38.28% and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, revenue from exports, on a standalone basis, was ₹ 12,443.92 lacs, ₹ 10,537.27 lacs and ₹ 10,652.19 lacs which, as a percentage of the total revenue from operations was 39.66%, 34.39% and 38.06%,, respectively.

The Company is a dividend paying entity and has declared dividends on its Equity Shares for more than last 40 years.

In Fiscal 2016, our total revenue from operations was ₹ 133,572.52 lacs and our net profit after tax was ₹ 6,514.91lacs and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our total revenue from operations was ₹ 31,369.56 lacs, ₹ 30,256,69 lacs and ₹ 27,985.53 lacs and our net profit after tax was ₹ 6,785.87 lacs, ₹ 1,541.52 lacs and ₹ 801.10 lacs respectively. From Fiscal 2014 to Fiscal 2016, our total revenue from operations and net profit grew at a CAGR of 9.43% and 9.87%, respectively.

Competitive Strengths

We believe that we have the following competitive strengths:

Diversified product portfolio, customer mix and geographical presence

Our business segments comprises of basic chemicals (formerly bulk chemical and commodity), fine and speciality chemicals and performance products (formerly fluorescent whitening agents) with applications in various end user industries**.** Basic chemicals (formerly bulk chemical and commodity) comprises of (a) nitro toluenes which are used for manufacturing intermediates that is used in the manufacture of colourants, rubber production, pharmaceuticals, explosives, dyes and agrochemicals, (b) fuel additives that are used by refineries and (c) sodium nitrites and sodium nitrates, while sodium nitrite is widely used in colourants, pharmaceuticals, electroplating, rubber chemicals etc, sodium nitrate find its application in industrial explosives, glass industry and heat treating chemicals. Fine and speciality chemicals comprises of xylidines, cumidines, oximes, nitro oxylene etc which find its application as ingredients in colourants, pigments, pharmaceutical intermediaries and agrochemicals. Performance products (formerly fluorescent whitening agents) are used in the manufacture of paper, textiles, detergents, etc. Further, our revenues are attributable to both domestic as well as international sales. We export our products to more than 30 countries globally. In Fiscal 2016 and the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from exports represented 38.28%, 39.66%, 34.39% and 38.06% respectively, of our total revenue from operations. We also believe that we have a diversified clientele and are not significantly dependent on a few customers for the success of our business. We believe that our diversified and comprehensive product portfolio and large customer base spread across several countries and customer categories, diminishes the risks associated with the dependence on any particular product, customer or geography.

Long term customer relationship

We have a large customer base which includes leading national and multi-national companies, including companies in the "Fortune 500". In addition to our large customer base, we enjoy long term relationships with several of our customers for over 10 years. With certain customers, our relationship has evolved from a "supplier – customer" to "quasi-partnerships". We have augmented capacities for the benefit of such customers, which has resulted in mutual benefit and growth.

Leading position in the market

We believe that we have a leading market position in most of our products in the domestic as well as in the global markets. We enjoy domestic leadership positions in inorganic intermediates and nitro toluenes. We also are among the top global players in products segments such as xylidines, cumidines, colour intermediates and oximes. *(Source: ICRA Report).* We attribute our market leadership to our diverse and comprehensive product portfolio, our presence in the industry for over 40 years, consistent quality of products, economies of scale, scalability and product innovation. We believe that we have the ability to handle complex and hazardous chemical processes such as hydrogenation and nitration *(Source: ICRA Report")* has allowed us to maintain achieve and maintain our position in the market. We believe that our leadership position offers us several competitive advantages. Our leadership position enables us to leverage our relationship with customers, provides potential to increase the products being sold and strengthen our reputation.

Experienced Promoters and Management Team

We are led by a qualified and experienced management team that we believe has the expertise and vision to manage and grow our business. Mr. Deepak C. Mehta and Mr. Ajay C. Mehta, our Promoters have over 35 and 30 years of experience in the industry, respectively. In addition to our Promoters, we believe that our senior and mid-level management teams are also very experienced, many of whom have worked in large multi-national companies. We believe that the knowledge and experience of our Promoters, along with senior and middle-management, and our team of research and development personnel provide us with a significant competitive advantage as we seek to expand in our existing markets and enter new geographic markets.

Research and development capabilities allowing product innovation

We have a dedicated research and development team comprising of 38 personnel, as of December 31, 2016. We have developed in house research and development capabilities to collaborate with our customers to understand consumer preference and develop new product applications to cater to the needs of our customers. Through our research and development capabilities, we were successful in developing and enhancing our portfolio of customised products. We believe that our ability to develop new product application and our ability to customise products to suit customer needs have helped us in expanding our customer base and thereby enabling us to establish our leadership position.

Our Strategy

Our key focus is to maintain our market leadership in India, while seeking to significantly expand our international business. In particular, we adopt the following key business strategies:

To diversify into the manufacture of phenol and acetone

As part of our strategy, we propose to diversify into the manufacture of phenol and acetone. Phenol and acetone are utilised in the manufacture of laminates and in pharmaceuticals and we believe that there is significant demand for these products in India. Currently, a majority of India's phenol and acetone requirements is met by imports *(Source: CRISIL Report).* To substitute the current imports and meet the growing domestic demand, we are in the process of establishing a plant at Dahej, Gujarat for the manufacture of phenol and acetone. We have also entered into agreements with KBR Inc. USA, for the license of the technology for the project. We propose the manufacturing unit to have a capacity of 2,00,000 MTPA for the manufacture of phenol and 1,20,000 MTPA for the manufacture of acetone. We believe that this diversification would allow us to service new clients, meet existing demand and consequently, enhance business prospects.

Grow our market share in existing geographies and expand operations to new geographies

We export a significant portion of our products to various international markets, which include over 30 countries globally. In Fiscal 2016 and the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, export sales accounted for 38.28%, 39.66%, 34.39% and 38.06% of our total revenues from operations, respectively. Exports have been an important part of our growth and we intend to continue to pay strong emphasis on international markets. We intend to further diversify our customer base in the European, Australian, African and North and South American markets. We specifically want to focus and penetrate in the United States of America and for that purpose, we have incorporated as subsidiary in the U.S. We believe that our expansion plans would strengthen and diversify our customer base. We also intend to continue to leverage our products and our long term relationships and credentials with our international customers to further develop and strengthen our presence in the exports market.

Expansion of the fine and speciality chemicals segment

We propose to expand the fine and speciality chemicals segment in order to take advantage of the growth opportunities in this sector. In order to achieve our strategy of expanding our market share, we intend to expand and strengthen our research capabilities in order to ensure rapid product innovation. Innovation continues to be the key determinant for success in this segment and allows us to create value for our customers. We have incurred ₹ 2,559.99 lacs on research and development in the last three financial years. Through our research and development capabilities, we aim to develop and enhance our portfolio of customised products offered to customers and focus on high value intermediates, especially for the active pharmaceutical industry and personal care industry. We also propose to pursue opportunities of being appointed as a contract manufacturer of customised products by agro-chemical companies by leveraging existing relationships as well as pursuing new clients.

Major Events

Year	Event
1970	Incorporation
1971	Listed on the BSE
1979	Promoted Deepak Fertilisers and Petrochemicals Corporation Limited
1984	Acquisition of Sahyadri Dyestuffs & Chemicals unit from Mafatlal Industries
2000	Acquisition of management and control of Aryan Pesticides Limited
2006	Rights issue of equity shares
2009	Turnover crosses ₹ 500 crores
2010	Commencement of manufacture of fuel additives
2011	Listing on the NSE
2012	Accredited for Best Compliant Company for the pollution prevention code under "Responsible Care" by Indian Chemical Council
	Accredited with Business World FICCI CSR Award 2011-12 in the category I-b- Large Enterprises by FICCI
2013	*(a)* Turnover crosses ₹ 1,000 crores; *(b)* Brownfield expansion for manufacturing inorganic salts at Nandesari.
2014	*(c)* Dahej facility, for the manufacture of florescent brightening agent, fully commissioned; *(d)* Face value of the Equity Shares was split to ₹ 2 per Equity Share and bonus issue of Equity Shares at the ratio of 1:1. *(e)* Chairman receives "Lifetime Achievement Award" from "Indian Chemical Council"
2015	Received supplier excellence award from Bayer Crop Science
2016	Raised funds by way of QIP
	Received corporate social responsibility award for category I, women empowerment for the year 2015-16

Description of our business

We develop and manufacture our products in India and market such products in more than 30 countries across globally. We specialise in various processes such as hydrogenation, nitration, alkylation, sulphonation, oxidation and nox based chemistry. Our products find application across a number of industries, such as pharmaceuticals, dyes and pigments, agrochemicals, textiles, paper, fuel additives etc. which reduces the adverse impact of sectoral business cycles.

Our business sections are categorised into basic chemicals (formerly bulk chemical and commodity), fine and speciality chemicals and performance products (formerly fluorescent whitening agents).

Basic chemicals (formerly bulk chemical and commodity)

We commenced our business operations as a basic chemical (formerly bulk chemical and commodity) manufacturer. The basic chemicals is a high volume segment comprising of commodity chemicals that are manufactured to standard specifications. Such chemicals comprises of nitro toluenes, fuel additives, sodium nitrite and sodium nitrate.

Nitro toluene is used in the manufacture of colorants, speciality chemicals, rubber, pharmaceuticals, explosives, dyes and agrochemicals. Fuel additives are used by refineries. Sodium nitrite is used in the manufacture of pigments, pharmaceutical intermediaries, food colours, electroplating and colorants. In the domestic market, sodium nitrite's predominant application is in the colorant segment. Sodium nitrate find its application in industrial explosives, glass industry and heat treatment chemicals.

Fine and speciality chemicals

We diversified our business over the years from being a basic chemical (formerly bulk chemical and commodity) manufacturer exclusively to manufacturing fine and speciality chemicals, which allows relatively higher margins. Fine and speciality chemicals includes niche products that are customised as per customer specifications. The segment comprises of products such as xylidine, cumidine, methoxy methyl di-phenyl amine, nitro oxyline, etc. These products find application in the manufacture of agrochemicals, pharmaceuticals, pigments, paper, personal care products, etc.

Performance products (formerly fluorescent whitening agents)

Performance products (formerly fluorescent whitening agents) operate on the phenomena of fluorescense. We are a fully integrated manufacturer of performance products (formerly fluorescent whitening agents). Performance products (formerly fluorescent whitening agents) increases the apparent reflectance of a product and consequently, appears brighter. We manufacture fluorescent whitening agents based on stilbane derivatives. Our products in this segment can be customised into liquid or powdered form, as per the customer's requirements.

Performance products (formerly fluorescent whitening agents) find application in detergents, paper manufacture and textiles. Brighteners are added to laundry detergents to make clothes appear whiter. For the manufacture of paper, florescent whitening agents are used in currency notes. In the manufacture of textiles, such agents are used in bleaching of cloth and for anti – crease finishes of garments.

Raw Materials and Supply Chain

We do not have long term agreements with a majority of our customers or suppliers and the success of our business is significantly dependent on maintaining good relationships with our customers and suppliers. Most of our sales of products are through purchase orders and the pricing of our products comprises of fixed and variable components. The fixed price component remain constant till completion of the order. The variable price is linked to an index as agreed in the purchase order.

Orders and forecasts are collected on rolling basis for three months at a time. Based on such forecasts and confirmed orders, a production plan is released every month in order to ensure maximum capacity utilization. Sales orders are generated daily, taking into account the requirements of the customer.

Research and Development

Our research and development facility is situated at Nandesari, Gujarat and as of December 31, 2016, our research and development team comprises of 38 employees. Our research and development facility has been recognised by the Department of Science and Technology, Government of India.

Quality Control

Quality control is essential for the success of a business and we ensure that our products are subject to quality control tests before they are dispatched for delivery to our customers. We have established quality control departments at each of our manufacturing units. Each batch of the manufactured products is subject to quality control tests. The quality control departments ensures quality of raw materials, in-process samples and the finished products. The quality control department ensures compliance with the specifications required by our customers.

In order to ensure quality control, regular quality audits are undertaken by our in-house quality control team, third party sources as well as by our customers. Our products adhere to global quality standards, under the European REACH legislation. Our Company is ISO 9001:2008, ISO 14001: 2004 and OHSAS 18001:2007 certified by Intertech India Private Ltd., Mumbai, for our Quality, Environment, Safety and Health Management systems and we are in the process of receiving the renewed copy of the certificate.

Sales and Marketing

Our business is predominantly conducted on a B2B basis and our focus is on maintaining constant contact with customers and to ensure timely delivery. Sales and marketing initiatives is undertaken by the product managers, the business development team and the sales team. The product managers are responsible for ensuring timely supplies, taking new orders, quoting rates and aids in understanding the requirements of the customers. The business development team seek out new geographies and identifies new products, which assists in corporate expansion. The sales teams are segregated by geography and is responsible for the sales of our products at the ground level. As of December 31, 2016, we have 38 personnel cumulatively who form a part of our marketing and sales team.

Customers

Our customers include leading national and multi-national companies, including companies in the "Fortune 500". In addition to our large customer base, we enjoy long term relationships with several customers spanning over 10 years.

We believe that we have a diversified clientele and are not significantly dependent on a few customers for the success of our business.

Property

Registered office and corporate office

Our registered office and corporate office has been taken on leave and license basis and the same is situated at 9/10, Kunj Society, Alkapuri, Vadodara - 390 007, India and Aaditya-I, National Highway No. 8, Chhani Road, Vadodara - 390 024 respectively.

Manufacturing Facilities

We have five manufacturing facilities in India, located at (1) Nandesari, Gujarat (2) Dahej, Gujarat (3) Taloja, Maharashtra, (4) Roha, Maharashtra and (5) Hyderabad, Telangana.

Nandesari plant – We manufacture bulk and commodity products with on-site nitration and speciality agrochemicals.

Dahej plant – We produce full spectrum stilbenic optical brightening agents.

Taloja plant – Specialise in hydrogenation and noble metal catalysis

Roha plant – Multi-speciality manufacturing facility specialising in pilot plants and nitration and speciality agrochemicals

Hyderabad plant – Manufactures toluene derivatives for captive use and for commercial sales

The plant at Hyderabad is located on free hold land. The other four plants are located on lands for which we have long term leases.

The proposed phenol and acetone plant at Dahej, Gujarat

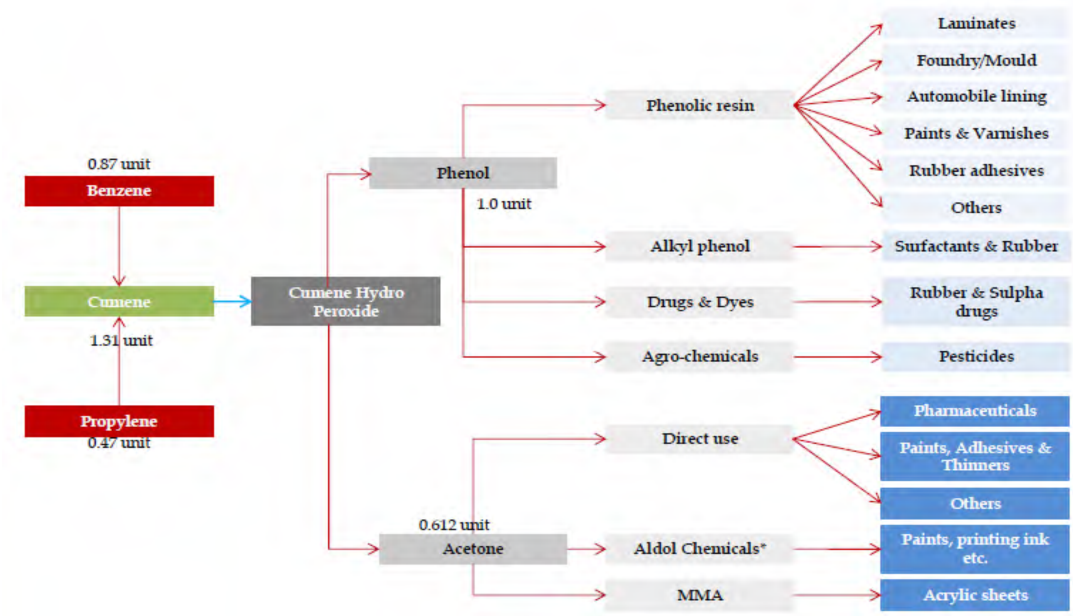
We also propose to establish a manufacturing unit at Dahej, Gujarat for the manufacture of phenol and acetone. The cost of the Project is ₹ 1,40,000 lacs, which is based on management estimates. The Project is proposed to capitalised through ₹ 84,000 lacs of debt, the financial closure for which has been achieved. The remaining is proposed to be financed through equity and contribution by our Promoters. The Project is proposed to be completed by Fiscal 2018.

Phenol is used in the manufacturing of various commercial products and finds applications in laminates, paints, automobile lining while acetone finds applications in pharmaceuticals, paints, adhesives and thinners.

In relation to the Project, the Company entered into a Phenol License Agreement (“License Agreement”) on December 30, 2013 with Kellogg Brown & Root International Inc. (“KBR”). Pursuant to the License Agreement, KBR has granted a perpetual and non-exclusive license to the Company to use its technology, patents and know-how relating to the production of phenol and acetone from cumene feedstock at the Project. The Company has also entered into a Phenol Engineering Agreement (“Engineering Agreement”) dated December 30, 2013 with KBR, under the terms of which KBR has agreed to furnish the basic engineering design for the Project as technical documentation in the form of a licensor engineering package and such other services as are stipulated in the Engineering Agreement. The Company has been granted the right and license to, *inter alia*: (a) use the technical information provided by KBR in the design, engineering, and construction and operations of the Project; (b) modify, improve, adapt, and prepare derivative works from the technical information in the Project; (c) produce from the Project up to 2,00,000 metric tons of phenol product in 8000 operating hours in any single calendar year, subject to any increased production licensed; and (d) sell the phenol and acetone products, and other by-products, produced at the Project, worldwide.

We propose the Project to have a capacity of 2,00,000 MTPA for the manufacture of phenol and 1,20,000 MTPA for the manufacture of acetone. The project shall be owned by our wholly owned subsidiary, Deepak Phenolics Limited.

The acetone and phenol value chain



(Source: CRISIL)

Risk Management

We believe that risk management is an integral part of our operations. We believe that it is essential to identify and manage risks in order to reduce uncertainties and ensure continuity of business. We have a risk management framework and risk management team that really implements the processes specified in the framework.

We aim to provide a high degree of safety to our employees, especially at our factories where chemical processes are executed. We undertake regular inspection of our machineries and also undertake periodic maintenance checks on other equipments in order to ensure they meet safety requirements.

Raw material price fluctuations are mitigated through formula based pricing; our products typically have a fixed and a variable price component and the variable component is linked to the price of the commodity on international markets. We manage currency risks by hedging through forward contracts.

Exports

We export our products to more than 30 countries:

We export our products to the USA, European and East European nations, South Korea, South American countries and the ASEAN countries, to large global. In Fiscal 2016, our revenue from exports, on a standalone basis, was ₹ 51,127.76 lacs which, as a percentage of our total revenue was 38.28% and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from export, on a standalone basis, s was ₹ 12,443.92 lacs, ₹ 10,537.27 lacs and ₹ 10,652.19 lacs which, as a percentage of the total revenue was 39.66%, 34.39% and 38.06% respectively.

Insurance

We maintain insurance coverage that we consider is necessary for our business. Some of the major risks covered for our business assets are against risks relating to fire and special perils for our stock, plant and machinery, marine export and import and certain other losses and damage to buildings, plants, machinery, inventory and office equipment. We also have a directors and officers policy for our directors and senior management.

Competition

We believe that there is no other company in India which offers all the products that we manufacture. However, we face competition from companies that produce specific products that we manufacture as well. We face competition from foreign companies, especially Chinese and German companies in the manufacture of nitro toluene and its derivatives.

Human Resources

We place importance on developing our human resources. As of December 31, 2016, we employed a total of 1,297 permanent employees and 1,330 contract employees.

Environment, Health and Safety

Manufacturing is subject to a number of national and regional laws and regulations. Our offices and manufacturing plants in India are required to comply with several laws governing every aspect of our operations, including compliance with handling of hazardous chemicals, safety of workmen and protection of the environment.

We keep ourselves prepared for emergencies through regular emergency drills and safety inspections. We also impact safety trainings and briefings to our employees. Our safety procedures and levels are OHSAS 18001:2007 certified**.**

Information Technology

As a company whose shares are listed on the Stock Exchanges, we are subject to stringent regulatory compliance requirements. We have implemented the "E-Palan", a software dedicated to compliance management. The software helps in monitoring the status of compliances across locations on a real time basis. E-Palan helps in compiling checklists and assign ownership for completion of compliance requirements, allocate tasks and send reminders, updates compliance status and upload proof of compliance and monitor compliance status and report to the management.

Corporate Social Responsibilities

Our corporate social responsibilities ("CSR") initiatives are focused on women and child welfare, integrated livelihood promotion, disaster relief and rehabilitation and integrated child development. Our CSR initiatives are undertaken through Deepak Foundation, a charitable trust established for this purpose. Through Deepak Foundation, we support the development of communities through social interventions across villages in Gujarat, Maharashtra and Telangana. The CSR activities during Fiscal 2015-16 were focused on women empowerment through skills building in health and livelihood promotion, primary healthcare services, early childhood care and development and education.

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

Deepak Foundation, has been supporting and supervising activities of Anganwadi Centers under Integrated Child Development services ("**ICDS**") scheme of the Department of Women and Child Development, Government of Gujarat. This scheme offers a package of services comprising of supplementary nutrition, immunisation, health checkups, referral services, non-formal preschool education, and nutrition and health education.

Deepak Foundation has entered into partnership with Department of Women and Child Development, Government of Gujarat to manage and monitor 65 Anganwadi centres in Nandesari of Vadodara district, Gujarat.

Our Company initiated Deepak Occupational Health Centre to provide comprehensive occupational health services to industries. The centre is equipped with trained medical and paramedical staff along with well equipped laboratory and pharmacy facilities. It renders services that include outpatient and inpatient care for industrial workers and their families; injury care; general OPDs and specialized OPDs for ophthalmic, dental and skin diseases; diagnosis and treatment of occupational health problems; periodic and annual medical check-ups; industrial training on first aid.

Our Subsidiaries

Our Company has 2 subsidiaries, a summary of the same are as follows:

Deepak Phenolics Limited

Deepak Phenolics Limited ("**DPL**") was originally incorporated as a public limited company as "*Deepak Clean Tech Limited*" on March 29, 2011 under the Companies Act, 1956 bearing corporate identification number U24100GJ2011PLC064669 issued by the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Havelli. DPL received the commencement of business certificate on April 14, 2011. The name was changed to "*Deepak Phenolics Limited*" *vide* Certificate of incorporation pursuant to change of name dated August 19, 2014. The registered office is situated at 9/10, Kunj Society, Alkapuri, Vadodara-390007. Presently, DPL is carrying on the business of manufacturing, refining, processing, formulating, processing of agricultural chemicals, chemical compounds and chemical product of any nature

Deepak Nitrite Corporation Inc., USA

Deepak Nitrite Corporation Inc., USA ("**DNC**") was incorporated as Deepak Nitrite Corporation Inc on November 3, 2014 bearing registration number C201428600266. The principal office is situated at 12205, Parks Farm Lane, Charlotte, North Carolina-28277. Presently, DNC is carrying on the business of marketing in the North American territory.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis of our financial condition is based on our audited standalone financial statements as at and for the years ended March 31, 2016, March 31, 2015 and March 31, 2014, including the notes thereto and the reports thereon, included in this Placement Document. You should also read "Risk Factors" and "Forward Looking Statements" on pages 41 and 14, both of which discuss a number of factors and contingencies that could affect our financial condition, results of operations and cash flows. You should also read the audited consolidated financial statements as at and for the year ended March 31, 2016, March 31, 2015 and the reviewed financial results for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016 included in this Placement Document.

Our audited financial statements as at and for the years ended March 31, 2014 were prepared on a standalone basis as our Company had no subsidiaries during those periods. Our Subsidiaries became subsidiaries of our Company with during Fiscal 2015. Accordingly, our Company's audited financial statements as at and for the year ended March 31, 2015 and March 31, 2016 were prepared on a consolidated basis. As our Subsidiaries did not commence any operations during Fiscal 2015, they had no material effect on our Company's audited consolidated financial statement as at and for the year ended March 31, 2015.

Our financial statements included in this Placement Document are prepared in accordance with Indian GAAP, which differs in certain material respects from IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements in this Placement Document will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian accounting processes.

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year. All financial data in this section are of our Company, on a standalone basis, except as otherwise stated.

Overview

We are an Indian chemical manufacturing company with exports to over 30 countries globally. We believe that we have a leading market position in most of our products in the domestic as well as in the global markets *(Source: ICRA Report)*. Our products have multiple applications in industries such as agrochemicals, colourants, rubber, pharmaceuticals, paper, textiles, detergents and petrochemicals. We believe we have a built up a long standing reputation in the industry, developed in over 40 years of experience that has translated to a clientele which includes multinational corporations and companies in the "Fortune 500".

We specialise in various processes such as nitration, alkylation, sulphonation, hydrogenation, condensation, diazotisation, oxidation and nox based chemistry. We have diversified our business from being exclusively a basic chemical (formerly bulk chemical and commodity) manufacturer to manufacturing high-value specialty chemicals developed specifically for our customers, as per their specifications. Apart from basic chemicals (formerly bulk chemical and commodity) and speciality chemicals, our business segments also include the manufacture of performance products (formerly fluorescent whitening agents). We believe that our diversified business model, across several chemical intermediaries industries with multiple end-users, acts as a natural hedge to our business. The basic chemicals (formerly bulk chemical and commodity) and commodities segment comprises of chemicals that are made according to standard specifications and are supplied in high volumes. In this segment, we manufacture organic chemicals such as nitro toluene, ortho toluene and inorganic chemicals such as sodium nitrate and sodium nitrite. For Fiscal, 2016, our revenues from the basic chemicals (formerly bulk chemical and commodity) segment (including revenue from sales to other segments) was ₹ 67,455.64 lacs, which was 50.28 % of our total segment revenues (excluding other un-allocable revenue). For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 15,501.49 lacs, ₹ 15,627.16 lacs and ₹ 15,141.57 lacs, which was 49.13%, 51.15% and 53.69%of our total segment revenues (excluding other non-allocable revenue) respectively.

The fine and speciality chemicals segment includes niche products manufactured at relatively lower volumes and from which we derive higher margins. Such products are customised to specific customer requirements. We collaborate with our customers to understand consumer preference and enhance value for their brands. For Fiscal 2016, our revenues from the fine and speciality chemicals segment (including revenue from sales to other segments) was ₹ 39,336.81 lacs, which was 29.32 % of our total segment revenues (excluding other un-allocable revenue). For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 9,877.34 lacs, ₹ 8,828.84 lacs and ₹ 8,175.86 lacs, which was 31.31%, 28.90% and 28.99%of our total segment revenues (excluding other un-allocable revenue). respectively.

Performance products (formerly fluorescent whitening agents) are application chemicals and can be customised into liquid and powder forms, as per the customers' specifications. This segment includes two major products, which are (a) optically brightening agents and (b) key input of OBA, which is DASDA. Performance products (formerly fluorescent whitening agents) are used in the manufacture of paper, photographic paper, detergents, textiles and coating applications in printing. For Fiscal 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 27,368.25 lacs, which was 20.49 % of our total segment revenues (excluding other un-allocable revenue). For the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our revenue from this segment (including revenue from sales to other segments) was ₹ 6,172.52 lacs, ₹ 6,095.67 lacs and ₹ 4,885.02 lacs, which was 19.56%, 19.95% and 17.32% of our total segment revenues (excluding other un-allocable revenue). respectively.

Our fully integrated manufacturing infrastructure is equipped to manage products from the stage of design to despatch, lending us competitive advantages such as cost effectiveness and maintenance of quality standards. We have five manufacturing facilities in India, located at Nandesari and Dahej in Gujarat, Tajola and Roha in Maharashtra and Hyderabad in Telangana. We have a research and development facility at Nandesari, Gujarat. This facility has been recognised by the Department of Science and Technology, Government of India. Our facilities include automated and cost-efficient systems, research and development facilities and quality control laboratories, among others. All our manufacturing facilities are ISO certified and we are in the process of receiving the renewed copy of the certificate. Our units include multi-purpose facilities, i.e. the same plant can produce different products as per different campaigns, with significant backward and forward integration linkages, providing us the flexibility to change the product mix to cater to market requirements *(Source: ICRA Report).*

We are also in the process of establishing a plant at Dahej, Gujarat for the manufacture of phenol and acetone. The capacity for phenol manufacture at this plant is proposed to be 2,00,000 MTPA and that for acetone is proposed to be 1,20,000 MTPA. For further details, please see *"Business – The proposed phenol and acetone plant at Dahej, Gujarat*" on page 87.

We believe we have been able to leverage our experience and product quality into establishing customer relationships both domestically and in international markets. We have a diversified customer base, both domestically as well as internationally. In Fiscal 2016, revenue from domestic sales was ₹ 82,444.76 lacs which, as a percentage of the total revenue from operations, was 61.72% and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, revenue from domestic sales was ₹ 18,925.63 lacs, ₹ 19,719.42 lacs and ₹ 17,333.34 lacs which, as a percentage of the total revenue from operations was 60.34%, 65.17% and 61.94%respectively.

We also export our products to the USA, European and East European nations, South Korea, South American countries and the ASEAN countries, to large global companies. In Fiscal 2016, revenue from exports, on a standalone basis, was ₹ 51,127.76 lacs which, as a percentage of our total revenue from operations was 38.28% and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, revenue from exports, on a standalone basis, was ₹ 12,443.92 lacs, ₹ 10,537.27 lacs and ₹ 10,652.19 lacs which, as a percentage of the total revenue from operations was 39.66%, 34.39% and 38.06%,, respectively.

The Company is a dividend paying entity and has declared dividends on its Equity Shares for more than last 40 years.

In Fiscal 2016, our total revenue from operations was ₹ 133,572.52 lacs and our net profit after tax was ₹ 6,514.91lacs and for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, our total revenue from operations was ₹ 31,369.56 lacs, ₹ 30,256,69 lacs and ₹ 27,985.53 lacs and our net profit after tax was ₹ 6,785.87 lacs, ₹ 1,541.52 lacs and ₹ 801.10 lacs respectively. From Fiscal 2014 to Fiscal 2016, our total revenue from operations and net profit grew at a CAGR of 9.43% and 9.87%, respectively.

Factors affecting our results of operations

Our financial condition and results of operations are affected by a number of factors, in particular the following:

Competition from multinational corporations

Indian chemical companies are faced with poor infrastructure and lack of adequate facilities at ports and railway terminals as well as poor pipeline connectivity, which imposes difficulties in raw material procurement and at a cost competitive with global peers *(Source: FICCI Report, 2014).* We face price pressures from foreign companies that are able to produce chemicals at competitive costs and consequently, supply their products at cheaper prices. Such competitors may also have greater financial and technological resources and may also have larger sales and marketing teams. They might be in a better position to identify market trends, adapt to changes in industry, innovate new products, offer competitive prices due to economies of scale and ensure product quality and compliance. We are unable to assure you that we shall be able to meet the pricing and other pressures imposed by such multinational competitors.

Raw material price fluctuations

The costs of raw materials make up a large portion of our operating expenses. We source raw materials primarily from third party suppliers. Our raw materials also include caustic lye, ammonia and cumene, the prices of which have been volatile in the past. We have limited ability to pass on increases in prices of raw material prices to our customers. Our raw materials also includes derivatives of crude oil such as 2, ethyl hexanol, benzene and toluene. Crude prices globally have been volatile. Moreover, we typically enter into short term raw material supply contracts that does not insulate us from fluctuating raw material prices.

Exchange Rate Risk

We have currency exposures relating to buying, selling and financing in currencies other than in Indian Rupees. For Fiscal 2016 and the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, 38.28%, 39.66%, 34.39% and 38.06%, respectively, of our sales were attributed to exports. For Fiscal 2016, 28.25% of our raw materials were imported. As of September 30, 2016, our external commercial borrowings comprised of ₹31,514 .24 lacs which was 28.34 % of our total borrowings. Exchange rate fluctuations also affect our ability to service our debt obligations denominated in foreign currencies. While we hedge a portion of the resulting net foreign exchange position, we are still affected by fluctuations in exchange rates among the U.S. dollar, Indian Rupee and other currencies.

Dependence of demand from end – user industries

Our products have applications in industries such as agrochemicals, colourants, rubber, pharmaceuticals, paper, textiles, detergents and petrochemicals. Consequently, our revenues are dependent on the end user industries that use our products as an input. The demand for our customers' end product is affected by a number of factors including, but not limited to (a) seasonality of demand for our customers' products, which may cause our manufacturing capacities to be underutilised during specific periods (b) our customers' failure to successfully market their products or to compete effectively, (c) loss of market share, which may lead our customers to reduce or discontinue the purchase of our products, (d) economic conditions of the markets in which our customers operate. In spite of our diversified product portfolio, our results of operations are dependent of demand from the end – user industries.

Significant Accounting Policies

Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention on accrual basis, in accordance with Indian GAAP. We have prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act. The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year.

- ***Use of Estimates***

  The preparation of financial statements in conformity with GAAP 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 recognized in the year in which the results are known/materialised.

- ***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, and the 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 and liabilities.

- ***(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 and other pre-operative expenses.

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

  The excess depreciation provided on revalued fixed assets over the amount computed on the above basis is withdrawn from the revaluation reserve and transferred to the General reserve. Premium paid on leasehold land is amortized equally over the tenure of the lease.

  In respect of depreciable assets for which impairment loss is recognized, depreciation/amortization 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 of the Companies Act.

  (ii) Intangible assets

  Intangible assets are stated at their original cost of acquisition, less accumulated amortization and impairment losses, if any. An intangible asset is recognized, 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 amortized 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

- ***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 recognized whenever carrying amount exceeds the recoverable amount. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

- ***Inventories***

  3. 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.

4. 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 realizable 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 realizable price.

- ***Revenue recognition***

    - Revenue from sales is recognized 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).
    - Revenue from rendering of services relating to conversion/processing activity is recognized when the converted/processed goods are ready for delivery.
    - Revenue in respect of export incentive, overdue interest, insurance claim, etc. is recognized to the extent that the Company is reasonably certain of its ultimate realization.

- ***Employee Retirement Benefits***

    1. Defined Contribution Plans: Company's contributions paid/payable during the year to provident fund and superannuation fund are recognized in the statement of profit and loss.
    2. 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 recognized on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the statement of profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the balance sheet date on government bonds, where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

- ***Investments***

    Investments that are readily realizable 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.

- ***Foreign currency transactions***

    A. 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 recognized 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 capitalized 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 amortized 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 recognized in the statement of profit and loss.

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

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

- ***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 and loss statement of the financial year.

  MAT credit is recognized 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 recognized 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 recognized 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 recognized 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 realized. The carrying amount of deferred tax is reviewed at each balance sheet date.

- ***Earning per share***

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

- ***Segment Reporting - Basis of Information***

  The Company is reporting business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Basic Chemicals (formerly known as Bulk Chemicals & Commodities), (ii) Fine & Speciality Chemicals and (iii) Performance Products (formerly known as Fluorescent Whitening Agent). Inter segment transfer prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimization 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 "Other unallocable". 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.

- ***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 capitalized up to the date the assets are ready for use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

- ***Operating lease***

  Operating lease payments are recognized 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.

- ***Cash flow statement***

  The cash flow statement is prepared by the indirect method set out in Accounting Standard 3 "Clash 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.

- ***Provisions and Contingent Liabilities***

  Provisions are recognized 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.

Overview of Income and Expenditure

The following descriptions set forth information with respect to key components of our income statement.

Income

Revenue from operations

Revenue from operations comprises of income from:

sale of finished goods, comprising of inorganic salts, nitro aromatic (which comprises of toluenes and ethyl hexanol which is a fuel additive), aromatic amines, colour intermediates, agro chemical intermediates, optical brightening agents and others.

sale of traded goods comprising of organic chemicals, conversion income and other operational income comprising predominantly of scrap sales. Conversion income is the revenue derived from job work done for related parties. Such job work involves converting chemical raw material supplied by the related parties into finished products.

Other Income

Other income comprises of interest income received from bank deposits and other long term investments, dividend income from current investments and long term investments, rental income, profit from sale of assets and sundry receipts.

Expenditure

Our expenditure comprises of the following:

(a) Cost of raw material and components consumed: Cost of raw materials and components used in the manufacture of our products which predominantly comprises of 2, ethyl hexanol, benzene, caustic soda/soda ash, sulphuric acid, nitric acid, cumene, ammonia, etc.

(b) Purchase of traded goods: Cost attributable to the purchase of finished goods for the purpose of resale.

(c) (Increase)/decrease in inventories of finished goods, work in progress and traded goods: Expenses accounted for pursuant to an (increase)/decrease in inventories of stock in process and finished goods.

(d) Employee benefits expenses: Employee benefit expenses comprises of salaries, wages and bonus, contribution to provident and other funds, gratuity and staff welfare expenses.

(e) Power and fuel expenses: Power and fuel expenses comprises of consumption of gas, furnace oil, high speed diesel, coal and coke, electricity, water and other expenses.

(f) Depreciation and amortisation expenses: Depreciation and amortisation expenses comprises of depreciation of tangible assets including our freehold and leasehold land, plant and machinery, factory and other buildings etc. and amortisation of intangible assets including goodwill, computer software etc.

(g) Finance cost: Finance costs comprises of interest expenses, bank charges and exchange difference to the extent considered as an adjustment to borrowing costs.

Other expenses: Other expenses comprises primarily of costs attributable to conversion charges, excise duty paid, (increase)/ decrease of excise duty on inventories, other manufacturing expenses, loss on sale/discard of fixed assets, insurance, consumption of stores, components and spare parts, repairs and maintenance, freight and forwarding charges, sales commission, donation, rent, rates & taxes, travelling and conveyance charges, vehicle expenses, general expenses, foreign exchange loss, provision/(reversal) for inventory obsolescence, provision for doubtful debts, directors siting fees, payment to auditor and wealth tax.

Business Segments

During Fiscal 2015, the Company has re-aligned its primary business segments of Organic Intermediates, Inorganic Intermediates and Fine & Speciality Chemicals into 3 (three) Strategic Business Units, viz. (i) Basic Chemicals and commodities (formerly Bulk Chemicals & Commodities), (ii) Fine & Speciality Chemicals and (iii) Performance Products (Formerly Fluorescent Whitening Agent). Accordingly, previous years' figures have been regrouped / reclassified.

The following table sets out the segment revenue and results across our primary reportable segments, which are (i) Basic chemicals and commodities, (ii) Fine and specialty chemicals and (iii) Performance Products:

Particulars	**For Fiscal**		
	2016	**2015**	**2014**
Segment Revenue :			
a) Basic chemicals and commodities	67,455.64	74,958.52	73,957.02
b) Fine and specialty chemicals*	39,336.81	32620.39	36,142.91
c) Performance Products	27,368.25	26,618.48	17,590.66
d) Others un-allocable	578.38	541.89	356.87
Total	**1,34,739.08**	**134,739.28**	**128,047.46**
Less : Inter segment revenue	1,166.56	2,023.05	1,084.59
Net Sales/Income from operations	**1,33,572.52**	**132,716.23**	**126,962.87**
* Includes trading turnover	Nil	257.85	1,989.82
Segment Results before Tax & Interest:			
a) Basic chemicals and commodities	7,958.84	7,354.19	9,241.15
b) Fine and specialty chemicals	9,718.63	6,187.88	6,294.51
c) Performance Products	(870.59)	65.66	(2,712.78)
Total	**16,806.88**	13,607.73	12,822.88
Less: i) Interest	3,744.63	3,640.64	2,574.85
ii) Other un-allocable expenditure Net of un-allocable Income	3,929.74	3,192.85	4,432.79
Total Profit Before Tax	**9,132.51**	**6,774.24**	**5,815.24**

Un-allocable revenue is revenue generated that does not fall within the three major segments but is revenue attributable to our business as a whole. The segment information for Fiscal 2014 has been regrouped / reclassified to confirm with the basis of classification of Fiscal 2016.

Results of operations

The following table sets out our income statement, the components of which are expressed as a percentage of total revenue for the periods indicated:

Particulars	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**

	₹ in lacs	% of Total Revenue	₹ in lacs	% of Total Revenue	₹ in lacs	% of Total Revenue
Income						
Revenue from operations (Net)	1,33,572.52	99.88%	1,32,716.23	99.85%	1,26,962.87	99.86%
Other income	154.33	0.12%	205.47	0.15%	176.74	0.14%
Total Revenue	**1,33,726.85**	**100.00%**	**1,32,921.70**	**100.00%**	**1,27,139.61**	**100.00%**
Expenses						
Cost of raw materials and components consumed	79,629.03	59.55%	84,307.94	63.43%	84,854.63	66.74%
Purchase of traded goods	-	-	243.71	0.18%	1,814.31	1.43%
(Increase)/Decrease in inventories of finished goods, work-in progress and traded goods	(654.33)	(0.49%)	1,153.04	0.87%	(3,494.17)	(2.75%)
Employee benefits expense	11,607.95	8.68%	10,009.60	7.53%	8,835.10	6.95%
Power and fuel expenses	11,814.94	8.84%	11,592.18	8.72%	11,057.59	8.70%
Net depreciation and amortization expenses	3,945.04	2.95%	3,602.41	2.71%	2,964.36	2.33%
Finance costs	3,909.85	2.92%	3,799.35	2.86%	2,797.37	2.20%
Other expenses	14,341.86	10.72%	11,439.23	8.61%	12,495.18	9.83%
Total Expenses	**1,24,594.34**	93.17%	**1,26,147.46**	**94.90%**	**1,21,324.37**	**95.43%**
Profit before tax	**9,132.51**	**6.83%**	**6,774.24**	**5.10%**	**5,815.24**	**4.57%**
Tax Expenses						
Current tax	1,984.57	1.48%	1,345.32	1.01%	1,442.73	1.13%
MAT credit entitlements recognized	(399.28)	(0.30%)	(1,122.04)	(0.84%)	(601.99)	(0.47%)
Deferred tax	1,032.31	0.77%	1,206.66	0.91%	1,141.64	0.90%
Total tax expenses	2,617.60	1.96%	1,429.94	1.08%	1,982.38	1.56%
Profit for the year	**6,514.91**	**4.87%**	**5,344.30**	**4.02%**	**3,832.86**	**3.01%**

Discussion on the results of operations

Fiscal 2016 compared to Fiscal 2015

Total revenue

Revenue from operations:

Our net revenue from operations increased by 0.65% to ₹1,33,572.52 lacs in Fiscal 2016 from ₹ 1,32,716.23 lacs in Fiscal 2015. This marginal increase in the revenue was mainly due to the decline in the prices of crude oil and related petrochemical intermediates, which led to commensurate reduction in realisations of some products. As a result, the growth in volumes have been offset by lower realisation leading to marginal growth in absolute revenues even though the operating margins improved.

Other income

Other income decreased by 24.89% to ₹ 154.33 lacs in Fiscal 2016 from ₹ 205.47 lacs in Fiscal 2015. This was mainly due to decrease in interest from bank deposits and comparatively lower profit from sale of assets.

Total expenditure

Cost of raw materials and components consumed:

Cost of materials and components consumed decreased by 5.55% to ₹ 79,629.03 lacs in Fiscal 2016 from ₹ 84,307.94 lacs in Fiscal 2015. The marginal change was mainly due to reduction in crude oil prices and change in our product mix.

Purchase of traded goods:

Costs relating to purchase of traded goods decreased by 100% to Nil in Fiscal 2016 from ₹ 243.71 in Fiscal 2015. This decrease was due to no sale of traded goods during the Fiscal 2016.

(Increase)/Decrease in inventories of finished goods, work-in progress and traded goods:

Inventories of finished goods, work-in progress and traded goods increased to ₹ 654.33 lacs in Fiscal 2016 from ₹ 1,153.04 lacs in Fiscal 2015.

Employee benefits expenses:

Employee benefit expenses increased by 15.97% to ₹ 11,607.95 lacs in Fiscal 2016 from ₹ 10,009.60 lacs in Fiscal 2015. This increase was predominantly due to annual salary increments of all our employees..

Power and fuel expenses:

Power and fuel expenses increased by 1.92% to ₹ 11,814.94 lacs in Fiscal 2015 from ₹ 11,592.18 lacs in Fiscal 2015. This increase was predominantly due to the increase in cost of natural gas during the Fiscal 2016.

Net depreciation and amortization expenses:

Net depreciation and amortization expenses increased by 9.51% to ₹ 3,945.04 lacs in Fiscal 2016 from ₹ 3,602.41 lacs in Fiscal 2015. This increase was due to addition of fixed assets

Finance Costs:

Finance costs increased by 2.91% to ₹ 3,909.85 lacs in Fiscal 2016 from ₹ 3,799.35 lacs in Fiscal 2015. This increase was predominantly due to exchange rate difference to the extent considered as an adjustment to borrowing costs and bank charges.

Other expenses:

Other expenses increased by 25.37% to ₹ 14,341.86 lacs in Fiscal 2016 from ₹ 11,439.23 lacs in Fiscal 2015. This increase was predominately due to loss on sale of fixed assets, increase in cost of repairs and maintenance of plant and machinery provision for doubtful debts and general expenses. .

Profit before tax:

In 2016, the profit before tax increased by 34.81% to ₹ 9,132.51 lacs from ₹ 6,774.24 lacs in Fiscal 2015. This was mainly due to decrease in cost of raw materials and improvement in operating margin.

Total tax expenses:

Total tax expenses increased by 83.06% to ₹ 2,617.60 lacs in Fiscal 2016 from ₹ 1429.94 lacs in Fiscal 2015. This increase was mainly due to increase in Profit Before Tax and reasons explained under various heads above for Fiscal 2016.

Profit for the year:

Our profit for Fiscal 2016 increased by 21.90% to ₹ 6,514.91 lacs from ₹ 5,344.30 lacs in Fiscal 2015. This was due to decrease in cost of raw materials and other reasons explained under various head above.

Fiscal 2015 compared to Fiscal 2014

Total revenue

Revenue from operations: Our net revenue from operations increased by 4.53% to ₹ 1,32,716.23 lacs in Fiscal 2015 from ₹ 1,26,962.87 lacs in Fiscal 2014. This increase was due to higher sales, predominantly of optical brightening agents, agro-chemical intermediates and inorganic salts. The increase was also due to the increase in prices of colour intermediates. Our revenue from operations was affected by a decline in crude oil and petrochemical prices.

Other income: Other income increased by 16.26% to ₹ 205.47 lacs in Fiscal 2015 from ₹ 176.74 lacs in Fiscal 2014. This increase was predominantly due to profit from sale of assets and interest income on deposits and long term investments. Sale of assets comprised of profit on sale of depreciated machinery for an aggregate of ₹

98.83 lacs. Our interest income on deposits and long term investments are on account of (a) from interest received on short term deposits with banks and (b) interest on loans given to other corporate entities.

Total expenditure

Cost of raw materials and components consumed: Cost of materials and components consumed decreased marginally by 0.64% to ₹ 84,307.94 lacs in Fiscal 2015 from ₹ 84,854.63 lacs in Fiscal 2014. The marginal change was consequent to a change in our product mix.

Purchase of traded goods: Costs relating to purchase of traded goods decreased by 86.57% to ₹ 243.71 lacs in Fiscal 2015 from ₹ 1,814.31 lacs in Fiscal 2014. This decrease was due to lesser sales of traded goods.

(Increase)/Decrease in inventories of finished goods, work-in progress and traded goods: Inventories of finished goods, work-in progress and traded goods decreased to ₹ 1,153.04 lacs in Fiscal 2015 from ₹ (3,494.17) lacs in Fiscal 2014.

Employee benefits expenses: Employee benefit expenses increased by 13.29% to ₹ 10,009.60 lacs in Fiscal 2015 from ₹ 8,835.10 lacs in Fiscal 2014. This increase was predominantly due to salary increments and full capitalisation of our optical brightening agent plant at Dahej, Gujarat in May 2014.

Power and fuel expenses: Power and fuel expenses increased by 4.83% to ₹ 11,592.18 lacs in Fiscal 2015 from ₹ 11,057.59 lacs in Fiscal 2014. This increase was predominantly due to the increase in cost of power during the year.

Net depreciation and amortization expenses: Net depreciation and amortization expenses increased by 21.52% to ₹ 3,602.41 lacs in Fiscal 2015 from ₹ 2,964.36 lacs in Fiscal 2014. This increase was due to addition of fixed assets and change in depreciation methods as per the requirements of the Companies Act.

Finance Costs: Finance costs increased by 35.82% to ₹ 3,799.35 lacs in Fiscal 2015 from ₹ 2,797.37 lacs in Fiscal 2014. This increase was predominantly due to capitalisation of the plant at Dahej, Gujarat as well as due to interest paid on fresh borrowings.

Other expenses: Other expenses decreased by 8.45% to ₹ 11,439.23 lacs in Fiscal 2015 from ₹ 12,495.18 lacs in Fiscal 2014. This decrease was predominately due to a decrease in conversion expenses, exchange loss and general expenses.

Profit before tax: In 2015, the profit before tax increased by 16.49% to ₹ 6,774.24 lacs from ₹ 5,815.24 lacs in Fiscal 2014.

Total tax expenses: Total tax expenses decreased by 27.87% to ₹ 1429.94 lacs in Fiscal 2015 from ₹ 1,982.38 lacs in Fiscal 2014. This decrease was due to benefits from certain tax credits received due to investment in plant and machinery.

Profit for the year: Due to the reasons stated above, our profit for Fiscal 2015 increased by 39.43% to ₹ 5,344.30 lacs from ₹ 3,832.86 lacs in Fiscal 2014.

Cash Flows

The table below summarises our cash flows from our standalone financial information of cash flows for Fiscal 2016, Fiscal 2015 and Fiscal 2014.

(₹ In lacs)

	Fiscal 2016	Fiscal 2015	Fiscal 2014
Net cash flow from/ (used in) operating activities	19,001.56	10,517.70	(1,421.52)
Net cash flow from / (used in) investing activities	(16,098.53)	(8,659.63)	(9,708.56)
Net cash flow from/ (used in) financing activities	(2,789.10)	(2,227.73)	10,824.17
Net increase/ (decrease) in cash and cash equivalents	113.93	(369.66)	(305.91)
Opening cash and cash equivalents	274.48	644.14	950.05
Closing cash and cash equivalents	388.41	274.48	644.14

Operating activities

Net cash generated from operating activities was ₹ 19,001.56 lacs in Fiscal 2016. Our operating profit before working capital changes was ₹ 17,089.30 lacs for Fiscal 2016. Our operating profit before working capital changes in Fiscal 2016 was primarily adjusted by a increase in trade payables of ₹ 2,087.51 lacs, a increase of ₹ 1,936.99 lacs in other current liabilities and provisions, an decrease in trade receivables of ₹ 1,252.37 lacs, a increase in inventories of ₹ 1,581.03 lacs, an increase in short term loans and advances of ₹ 156.17 lacs and increase in long term loans and advances of ₹ 268.77 lacs. The cash flow from operations was also adjusted by ₹ 1,874.66 lacs on account of direct tax paid (net of refunds).

Net cash generated from operating activities was ₹ 10,517.70 lacs in Fiscal 2015. Our operating profit before working capital changes was ₹ 14,063.25 lacs for Fiscal 2015. Our operating profit before working capital changes in Fiscal 2015 was primarily adjusted by a decrease in trade payables of ₹ 3,180.67 lacs, a decrease of ₹ 347.23 lacs in other current liabilities and provisions, an increase in trade receivables of ₹ 1,875.16 lacs, a decrease in inventories of ₹ 2,490.97 lacs and a decrease in short term loans and advances of ₹ 1,399.47 lacs. The cash flow from operations was also adjusted by ₹ 1,401.22 lacs on account of direct tax paid (net of refunds).

Net cash used in operating activities in Fiscal 2014 was ₹ 1,421.52 lacs. Our operating profit before working capital changes was ₹ 11,644.87 lacs in Fiscal 2014. Our operating profit before working capital changes in Fiscal 2014 was primarily adjusted by an increase in trade payables of ₹ 5,804.02 lacs, an increase of ₹ 1,685.42 lacs in other current liabilities and provisions, an increase in trade receivables of ₹ 5,053.35 lacs and an increase in inventories of ₹ 2,559.22 lacs. The cash flow from operations was also adjusted by ₹ 1,014.93 lacs on account of direct tax paid (net of refunds).

Investing activities

Net cash used in investing activities was ₹ 16,098.53 lacs in Fiscal 2016 primarily consisting of purchase of fixed assets, including capital work in progress and capital advances of ₹ 5,138.82 lacs, purchase of current investments of ₹ 23,608.87 lacs, investment of ₹4,317.09 lacs in the shares of our wholly owned subsidiary, Deepak Phenolics Limited and proceeds from sale/maturity of current investments of ₹ 16,857.36 lacs.

Net cash used in investing activities was ₹ 8,659.63 lacs in Fiscal 2015 primarily consisting of purchase of fixed assets, including capital work in progress and capital advances of ₹ 8,445.36 lacs and investment of ₹ 1,915.00 lacs in the shares of our wholly owned subsidiary, Deepak Phenolics Limited.

Net cash used in investing activities was ₹ 9,708.56 lacs in Fiscal 2014 primarily consisting of purchase of fixed assets, including capital work in progress and capital advances of ₹ 9,694.52 lacs. The fixed asset purchased was primarily the plant and machinery for the unit at Dahej.

Financing activities

Net cash used in financing activities was ₹ 2,789.10 lacs in Fiscal 2016. Cash generated from financing activities comprised of proceeds from long term borrowings of ₹ 1.197.10 lacs, proceeds from issue of Equity Shares including securities premium of ₹ 8,070.67 lacs and net proceeds from working capital borrowings of ₹ 388.89 lacs. The cash generated was primarily offset by repayment of long term borrowings of ₹ 7,490.31 lacs, interest paid of ₹ 3,702.75 lacs and dividend paid on Equity Shares of ₹ 1,039.88 lacs.

Net cash used in financing activities was ₹ 2,227.73 lacs in Fiscal 2015. Cash generated from financing activities comprised of proceeds from long term borrowings of ₹ 4,202.07 lacs and net proceeds from working capital borrowings of ₹ 4,029.89 lacs. The cash generated was primarily offset by repayment of long term borrowings of ₹ 5,494.20 lacs, interest paid of ₹ 3,748.93 lacs and dividend paid on Equity Shares of ₹ 1,038.90 lacs.

Net cash generated from financing activities was ₹ 10,824.17 lacs in Fiscal 2014. Cash generated from financing activities comprised of proceeds from long term borrowings of ₹ 5,875.85 lacs and net proceeds from working capital borrowings of ₹ 12,039.31 lacs. The cash generated was partially offset by repayment of long term borrowings of ₹ 3,592.79 lacs, interest paid of ₹ 2,523.75 lacs and dividend paid on equity shares of ₹ 832.19 lacs.

Borrowings

The following table summarizes our standalone long-term and short-term borrowings (includes short term portion of long term borrowings presented within other current liabilities), excluding acceptances, as of March 31, 2016:

(₹ in lacs)

Our Borrowings	As at March 31, 2016
Short-term Borrowings from banks (working capital)	
Secured	17,882.57
Unsecured	5,607.92
Total Short-term Borrowings	**23,490.49**
Long-term Borrowings	
Secured	26,029.14
Unsecured	Nil
Total Long-term Borrowings	**26,029.14**
Total	**49,519.63**

Contingent Liabilities

Our contingent liabilities (as disclosed in our audited financial statements in prepared in accordance with Indian GAAP) as of March 31, 2016 are as follows:

Particulars	**₹ in Lacs**
a) In respect of income tax matters	98.60
b) In respect of sales tax / vat matters	59.43
c) In respect of excise matters	218.41
d) Bank Guarantees:	
-Financial	1,155.33
-Performance	2,936.42
e) In respect of Stamp duty matter	22.85
f) Disputed Labour Matters	Not ascertainable
In respect of (a) to (c),(e) & (f), future cash outflow in respect of contingent liabilities is determinable only on receipt of judgments pending at various forums/authorities.	
Total	**4,491.04**

Interest Coverage Ratio

Particulars	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**
Interest Coverage Ratio	3.44	2.86	3.26

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including exchange rate risk, interest rate risk, inflation risk and commodity price risk. We are exposed to such risks in the ordinary course of our business. For further details of such risks, please see *"Risk Factors"* on page 41.

Exchange Rate Risk

We face exchange rate risks because a significant portion of our revenues, expenditure and certain of our obligations are denominated in foreign currencies. Exchange rate fluctuations could also affect our ability to service our debt obligations to the extent that our debt repayments are denominated in foreign currencies. While we hedge a portion of our resulting net foreign exchange exposure and the diversity of our business and operations provides a natural hedge, exchange rate fluctuations may, in any event, affect the amount of income and expenditure we realize or our ability to service debt repayments in a foreign currency.

Interest Rate Risk

We are subject to interest rate risk, primarily because a portion of our borrowings and our deposits of cash and cash equivalents with banks and other financial institutions are at floating interest rates. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which adversely affects our results of operations. We have hedged risks arising out of fluctuations in interest rates of external commercial borrowings by entering into hedging arrangements with various banks.

Inflation Risk

India has experienced inflation in the past, which has historically contributed to an increase in interest rates, adversely affecting both our sales and margins.

Commodity Price Risk

As a chemical manufacturer, we are exposed to the risk that prices for raw materials are volatile and may increase. These materials are global commodities and their prices fluctuate in accordance with global market conditions.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements

Reservations, qualifications and adverse remarks in the last five financial years

There are no reservations or qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the Issue. Details of emphasis of matters made by the Auditors in the last five financial years are as disclosed below:

Period	Emphasis of matters and their impact on the financial statements and financial position of the Company	Corrective steps taken and proposed to be taken by the Company
For the quarter ended June 30, 2015 (standalone) and Fiscal 2015 (standalone and consolidated).	**Emphasis of Matter** The auditors have drawn attention to managerial remuneration of ₹ 45.66 lacs which was provided in excess of the limits prescribed under section 197(1)(i) of the Companies Act, pending shareholders' approval.	Pending approval of the shareholders, no adjustments have been made in the financial results in this regard. Subsequently, approval of the shareholders was obtained at the Annual General meeting held on August 7, 2015 and the emphasis of matter does not appear in any of our subsequent financial statements.

Significant Developments after March 31, 2016

The Company has released the financial results for the quarter ended June 30, 2016, September 30, 2016 and December 31, 2016. For details of such financial results, please see *"Financial Information"* on page 166. There are no material changes and commitments, other than as disclosed to the Stock Exchanges, which are likely to affect our financial position since March 31, 2016 till date of this Placement Document.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its power subject to the Memorandum of Association and Articles of Association and in accordance with the requirements of applicable laws.

The Articles of Association stipulate that our Company shall not have less than three Directors and shall not have more than fifteen Directors.

The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations. As on date our Company has eleven Directors (including seven Independent Directors).

The following table sets forth details regarding the Board at the date of this Placement Document:

Name, Occupation, Term and Nationality	Age	Designation
Mr. Deepak C. Mehta Address: Kejriwal House, 7, N. Gamadia Road, Mumbai - 400026 Occupation: Industrialist DIN: 00028377 Term: 5 years upto December 13, 2018 Nationality: Indian	60	Chairman and Managing Director
Mr. Ajay C. Mehta Address: Kejriwal House, 7, N. Gamadia Road, Mumbai - 400026 Occupation: Industrialist DIN: 00028405 Term: 5 years upto November 30, 2019 Nationality: Indian	57	Managing Director
Mr. Umesh Asaikar Address: 601, Rama Sadan, Nariman Road, Ville Parle (east), Mumbai – 400 057 Occupation: Service DIN: 06595059 Term: 5 years upto May 08, 2018 Nationality: Indian	61	Whole Time Director
Mr. Maulik Mehta Address: Nishra, 92, South Main Road,	33	Whole Time Director

Name, Occupation, Term and Nationality	Age	Designation
Koregaon Park, Pune-41001 Occupation: Business DIN: 05227290 Term: 5 years upto May 08, 2021 Nationality: Indian		
Mr. Nimesh Kampani Address: 123, Maker Tower 'B', Cuffe Parade Mumbai – 400 005 Occupation: Investment Banker DIN: 00009071 Term: 5 years upto August 7, 2019 Nationality: Indian	70	Independent Director
Mr. Sudhin Choksey Address: B - 601, Ratnakar, Lane Opp. 10C Petrol Pump Off 132 Feet Ring Road, Satellite Ahmedabad - 380 015 Occupation: Company Director DIN: 00036085 Term: 5 years upto August 7, 2019 Nationality: Indian	62	Independent Director
Dr. Richard H. Rupp Address: Meher Ville No. 21, Koregaon Park, Lane 1, Pune 411001 Occupation: Professional DIN: 02205790 Term: 5 years upto August 7, 2019 Nationality: German	69	Independent Director
Mr. Sudhir Mankad Address: Plot No. 192, Sector-8-C, Gandhinagar – 382 007 Occupation: Company director	69	Independent Director

Name, Occupation, Term and Nationality	Age	Designation
DIN: 00086077 Term: 5 years upto August 7, 2019 Nationality: Indian		
Mr. Sandesh Kumar Anand Address: A/17, Chanakyapuri, New Sama Road, Baroda - 390 008 Occupation: Company director DIN: 00001792 Term: 5 years upto August 7, 2019 Nationality: Indian	74	Independent Director
Dr. Swaminathan Sivram Address: Apartment No. 10 , Gulmohar Glory-5 Gulmohar Park ITI Road Aundh Pune - 411007 Occupation: Service DIN: 00009900 Term: 5 years upto August 7, 2019 Nationality: Indian	70	Independent Director
Prof. Indira Parikh Address: 203, Nehru Park, Opp. Shobhana Apartments., Vastrapur, Ahmedabad - 380015 Occupation: Professional DIN: 00143801 Term: 5 years upto August 8, 2019 Nationality: Indian	73	Independent Director

Profile of the Directors

Mr. Deepak C. Mehta, aged 60, has a bachelor's degree in science from the University of Bombay. He is the Chairman and Managing Director of our Company.

Mr. Ajay C. Mehta, aged 57, has a Bachelor's Degree in Science in Chemistry as principal and Physics as subsidiary subject from the Institute of Science, Bombay and a Master's Degree in Science in Engineering from the University of Texas, USA. He has been associated with our Company since 1984 and has been the Managing Director of our Company since December 1, 1989. He is a Vice President of the Mahratta Chamber of Commerce and has served as Director of National Agriculture and Food Analysis and Additional Director of Research Institute and World Presidents' Organisation, Pune Chapter.

Mr. Maulik Mehta, aged 33 years, holds Bachelors of Business Administration from University of Liverpool, UK. He has also done Master in Industrial and Organizational Psychology from Columbia University, USA. He 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.

Mr. Umesh Asaikar, aged 61, holds a bachelor's degree in Mechanical Engineering from the Indian Institute of Technology, Bombay and a master's degree in Management Studies from Jamnalal Bajaj Institute of Management Studies. He is a member of the Institute of Cost and Works - Accountants of India.

Mr. Nimesh Kampani, aged 70, is in an independent director on our Board. He is the founder and Chairman of the JM Financial Group. He joined our board with effect from August 8, 2014 for a term of 5 years.

Mr. Sudhin Choksey, aged 62, is an independent director on our Board. He is a Chartered Accountant.

Mr. Sudhir Mankad, aged 69, is an independent director on our Board.

Dr. Richard H. Rupp, aged 69 years, is an in an independent director on our Board.

Mr. Sandesh Kumar Anand, aged 74, is an independent director on our Board.

Dr. Swaminathan Sivram, aged 70 years, is an independent director on our Board. He joined our board with effect from August 8, 2014 for a term of 5 years.

Prof. Indira Parikh, aged 73, is an independent director on our Board.

Compensation of Directors

The table below sets forth the details of the remuneration (including sitting fees, salaries, commission and perquisites) paid to the Directors for the current financial year and for the last three financial years:

(₹ in lacs)

Name	From April 1, 2016 to December 31, 2016	Fiscal 2016	Fiscal 2015	Fiscal 2014
Mr. Deepak C. Mehta	215.27	342.89	268.33	227.94
Mr. Ajay C. Mehta	49.18	336.55	247.82	199.94
Mr. Umesh Asaikar	240.05	367.57	299.54	221.19
Mr. Chimanlal KMehta*	0.60	4.50	4.40	3.30
Mr. Nimesh Kampani	0.60	5.60	5.35	3.30
Mr. Sudhin Choksey	2.25	8.35	9.27	6.40
Mr. Maulik Mehta	38.13	Nil[$]	Nil[$]	Nil[$]
Dr. Richard H. Rupp	0.60	2.30	4.10	1.30
Mr. Sudhir Mankad	2.40	8.65	9.69	7.09
Mr. Sandesh. K. Anand	2.40	9.25	9.72	6.79
Dr. Swaminathan Sivram	1.35	4.50	5.27	3.10
Prof. Indira Parikh	0.60	3.20	1.90	Nil[$]
Mr. M.R.B. Punja	Nil[$]	Nil[$]	Nil[$]	3.95
Mr. A.K. Dasgupta	Nil[$]	Nil[$]	Nil[$]	4.49

**Mr. Chimanlal.K. Mehta ceased to be a director w.e.f. August 5, 2016*
[$]The directors were not on the Board of the Company during the respective financial year.

Terms of employment of the Chairman and Managing Director

Mr. Deepak C. Mehta was appointed as the Chairman and Managing Director of our Company for a period of five years with effect from December 14, 2013 by the Board of Directors of our Company vide resolution dated October 31, 2013. Our Company entered into an agreement dated December 13, 2013 with Mr. Deepak C. Mehta stating *inter alia* the terms and conditions of his appointment as the Chairman and Managing Director. The Shareholders at the general meeting of our Company held on August 8, 2014 approved the appointment. The Board of Directors vide resolution dated August 4, 2016 appointed Mr. Deepak C. Mehta as the Chairman and Managing Director of the Company.

Terms of employment of the Managing Director

Mr. Ajay C. Mehta was appointed as the Managing Director of our Company for a period of five years with effect from December 1, 2014 by the Board of Directors of our Company vide resolution dated January 22, 2015. Our Company entered into an agreement dated January 22, 2015 with Mr. Ajay C. Mehta stating *inter alia* the terms and conditions of his appointment as a Managing Director. The Shareholders approved the appointment on April 28, 2015 through postal ballot.

Terms of employment of the Whole Time Director

Mr. Umesh Asaikar was appointed as the Executive Director of our Company for a period of five years with effect from May 9, 2013 by the Board of Directors of our Company vide resolution dated May 9, 2013. The Shareholders approved the appointment on August 2, 2013.

Mr. Maulik Meha was appointed as the Whole-time Director of our Company for a period of five years with effect from May 9, 2016 by the Board of Directors of our Company *vide* resolution dated May 9, 2016. The Shareholders approved the appointment on August 5, 2016.

Relationship with other Directors

The following Directors are related to each other:

Name of Director	Nature of relationship
Mr. Deepak C. Mehta and Mr. Ajay C. Mehta	Brothers
Mr. Deepak C. Mehta and Mr. Maulik D. Mehta	Mr. Deepak C. Mehta is father of Mr. Maulik D. Mehta
Mr. Ajay C. Mehta and Mr. Maulik D. Mehta	Mr. Maulik D. Mehta is nephew of Mr. Ajay C. Mehta

Except as stated above, none of the Directors are related to any other Director.

Borrowing powers of the Board

The Board of Directors are authorized to borrow money upon such terms and conditions as the Board may think fit an aggregate amount not exceeding ₹ 1,50,000 lacs over and above the aggregate of paid up share capital and free reserves of the Company as authorised by the special resolution passed by the shareholders through postal ballot on June 11, 2014.

Interest of Directors

All of the Directors, other than the Chairman and Managing Director, the Managing Director, Executive Director and the Whole time Director, may be deemed to be interested to the extent of fees payable to them for attending Board or committee meetings as well as to the extent of reimbursement of expenses and commission payable to them and to the extent his / her shareholding in the Company. The Chairman and Managing Director, the Managing Director and the Executive Director may be deemed to be interested to the extent of remuneration paid to them for services rendered as the officers of our Company.

The Chairman & Managing Director may be deemed to be interested to the extent of remuneration including commission paid to him for services rendered as an officer of our Company and also to the extent of providing his premises at Pune to our Company on leave and license basis for his own residential purposes, as per the terms of his appointment. For further details, please see *"Related Party Transactions"*.

The Directors may also be regarded as interested in any Equity Shares held by them, and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. The

Directors may also be regarded as interested in the Equity Shares that are, or may be held by, or subscribed by, and allotted to, their relatives or the companies, firms and trust, in which they are interested as directors, members, partners, or trustees.
None of the Directors hold any Equity Shares of our Company except as stated below:

Sr. No.	Name of Director	Number of Equity Shares held	Percentage of total number of Equity Shares (%)
1.	Mr. Deepak C. Mehta	2,09,40,040	18.01
2.	Mr. Maulik D. Mehta	1,31,300	0.11

Except as stated in *"Financial Statements - Related Party Transactions"*, our Company has not entered into any contract, agreement or arrangement in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. Further, no Director has taken any loans from our Company that is outstanding as of date.

Corporate Governance

Our Company has in place processes and systems whereby our Company complies with the requirements on corporate governance provided in Regulation 17 of the SEBI Listing Regulations.

The Board of Directors has been constituted in compliance with the requirements of the Companies Act and the SEBI Listing Regulations.

Committees of Board of Directors

1. Audit Committee

The Audit Committee was last reconstituted by our Company on October 31, 2013. The Audit Committee comprises of Mr. Sudhin Choksey, Mr. Sudhir Mankad and Mr. S.K. Anand. Mr. Sudhin Choksey is the chairman of the Audit Committee.

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last reconstituted by our Company on May 9, 2016. The Nomination and Remuneration Committee comprises of Mr. Sudhir Mankad, Mr. S.K. Anand, Mr. Sudhin Choksey and Prof. Indira Parikh. Mr. Sudhir Mankad is the chairman of the Nomination and Remuneration Committee.

3. Stakeholders' Relationship and Investor Grievance Committee

The Stakeholders' Relationship and Investor Grievance Committee was last reconstituted by our Company on October 31, 2013.The Stakeholders' Relationship and Investor Grievance Committee comprises of Mr. S.K. Anand, Mr. Ajay C. Mehta and Mr. Umesh Asaikar. Mr. S.K. Anand is the chairman of the Stakeholders' Relationship and Investor Grievance Committee.

4. Project Funding Committee

The Project Funding Committee was originally constituted as the QIP Committee on January 22, 2015. Pursuant to resolution of the Board passed on November 6, 2015 the QIP Committee was renamed as the Project Funding Committee and was reconstituted to include Mr. Sudhin Choksey as member. The Project Funding Committee comprises of Mr. Nimesh Kampani, Mr. D.C. Mehta, Mr. Umesh Asaikar, Mr. S.K. Anand and Mr. Sudhin Choksey. Mr. Nimesh Kampani is the chairman of the Project Funding Committee.

In addition to the committees stated above, the Board of Directors have also constituted a Corporate Social Responsibility Committee, a Risk Management Committee and a Project Committee.

Key managerial personnel and senior management of our Company (together the "Senior Management")

As defined under the Companies Act, Mr. Deepak C. Mehta (our Chairman and Managing Director), Mr.

Ajay C. Mehta (our Managing Director), Mr. Umesh Asaikar (our Whole Time Director and Executive Director), Mr. Maulik Mehta (our Whole time-director) Mr. Sanjay Upadhyay (our Chief Financial Officer) and Mr. Arvind Bajpai (our Company Secretary and Compliance Officer) are our Key Managerial Personnel. For details of compensation paid, interest and other confirmations regarding Mr. Deepak C. Mehta, Mr. Ajay C. Mehta, Mr. Umesh Asaikar and Mr. Maulik Mehta, please see page 108.

Other than Mr. Deepak C. Mehta, Mr. Ajay C. Mehta, Mr. Umesh Asaikar and Mr. Maulik Mehta, who are on our Board, the following are the details of the senior management personnel of our Company:

Mr. Sanjay Upadhyay, aged 55 years, is the Chief Financial Officer (CFO) of the Company. He is an associate member of the Institute of Cost Accountants of India. He is also a Fellow of the Institute of Company Secretaries of India.

Mr. Arvind Bajpai, aged 44 years, is the Company Secretary of the Company. He holds a bachelor's degree in science from the University of Kanpur. He is a fellow of the Institute of Company Secretaries of India.

Mr. Girish Satarkar, aged 52 years, is the President (PP) of the Company. He holds a bachelor's degree as well as a master's degree in science (technology) from the University of Bombay.

Mr. Salil Mukundan, aged, 49 years, is the Senior General Manager (Technology) of the Company. He is Bachelor of Chemical Engineering from Indian Institute of Technology Powai and carries with him over 26 years of rich experience in Operations, Process Engineering, Project Management, New Technology etc in a variety of projects

Mr. Vijay Deshpande, aged 54 years, is the Vice President (HR) of the Company. He has more than 27 years core HR, IR and ER experience from diverse, multi sector industries, holds Bachelor degree in Fisheries Science from Konkan Agricultural University, Master's Degree in Labour Sciences from Mumbai University (MLS) and Post Graduate Diploma in HR Management from NMIMS, Mumbai, India

Mr. Suresh Manerikar, aged 66 years, is the President (FSC) of the Company.

Mr. Pramod Garg, aged 58 years, is the President (BC) of the Company.

Compensation paid to our Company's Senior Management

During the year ended March 31, 2016, our Company paid an aggregate remuneration of ₹ 1,221.62 lacs to the key managerial personnel, named above. The key managerial personnel are paid yearly bonuses, based on our Company's policy.

None of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Except statutory benefits upon termination of their employment in our Company or superannuation, none of our key managerial personnel are entitled to any other benefit upon termination of their employment with our Company.

Interest of Senior Management

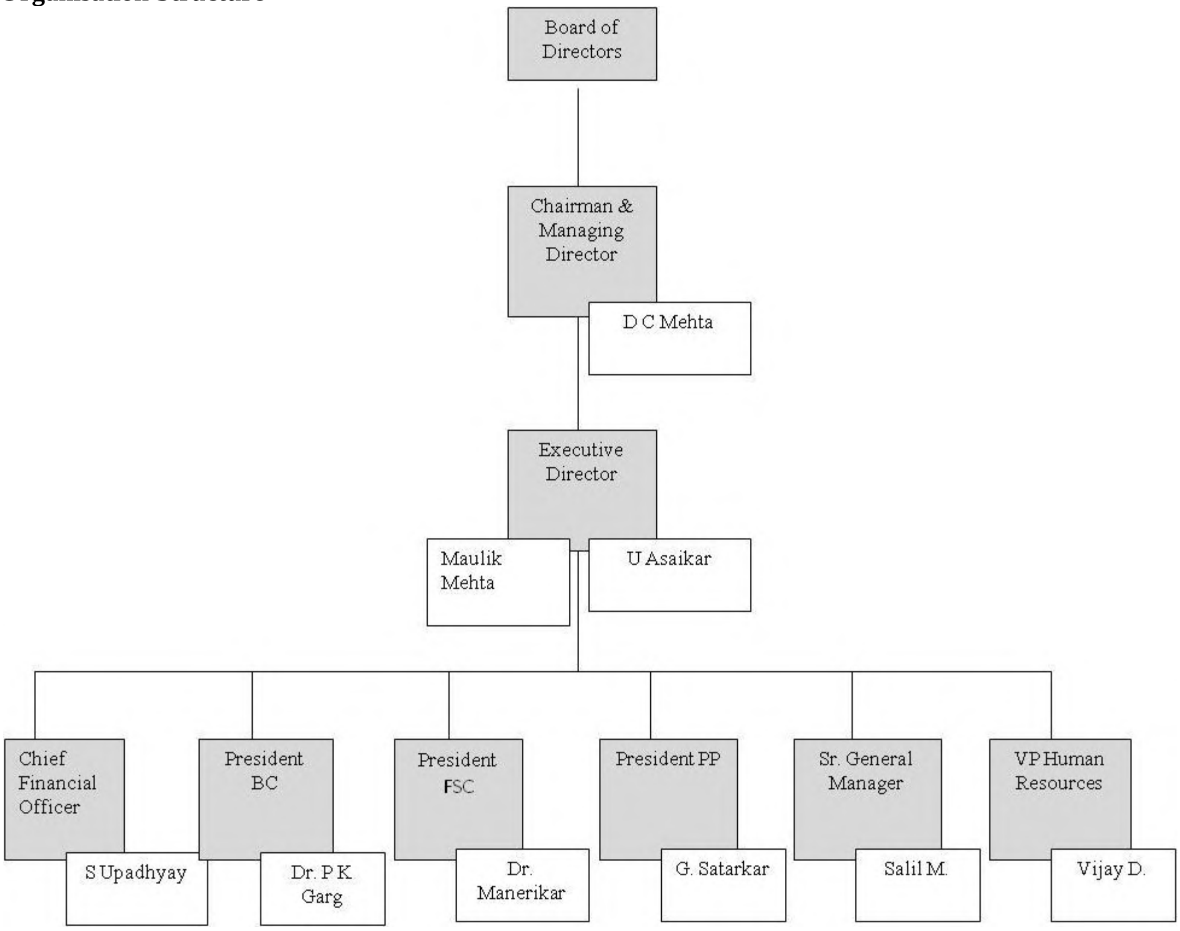
The key managerial personnel of our Company do not have any interest in our Company other than to the extent of their shareholding, if any, in our Company, the remuneration or benefits of which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Other Confirmations

None of the Directors or Promoters have made or proposed to make any contribution as part of this Issue or in furtherance to the use of proceeds.

None of the Directors, Promoters or Key Managerial Personnel of our Company has any financial or other material interest in the Issue, other than disclosed in this section.

Organisation Structure



Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three financial years, as per the requirements under AS 18 issued by the ICAI, see "Financial Statements".

PRINCIPAL SHAREHOLDERS AND OTHER INFORMATION

The following table sets forth the details regarding the shareholding pattern of our Company, as on December 31, 2016:

Summary statement holding of Equity Shares

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of equity shares held on dematerialized form
(A) Promoter and Promoter Group	16	6,04,14,070	6,04,14,070	51.95	6,04,14,070
Public	17,151	5,58,74,120	5,58,74,120	48.05	5,39,67,130
(C1) Shares underlying DRs	-	-	-	0.00	-
(C2) Shares held by Employee Trust	-	-	-	0.00	-
Non Promoter – Non Public	-	-	-	0.00	-
Grand Total	17,167	11,62,88,190	11,62,88,190	100.00	11,43,81,200

Note: C=C1+C2
Grand Total = A+B+C

Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of equity shares held on dematerialized form
A1) Indian				0.00	
Individuals / Hindu undivided Family	7	2,25,71,070	2,25,71,070	19.41	2,25,71,070
Chimanlal K Mehta (HUF)	1	8,040	8,040	0.01	8,040
Meghav Deepak Mehta	1	47,290	47,290	0.04	47,290
Chimanlal Khimchand Mehta	1	78,390	78,390	0.07	78,390
Maulik Deepak Mehta	1	1,31,300	1,31,300	0.11	1,31,300
Ila Deepak Mehta	1	3,96,010	3,96,010	0.34	3,96,010
Kantaben Chimanlal Mehta	1	9,70,000	9,70,000	0.83	9,70,000

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of equity shares held on dematerialized form
Deepak Chimanlal Mehta	1	2,09,40,040	2,09,40,040	18.01	2,09,40,040
Any Other (specify)	9	3,78,43,000	3,78,43,000	32.54	3,78,43,000
Hardik Leafin Pvt Ltd	1	3,00,000	3,00,000	0.26	3,00,000
Sundown Finvest Pvt Ltd	1	8,12,300	8,12,300	0.70	8,12,300
Forex Leafin Pvt Ltd	1	21,69,780	21,69,780	1.87	21,69,780
Pranawa Leafin Pvt Ltd	1	21,90,000	21,90,000	1.88	21,90,000
Skyrose Finvest Pvt Ltd	1	36,91,250	36,91,250	3.17	36,91,250
Stigma Credits and Capital Pvt Ltd	1	61,78,100	61,78,100	5.31	61,78,100
Stepup Credits and Capital Pvt Ltd	1	69,15,580	69,15,580	5.95	69,15,580
Checkpoint Credits and Capital Pvt Ltd	1	72,06,050	72,06,050	6.20	72,06,050
Stiffen Credits and Capital Pvt Ltd	1	83,79,940	83,79,940	7.21	83,79,940
Sub Total A1	16	6,04,14,070	6,04,14,070	51.95	6,04,14,070
A2) Foreign	-	-	-	0.00	-
A=A1+A2	16	6,04,14,070	6,04,14,070	51.95	6,04,14,070

Statement showing shareholding pattern of the Public shareholder

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR 1957 as a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of equity shares held in dematerialized form (Not Applicable)
B1) Institutions	0	0	-	0.00	-	0.00	-
Mutual Funds/	4	11768007	1,17,68,007	10.12	1,17,68,007	10.12	1,17,50,007
Reliance Capital Trustee Co. Ltd – A/c Reliance Small Cap Fund	1	4351572	43,51,572	3.74	43,51,572	3.74	43,51,572
Franklin India Smaller Companies Fund	1	7199495	71,99,495	6.19	71,99,495	6.19	71,99,495
Foreign Portfolio Investors	7	3331429	33,31,429	2.86	33,31,429	2.86	33,31,429
Government Pension Fund Global	1	3200000	32,00,000	2.75	32,00,000	2.75	32,00,000
Financial Institutions / Banks	6	662391	6,62,391	0.57	6,62,391	0.57	6,61,291
Any Other (specify)	2	4501350	45,01,350	3.87	45,01,350	3.87	45,01,350
Foreign Bank	1	1350	1,350	0.00	1,350	0.00	1,350
Fidelity Puritan Trust-Fidelity Low-Priced Stock Fund	1	4500000	45,00,000	3.87	45,00,000	3.87	45,00,000
Foreign Institutional Investor	1	4500000	45,00,000	3.87	45,00,000	3.87	45,00,000
Sub Total B1	19	20263177	2,02,63,177	17.42	2,02,63,177	17.42	2,02,44,077
B2) Central Government/ State Government(s)/ President of India	0	0	-	0.00	-	0.00	-
B3) Non – Institutions	0	0	-	0.00	-	0.00	-
Individual share capital upto Rs. 2 lacs	15862	19176389	1,91,76,389	16.49	1,91,76,389	16.49	1,74,02,719
Individual share capital in excess of Rs. 2 Lacs	13	2618400	26,18,400	2.25	26,18,400	2.25	25,10,230
Any Other (specify)	1257	13816154	1,38,16,154	11.88	1,38,16,154	11.88	1,38,10,104

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR 1957 as a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of equity shares held in dematerialized form (Not Applicable)
ICICI Lombard General Insurance Company Ltd	1	3240249	32,40,249	2.79	32,40,249	2.79	32,40,249
DCS Infotech Pvt Ltd	1	4998720	49,98,720	4.30	49,98,720	4.30	49,98,720
Bodies Corporate	249	11917373	1,19,17,373	10.25	1,19,19,373	10.25	1,19,17,373
Clearing Members	247	444827	4,44,827	0.38	4,44,827	0.38	4,44,827
NRI – Repat	166	204478	2,04,478	0.18	2,04,478	0.18	2,04,478
NRI – Non-Repat	72	195432	1,95,432	0.17	1,95,432	0.17	1,89,382
HUF	522	1053819	10,53,819	0.91	10,53,819	0.91	10,53,819
Trusts	1	225	225	0.00	225	0.00	225
Sub Total B3	17132	35610943	3,56,10,943	30.62	3,56,10,943	30.62	3,37,23,053
B=B1+B2+B3	17151	55874120	5,58,74,120	48.50	5,58,74,120	48.05	5,39,67,130

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %):

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Details of Shares which remain unclaimed for Public

Serial No.	Number of shareholders	Outstanding shares held in demat or unclaimed suspense account	Voting rights which are frozen	Disclosure of notes on shares which remain unclaimed or public shareholders
1	312	3,40,040	-	-

Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category & Name of the Shareholders (I)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Total no. shares held (VII=IV+V+VI)	Shareholding % calculated as per SCRR, 1957 as a % of (A+B+C2) (VIII)	Number of equity shares held in dematerialized form (XIV) (Not Applicable)
C1) Custodian / Dr Holder	0	0	-	0.00	-
C2) Employee Benefit Trust	0	0	-	0.00	-

Note
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1. *W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available.*

Details of disclosure made by the Trading Members holding 1% or more of the Total No. of shares of the company.

Sl. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

ISSUE PROCEDURE

Below is a general outline of the procedure relating to the bidding, payment, Allocation and Allotment of the Equity Shares offered in the Issue. The procedure followed in this Issue may differ from the one mentioned below and the prospective investors are assumed to have appraised themselves of the same from our Company or the BRLMs.

Prospective investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Investors that apply in the Issue will be required to confirm and will be deemed to have represented to the Company, the BRLMs and their directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Company and the BRLMs and their directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. *Also see "Selling -Transfer Restrictions" on page 137.*

Qualified Institutions Placements

This Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations and section 42 and 62 of the Companies Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, through the mechanism of a QIP - wherein a listed company in India may issue and allot equity shares/non-convertible debt instruments with warrants/debentures/convertible securities other than warrants, provided that:

- a special resolution approving the QIP has been passed by the shareholders of the Company. Such special resolution must specify that the allotment of equity shares is proposed to be made pursuant to a QIP at the relevant date, as defined in the SEBI ICDR Regulations;

- the equity shares of the same class of such a company, which are proposed to be allotted through the QIP or pursuant to conversion or exchange of eligible securities, are listed on a stock exchange in India that has nation-wide trading terminals, for a period of at least one year prior to the date of issuance of notice to the shareholders of the company for convening the meeting to pass the special resolution;

- the aggregate of the proposed issue and all previous qualified institutions placements made by the company in the same financial year does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of the company as per the audited balance sheet of the previous financial year;

- such company complies with the minimum public shareholding requirements set out in the SCRR;

- the company shall have completed allotments with respect to any offer or invitation made earlier by the company or shall have withdrawn or abandoned any invitation or offer made earlier by the company;

- the company shall offer to each Allottee at least such number of securities in the Issue which would aggregate to ₹ 20,000 calculated at the face value of the securities;

- the payment to be made for subscription to the securities shall be made from the bank account of the person subscribing to such securities and in case of securities to be held by joint holders, the payment for subscription to the securities shall be paid from the bank account of the person whose name appears first in the application;

- at least 10% of equity shares issued to QIBs must be allotted to mutual funds, provided that, if this portion or any part thereof to be allotted to mutual funds remains unsubscribed, it may be allotted to other QIBs; QIB has been specifically defined under Regulation 2(1) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b); and

- investors are not allowed to withdraw their bids after the closure of the issue.

Additionally, the issue price of the equity shares, proposed to be allotted pursuant to a QIP, shall not be less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the stock exchange during the two weeks preceding the relevant date. A company may also offer a discount of not more than 5% on the issue price, subject to the approval of the shareholders by a special resolution pursuant to Regulation 82(a) of the SEBI ICDR Regulations.

The "relevant date" refers to the date of the meeting in which the board of directors or the committee of directors, duly authorized by the board of directors, decides to open the proposed issue and "stock exchange" means any of the recognized stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

Equity shares must be allotted within 12 months from the date of the shareholders resolution approving the QIP. The equity shares issued pursuant to the QIP must be issued on the basis of a placement document that shall contain all material information including the information specified in Schedule XVIII of the SEBI ICDR Regulations and Form PAS – 4 prescribed under Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

Pursuant to the provisions of Section 42 of the Companies Act, for a transaction that is not a public offering (i.e. a private placement), an invitation or offer may be made to such number of persons not exceeding fifty, excluding QIBs and employees of a company. Hence, there is no restriction on the number of QIBs that may apply in this Issue. The Placement Document is a private document, provided to only QIBs interested in apply in this Issue, through serially numbered copies and is required to be placed on the website of the stock exchanges and the website of the Issuer.

The minimum number of allottees for each QIP shall not be less than:

- Two, where the issue size is than or equal to ₹ 25,000 lacs ; and
- Five, where the issue size is greater than ₹ 25,000 lacs.

No single allottee shall be allotted more than 50% of the issue size. QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee for this purpose.

A company is required to furnish a copy of the placement document to each stock exchange on which its equity shares are listed. Accordingly, our Company has filed a copy of the Preliminary Placement Document with the Stock Exchanges on February 28, 2017, and will file a copy of this Placement Document with the Stock Exchanges.

Allotments made to FVCIs, VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Our Company has applied and received the in-principle approval on February 28, 2017 from the Stock Exchanges under Regulation 28 (1) of the SEBI Listing Regulations for the listing of the Equity Shares on the Stock Exchanges. Our Company has filed a copy of the Preliminary Placement Document with the Stock Exchanges. Our Company will file a copy of this Placement Document with the Stock Exchanges. The Board of Directors has authorised the Issue pursuant to a resolution passed at its meeting held on August 4, 2016. The shareholders of our Company have authorised the Issue by way of approval through postal ballot at its meeting held on October 5, 2016.

Issue Procedure

1. Our Company and the BRLMs shall circulate serially numbered copies of this Placement Document, Preliminary Placement Document and the serially numbered Application Forms, either in electronic form or physical form to Eligible QIBs and an Application Form shall be specifically addressed to such QIB. In terms of section 42(7) of the Companies Act, our Company shall maintain complete record of the QIBs to whom the Preliminary Placement Document, Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite submissions with the RoC and with SEBI within the stipulated time period as required under the Companies Act and the rules made thereunder.

2. The list of Eligible QIBs to whom the Application Form is delivered shall be determined by the BRLMs at their sole discretion. **Unless a serially numbered Preliminary Placement Document along with an Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such a QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to an offer to apply in the Issue shall be deemed to have been made to such other person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit the duly completed Application Form, including any revisions thereof, during the Bidding Period to the BRLMs. The Application Form must be accompanied by the payment and a copy of the PAN card or the PAN allotment letter.

4. Eligible QIBs will be required to indicate the following in the Application Form:

   (a) name of the Eligible QIB to whom Equity Shares offered in the Issue are to be Allotted;

   (b) number of Equity Shares Bid for;

   (c) price at which they offer to apply for the Equity Shares provided that Eligible QIBs may also indicate that they are agreeable to submit a bid in respect of the Equity Shares which shall be any price as may be determined by our Company in consultation with the BRLMs at or above the Floor Price. QIBs may also indicate that they are agreeable to submit a Bid at “Cut-off Price” – which shall be any price as may be determined by our Company in consultation with the BRLMs at or above the Floor Price; and

(d) the details of the depository account(s) to which the Equity Shares Allotted in the Issue should be credited.

Note: Each sub – account of an FII other than a sub – account which is a foreign corporate or a foreign individual will be considered as an individual QIB and separate Application Forms would be required from each such sub – account for submitting Bids.

5. Once a duly filled in Application Form is submitted by an Eligible QIB, such Application Form constitutes an irrevocable offer and the same cannot be withdrawn after the Issue Closing Date.

6. Eligible QIBs shall Bid for, and the Company shall issue and allot to each Allottee, at least such number of Equity Shares in the Issue, which would aggregate to ₹ 20,000 calculated at the face value of the Equity Shares offered in the Issue.

7. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after the receipt of the Application Form. The Issue Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of the Issue Closing Date after receipt of the Application Form.

8. The Bids made by asset management companies or custodians of mutual funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI.

9. On the Issue Closing Date, our Company, in consultation with the BRLMs, shall decide both the Issue Price and the number of Equity Shares to be issued. On determination of the Issue Price, the BRLMs will send the Confirmation of Allocation Note ("**CAN**") to the Eligible QIBs who have been Allocated Equity Shares along with serially numbered Placement Documents. The dispatch of the CANs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB. The CAN shall contain details like the number of Equity Shares Allocated to the Eligible QIB and payment instructions including the details of the amounts payable by the Eligible QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective Eligible QIBs.

   Pursuant to receiving the CAN, the Eligible QIBs would have to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price through electronic transfer to the Escrow Account by the Pay-In Date as specified in the CAN sent to the respective Eligible QIB. **Please note that the Allocation shall be at the absolute discretion of our Company, in consultation with the BRLMs.**

10. No payment in cash shall be accepted. Please note that any payment of application monies for the Equity Shares shall be made from the bank accounts of the relevant QIBs applying for the Equity Shares. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending allotment, all monies received for subscription of the Equity Shares allotted pursuant to the Issue shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilized only for the purposes permitted under the Companies Act but not prior to receipt of the final listing and trading approval from the Stock Exchanges.

11. Upon receipt of the application monies from the Eligible QIBs, our Company shall issue and allot Equity

Shares as per the details in the CAN to the Eligible QIBs. Our Company will intimate the details of the Allotment to the Stock Exchanges.

12. After passing the board resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful bidders, our Company shall apply to the Stock Exchanges for listing.

13. After receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the Depository Participant accounts of the respective Eligible QIB.

14. Our Company shall then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final listing and trading approvals from the Stock Exchanges.

16. Upon receipt of intimation of final listing and trading approval from the Stock Exchanges, our Company may inform the Eligible QIBs who have received an Allotment of the receipt of such approval. Our Company and the BRLMs shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Eligible QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible Qualified Institutional Buyers

Only QIBs as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of Chapter VIII of the SEBI ICDR Regulations are eligible to invest. Currently these include:

- Alternate investment funds registered with SEBI;
- Eligible FPIs;
- Foreign venture capital investors registered with SEBI;
- Insurance companies registered with Insurance Regulatory and Development Authority;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, India;
- Multilateral and bilateral development financial institutions;
- Mutual funds;
- Pension Funds with minimum corpus of ₹ 2,500.00 lacs ;
- Provident Funds with minimum corpus of ₹ 2,500.00 lacs ;
- Public financial institutions as defined in section 2(72) of the Companies Act;
- Scheduled commercial banks;
- State industrial development corporations;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- Venture capital funds registered with SEBI;

FIIs (other than a sub-account which is a foreign corporate or a foreign individual) and Eligible FPIs shall be eligible to participate in this Issue under Schedule 2 and Schedule 2A of the FEMA Regulations,

respectively. FIIs and Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs and FIIs does not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in the Issue under Schedule 1 of the FEMA Regulations and shall make the payment of application money through the foreign currency non-resident (FCNR) account and not through the special non-resident rupee (SNRR) account.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Subject to trailing condition, an FII or sub-account of an FII may participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. If the registration of the FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the issue of equity shares to a single Eligible FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of our total paid-up Equity Share capital and the total holdings of all FPIs put together shall not exceed 24% of our paid-up Equity Share capital. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Eligible non-resident QIBs can participate in the Issue under Schedule 1 of the FEMA Regulations.

FIIs (other than a sub-account which is a foreign corporate or a foreign individual) and Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule 2 and Schedule 2A of FEMA Regulations respectively, in this Issue. FIIs and Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard.

In order to calculate the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no allotment shall be made pursuant to this Issue, either directly or indirectly, to our Promoters or any person related to our Promoters. Eligible QIBs, who have all or any of the following rights shall be deemed to be a person related to the Promoters:

(a) rights under a shareholders' agreement or voting agreement entered into with our Promoter or persons related to our Promoter; or
(b) veto rights; or
(c) right to appoint any nominee director on our Board.

Provided that an Eligible QIB who does not hold any shares in our Company and who has acquired the said rights in the capacity of a lender shall not be deemed to be person related to our Promoters.

Our Company and the BRLMs and any of their directors, officers, legal counsels, advisors, representatives,

agents or affiliates are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that a single Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that any requisite compliance pursuant to this Allotment such as public disclosures under applicable laws is complied with. Eligible QIBs are advised to consult their advisers in this regard. Furthermore, Eligible QIBs are required to satisfy themselves that their Application Form would not eventually result in triggering a tender offer under the Takeover Code.

Note: Affiliates or associates of the BRLMs who are Eligible QIBs may participate in this Issue subject to compliance with applicable laws.

At least 10% of the equity shares issued to QIBs in a QIP must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other QIBs.

Bid Process

Application Form

Eligible QIBs are permitted to only use the serially numbered Application Forms (which is addressed to the QIB) supplied by our Company and/or the BRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including any revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including revisions thereof) for Equity Shares pursuant to the terms of the Preliminary Placement Document and Placement Document, each Eligible QIB will be deemed to have made the following representations and warranties, and the representations, warranties and agreements made under "Notice to Investors", "Selling Restrictions" and "Representations By Investors". The representations listed in this section shall be included, in substance, in the Application Form:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and has a valid and existing registration under the applicable laws of India and is eligible to participate in this Issue and is not excluded under Regulation 86 of the SEBI ICDR Regulations;

2. The Eligible QIB confirms that it is not a "promoter" of the Issuer as defined under the Companies Act and the SEBI ICDR Regulations and is not a person related to the Promoter of our Company, either directly or indirectly and its Application does not directly or indirectly represent the Promoter or Promoter Group or a person related to the Promoter of our Company;

3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board of the Issuer other than such rights acquired in the capacity of a lender (not holding any Equity Shares) which shall not be deemed to be a person related to the Promoter;

4. The Eligible QIB has no right to withdraw its Bid after the Issue Closing Date;

5. The Eligible QIB confirms that if Equity Shares are Allotted pursuant to this Issue, it shall not, for a

period of one year from Allotment, sell such Equity Shares otherwise than on the floor of the Stock Exchanges;

6. The Eligible QIB confirms that the QIB is eligible to Bid and hold Equity Shares so Allotted. The Eligible QIB further confirms that its holding of the Equity Shares does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that the Bids will not result in triggering an open offer under the Takeover Code;

8. The Eligible QIB confirms that to the best of its knowledge and belief, together with other Eligible QIBs in this Issue that belongs to the same group or are under common control, the Allotment to the QIB does not exceed 50% of the Issue Size. For the purposes of this statement:

    - The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

    - "Control" shall have the same meaning as is assigned to it by sub-clause (e) of clause 1 Regulation 2 of the Takeover Code.

9. The Eligible QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

ELIGIBLE QIBs MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB-ACCOUNTs OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT ELIGIBLE QIB.

IF SO REQUIRED BY THE BRLMs, THE ELIGIBLE QIB SUBMITTING A BID, ALONG WITH THE BID CUM APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLMs, ESCROW BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER CLOSURE OF THE ISSUE, THE ELIGIBLE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE PLACEMENT, WILL HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details like address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by the Eligible QIB shall be deemed a valid, binding and irrevocable offer for the Eligible QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the Eligible QIB, upon issuance of the CAN by the Issuer in favour of the Eligible QIB.

Submission of Application Form

All Application Forms shall be required to be duly completed with information including the name of the Eligible QIB, the price and the number of Equity Shares applied. The Application Form shall be submitted to the BRLMs either through electronic form or through physical delivery at the following addresses:

Name of the BRLM	Address	Contact Person	Email	Phone/Fax
Inga Capital Private Limited	Naman Midtown, ‘A’ wing, 21st Floor Senapati Bapat Marg, Elphinstone (West), Mumbai 400 013	Ms. Kavita Shah	project.electron@ingacapital.com	Tel: +91 22 4031 3489 Fax: +91 22 4031 3379
IIFL Holdings Limited	10th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, India	Mr. Sachin Kapoor/ Kunur Bavishi	project.electron@iiflcap.com	Tel: +91 22 4646 4600 Fax: +91 22 2493 1073

The BRLMs shall not be required to provide any written acknowledgement of the same.

Permanent Account Number or PAN

Each Eligible QIB shall mention its Permanent Account Number (“**PAN**”) allotted under the IT Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Application Form.** Bids without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that an applicant should not submit the GIR number instead of the PAN as such Bid is liable to be rejected on this ground.

Pricing and Allocation

Build-up of the book

The Eligible QIBs shall submit their Bids (including the revision thereof) through the Application Form within the Bidding Period to the BRLMs. The book shall be maintained by the BRLMs.

Price discovery and Allocation

Our Company, in consultation with the BRLMs, shall finalize the Issue Price, which shall be at or above the Floor Price. After finalization of the Issue Price, our Company shall update the Preliminary Placement Document with the details of the Issue and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLMs on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Application Forms received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Application Form being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BRLMs ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION AND ALLOTMENT.

The Equity Shares will be Allotted within 12 months from the date of the Shareholders' resolution approving this Issue.

CAN

Based on the Application Forms received, our Company in consultation with the BRLMs will, in their sole and absolute discretion, decide the list of Eligible QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to each of them and the details of the amounts payable for Allotment of the same in their respective names shall be notified to such Eligible QIBs. Additionally, the CAN would include details of Escrow Account into which such payments would need to be made, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the Eligible QIB's account, as applicable to the respective Eligible QIBs.

The Eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN to the Eligible QIB shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to furnish all details that may be required by the BRLMs and the Company and to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB.

ELIGIBLE QIBs ARE ADVISED TO INSTRUCT THEIR DEPOSITORY PARTICIPANT TO ACCEPT THE EQUITY SHARES THAT MAY BE ALLOCATED / ALLOTTED TO THEM PURSUANT TO THE ISSUE.

Bank Account for the Payment of Bid Money

Our Company has opened an escrow account titled "Deepak Nitrite Limited – QIP II Escrow Account" ("**Escrow Account**"). The Eligible QIBs will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in their respective CAN.

Payments are to be made only through electronic fund transfer and payments made through any other modes are liable to be rejected.

If the payment is not made favouring the Escrow Account within the time stipulated in the CAN, the Application Form and the CAN of the Eligible QIB are liable to be cancelled.

In case of cancellations or default by the Eligible QIBs, our Company and the BRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new Eligible QIBs at their sole and absolute discretion, subject to the compliance with the requirements of the Companies Act and the SEBI ICDR Regulations.

Our Company and the BRLMs undertakes to utilize the amount in the Escrow Account only for the purposes of (i) adjustments against Allotment of Equity Shares in the Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in the Issue.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the Eligible QIBs pay the application money (calculated at Issue Price) to the Escrow Account as stated above.

2. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN for the Eligible QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.

3. Our Company, at its sole discretion, reserves the right to cancel this Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Post receipt of the listing approvals of the Stock Exchange, the Issuer shall credit the Equity Shares into the Depository Participant account of the Eligible QIBs.

5. Following the Allotment and credit of Equity Shares into the Eligible QIBs Depository Participant account, our Company will apply for final listing and trading approvals for trading on the Stock Exchanges.

6. The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after allotment of Equity Shares to the QIBs.

7. In case of QIBs who have been Allotted more than 5% of the Equity Shares in the Issue, our Company shall disclose the name and the number of the Equity Shares Allotted to such QIB to the Stock Exchanges and the Stock Exchanges shall make the same available on their website.

8. In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of application money, in accordance with section 42 of the Companies Act, we shall repay the application money within 15 days from expiry of 60 days, failing which we shall repay that money with interest at the rate of 12% per annum from expiry of the 60th day on receipt of application money. The application money to be refunded by us shall be refunded to the same bank account from which application money was remitted by the QIBs.

Other Instructions

Our Company's right to Reject Bids

Our Company, in consultation with the BRLMs, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of our Company and the BRLMs in relation to the rejection of Bids shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

1. The Allotment of the Equity Shares in this Issue shall be only in dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

2. An Eligible QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

3. Allotment to a successful Eligible QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Eligible QIB.

4. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

5. The trading of the Equity Shares would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

Our Company will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form or on part of the Eligible QIBs.

THE PLACEMENT AND LOCK - UP

The BRLMs have entered into a Placement Agreement with our Company, pursuant to which the BRLMs have agreed, subject to certain conditions, to place the Equity Shares of our Company, on reasonable efforts basis, pursuant to Chapter VIII of the SEBI ICDR Regulations and section 42 of the Companies Act and the rules made thereunder.

The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and the Issue is subject to satisfaction of certain conditions and subject to termination in accordance with the terms contained therein.

No assurance can be given as to the liquidity or sustainability of the trading market for Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus and no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than QIBs.

The Equity Shares have not been and will not be registered under the U.S Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of U.S Securities Act and applicable state securities law. Accordingly, the Equity Shares are offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described under the "*Selling - Transfer Restrictions*".

In connection with the Issue, the BRLMs (or their affiliates) may, for its own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares offered in the Issue, or in secondary market transactions. As a result of such transactions, the BRLMs may hold long or short positions in such Equity Shares. These transactions may comprise of a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the BRLMs who are eligible QIBs may purchase Equity Shares and be allocated Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of offshore derivative instruments. For further details, please see *"Off-Shore Derivative Instruments (P-Notes)"* on page 9.

The BRLMs and certain of their affiliates have in past provided, currently provide and may in the future from time to time provide, investment banking general financing and banking and advisory services to our Company and our affiliates for which they have in the past received, currently receive and may in the future receive, customary fees.

Lock-up

Our Company has agreed that it will not, without the prior written consent of the BRLMs, from the date of the Placement Agreement and for a period of up to 180 days from the Closing Date, directly or indirectly: (a) issue, offer, lend, sell, pledge, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for the Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable or exchangeable for the Equity Shares; or (c) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of the Equity Shares, or such other securities, in cash or otherwise, provided, however, that the foregoing restrictions shall not be applicable to (i) any grant of options by our Company under the ESOPs; or (ii) any issue or allotment of the Equity Shares by the Company pursuant to the exercise of any options awarded under the ESOPs; (iii) any issuance, sale, transfer or disposition of Equity Shares by the Company to the extent such issuance, sale, transfer or disposition is required by Indian law. As on date, our Company does not have any ESOP scheme.

The following members of our Promoter and Promoter Group have agreed that they will not, from the date hereof and for a period of up to 180 days from the Closing Date, without the prior written consent of the BRLMs, directly or indirectly: (a) sell, contract to sell, purchase any option or contract to sell, grant any option to purchase, lend, pledge or otherwise transfer or dispose of, directly or indirectly, any Equity Shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or publicly announce an intention with respect to any of the foregoing; (b) enter into any swap or other agreement that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; or (c) announce any intention to enter into any transaction whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise:

1. Deepak Chimanlal Mehta;
2. Kantaben Chimanlal Mehta;
3. Ila Deepak Mehta;
4. Maulik Deepak Mehta;
5. Chimanlal Khimchand Mehta;
6. Meghav Deepak Mehta;
7. Chimanlal K Mehta (HUF);
8. Stiffen Credits and Capital Private Limited;
9. Checkpoint Credits And Capital Private Limited;
10. Stepup Credits and Capital Private Limited;
11. Stigma Credits and Capital Private Limited;
12. Skyrose Finvest Private Limited;
13. Pranawa Leafin Private Limited;
14. Forex Leafin Private Limited;
15. Sundown Finvest Private Limited; and
16. Hardik Leafin Private Limited.

DISTRIBUTION AND SOLICITATION RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document or any offering material are advised to take legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorised or permitted.

General

No action has been or will be taken in any jurisdiction except for India, by our Company or the BRLMs that would permit an offering of the Equity Shares or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in the Issue in any jurisdiction except for India where action for such purpose is required. Accordingly, the Equity Shares in the Issue may not be offered or sold, directly or indirectly and neither this Placement Document nor any other offering material or advertisements in connection with the Equity Shares issued pursuant to the Issue may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on our Company or the BRLMs. The Issue will be made in compliance with the SEBI ICDR Regulations. Each subscriber of the Equity Shares in the Issue will be required to make, or will be deemed to have made, as applicable, the acknowledgments and agreements as described under the section titled "Selling – *Transfer Restrictions*" on page 137.

India

This Placement Document may not be distributed, directly or indirectly, in India or to residents of India and any Equity Shares may not be offered or sold, directly or indirectly, in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to eligible QIBs. This Placement Document is neither a public issue nor a prospectus under the Companies Act or an advertisement and should not be circulated to any person other than to whom the offer is made.

Dubai International Financial Centre

This Placement Document relates to an exempt offer (an "**Exempt Offer**") in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "**DFSA**"). This Placement Document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it. The Equity Shares to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Equity Shares offered should conduct their own due diligence on the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorized financial adviser. For the avoidance of doubt, the Equity Shares are not interests in a "fund" or a "collective investment scheme" within the meaning of either the Collective Investment Law (DIFC Law No. 2 of 2010) or the Collective Investment Rules Module of the Dubai Financial Services Authority Rulebook.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), an offer may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), make an offer of Equity Shares to the public in that Relevant Member State at any time:

1. to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
2. to any legal entity which has two or more of (i) an average of at least 250 employees during the last Financial Year, (ii) a total balance sheet of more than €50,000,000, as show in its last annual consolidated accounts;
3. to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Book Running Lead Manager for any such offer; or
4. in any other circumstances which do not require the publication of a prospectus pursuant to Article 3(2) of the Prospectus Directive.

provided that no such offer of Equity Shares shall result in a requirement for the publication by our Company or the BRLMs of a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means, of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to the Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Kuwait

The Equity Shares have not been authorized or licensed for offering, marketing or sale in the State of Kuwait. The distribution of this Placement Document and the offering and sale of the Equity Shares in the State of Kuwait is restricted by law unless a license is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law 31 of 1990.

Mauritius

Our shares may not be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius securities law. No offer or distribution of securities will be made to the public in Mauritius.

Oman

By receiving this Placement Document, the person or entity to whom it has been issued understands, acknowledges and agrees that this Placement Document has not been approved by the Capital Market Authority of Oman (the "**CMA**":) or any other regulatory body or authority in the Sultanate of Oman ("**Oman**"), nor has the Book Running Lead Manager or any placement agent acting on its behalf received authorisation, licensing or approval from the CMA or any other regulatory authority in Oman, to market, offer, sell, or distribute interests in the Equity Shares within Oman.

No marketing, offering, selling or distribution of any interests in the Equity Shares has been or will be made from within Oman and no subscription for any interests in the Equity Shares may or will be consummated within Oman. Neither the BRLMs nor any placement agent acting on their behalf is a company licensed by the CMA to provide investment advisory, brokerage, or portfolio management services in Oman, nor a bank licensed by the Central Bank of Oman to provide investment banking services in Oman. Neither the BRLMs nor any placement agent acting on their behalf advise persons or entities resident or based in Oman as to the appropriateness of investing in or purchasing or selling securities or other financial products.

Nothing contained in this Placement Document is intended to constitute Omani investment, legal, tax, accounting or other professional advice. This Placement Document is for your information only, and nothing herein is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice on the basis of your situation.

Qatar

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the state of Qatar in a manner that would constitute a public offering. This Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Placement Document is strictly private and confidential, and is being issued to a limited number of sophisticated investors, and may not be reproduced or used for any other purposes, nor provided to any person other than recipient thereof.

Singapore

The BRLMs have acknowledged that this Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the BRLMs have represented and agreed that they have not offered or sold any Equity Shares issued pursuant to the Issue or caused such Equity Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell such Equity Shares issued pursuant to the Issue or cause such Equity Shares to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will they circulate or distribute, this Placement Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Equity Shares issued pursuant to the Issue, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

1. a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
2. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation to the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except:

3. to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
4. where no consideration is or will be given for the transfer;
5. where the transfer is by operation of law; or
6. as specified in Section 276(7) of the SFA.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Placement Document is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (the "**UAE**"). The Equity Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange. the Issue, the Equity Shares and interests therein do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise. This Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Equity Shares may not be offered or sold directly or indirectly to the public in the UAE.

By receiving this Placement Document, the person or entity to whom this Placement Document has been issued understands, acknowledges and agrees that the Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the Dubai International Financial Centre other than in compliance with laws applicable in the Dubai International Financial Centre, governing the issue, offering or sale of securities. The Dubai Financial Services Authority has not approved this Placement Document nor taken steps to verify the information set out in it, and has no responsibility for it.

United Kingdom

The BRLMs have represented and agreed that it:

(i) is a person who is a qualified investor within the meaning of Section 86(7) of the Financial Services and Markets Act 2000 (the "**FSMA**"), being an investor whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business;

(ii) has not offered or sold and will not offer or sell the Equity Shares other than to persons who are qualified investors within the meaning of Section 86(7) of the FSMA or who it reasonably expects will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Equity Shares would otherwise constitute a contravention of Section 19 of the FSMA by us;

(iii) has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Equity Shares in circumstances in which Section 21(1) of the FSMA does not apply to it; and

(iv) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws. Accordingly, the Equity Shares are offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. To help ensure that the offer and sale of the Equity Shares in the Issue was made in compliance with Regulation S, each purchaser of Equity Shares in the Issue will be deemed to have made the representations, warranties, acknowledgements and undertakings set forth in "*Selling – Transfer Restrictions*" on page 137.

SELLING – TRANSFER RESTRICTIONS

In terms of Chapter VIII of the SEBI Regulations, resale of Equity Shares, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsel prior to making any resale, pledge or transfer of the Equity Shares, and also to refer to the chapter titled "*Issue Procedure*" on page 118.

Subject to the foregoing, by accepting this Placement Document and purchasing any Equity Shares under the Issue, you are deemed to have represented, warranted, acknowledged and agreed with the Company and the BRLMs as follows:

c. you have received a copy of the Placement Document and such other information as you deem necessary to make an informed decision and that you are not relying on any other information or the representation concerning the Company or the Equity Shares and neither the Company nor any other person responsible for this document or any part of it nor the BRLMs will have any liability for any such other information or representation;

d. you are purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S and you agree that you will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transactions complying with Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the states of the United States and any other jurisdiction, including India;

e. you are authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

f. you acknowledge (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act;

g. you certify that either (A) you are, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and are located outside the United States (within the meaning of Regulation S) or (B) you are a broker-dealer acting on behalf of your customer and your customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S);

h. you are aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S;

i. the Equity Shares have not been offered to you by means of any "directed selling efforts" as defined in Regulation S;

j. you are a sophisticated investor and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions;

k. you and any accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company or the BRLMs or their respective affiliates for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. You acknowledge that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares in this Issue for your own investment and not with a view to distribution;

l. you have been provided access to this Placement Document which you have read in its entirety;

m. you agree to indemnify and hold the Company and the BRLMs and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. You will not hold any of the Company or the BRLMs and their respective affiliates liable with respect to its investment in the Equity Shares. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares;

n. where you are subscribing to the Equity Shares for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and you hereby make) the acknowledgements and agreements herein for and on behalf of each such account; and

(i) the Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of your representations, warranties, acknowledgements and undertakings set out in this document, each of which is given to (a) the BRLMs on their own behalf and on behalf of the Company, and (b) to the Company, and each of which is irrevocable and, if any of such representations, warranties, acknowledgements or undertakings deemed to have been made by virtue of your purchase of the Equity Shares are no longer accurate, you will promptly notify the Company.

Any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions will not be recognized by our Company.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the BRLMs or any of its affiliates or advisors.

The Indian securities market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "SCRA") and the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time (the "SEBI Act"), notified the SCR (SECC) Regulations, which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalization requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, Mutual Funds, FIIs, FPIs, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

All listed companies are required to ensure a minimum public shareholding of 25%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" and the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (or "**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or "**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"), which provides specific regulations in relation to substantial acquisition of shares and takeover. The Takeover Regulations came into effect on October 22, 2011 and replaced the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the "**Takeover Code 1997**"). Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

The key changes introduced by the Takeover Regulations include:

- the trigger for making a public offer upon acquisition of shares or voting rights has been increased from 15% to 25%;
- every public offer has to be made for at least 26% of all the shares held by other shareholders;
- creeping acquisition of up to 5% is permitted up to a limit of 75% of the shares or voting rights of a company;
- acquisition of control in a target company triggers the requirement to make a public offer regardless of the level of shareholding and the acquisition of shares; and
- if the indirect acquisition of a target company is a predominant part of the business or entity being acquired, it would be treated as a direct acquisition.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations, 2015 have been notified by SEBI to prohibit and penalize insider trading in India. An insider is, among other things, prohibited from dealing either on his own behalf or on behalf of any other person, in the securities of a listed company or a company proposed to be listed when in possession of unpublished price sensitive information.

The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a predefined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person who has a connection with the company that is expected to put him in possession of unpublished price sensitive information.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI

DESCRIPTION OF EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the sections of the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share Capital

The authorized share capital of our Company is ₹ 50,00,00,000 consisting of 15,00,00,000 Equity Shares and 20,00,000 preference shares of ₹ 100 each. Our Company's issued and subscribed Capital is ₹ 23,25,76,380 divided into 11,62,88,190 Equity Shares of ₹2 each.

Dividends

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM of shareholders held each financial year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions specified under Section 123 of the Companies Act and the rules made thereunder no dividend can be declared or paid by a company for any financial year except (a) out of the profits of the company for that year after providing depreciation, calculated in accordance with the provisions of the Companies Act; or (b) out of the profits of the company for any previous financial year(s) arrived at in accordance with the Companies Act and remaining undistributed; or (c) out of both; or (d) out of money provided by the Central Government or a state Government for payment of dividend by the Company in pursuance of a guarantee given by that Government.

The Articles of Association provide that our Company in its general meeting may declare dividends to be paid to the members according to their shareholding. The dividend shall not exceed the amount recommended by our Board. Further, our Board may from time to time pay the members interim dividend as may appear to them to be justified. No dividend may be paid otherwise than out of the profits of our Company, arrived at in the manner provided under the Companies Act.

The dividends of our Company shall be divisible among the members in proportion of the amount of capital paid up or credited as paid-up on the Equity Shares, held by them for the respective period of the holding of the Equity Shares or both. However, our Board may retain any dividends on which our Company may have a lien and may apply the same towards the satisfaction of the debts or liabilities in respect of which the lien exists. All dividends shall be apportioned and paid on the amounts paid or credited as paid on the Equity Shares during any portion or portions of the period in respect of which the dividend is paid but if any Share is issued on terms providing that it shall rank for dividends as from a particular date, such Share shall rank for dividend accordingly. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Equity Shares while any money may be due or owing from him to the company and our Board may deduct from the interest or dividend to any member all such sums of money so due from him to our Company. A transfer of Equity Shares shall not pass the right to any dividend declared therein before the registration of the transfer.

Capitalisation of Reserves and Issue of Bonus Shares

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors, if so approved by the shareholders in a general meeting, to capitalise its profits or reserves for the purpose of issuing fully paid-up bonus shares, which are similar to stock dividend. The Companies Act permits the issue of fully paid up bonus shares from its free reserves, securities premium account or capital redemption reserve account, provided that bonus shares shall not be issued by capitalising reserves created by revaluation of assets. These bonus Equity Shares must be distributed to shareholders in proportion to the number of Equity Shares owned by them as recommended by the board of directors.

Any issue of bonus shares by a listed company would be subject to the SEBI Regulations. The relevant SEBI Regulations prescribe that no company shall make a bonus issue of Equity Shares if it has outstanding fully or partly convertible debt instruments at the time of making the bonus issue, unless it has made reservation of the Equity Shares in the same class in favour of the holders of the outstanding convertible debt instruments in proportion to the convertible part thereof and the Equity Shares reserved for the holders of fully or partly convertible debt instruments shall be issued at the time of conversion of such convertible debt instruments on the same terms or same proportion on which the bonds were issued. Further, for issuance of such bonus shares, a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The declaration of bonus shares in lieu of a dividend cannot be made. The bonus issuance shall be made out of free reserves built out of genuine profits or share premium collected in cash only. The reserves created by revaluation of fixed assets cannot be capitalised. Further, a company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees, such as contributions to provident funds, gratuities and/or bonuses.

The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the issue of Equity Shares and standing to the credit of the Shares Premium Account) be capitalized and distributed among such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.

Alteration of Share Capital

Subject to the provisions of the Companies Act our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of our Shareholders in a General Meeting may determine. According to Section 62(1)(a) of the Companies Act such new shares shall be offered to existing shareholders in proportion to the paid up share capital on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date or on receipt of earlier intimation from the persons to whom such notice is given that they decline to accept the shares offered, the Board may dispose of the shares offered in respect of which no acceptance has been received in a manner which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person. Private Placement and Public Issues shall be undertaken pursuant to Chapter III of the Companies Act.

Under the provisions of Section 62(1)(c) of the Companies Act and the Companies (Share Capital and Debentures) Rules, 2014, new shares may be offered to any persons whether or not those persons include existing shareholders or employees to whom shares are allotted under a scheme of employees stock options, either for cash or for consideration other than cash, if a special resolution to that effect is passed by our Company's shareholders in a general meeting. Our Company may, by a resolution passed in a general meeting, from time to time, increase the share capital by the creation of new Equity Shares of such amount as may be deemed expedient and specified in the resolution. Such increase in the share capital shall be subject to compliance with the provision of the Companies Act and of any other laws that may be in force. New Equity Shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as are consistent with provisions of the Companies Act and which the general meeting, resolving upon the creation thereof shall direct and if no direction be given, as our Board shall determine, and in particular such Equity Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of our Company and with a special or without any right of voting, subject to the conditions prescribed under the Companies Act.

Our Company may by Ordinary Resolution:

(i) Consolidate and divide its Equity Shares or any of them into Equity Shares of larger amount than its existing Equity Shares;

(ii) Subdivide its existing Equity Shares or any of them into Equity Shares of smaller amount than is fixed originally by the Memorandum of Association, such that in the subdivision, the proportion between the amount paid and the amount unpaid on each reduced Share be the same as it was in the case of the Share from which the reduced Share is derived and other conditions, if any, laid down by the Articles of Association;

(iii) Cancel any Equity Shares which at the date of the passing of the ordinary resolution, have not been taken or agreed to be taken by any person and also may diminish the amount of its Share capital by the amount of the Equity Shares so cancelled.

Further, our Company may, from time to time, by special resolution, reduce its share capital or any share premium account in any manner, subject to any incident authorized and consent required by law.

General Meetings of Shareholders

Every year our Company is required to hold an annual general meeting in addition to any other meetings. Further, our Board may, whenever it thinks fit, call an extraordinary general meeting and shall, on the requisition of a number of members who constitute not less than one-tenth of the paid-up capital of our Company, proceed to call an extraordinary general meeting. Not less than 21 days' clear notice in writing of the general meeting is to be given, but shorter notice may be given if consent in writing is accorded by all the members entitled to vote and in case of any other meetings, with the consent of members holding not less than 95 per cent of such part of the paid-up Share capital of our Company which gives a right to vote at the meeting. The quorum requirements for a general meeting are as prescribed under Section 103 of the Companies Act, and no business is to be transacted at the general meeting unless the requisite quorum is present at the commencement of the same. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place. The Articles of Association further provide that no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

The Chairman of our Board shall be entitled to take the chair at every general meeting or, if there is no such chairman, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding such general meeting or is unwilling to act as Chairman, the Directors present shall elect one of them to be the chairman of the meeting. If no Director is present or if all the Directors present decline to take the chair, then the members present shall choose one amongst themselves to be chairman of the general meeting.

Voting Rights

Every member present in person shall have one vote on poll and the member present in person or by proxy shall have one vote for each Share of our Company held by him, subject to any rights or restrictions for the time being attached to any class or classes of Equity Shares. The Articles of Association provide that votes may be given by proxies in a manner as authorized under the Articles of Association.

The instrument appointing a proxy is required to be lodged at the registered office at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the Share in respect of which the vote is given provided no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office of our Company before the general meeting. Provided never the less that the chairman of any general meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

No member is entitled to be present or to vote on any question either personally or by proxy or as proxy for another member at any general meeting or upon a poll or to be reckoned in a quorum while any call or other sum payable to our Company in respect of any of the Equity Shares of such member shall remain unpaid, and no member is entitled to be present or to vote at any general meeting in respect of any Equity Share that he has acquired by transfer unless his name is entered as the registered holder of the Equity Share in respect of which he claims to vote, but this shall not affect Equity Shares acquired under a testamentary disposition or by succession to an intestate or under an insolvency or liquidation.

Ordinary resolutions may be passed by simple majority of those present and voting and those voting electronically. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

Directors

The Articles of Association provide that the number of Directors shall not be less than three and not be more than fifteen. The Directors shall be appointed by our Company in the general meeting subject to the provisions of the Companies Act and the Articles of Association. The Companies Act provides that not less than two-thirds of the total number of directors on the board of a company, excluding the independent directors, shall be liable to retire by rotation. One-third of the directors shall automatically retire every year at the annual general meeting and shall be eligible for re-appointment. The directors to retire by rotation shall be decided based on those who have been longest in office, and as between persons appointed on the same day, the same shall be decided by mutual agreement or by draw of lots. The independent directors may be appointed for a maximum of two terms of up to five consecutive years each; however, such directors are eligible for re-appointment after the expiry of three years of ceasing to be an independent director provided that such directors were not, during the three year period, appointed in or associated with the company in any other capacity, either directly or indirectly. Any reappointment of independent directors, inter alia, shall be on the basis of performance evaluation report and requires the approval of the shareholders by way of a special resolution.

The Directors have the power to appoint any other persons as an additional Director to our Board but any Director so appointed shall hold office only up to the date of the next following annual general meeting of our Company and the total number of Directors shall not at any time exceed the maximum strength prescribed under the Articles of Association. Our Board shall also have the power to appoint any person to act as an alternate Director for a

Director during the latter's absence for a period of not less than three months from the state in which the meetings of our Board are ordinarily held.

Our Board is required to meet at least once every 120 days for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year. The quorum for a meeting of our Board is one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher. However, where it involves a decision on an affirmative vote item, the quorum is required to include an investor Director.

Transfer of Equity Shares

An application for registration of a transfer of the Equity Shares may be made either by the transferor or the transferee. Where the application is made by the transferor and relates to partly paid Shares, the transfer shall not be registered unless our Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice. A notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered in the ordinary course of post.

Our Company is required to comply with the rules, regulations and requirements of the stock exchange or the rules made under the Companies Act, or the rules made under the Securities Contracts (Regulation) Act, 1956, as amended ("**SCRA**"), or any other law or rules applicable, relating to the transfer or transmission of Equity Shares or debentures.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act and the related SEBI guidelines issued in connection therewith.

Liquidation Rights

In the event that our Company is wound up, and the assets available for distribution among the members as such are insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the Equity Shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the paid up capital at the commencement of the winding up the excess shall be distributed amongst the members but this shall be without prejudice to the rights of member registered in respect of Equity Shares issued upon special terms and conditions.

INDEPENDENT AUDITORS

The Statutory Auditors of our Company, M/s. B.K. Khare & Company, who audited the standalone financial statements for Fiscals 2014, 2015 and 2016 and the consolidated financial statement for the Fiscal 2015 and 2016, included in this Placement Document, are independent auditors with respect to our Company as required by the Companies Act and in accordance with the guidelines issued by the ICAI.

The Statutory Auditors have also reviewed the financial results for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016, included in this Placement Document.

Our Statutory Auditor holds a valid peer review certificate issued by the Peer Review Board of the ICAI.

TAXATION

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY (INCLUDING ITS RELEVANT SUBSIDIARIES AS APPLICABLE) AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To
The Board of Directors
Deepak Nitrite Limited
Aaditya-I, National Highway No. 8,
Chhani Road, Vadodara - 390 024, India

Dear Sirs,

Subject: Independent Auditor's Report on the Statement of Possible Tax Benefits available to Deepak Nitrite Limited ("the Company") and its shareholders

This report is issued in accordance with the requirement in Schedule XVIII of the Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009, as amended ("ICDR Regulations") for inclusion of the Statement of Possible Tax Benefits available to Deepak Nitrite Limited ("the Company") and its shareholders in the Preliminary Placement Document and Placement Document (collectively "the Offer Documents") in connection with the proposed offering of equity shares of Rs 2/- each of the Company through a Qualified Institutions Placement ("QIP") ("the Offering").

The accompanying Statement of Possible Tax Benefits available to the Company and its Shareholders prepared in accordance with the requirement in Schedule XVIII of the ICDR Regulations ("the Statement") contains the details of the of the possible tax benefits available to the Company and its shareholders under the provisions of the Income-Tax Act, 1961 ("the Act") as amended by the Finance Act, 2016 (i.e. applicable for financial year 2016-17, relevant to the assessment year 2017-18) presently in force in India.

Management's Responsibility for the Statement

The preparation of the Statement is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation.

The Management is also responsible for ensuring that the Company complies with the Regulations and provides all relevant information in the Offer Documents.

Our Responsibility

Our responsibility is to report on the matters stated the Statement.

Report

We hereby report that the enclosed annexure, prepared by Deepak Nitrite Limited (CIN: L27100MH1999PLC121285) ("the Company") states the possible tax benefits available to the Company and to the shareholders of the Company under the provisions of the Income-Tax Act, 1961 ("the Act") as amended by the Finance Act, 2016 (i.e. applicable for financial year 2016-17, relevant to the assessment year 2017-18) presently in force in India as on the signing date. The benefits as stated are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act failing which the stated benefits may be wholly or partially denied.

The benefits discussed in the enclosed Annexure are not exhaustive. Further, the presentation of this Statement of Possible Tax Benefits is the responsibility of the Management. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications arising out of their participation in the proposed Qualified Institutional Placement of equity shares of the Company particularly in view of case specific nature of the tax consequences and the changing tax laws in India.

We do not express any opinion or provide any assurance as to whether:
a) The Company or its shareholders will continue to obtain these benefits in future; or
b) The conditions prescribed for availing the benefits have been / would be met: or
c) The revenue authorities / courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company or any other person for any claims, liabilities or expenses whatsoever relating to this Statement.

The contents of the enclosed Annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the provisions of the tax regulations stated above, as of date.

For issuing this certificate we conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Restriction of use

The enclosed Annexure is intended solely for your information and for the inclusion in the Preliminary Placement Document and Placement Document, in connection with the proposed Qualified Institutional Placement of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For B. K. Khare & Co.
Chartered Accountants
Firm Registration No: 105102W

Himanshu Chapsey
Partner
Membership No: 105731
Mumbai, February 28, 2017

Annexure to the statement of possible tax benefits available to Deepak Nitrite Limited and its shareholders

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India viz. Income Tax Act, 1961 ('the Act').

Indian Taxation

Under the Act, "Non-Resident" means a person who is not a resident in India. An individual is considered to be a resident of India during any financial year if he or she is in India in that year for:

(a) a period or periods amounting to 182 days or more; or
(b) a period or periods amounting to 60 days or more and he/she has been in India for a period or periods amounting to 365 days or more within the four preceding years, provided that

(i) in the case of a citizen of India who leaves India as a member of the crew of an Indian ship or for the purposes of employment outside India, the words "60 days" in paragraph (b) above shall be substituted by words "182 days"; or
(ii) in the case of a citizen of India or a person of Indian origin living abroad who visits India, the words "60 days" in paragraph (b) above shall be substituted by words "182 days".

A company is resident in India if it is formed and incorporated in accordance with the Companies Act 1956/2013 and has its registered office in India or its place of effective management in that year is in India. A firm or other association of persons is resident in India except where the control and management of its affairs is situated wholly outside India.

The provisions of the tax laws summarized below are based on the Finance Act, 2016:

A. Benefits to the Company under the Act

1. General tax benefits

i. Business income

Business income of the Company shall be computed in accordance with the provisions contained in Sections 30 to 43D of the Act.

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. As per Section 32(1)(iia) of the Act, additional depreciation at the rate 20% shall be available to company engaged in the business of manufacture or production of any article or thing. As per second proviso to Section 32(1) of the Act, in case the asset is put to use for less than 180 days, for that financial year, depreciation on the said assets shall be restricted to fifty percent. The Finance Act, 2015 has inserted third proviso to Section 32(1), according to which balance 50% additional depreciation shall be available to the Company in the subsequent financial year.

As per amended Section 32AC(1A) of the Act, companies engaged in the business of manufacturing or producing any article or thing shall be allowed deduction at the rate of 15% of the cost of new assets purchased and installed on or after 1 April 2014 and on or before 31 March 2018. Minimum value of new assets of Rs. 25 Crores has to be acquired and installed during any previous year for availing this benefit.

If any new asset acquired and installed by the Company is sold/transferred, except in connection with amalgamation or demerger, within a period of 5 years from the date of its installation, the amount of deduction allowed in respect of such new asset shall be deemed to be the income of the Company chargeable under the head "Profits and gains of business or profession" of the financial year in which such new asset is sold, in addition to taxability of gains, arising on account of transfer of such new asset.

Business losses, if any, for an assessment year can be carried forward and set off against business profits for 8 subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.

Deduction of expenditure on scientific research

Under Section 35(1)(i) and Section 35(1)(iv) of the Act, the Company is eligible for deduction in respect of any revenue and capital expenditure (other than expenditure on the acquisition of any land) respectively incurred on scientific research related to its business.

As per Section 35(2AB), the Company can claim 200% (150% w.e.f. 1 April 2017) of expenditure incurred on scientific research (not being expenditure in the nature of cost of any land or building), on in-house research and development facility as approved by the prescribed authority.

The company is eligible for weighted deduction of 200% (150% w.e.f. 1 April 2017) under Section 35(2AA) in respect of payments to a National Laboratory, university or Indian Institute of Technology in respect of approved programs of scientific research. The weighted deduction is available provided the sum is paid with specific direction that it is used for approved programs of scientific research.

As per Section 35AC of the Act, a Company incurring any expenditure by way of payment of any sum to a public sector company or a local authority or to an association or institution approved by the National Committee for carrying out any eligible project or scheme is allowed 100% deduction of such expenditure incurred during the previous year. The Company is eligible for 100% deduction for any payment directly made on the eligible project or scheme.

For the purposes of Section 35AC, National Committee means the Committee constituted by the Central Government, from amongst persons of eminence in public life, in accordance with the rules made under the Act. Eligible project or scheme means such project or scheme for promoting the social and economic welfare of or the uplift of the public as the Central Government may, by notification in the Official Gazette, specify in this behalf on the recommendations of the National Committee.

ii. Rate of income tax and MAT

The tax rate applicable to the Company for the Assessment Year (AY) 2017-18 relevant to financial year (FY) 2016-17 is 30% under the Normal Provisions of the Act or 18.5% under Section 115JB (MAT), whichever is higher. A surcharge on income tax of 7% in the case of a domestic company having total income exceeding Rs. 1 Crore, but not exceeding Rs. 10 Crores and 12% in the case of a domestic company having total income exceeding Rs. 10 Crores. Education cess of 2% and Secondary & Higher Education cess of 1% is levied on the amount of tax and surcharge.

As per the provisions of Section 115JAA of the Act, the Company is eligible to claim credit in case it has paid Minimum Alternate Tax ('MAT') paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years.

MAT credit shall be allowed for any assessment year to the extent of the difference between the tax payable as per the normal provisions of the Act and the tax paid under Section 115JB for that assessment year. Such MAT credit is available for set-off up to 10 years succeeding the assessment year in which the MAT credit arises. The Finance Bill 2017 has proposed to increase the period for carry forward of such tax credit to 15 assessment years from 10 assessment years.

iii. Capital gains

1. Computation of capital gain

Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security (other than a unit) listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under Section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than 12 months are considered to be long term capital assets, capital gains arising from the transfer of which are termed as long term capital gains ('LTCG'). In respect of any other capital assets, if the holding period exceeds 36 months, they are to be considered as long term capital assets. The Finance Bill 2017 has proposed that any immovable property, being land or building or both would qualify as long term capital assets once the same is held for 24 months, as against existing holding period of 36 months.

Short Term Capital Gains ('STCG') means capital gains arising from the transfer of a capital asset being a share held in a company or any other security (other than a unit) listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.

In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset (other immovable property, being land or building or both, held by an assessee for 36 months or less. The Finance Bill 2017 has proposed that any immovable property, being land or building or both would be considered as a short term capital asset if it is held for 24 months or less, as against the existing holding period of 36 months or less.

LTCG arising on transfer of equity shares of a company or units of an equity oriented fund (one which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of a business trust as defined in Section 2(13A), is, subject to conditions specified in that section, exempt from tax as per the provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT).

Income by way of LTCG exempt under Section 10(38) of the Act is however to be taken into account while determining book profits in accordance with the provisions of Section 115JB of the Act.

As per the provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

As per the provisions of Section 112 of the Act, LTCG which are not exempt under Section 10(38) of the Act, are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities (other than unit) or zero coupon bonds exceeds 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

As per the provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.

STCG arising on sale of equity shares or units of equity oriented mutual fund (which has been set up under a scheme of a mutual fund specified under Section 10(23D) or a unit of a business trust, where such transaction is not chargeable to STT is taxable at the rate of 30%.

The tax rates mentioned above stands increased by surcharge, payable at the rate of 7% where the taxable income of a domestic company exceeds Rs. 1 Crore but not Rs. 10 Crores. The surcharge shall be payable at the rate of 12% where the taxable income of a domestic company exceeds Rs. 10 Crores. Further, education cess and secondary and higher education cess on the tax and surcharge at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

As per Section 50 of the Act, where a capital asset is forming part of a block of assets in respect of which depreciation has been allowed under the Act, capital gains shall be computed in the following manner:

- where full value of consideration on account of transfer of any asset forming part of a block of assets, as reduced by expenditure incurred wholly or exclusively in connection with the transfer, exceeds the written down value of the block of assets and actual cost of assets acquired during the year, such excess shall be deemed to be short term capital gains and taxed accordingly.

- where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference between the consideration arising on transfer and the written down value of the block of assets and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains/ (losses) and taxed accordingly.

As per the provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.

As per the provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

2. Exemption of capital gains from income – tax

Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gains are invested, within a period of six months from the date of transfer, in any of the following bonds redeemable after three years:

- National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and

- Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.

Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs. 50 lacs per assessee during that and the subsequent financial year.

Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted shall be taxable as capital gains in the year of transfer / conversion. Characterization of the gain / losses arising from sale / transfer of shares / units as business income or capital gains would depend on the nature of holding and various other factors.

The Finance Bill 2017 has proposed to amend Section 54EC so as to provide that investment in any bond redeemable after three years, which has been notified by the Central Government in this behalf, shall also be eligible for exemption.

iv. Dividends

As per the provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax, provided that such dividend is subject to dividend distribution tax (DDT) in the hands of dividend declaring company.

The domestic company distributing dividends will be liable to pay DDT at the rate of 15% on gross basis on the amount of dividend payable (plus a surcharge of 12% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon). The amount of distribution of dividend to shareholders to be grossed up for the purpose of DDT.

Further w.e.f 1st October 2014, Finance Act 2014, has amended Section 115-O to provide that for the purpose of determining the tax on distributed profits payable in accordance with the Section 115-O, any amount which is declared, distributed or paid by any domestic Company out of current or accumulated profit on or after 1 April 2003, reduced by the amount of dividend as received by the company from its subsidiary or from foreign companies during the financial year, shall be increased to such amount as would, after reduction of the tax on such increased amount at the rate of 15%, be equal to the net distributed profits.

Therefore, the amount of distributable income and the dividends which are actually received by the unit holder of mutual fund or shareholders of the domestic company need to be grossed up for the purpose of computing DDT.

Further, if the company being a holding company, has received any dividend from its subsidiary on which dividend distribution tax has been paid by such subsidiary, then the company will not be required to pay dividend distribution tax to the extent the same has been paid by such subsidiary company.

As per the provisions of Section 10(35) of the Act, income received in respect of units of a mutual fund specified under Section 10(23D) of the Act (other than income arising from transfer of such units) is exempt from tax.

As per the provisions of Section 115BBD of the Act, dividend received by an Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis.

For removing the cascading effect of dividend distribution tax, while computing the amount of dividend distribution tax payable by a Domestic Company, dividend received from a foreign subsidiary on which income-tax has been paid by the Domestic Company under Section 115BBD of the Act shall be reduced.

v. Other Provisions

As per the provisions of Section 80G of the Act, the Company is entitled to claim deduction of a specified amount in respect of eligible donations, subject to the fulfilment of the conditions specified in that section.

As per the provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

B. Benefits to the Resident members / shareholders of the Company under the Act

1. Dividends exempt under Section 10(34) of the Act

As per the provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members / shareholders from a Domestic Company is exempt from tax. However, income by way of dividend from domestic company in excess of Rs. 10 lakhs is chargeable to tax at the rate of 10% on gross basis in case of a resident individual, HUF or firm. The Finance Bill 2017 has proposed an amendment whereby all resident assessees receiving dividend in excess of Rs. 10 lakhs would be subject to tax, except domestic companies and certain funds, trusts, institutions etc.

2. Capital gains

i. Computation of capital gains

Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security (other than a unit) listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under Section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long term capital assets, capital gains arising from the transfer of which are termed as LTCG.

STCG means capital gains arising from the transfer of capital asset being a share held in a company or any other security (other than a unit) listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for 12 months or less.

LTCG arising on transfer of equity shares of a company is exempt from tax as per the provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and also subject to conditions specified in that section.

As per the provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities exceeds 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

As per the provisions of Section 111A of the Act, STCG arising on sale of equity shares are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VI-A is allowed from such income.

STCG arising on sale of equity shares, where such transaction is not chargeable to STT is taxable at the rate of 30% in case of domestic company and at normal slab rates in case of other assessee.

In the case of domestic companies, the tax rates mentioned above stands increased by surcharge, payable at the rate of 7% where the taxable income of a domestic company exceeds Rs. 1 Crore. As per the Finance Act 2016 surcharge shall be payable at the rate of 12% where the taxable income of a domestic company exceeds Rs. 10 Crores. Further, education cess and secondary and higher education cess on tax and surcharge at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

As per the Finance Act 2016, surcharge shall be payable at the rate of 12% where the total taxable income of a taxpayer other than a domestic company exceeds Rs. 1 Crore. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable.

As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance short term loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.

As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance long-term loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

ii. Exemption of capital gains

As per Section 54EC of the Act, long term capital gains [other than those exempt under Section 10(38)] arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI OR REC and subject to the conditions specified therein:

Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs. 50 thousand per assessee during that and the subsequent financial year.

If the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted earlier will be taxable as capital gains in the year of transfer / conversion.

The Finance Bill 2017 has proposed to amend Section 54EC so as to provide that investment in any bond redeemable after three years, which has been notified by the Central Government in this behalf, shall also be eligible for exemption.

In addition to the same, some benefits are also available to a resident shareholder being an individual or Hindu Undivided Family (‘HUF’) which are as under:

- As per provisions of Section 54F of the Act, LTCG [other than exempt under Section 10(38)] arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of 1 year before, or 2 years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.

- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head ‘income from other sources’. However, the said Section is not applicable in case the shares and securities are received under instances specified under the proviso thereon.

iii. Other Provisions

As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

C. Benefits to the Non-resident shareholders of the Company under the Act

1. Dividends exempt under Section 10(34) of the Act

As per provisions of Section 10(34), dividend (both interim and final), if any, received by non-resident shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15% plus a surcharge of 12% on the dividend distribution tax and education cess and secondary and higher education cess of 2% and 1% respectively on the amount of dividend distribution tax and surcharge thereon on the total amount distributed as dividend.

2. Capital gains

i. Computation of capital gains

Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets, being shares held in a company or any other security (other than a unit) listed in a recognized stock exchange in India held by an assessee for more than twelve months are considered to be long term capital assets, capital gains arising from the transfer of which are termed as LTCG.

STCG means capital gain arising from the transfer of capital asset being a share held in a company or any other security (other than a unit) listed in a recognized stock exchange in India held by an assessee for 12 months or less.

LTCG arising on transfer of equity shares of a company is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.

As per provisions of Section 112 of the Act, LTCG arising on transfer of listed securities not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. The indexation benefits are however not available in case the shares are acquired in foreign currency. In such a case, the capital gains shall be computed in the manner prescribed under the first proviso to Section 48.

As per first proviso to Section 48 of the Act, where the shares have been purchased in foreign currency by a non-resident, the capital gains arising on its transfer need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration received or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. If the tax payable on transfer of listed securities exceeds 10% of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assessee.

As per provisions of Section 111A of the Act, STCG arising on sale of equity shares are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VI-A is allowed from such income.

STCG arising on sale of equity shares, where such transaction is not chargeable to STT is taxable at the normal rates of taxation as applicable to the taxpayer.

The tax rates mentioned above stands increased by surcharge, payable at the following rates as per Finance Act, 2016 –

- At the rate of 2% where the taxable income of a foreign company exceeds Rs. 1 Crore and at the rate of 5% when the taxable income of a foreign company exceeds Rs. 10 Crores.

- In case of other non-residents, whose total taxable income exceeds Rs. 1 Crore surcharge shall be payable at the rate of 12% of income tax payable.

  Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of taxpayers.

As per provisions of Section 71 read with Section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance short term loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years.

As per provisions of Section 71 read with Section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance long-term loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

ii. Exemption of capital gains

As per Section 54EC of the Act, capital gains arising from the transfer of a long term capital asset are exempt from capital gains tax if such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein:

Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs, 50,00,000 per assessee during any financial year and the subsequent financial year.

Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

The Finance Bill 2017 has proposed to amend Section 54EC so as to provide that investment in any bond redeemable after three years, which has been notified by the Central Government in this behalf, shall also be eligible for exemption.

As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.

In addition to the same, some benefits are also available to a non-resident shareholder being an individual or HUF which are as under:

- As per provisions of Section 54F of the Act, in the case of an non-resident individual or HUF, LTCG arising from the transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of 1 year before, or two years after the date of transfer, for purchase of a one new residential house in India, or for construction of one residential house in India within three years from the date of transfer and subject to conditions and to the extent specified therein.

- As per provisions of Section 56(2)(vii) of the Act and subject to the exception provided in the second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head ‘income from other sources’. However, the said Section is not applicable in case the shares and securities are received under instances specified under the proviso thereon.

3. Tax Treaty benefits

As per the provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or as per the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial. It needs to be noted that, to do so, a non-resident is required to hold a valid tax residency certificate. Additionally the non-resident tax payer is required to provide such other documents and information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013. However, it may be noted that Tax Authorities may ask for other information and supporting documents if required. The withholding tax rates are subject to the recipients of income obtaining and furnishing a PAN to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable tax rates or 20%, under Section 206AA of the Act.

4. Taxation of Non-resident Indians

Special provisions in case of Non-Resident Indian ('NRI') in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:

NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

Specified foreign exchange assets include shares of an Indian company which are acquired / purchased / subscribed by NRI in convertible foreign exchange.

As per provisions of Section 115E of the Act, LTCG arising to a NRI from transfer of specified foreign exchange assets as duly mentioned in Section 115C(f) of the Act is taxable at the rate of 10% (plus education cess and secondary & higher education cess of 2% and 1% respectively). As per the Finance Act, 2016, the surcharge rate shall be increased to 12% where income of the NRI exceeds Rs. 1 Crore.

As per provisions of Section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under Section 10(38)) from assets (other than specified foreign exchange assets under Section 115C(f)) arising to a NRI is taxable at the rate of 20% (education cess and secondary & higher education cess of 2% and 1% respectively). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act. Further a surcharge of 12% is applicable in case income of the NRI exceeds Rs. 1 Crore.

As per provisions of Section 115F of the Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section. If only part of the net consideration is so reinvested, the exemption will be proportionately reduced. However the amount so exempted will be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

As per provisions of Section 115G of the Act, where the total income of a NRI consists only of income / LTCG from such foreign exchange asset / specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.

As per provisions of Section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him / her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

As per provisions of Section 115I of the Act, a NRI can opt not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of the chapter shall not apply for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and tax liability arising thereon.

D. Benefits available to Foreign Institutional Investors ('FIIs')/ Foreign Portfolio Investors (FPIs) under the Act

1. Dividends exempt under Section 10(34) of the Act

As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company, which is subject to DDT, is exempt from tax.

2. Long – term capital gains exempt under Section 10(38) of the Act

LTCG arising on sale equity shares of a listed company subjected to STT is exempt from tax as per provisions of Section 10(38) of the Act.

3. Capital gains

As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.

As per provisions of Section 115AD of the Act, capital gain arising from transfer of securities is taxable as follows:

Nature of income	Rate of tax (%)
LTCG on sale of equity shares not subjected to STT	10
STCG on sale of equity shares subjected to STT	15
STCG on sale of equity shares not subjected to STT	30

For corporate FIIs/ FPIs, surcharge on income tax of 2% having a total income exceeding Rs. 1 Crore, but not exceeding Rs. 10 Crores and 5% in case having a total income exceeding Rs. 10 Crores. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of FIIs.

With effect from 1 April 2014, any securities held by a FII/FPI, which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992, would be considered as a capital asset for the purpose of the Act. Consequently, any income or loss arising to a FII/FPI from transfer of such securities would always be in the nature of capital gains.

The benefit of exemption under Section 54EC of the Act as mentioned above in case of the Company is also available to FIIs.

The Finance Bill 2017 has proposed to clarify that the Indirect transfer provision shall not be applicable to non-resident investors in FIIs/FPIs, where such FIIs/FPIs are registered with SEBI as Category I or Category II Foreign Portfolio Investor under the SEBI (Foreign Portfolio Investors) Regulation, 2014.

5. Tax Treaty benefits

As per provisions of Section 90(2) of the Act, FIIs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FII, whichever is more beneficial. It needs to be noted that a non-resident is required to hold a valid tax residency certificate. Additionally the FII is required to provide such other documents and information in the Form 10F as prescribed vide Notification 57 of 2013 dated 1 August 2013. However, it may be noted that Tax Authorities may ask for other information and supporting documents if required. The withholding tax rates are subject to the recipients of income obtaining and furnishing a PAN to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under Section 206AA of the Act.

E. Benefits available to Mutual Funds under the Act

1. Dividend income

Dividend income, if any, received by the shareholders from the investment of mutual funds or shares of a domestic Company will be exempt from tax under Section 10(34) read with Section 115O of the Act.

The Finance Act, 2015 has abolished Wealth Tax Act, 1957 with effect from AY 2016-17 and subsequent assessment years.

Notes:-

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2017-18. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for Professional advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the Country in which the non-resident has fiscal domicile.

6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

LEGAL PROCEEDINGS AND DEFAULTS

Our Company, our Subsidiaries and our Promoters are subject to various legal proceedings from time to time mostly arising in the ordinary course of its business. Except as described below, we are not involved in any legal proceedings and our Company is not aware of any proceedings that are threatened, which if determined adversely, may have, or have had, a material adverse effect on our business, properties, financial condition or results or operations of our Company. We believe that none of the contingencies, either individually or in the aggregate, would have a material adverse effect on our financial condition, results of operations or cash flows.

Other than as disclosed below, our Company has no outstanding defaults in relation to statutory dues payable, dues payable to holders of any debentures and interest thereon, and in respect of deposits and interest thereon, defaults in repayment of loans from any bank or financial institution. Other than as disclosed below, been no other instances of compounding of offences, prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the Issue.

The Company is not involved in any legal proceeding, the aggregate amount of which is above the value of ₹ 62.73 lakhs, which is approximately 1 % of our profit after tax for Fiscal 2016.

1. LITIGATIONS INVOLVING OUR COMPANY

1. Litigation against our Company

Criminal Cases

The Central Bureau of Investigation ("**CBI**") has filed criminal case number 41/1999 before the Court of the Special Judge, Court No. 5 at Ahmedabad ("**CBI Court**") against our Company, Mr. Deepak C. Mehta ("**Respondent 2**"), Mr. Ajay C. Mehta ("**Respondent 3**") and others (together the "**Respondents**") for offences under sections 120(B) and 420 of the Indian Penal Code, 1860 ("**IPC**") read with section 13 of the Prevention of Corruption Act, 1988 ("**Prevention of Corruption Act**"). An FIR dated January 22, 1997 ("**FIR**") and charge sheet have been filed by the CBI against the Respondents for causing wrongful loss amounting to ₹ 33.47 lacs to Krishak Bharti Cooperative Limited ("**KRIBHCO**") by giving discount of ₹1,000 per MT for ammonia supplied during April 1995 and May 1995 in spite of the stock of ammonia being within manageable limits. The FIR alleges that the Respondents, with an object to obtain pecuniary advantage, allowed a discount of ₹ 1000 per MT instead of ₹ 150 per MT at the time when the rate of Ammonia was of ₹ 6,400 per MT in July, 1994. The Respondents have filed a special criminal application for quashing and set aside the impugned judgment and order dated July 30, 2009 passed by the Ld. Special Judge, C.B.I. Court with the High Court of Gujarat ("**High Court**") at Ahmedabad which has been allowed vide order dated November 21, 2016 in favour of Respondent 2 and Respondent 3. The High court has ordered for a stay of the proceedings before the CBI Court. The matter is currently pending before the High Court.

Legal Notices

1. Our Company has received a legal notice dated May 8, 2015 from Archroma IP GmbH ("**Archroma**") alleging that Archroma's European patent EP 2 260 145 B1 with the title 'Improved optical brightening compositions' ("**European Patent**") has been allegedly infringed by our Company. Archroma has further alleged that the optical brightener supplied by the Company falls under the scope of the European Patent. Archroma, through its letter dated May 29, 2015, has sought an explanation from our Company on why our Company considers itself entitled to supply an optical brightening agent containing magnesium ions. Archroma has further stated that it would consider the institution of legal steps against our Company. Our Company has disputed Archoroma's claim *vide* its replies dated May 21, 2015 and June 25, 2015 stating that Archroma's allegations is factually incorrect as magnesium based compounds are not used in the processes used by our Company.

2. Notice bearing reference number IVD/ID-3/AK/AC/DNL/31279/2016 dated November 17, 2016 was issued by SEBI to the Company in relation to the investigation in trading activities of certain entities in the scrip of the Company. The Company was asked to submit some documents and further information in relation to the trading activity by December 2, 2016, failing which they were liable for action under SEBI Act, 1992. Our Company submitted the required documents vide reply dated December 1, 2016. Subsequently, SEBI asked for further information which was provided by our Company in time. There has not been any further communication from SEBI in this regard.

3. **Litigation by our Company**

Civil

1. ***Special Civil Application No.11377 of 2016 filed by the Company against the Vadodara Municipal Corporation ("Respondent") before the High Court of Gujarat at Ahmedabad***

The Company has filed a civil petition against order dated July 1, 2016 and March 28, 2016 (hereinafter collectively referred to as "**Orders**") passed by the Town Development Officer and Deputy Town Development Officer of the Respondent under which the Company was directed to stop the commercial use of the Registered office failing which the Registered Office would be sealed by the Respondent. The Hon'ble High Court of Gujarat has passed an interim order dated July 13, 2017 in favour of the Company to stay and suspend the Orders till final hearing of the present petition. The matter is presently pending before the Hon'ble High Court of Gujarat for final orders.

Criminal

2. Our Company has filed criminal complaints bearing numbers 135, 136 and 137 of 2015 before the Metropolitan Magistrate, Cyberabad ("**Metropolitan Magistrate**") against Vivimed Labs Limited and others ("**Respondents**") for offences under section 138 of the Negotiable Instruments Act, 1881 ("**N.I. Act**") due to dishonor of cheques on account of insufficient funds. The Respondents purchased certain goods from our Company through cheques which were dishonored due to insufficient funds. The aggregate amount involved in the cases against the Respondent is ₹ 360.57 lacs. The cases are currently pending before the Metropolitan Magistrate.

3. Our Company has filed criminal complaints bearing number 8351, 11055, 2499, 26300, 11995, 27831 of 2016 and 55292 of 2015 before the court of Judicial Magistrate First Class, Vadodra ("**Judicial Magistrate First Class**") against Servalakshmi Paper Limited and others ("**Respondents**") for offences under 138, 141 and 142 of the Negotiable Instruments Act, 1881 ("**N.I. Act**") as well as section 415 and 420 of Indian Penal Code due to dishonor of cheques on account of insufficient funds. The Respondents purchased certain goods from our Company through cheques which were dishonored due to insufficient funds. The aggregate amount involved in the cases against the Respondent is ₹ 90.31 lacs. The cases are currently pending before the Judicial Magistrate First Class.

4. **LITIGATIONS INVOLVING OUR PROMOTER**

There have been no litigation or legal action pending or taken by any ministry or department of the Government or a statutory authority in India, against the Promoters of our Company during the last three years immediately preceding the year of this Placement Document and any direction issued by such ministry or department of the Government or statutory authority upon conclusion of such litigation or legal action, except for the criminal case against Mr. Deepak C. Mehta and Mr Ajay C. Mehta, as disclosed under the head '*Litigations against our Company – Criminal Cases'* on page 162 above.

5. **PROCEEDINGS UNDER THE COMPANIES ACT**

There has been no inquiry, inspection or investigations initiated or conducted against the Company under the Companies Act, 2013 or any previous company law in the last three years immediately preceding the year of circulation of this Placement Document against either our Company or our Subsidiaries. Further, there have not been any prosecutions filed (whether pending or not), fines imposed, compounding of offences under the Companies Act, 2013 or any previous company law, in the last three years immediately preceding the year of circulation of this Placement Document with respect to the Company or its Subsidiaries.

6. **MATERIAL FRAUDS COMMITTED AGAINST OUR COMPANY IN THE LAST THREE YEARS**

There have been no material frauds committed against our Company in the last three years.

7. **LITIGATIONS INVOLVING OUR SUBSIDIARIES**

Nil

8. **TAX RELATED PROCEEDINGS**

Litigation by the Company

	Number of cases	Amount involved (in ₹ Lakhs)
Income tax	1	58.64
Central Excise	1	206.04

Litigation against the Company

	Number of cases	Amount involved (in ₹ Lakhs)
Central Excise	1	149.75

9. DETAILS OF DEFAULT, IF ANY, INCLUDING THEREIN THE AMOUNT INVOLVED, DURATION OF DEFAULT AND PRESENT STATUS, IN REPAYMENT OF:

As of date of this Placement Document, there is no outstanding default in payment of statutory dues (except on account of disputes as stated below), repayment of debentures and interest thereon, repayment of deposits and interest thereon and repayment of loan from any bank or financial institution and interest thereon.

For Fiscal 2016, the outstanding statutory dues of sales tax, wealth tax, excise duty, value added tax and cess on account of any dispute (extracted from the audit report on the Financial statements for Fiscal 2016), are as follows:

Name of the Statute	Nature of Dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where pending
Work contract tax Act of Maharashtra	Work contract Tax	11.65	1998-1999 to 2004-2005	Commissioner, Works Contract Tax (Appeals)
Central Excise Act, 1944	Excise duty	1.28	April 2011 to October 2014	Assistant Commissioner, Central Excise
Central Excise Act, 1944	Excise duty	10.34	October 2010 to November 2013	Commissioner, Central Excise
Central Excise Act, 1944	Excise duty	206.79	July 1998 to March 2014	Central Excise & Service Tax Appellate Tribunal
Central Sales Tax	Sales tax	47.78	2005-2006, 2010-11 and 2011-12	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	2008-2009 to 2013-2014	High Court of Andhra Pradesh

10. PAST DEFAULTS:

Our Company has defaulted in the past, the details of which have been mentioned below:

Nature of offence	Particulars	Amount (₹ in lacs)	Period to which the amount relates	Status
Proceedings under section 7A of the Employees' Provident Fund and Miscellanaeous Provisions Act, 1952 before the Regional PF Commissioner	The Company had not taken into account the excess amount that was paid to its employee in the name of production incentive for improving of productivity for its Nandesari unit for the calculation of the provident fund and other contribution. The Company was directed to pay dues of ₹ 10.29 lacs	10.29	November 1992 to 1996	Closed *vide* order dated November 18, 2011

GENERAL INFORMATION

1. Our Company was incorporated as a private limited company on June 6, 1970 as Deepak Nitrite Private Limited under the Companies Act, 1956 issued by the Registrar of Companies, Gujarat.. Our Company was subsequently converted into a public limited company on April 7, 1971.

2. Our Registered Office is located at 9/10, Kunj Society, Alkapuri, Vadodara – 390 007. Our Corporate Office is located at Aaditya-I, National Highway No. 8, Chhani Road, Vadodara – 390 024. The CIN of our Company is L24110GJ1970PLC001735.

3. The authorized share capital of our Company is ₹ 50,00,00,000 consisting of 15,00,00,000 Equity Shares of ₹ 2 each and 20,00,000 preference shares of ₹ 100 each. Our Company's issued and subscribed capital is ₹ 23,25,76,380 divided into 11,62,88,190 Equity Shares of ₹2 each.

4. Under the Memorandum of Association, our principal objects are to carry out the business described in the chapter titled *"Business"*, beginning on page 81.

5. Details of the Compliance Officer:

   Mr. Arvind Bajpai
   Aaditya-I, National Highway No. 8,
   Chhani Road, Vadodara – 390 024
   E-mail: investor@deepaknitrite.com
   Tel: + 91 265 276 5200
   Fax: +91 265 234 0506

6. Our Equity Shares are listed on the BSE and the NSE. The Issue was authorized and approved by the Board of Directors on August 4, 2016 and by the shareholders of the Company by way of approval through postal ballot on October 5, 2016.

7. Our Company has received in-principle approval to list the Equity Shares to be issued pursuant to the Issue, from the BSE and the NSE on February 28, 2017. We will apply for final listing and trading approvals for such Equity Shares on BSE and NSE.

8. Copies of our Memorandum and Articles of Association will be available for inspection between 10:00 a.m. to 5:00 p.m. on any weekday (except Saturdays and public holidays) at our Registered Office.

9. Except as disclosed in this Placement Document, we have obtained all consents, approvals and authorisations required in connection with this Issue.

10. Except as disclosed in this Placement Document, there has been no material change in our financial or trading position since March 31, 2016, the date of the latest financial statements included in this Placement Document, except as disclosed herein. The Company has also published standalone financial results for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016.

11. Our Company's Statutory Auditors, M/s. B.K. Khare & Company, Chartered Accountants, have audited the standalone financial statements as of and for the years ended March 31, 2016, 2015 and 2014, and the consolidated financial statements as of and for the year ended March 31, 2016 and 2015 included in this Placement Document. Our Statutory Auditors have also reviewed our unaudited standalone financial results for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016.

12. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For details of litigations, please see *"Legal Proceedings and Defaults"* on page 162.

13. Our Company confirms that it is in compliance with the minimum public shareholding requirements as specified in the SCRR and the terms of the SEBI Listing Regulations. Our Company also confirms that it shall be in compliance with such minimum public shareholding requirements on issuance and allotment of the Equity Shares issued pursuant to the Issue.

14. The Floor Price is ₹ 103.62 per Equity Share, calculated in accordance with the provisions of Chapter VIII of the SEBI ICDR Regulations.

FINANCIAL INFORMATION

DEEPAK NITRITE LIMITED
Registered Office : 9/10, Kunj Society, Alkapuri, Vadodara - 390 007
Web Site : www.deepaknitrite.com, Investors Relation Contact : investor@deepaknitrite.com
Corporate Identification Number: L24110GJ1970PLC001735, Tel. : +91-265-2334481/82, Fax: +91-265-2330994

SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

Rs. in Lacs

Sr. No.	Particulars	Quarter Ended			Year Ended		Year Ended
		31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	30.09.2016 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)
1	Segment Revenue :						
	a) Basic Chemicals	13,141.87	16,408.03	15,627.16	46,270.23	52,766.37	67,455.64
	b) Fine & Speciality Chemicals	[illegible]	[illegible]	8,828.84	26,882.03	27,049.14	39,336.81
	c) Performance Products	4,885.07	6,789.85	6,095.67	17,152.20	20,223.81	27,388.25
	d) Others un-allocable	27.43	118.14	138.93	420.75	376.57	578.39
	Total	28,379.86	32,307.40	30,690.60	90,725.21	1,00,415.89	1,34,739.08
	Less : Inter segment revenue	394.33	440.35	433.91	1,113.44	918.83	1,166.56
	Net Sales/Income from operations	27,985.53	31,867.05	30,256.69	89,611.77	99,497.06	1,33,572.52
2	Segment Results before Tax & Interest:						
	a) Basic Chemicals	2,205.07	2,102.87	2,199.76	6,183.80	5,136.90	7,958.84
	b) Fine & Speciality Chemicals	1,894.02	2,266.27	2,278.49	7,006.58	6,605.84	9,718.03
	c) Performance Products	(609.49)	(195.68)	(448.36)	(1,341.55)	(578.95)	(870.39)
	Total	3,489.60	4,173.46	4,079.89	11,848.83	12,163.79	16,806.88
	Less: i) Interest	932.40	906.77	489.97	2,259.72	2,967.00	3,744.63
	ii) Other un-allocable expenditure Net of un-allocable income	1,445.18	1,012.60	1,374.12	(3,010.21)	[illegible]	3,929.74
	Total Profit Before Tax	1,112.02	2,254.09	2,165.80	12,599.32	6,195.00	9,132.51
3	Capital Employed :						
	(Segment Assets Less Segment Liabilities)						
	Segment Assets						
	a) Basic Chemicals	34,599.70	33,067.83	28,848.89	34,599.70	33,067.83	29,965.65
	b) Fine & Speciality Chemicals	30,956.56	28,060.24	30,835.99	30,956.56	28,060.24	33,097.82
	c) Performance Products	40,914.76	44,993.54	43,890.73	40,914.76	44,993.54	41,600.05
	Total Segment Assets	1,06,471.02	1,06,121.61	1,03,575.61	1,06,471.02	1,06,121.61	1,04,663.72
	d) Other un-allocable	24,674.61	12,837.28	24,361.31	24,674.61	12,837.28	21,001.95
	Total Assets	1,31,145.63	1,18,958.89	1,27,936.92	1,31,145.63	1,18,958.89	1,25,665.67
	Segment Liabilities						
	a) Basic Chemicals	9,541.27	8,089.81	7,110.28	9,541.27	8,089.81	9,021.46
	b) Fine & Speciality Chemicals	2,057.58	3,677.34	3,169.37	2,057.58	3,677.34	3,788.45
	c) Performance Products	4,605.28	6,459.62	5,020.03	4,605.28	6,459.62	4,515.86
	Total Segment Liabilities	16,204.13	18,226.77	15,299.68	16,204.13	18,226.77	17,325.77
	d) Other un-allocable	2,610.05	3,939.48	2,650.91	2,610.05	3,939.48	5,755.73
	Total Liabilities	18,814.18	22,166.25	17,950.59	18,814.18	22,166.25	23,081.50
	Capital Employed						
	a) Basic Chemicals	25,058.43	24,978.02	21,738.61	25,058.43	24,978.02	20,944.19
	b) Fine & Speciality Chemicals	28,898.98	24,382.90	27,666.62	28,898.98	24,382.90	29,309.37
	c) Performance Products	36,309.48	38,533.92	38,870.70	36,309.48	38,533.92	37,084.19
	Total Capital Employed in Segments	90,266.89	87,894.84	88,275.93	90,266.89	87,894.84	87,337.95
	d) Other un-allocable	22,064.56	8,897.80	[illegible]	22,064.56	8,897.80	15,246.22
	Total Capital Employed	1,12,331.45	96,792.64	1,09,986.33	1,12,331.45	96,792.64	1,02,584.17

DEEPAK NITRITE LIMITED

DEEPAK NITRITE LIMITED

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Corporate Identification Number: L24110GJ1970PLC001735, Tel. : +91-265-2334481/82, Fax: +91-265-2330994

STAND-ALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER, 2016

Rs. in Lacs

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	30.09.2016 (Unaudited)	31.12.2016 (Unaudited)	31.12.2015 (Unaudited)	31.03.2016 (Audited)
1	Income from operations						
	(a) Net Sales/Income from operations (Net of excise duty)	27,557.78	31,370.28	29,907.19	88,478.00	96,452.23	1,32,035.28
	(b) Other operating income	427.75	496.77	349.50	1,133.77	3,044.83	1,537.24
	Total income from operations (net)	27,985.53	31,867.05	30,256.69	89,611.77	99,497.06	1,33,572.52
2	Expenses						
	(a) Cost of materials consumed	15,819.30	18,945.93	17,348.86	52,781.07	61,076.85	79,629.03
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, Work-in-progress and stock-in-trade	324.18	(676.70)	(511.85)	(1,150.72)	(1,744.86)	(854.33)
	(d) Employee benefits expense	3,181.01	2,923.80	2,932.08	9,215.07	8,869.19	11,607.95
	(e) Depreciation and amortisation expense	1,063.85	989.04	1,046.55	3,161.87	2,918.54	3,945.04
	(f) Power & Fuel expense	1,973.83	2,785.80	2,830.08	7,430.05	9,059.57	11,814.94
	(g) Other expenses	3,863.57	3,765.02	4,056.51	11,256.50	10,429.04	14,587.08
	Total expenses	25,976.30	28,731.49	27,700.71	82,193.84	90,410.28	1,20,849.71
3	Profit/(Loss) from Operations before Other Income, Finance costs and Exceptional items (1-2)	2,009.23	3,135.56	2,555.98	7,417.93	9,086.78	12,722.81
4	Other Income	35.19	25.30	99.79	363.93	75.22	154.33
5	Profit/(Loss) from ordinary activities before Finance costs and Exceptional Items (3 + 4)	2,044.42	3,160.86	2,655.77	7,781.86	9,162.00	12,877.14
6	Finance Costs	932.40	906.77	489.97	2,259.72	2,967.00	3,744.63
7	Profit/(Loss) from Ordinary activities after Finance costs but before Exceptional items (5 - 6)	1,112.02	2,254.09	2,165.80	5,522.14	6,195.00	9,132.51
8	Exceptional items	-	-	-	7,077.18	-	-
9	Profit/(Loss) from Ordinary activities before Tax (7+8)	1,112.02	2,254.09	2,165.80	12,599.32	6,195.00	9,132.51
10	Tax Expense	310.91	608.80	624.60	3,471.14	1,736.29	2,617.60
11	Net Profit/(Loss) from Ordinary activities after Tax (9-10)	801.10	1,645.29	1,541.19	9,128.18	4,458.71	6,514.91
12	Extraordinary Items (Net of Tax expenses)	-	-	-	-	-	-
13	Net Profit/(Loss) for the period (11+12)	801.10	1,645.29	1,541.19	9,128.18	4,458.71	6,514.91
14	Paid-up Equity Share Capital (Face Value of Rs. 2/- each)	2,325.76	2,090.76	2,325.76	2,325.76	2,090.76	2,325.76
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous accounting year						45,186.82
16.I.	Earnings per share (before exceptional item) (of Rs. 2/- each) (not annualised) :						
	a) Basic	0.69	1.57	1.33	3.17	4.27	6.07
	b) Diluted	0.69	1.57	1.33	3.17	4.27	6.07
16.II.	Earnings per share (after exceptional item) (of Rs. 2/- each) (not annualised) :						
	a) Basic	0.69	1.57	1.33	7.85	4.27	6.07
	b) Diluted	0.69	1.57	1.33	7.85	4.27	6.07

* Exceptional item for the Nine months ended December, 2016 pertains to profit of Rs. 7077.18 Lacs on sale of land and surrender / assignment of leasehold rights in land at Pune.

DEEPAK NITRITE LIMITED

DEEPAK NITRITE LIMITED
Registered Office : 9/10, Kunj Society, Alkapuri, Vadodara - 390 007
Web Site : www.deepaknitrite.com, Investors Relation Contact : investor@deepaknitrite.com
Corporate Identification Number: L24110GJ1970PLC001735, Tel. : +91-265-2334481/82, Fax: +91-265-2330994

NOTES:

1 The above Unaudited financial results were reviewed by the Audit Committee and have been considered and approved by the Board of Directors at their meeting held on 14-February, 2017.

2 The Statutory Auditors of the Company have conducted a Limited Review of the results for the quarter ended December 31, 2016.

3 During the current quarter, the company has further invested Rs. 1,408.70 Lacs in its wholly owned subsidiary Deepak Phenolics Limited.

4 Out of the proceeds of Rs. 8,330.75 Lacs from the Qualified Institutional Placement. Rs. 260.07 Lacs were utilised towards Share Issue Expenses and Rs. 8,070.68 Lacs has been utilised for the object stated in the offer document.

5 A fire occurred at one of the Company's manufacturing unit at Roha Industrial Estate, Maharashtra on October 21, 2016. Out of the four facilities of 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 results for this quarter have been adversely impacted due to this incident. The Company is adequately insured for replacement value of the damaged facilities and loss of profits due to business interruption. The estimated claim under fire insurance policy for damage of these facilities amounts to Rs. 2,145.00 Lacs and claim on account of loss of profits due to business interruption for this quarter amounts to Rs. 1,301.00 Lacs. These claims shall be recognised in due course. Therefore, no effect has been given in the books of accounts.

During the current quarter, the results of the Company have also been adversely impacted due to closure of one of its three units situated at Hyderabad upon issuance of order by Telangana State Pollution Control Board ("TSPCB"). After reviewing the compliance status of the said closure order, TSPCB granted interim revocation of said order and the plant is in full operations now. All effective steps has been taken for permenant revocation of the said order.

6 Previous period/year's figures have been regrouped/reclassified, where necessary, to make them comparable with the current figures.

For DEEPAK NITRITE LIMITED.

Mumbai, February 14, 2017

D. C. MEHTA
Chairman & Managing Director

B. K. KHARE & CO.
CHARTERED ACCOUNTANTS

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Limited Review Report

The Board of Directors
Deepak Nitrite Limited.
Mumbai

We have reviewed the accompanying Statement of Unaudited Financial Results of Deepak Nitrite Limited ("the Company') for the quarter ended December 31, 2016 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the standalone results for the quarter ended December 31, 2016 based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410,"Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with generally accepted accounting standards in India and other recognized accounting practices and policies has not disclosed the Information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Himanshu Chapsey
Partner
Membership No. 105731

Place: Mumbai
Date: February 14, 2017

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STAND-ALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2016

Rs. in Lacs

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	30.06.2016 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	31.03.2016 (Audited)
1	**Income from operations**						
	(a) Net Sales/Income from operations (Net of excise duty)	29,907.19	33,444.79	31,013.04	60,920.23	67,081.95	1,32,035.28
	(b) Other operating income	349.50	353.05	356.52	706.02	548.06	1,537.24
	Total income from operations (net)	30,256.69	33,797.84	31,369.56	61,626.25	67,630.01	1,33,572.52
2	**Expenses**						
	(a) Cost of materials consumed	17,348.36	20,405.52	19,013.41	36,361.77	42,132.72	79,629.03
	(b) Purchases of stock-in-trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, Work-in-progress and stock-in-trade	(511.85)	56.11	(963.61)	(1,475.46)	(1,065.96)	(654.33)
	(d) Employee benefits expense	2,932.06	2,954.77	3,202.00	6,134.06	5,745.34	11,607.95
	(e) Depreciation and amortisation expense	1,046.55	950.16	1,051.47	2,098.02	1,928.90	3,945.04
	(f) Power & Fuel expense	2,830.08	3,155.11	2,676.15	5,506.22	6,273.77	11,814.94
	(g) Other expenses	4,055.31	3,133.44	3,537.42	7,592.93	6,664.02	14,507.06
	Total expenses	27,700.71	30,695.41	28,516.84	56,217.55	61,678.79	1,20,849.71
3	Profit/(Loss) from Operations before Other Income, Finance costs and Exceptional items (1-2)	2,555.98	3,102.43	2,852.72	5,408.70	5,951.22	12,722.81
4	Other income	99.79	29.90	228.95	328.74	49.92	154.33
5	Profit/(Loss) from ordinary activities before Finance costs and Exceptional Items (3 ± 4)	2,655.77	3,132.33	3,081.67	5,737.44	6,001.14	12,877.14
6	Finance Costs	489.97	1,058.21	837.35	1,327.32	2,060.23	3,744.63
7	Profit/(Loss) from Ordinary activities after Finance costs but before Exceptional Items (5 ± 6)	2,165.80	2,074.12	2,244.32	4,410.12	3,940.91	9,132.51
8	Exceptional Items	-	-	7,077.18 *	7,077.18	-	-
9	Profit/(Loss) from Ordinary activities before Tax (7±8)	2,165.80	2,074.12	9,321.50	11,487.30	3,940.91	9,132.51
10	Tax Expense	624.60	596.45	2,535.63	3,160.23	1,127.49	2,617.60
11	Net Profit/(Loss) from Ordinary activities after Tax (9±10)	1,541.20	1,477.67	6,785.87	8,327.07	2,813.42	6,514.91
12	Extraordinary Items (Net of Tax expenses)	-	-	-	-	-	
13	Net Profit/(Loss) for the period (11±12)	1,541.20	1,477.67	6,785.87	8,327.07	2,813.42	6,514.91
14	Paid-up Equity Share Capital (Face Value of Rs. 2/- each)	2,325.76	2,090.76	2,325.76	2,325.76	2,090.76	2,325.76
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous accounting year						45,186.82
16.i.	Earnings per share (before exceptional item) (of Rs. 2/- each) (not annualised) :						
	a) Basic	1.33	1.41	1.35	2.70	2.69	6.07
	b) Diluted	1.33	1.41	1.35	2.70	2.69	6.07
16.ii.	Earnings per share (after exceptional item) (of Rs. 2/- each) (not annualised) :						
	a) Basic	1.33	1.41	5.84	7.16	2.69	6.07
	b) Diluted	1.33	1.41	5.84	7.16	2.69	6.07

* Exceptional Item for the quarter ended June 30, 2016 pertains to profit of Rs. 7,077.18 lacs on sale of land and surrender / assignment of leasehold rights in land at Pune.

DEEPAK NITRITE LIMITED

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SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

Rs. in Lacs

Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	30.06.2016 (Unaudited)	30.09.2016 (Unaudited)	30.09.2015 (Unaudited)	31.03.2016 (Audited)
1	Segment Revenue :						
	a) Basic Chemicals	15,627.16	18,139.30	15,501.49	31,128.65	36,328.34	67,455.64
	b) Fine & Speciality Chemicals	8,828.84	8,562.54	9,877.34	18,706.18	18,087.76	39,336.81
	c) Performance Products	6,095.66	7,219.97	6,171.52	12,267.18	13,433.96	27,368.25
	d) Others un-allocable	138.93	165.08	154.39	293.32	258.43	578.38
	Total	30,690.60	34,086.89	31,704.74	62,395.34	68,108.49	1,34,739.08
	Less : Inter segment revenue	433.91	289.06	335.18	769.09	478.48	1,166.56
	Net Sales/Income from operations	30,256.69	33,797.84	31,369.56	51,626.25	67,630.01	1,33,572.52
2	Segment Results before Tax & Interest:						
	a) Basic Chemicals	2,199.76	2,049.94	1,778.96	3,978.72	4,034.03	7,958.84
	b) Fine & Speciality Chemicals	2,278.49	2,188.08	2,834.07	5,112.56	4,339.57	9,718.63
	c) Performance Products	(448.36)	(189.10)	(283.70)	(732.06)	(383.27)	(870.59)
	Total	4,029.89	4,048.92	4,329.33	8,359.22	7,990.33	16,806.88
	Less: i) Interest	489.97	1,038.21	837.35	1,327.32	2,060.23	3,744.63
	ii) Other un-allocable expenditure Net of un-allocable income	1,374.12	936.59	(5,829.52)	(4,455.40)	1,989.19	3,929.74
	Total Profit Before Tax	2,165.80	2,074.12	9,321.50	11,487.30	3,940.91	9,132.51
3	Capital Employed :						
	a) Basic Chemicals	21,738.61	25,233.96	25,084.02	21,738.61	25,233.96	20,944.39
	b) Fine & Speciality Chemicals	27,666.62	24,527.39	27,779.73	27,666.62	24,527.39	29,309.37
	c) Performance Products	38,870.70	39,311.11	35,970.44	38,870.70	39,311.11	37,084.19
	d) Other un-allocable	21,710.40	7,101.15	17,941.50	21,710.40	7,101.15	15,246.22
	Total	1,09,986.33	96,173.61	1,06,775.69	1,09,986.33	96,173.61	1,02,584.17

NOTES:

1. The above Unaudited financial results were reviewed by the Audit Committee and have been considered and approved by the Board of Directors at their meeting held on October 26, 2016.
2. The Statutory Auditors of the Company have conducted a Limited Review of the results for the quarter ended September 30, 2016.
3. During the current quarter, the company has further invested Rs. 5,296.98 Lacs in its wholly owned subsidiary Deepak Phenolics Limited.
4. Out of the proceeds of Rs. 8,330.75 Lacs from the Qualified Institutional Placement, Rs. 260.07 Lacs were utilised towards Share Issue Expenses and Rs.7,190.32 Lacs has been utilised for the object stated in the offer document. Pending utilisation, Rs. 880.36 Lacs have been invested in Liquid Mutual Funds.
5. There was an incident of fire at one of the distillation columns of the Company's manufacturing facilities situated at Roha Industrial Estate, in the State of Maharashtra ('Plant') on 21st October, 2016. This has resulted into temporary stoppage of production. The Company is having multipurpose facility at Roha site and this incident has affected only one of the intermediates and not the rest of the intermediates / products manufactured at the Roha location. While the detailed impact of the incident is being calculated, management does not expect to have any material impact on the performance of the Company.
6. The Company has received an Order from Telangana State Pollution Control Board for closure of one of the Company's three units situated at Hyderabad. The Company is taking all the necessary effective steps to correct the anomalies pointed out by the authorities in the manufacturing system and to get the said Closure Order revoked. This incident is not expected to have any material impact on the performance of the Company.
7. Previous period/year's figures have been regrouped/reclassified, where necessary, to make them comparable with the current figures.

8 A Statement of Assets and Liabilities as required under Clause 41 (V) (h) of Listing Agreement:-

Rs. in Lacs

	Particulars	STANDALONE RESULTS	
		30.09.2016 (Unaudited)	31.03.2016 (Audited)
A	**EQUITY AND LIABILITIES**		
1	**Shareholders Funds**		
	(a) Share Capital	2,325.76	2,325.76
	(b) Reserves and Surplus	53,590.14	45,263.07
	Sub-total - Shareholders funds	55,915.90	47,588.83
2	**Non-current liabilities**		
	(a) Long-term borrowings	11,058.59	15,892.61
	(b) Deferred tax liabilities (net)	6,390.52	5,664.71
	(c) Other long-term liabilities	276.82	290.80
	(d) Long-term provisions	530.85	468.51
	Sub-total-Non-Current liabilities	18,256.78	22,316.63
3	**Current Liabilities**		
	(a) Short-term borrowings	26,453.20	23,490.49
	(b) Trade payables	11,299.63	13,025.27
	(c) Other current liabilities	15,771.53	17,424.25
	(d) Short-term provisions .	388.03	2,022.60
	Sub-total-Current liabilities	53,912.39	55,963.11
	TOTAL-EQUITY AND LIABILITIES	1,28,085.07	1,25,868.57
B	**ASSETS**		
1	**Non-current assets**		
	(a) Fixed assets	60,614.06	60,741.57
	(b) Non-current investments	15,620.65	6,544.31
	(c) Deferred tax assets (net)	-	-
	(d) Long - term loans and advances	4,282.41	4,049.34
	(e) Other non-current assets	-	-
	Sub-total-Non-current assets	80,517.14	71,335.52
2	Current assets		
	(a) Current investments	1,189.44	6,751.50
	(b) Inventories	15,219.55	12,085.11
	(c) Trade receivables	25,235.80	29,633.78
	(d) Cash and cash equivalents	171.10	388.41
	(e) Short-term loans and advances	5,438.77	5,354.69
	(f) Other current assets	313.27	319.55
	Sub-total-Current assets	47,567.93	54,533.05
	TOTAL - ASSETS	1,28,085.07	1,25,868.57

For DEEPAK NITRITE LIMITED,

D. C. MEHTA
Chairman & Managing Director

Mumbai, October 26, 2016

B. K. KHARE & CO.

CHARTERED ACCOUNTANTS

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Limited Review Report

The Board of Directors
Deepak Nitrite Limited.
Mumbai

We have reviewed the accompanying Statement of Unaudited Financial Results of Deepak Nitrite Limited ("the Company") for the quarter ended September 30, 2016 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410,"Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with generally accepted accounting standards in India and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

Himanshu Chapsey
Partner
Membership No. 105731

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: October 26, 2016

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STAND-ALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2016

Rs. in Lacs

Sr. No.	Particulars	Quarter Ended			Year Ended
		30.06.2016 (Unaudited)	30.06.2015 (Unaudited)	31.03.2016 (Audited)	31.03.2016 (Audited)
1	**Income from operations**				
	(a) Net Sales/income from operations (Net of excise duty)	31,013.04	33,637.16	33,583.05	1,32,035.28
	(b) Other operating income	356.52	195.01	492.41	1,537.24
	Total income from operations (net)	31,369.56	33,832.17	34,075.46	1,33,572.52
2	**Expenses**				
	(a) Cost of materials consumed	19,013.41	21,726.90	18,550.38	79,629.03
	(b) Purchases of stock-in-trade	-	-	-	-
	(c) Changes in inventories of finished goods, Work-in-progress and stock-in-trade	(963.61)	(1,122.07)	1,090.33	(654.33)
	(d) Employee benefits expense	3,202.00	2,780.57	2,938.81	11,607.95
	(e) Depreciation and amortisation expense	1,051.47	948.74	1,026.50	3,945.04
	(f) Power & Fuel expense	2,676.15	3,118.66	2,755.37	11,814.94
	(g) Other expenses	3,537.42	3,530.58	4,078.04	14,507.08
	Total expenses	28,516.84	30,983.38	30,439.43	1,20,849.71
3	Profit/(Loss) from Operations before Other income, Finance costs and Exceptional items (1-2)	2,852.72	2,848.79	3,636.03	12,722.81
4	Other Income	228.95	20.02	79.11	154.33
5	Profit/(Loss) from ordinary activities before Finance costs and Exceptional Items (3 ± 4)	3,081.67	2,868.81	3,715.14	12,877.14
6	Finance Costs	837.35	1,002.02	777.63	3,744.63
7	Profit/(Loss) from Ordinary activities after Finance costs but before Exceptional Items (5 ± 6)	2,244.32	1,866.79	2,937.51	9,132.51
8	Exceptional items	7,077.18	-	-	-
9	Profit/(Loss) from Ordinary activities before Tax (7±8)	9,321.50	1,866.79	2,937.51	9,132.51
10	Tax Expense	2,535.63	531.04	881.31	2,617.60
11	Net Profit/(Loss) from Ordinary activities after Tax (9±10)	6,785.87	1,335.75	2,056.20	6,514.91
12	Extraordinary Items (Net of Tax expenses)	-	-	-	-
13	Net Profit/(Loss) for the period (11±12)	6,785.87	1,335.75	2,056.20	6,514.91
14	Paid-up Equity Share Capital (Face Value of Rs. 2/- each)	2,325.76	2,090.76	2,325.76	2,325.76
15	Reserve excluding Revaluation Reserves as per Balance Sheet of previous accounting year				45,186.82
16.i.	Earnings per share (Face value of Rs. 2/- each) (not annualised) :				
	a) Basic	5.84	1.28	1.78	6.07
	b) Diluted	5.84	1.28	1.78	6.07
16.ii.	Earnings per share - before exceptional item (Face value of Rs. 2/- each) (not annualised) :				
	a) Basic	1.35	1.28	1.78	6.07
	b) Diluted	1.35	1.28	1.78	6.07

DEEPAK NITRITE LIMITED

DEEPAK NITRITE LIMITED
Registered Office : 9/10, Kunj Society, Alkapuri, Vadodara - 390 007
Web Site : www.deepaknitrite.com, Investors Relation Contact : investor@deepaknitrite.com
Corporate Identification Number: L24110GJ1970PLC001735,Tel. : +91-265-2334481/82, Fax: +91-265-2330994

SEGMENT-WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

Rs. in Lacs

Sr. No.	Particulars	Quarter Ended			Year Ended
		30.06.2016 (Unaudited)	30.06.2015 (Unaudited)	31.03.2016 (Audited)	31.03.2016 (Audited)
1	Segment Revenue :				
	a) Basic Chemicals	15,501.49	18,189.04	14,689.27	67,455.64
	b) Fine & Speciality Chemicals	9,877.34	9,525.22	12,287.66	39,336.81
	c) Performance Products	6,171.52	6,213.99	7,144.44	27,368.25
	d) Others un-allocable	154.39	93.35	201.82	578.38
	Total	31,704.74	34,021.60	34,323.19	1,34,739.08
	Less : Inter segment revenue	335.18	189.43	247.73	1,166.56
	Net Sales/Income from operations	31,369.56	33,832.17	34,075.46	1,33,572.52
2	**Segment Results before Tax & Interest:**				
	a) Basic Chemicals	1,778.95	1,984.09	1,821.94	7,958.84
	b) Fine & Speciality Chemicals	2,834.07	2,151.49	3,112.79	9,718.63
	c) Performance Products	(283.70)	(214.17)	(291.64)	(870.59)
	Total	4,329.32	3,921.41	4,643.09	16,806.88
	Less: i) Interest	837.35	1,002.02	777.63	3,744.63
	ii) Other un-allocable expenditure Net of un-allocable Income	(5,829.53)	1,052.60	927.95	3,929.74
	Total Profit Before Tax	9,321.50	1,866.79	2,937.51	9,132.51
3	**Capital Employed :**				
	a) Basic Chemicals	25,084.02	24,924.12	20,944.39	20,944.39
	b) Fine & Speciality Chemicals	27,779.73	22,666.58	29,309.37	29,309.37
	c) Performance Products	35,970.44	40,043.44	37,084.19	37,084.19
	d) Other un-allocable	17,941.50	4,960.20	15,246.22	15,246.22
	Total	1,06,775.69	92,594.34	1,02,584.17	1,02,584.17

NOTES:

1 The above Unaudited financial results were reviewed by the Audit Committee and have been considered and approved by the Board of Directors at their meeting held on 4 August, 2016.

2 The Statutory Auditors of the Company have conducted a Limited Review of the results for the quarter ended June 30, 2016.

3 The figures of the quarter ended March 31, 2016 are the balancing figure between audited figures in respect of the full financial year ended March 31, 2016 and the published year to date figures upto the end of third quarter ended December 31, 2015 of the previous financial year.

4 The exceptional item of Rs. 7,077.18 lacs pertains to profit on sale of land and surrender / assignment of leasehold rights in land at Pune.

5 During the current quarter, the company has further invested Rs. 3,779.36 Lacs in its wholly owned subsidiary Deepak Phenolics Limited.

6 Out of the proceeds of Rs. 8,330.75 Lacs from the Qualified Institutional Placement, Rs. 260.07 Lacs were utilised towards Share Issue Expenses and Rs. 2,188.34 Lacs has been utilised for the object stated in the offer document. Pending utilisation, Rs. 5,882.34 Lacs have been invested in Liquid Mutual Funds.

7 The Company has renamed its Bulk Chemicals and Commodities segment as Basic Chemicals Segment and Fluorescent Whitening Agent Segment as Performance Products segment. The Prior period / year's segment have been renamed accordingly.

8 Previous period/year's figures have been regrouped/reclassified, where necessary, to make them comparable with the current figures.

For **DEEPAK NITRITE LIMITED.**

Vadodara, August 4, 2016

NITRITE LIMITED DEEPAK

D. C. MEHTA
Vice Chairman & Managing Director

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Limited Review Report

The Board of Directors
Deepak Nitrite Limited.
Mumbai

We have reviewed the accompanying Statement of Unaudited Financial Results ("the Statement") of Deepak Nitrite Limited ("the Company') for the quarter ended June 30, 2016.This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410,"Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with generally accepted accounting standards in India and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

Himanshu Chapsey
Partner
Membership No. 105731

Place: Vadodara
Date:August 04, 2016

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DEEPAK NITRITE LIMITED

ANNUAL ACCOUNTS 2015-16

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INDEPENDENT AUDITOR'S REPORT

To the Members of Deepak Nitrite Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Deepak Nitrite Limited ("the Company"), which comprise the balance sheet as at March 31, 2016, and the related statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

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Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

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g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 33 to the financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Himanshu Chapsey
Partner
Membership Number: 105731
Mumbai
May 9, 2016

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ANNEXURE I TO THE AUDITOR'S REPORT

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

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (ii) The Company has a rotational programme for verification of its fixed assets over a period of 3 years. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. The fixed assets have not been physically verified by the Company during the year and hence it is not possible to determine whether there are any discrepancies with respect to the same.
   (iii) The title deeds of immovable properties are held in the name of the Company.

2. Inventories have been physically verified by management at reasonable intervals during the year. The discrepancies noticed on such verification were not material and have been adjusted in the books of account of the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186. According to the information and explanations given to us and to the best of our knowledge, the provisions of section 185 and 186 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.

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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 arreas, as on March 31, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, dues of income-tax, sales tax, service tax, excise duty, customs duty and work contract tax which have not been deposited on account of any dispute are as follows:

Name of the Statue	Nature of Dues	Rs lakhs	Period to which the amount relates	Forum where pending
Work Contract Tax Act of Maharashtra	Work Contract Tax	11.65	1998-99 to 2004-05	Commissioner, Works Contract Tax (Appeals)
Central Excise Act, 1944	Excise Duty	1.28	April 11 to October 2014	Assistant Commissioner, Central Excise
Central Excise Act, 1944	Excise Duty	10.34	October 2010 to November 2013	Commissioner, Central Excise
Central Excise Act, 1944	Excise Duty	206.79	July '98 to March '14	Central Excise & Service Tax Appellate Tribunal

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Central Sales Tax Act	Sales Tax	47.78	2005-06, 2010-11 and 2011-12	Additional Commissioner, Sales Tax
Mumbai Stamp Act	Stamp Duty	22.85	Mar-10	Chief Controller of Revenue Authorities
Hyderabad Metropolitan Water Supply & Sewerage Act, 1989	Sewerage Cess	11.13	2008-09 to 2013-14	High Court of Andhra Pradesh

8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. The Company has not raised any money via debentures.

9. The Company has not raised any moneys by way of initial public offer or further public offer during the year and hence the provisions of para 3(ix) of the Order are not applicable to the Company. According to the information and explanations given to us and to the best of our knowledge and belief, the money raised by way of term loans have been applied for the purposes for which these were raised.

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

11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us, the Company is not a Nidhi Company and hence, the provisions of para 3(xii) of the Order are not applicable to the Company.

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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 per permissible under the Placement Document issued by the Company at the time of the issue.

15. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.

16. According to the information and explanations given to us the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

HChapsey
Himanshu Chapsey
Partner
Membership No. 105731
Mumbai
May 9, 2016

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an

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understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over

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CHARTERED ACCOUNTANTS

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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 No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai, May 9, 2016

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DEEPAK NITRITE LIMITED

BALANCE SHEET as at March31, 2016

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

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

DEEPAK NITRITE LIMITED

As per our report of even date

For and on behalf of the Board

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

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai: May 09, 2016

D. C. MEHTA
Vice Chairman &
Managing Director

A. C. MEHTA
Managing Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

C. K. MEHTA
Chairman

UMESH ASAIKAR
Executive Director

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

Mumbai: May 09, 2016

DEEPAK NITRITE LIMITED

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

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

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

DEEPAK NITRITE LIMITED

As per our report of even date

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

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai: May 09, 2016

For and on behalf of the Board

D. C. MEHTA
Vice Chairman &
Managing Director

A. C. MEHTA
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Chief Financial Officer

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Company Secretary

C. K. MEHTA
Chairman

UMESH ASAIKAR
Executive Director

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

Mumbai: May 09, 2016

DEEPAK NITRITE LIMITED

CASH FLOW STATEMENT

	2016 Rs. in Lacs	2015 Rs. in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax from Continuing Operations	9,132.51	6,774.24
Profit before tax	**9,132.51**	**6,774.24**
Non-cash adjustment to reconcile profit before tax to net cash flows		
1. Depreciation / Amortisation on Continuing Operations	3,945.04	3,602.41
2. Impairment/ (Write back) on Tangible/ Intangible Assets pertaining to Continuing Operations	-	(23.03)
3. Loss on Sale of Fixed Assets	177.01	132.36
4. Profit on Sale of Fixed Assets	(14.08)	(98.83)
5. Provision for Doubtful Debts	213.05	82.66
6. Wealth Tax	(2.82)	16.80
7. Realised/Unrealised Foreign Exchange Loss (gain)	(5.93)	-
8. Interest expenses	3,744.63	3,640.64
9. Interest Income	(50.40)	(62.45)
10.Dividend Income	(49.71)	(1.55)
Operating Profit Before Working Capital changes	**17,089.30**	**14,063.25**
Movements in working capital :		
1. Increase / (Decrease) in Trade Payables	2,087.51	(3,180.67)
2. Increase / (Decrease) in Other Current Liabilities & Provision	1,936.99	(347.23)
3. Decrease / (Increase) in Trade Receivables	1,252.37	(1,875.16)
4. Decrease / (Increase) in Inventories	(1,581.03)	2,490.97
5. Decrease / (Increase) in Long-Term Loans and Advances	(268.77)	68.84
6. Decrease / (Increase) in Short-Term Loans and Advances	(156.17)	1,399.47
7. Decrease / (Increase) in Other Current Assets	516.02	(700.55)
Cash generated from /(used in) Operations	**20,876.22**	**11,918.92**
Direct taxes paid (net of refunds)	(1,874.66)	(1,401.22)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES (A)	**19,001.56**	**10,517.70**
B.CASH FLOWS FROM INVESTING ACTIVITIES		
1.Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(5,138.82)	(8,445.36)
2.Proceeds from Sale of Fixed Assets	22.35	124.86
3. Advance towards proposed sale of land.	-	1,500.00
4. Investment in Subsidiaries	(4,317.09)	(1,915.00)
5.Purchase of Current Investments	(23,608.87)	-
6.Proceeds from sale/maturity of Current Investments	16,857.36	-
7.Interest received	36.83	74.32
8.Dividends received	49.71	1.55
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES (B)	**(16,098.53)**	**(8,659.63)**
C.CASH FLOWS FROM FINANCING ACTIVITIES		
1.Proceeds from issue of Equity Shares including Securities Premium	8,070.67	-
2.Proceeds from Long-Term Borrowings	1,197.10	4,202.07
3.Repayment of Long-Term Borrowings	(7,490.31)	(5,494.20)
4. Net Proceeds from Short Term Borrowings	388.89	4,029.89
5.Interest paid	(3,702.75)	(3,748.93)
6.Dividend paid on Equity Shares	(1,039.88)	(1,038.90)
7.Tax on Equity Dividend paid	(212.82)	(177.66)
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES (C)	**(2,789.10)**	**(2,227.73)**
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	**113.93**	**(369.66)**
Cash and Cash equivalents at the beginning of the year	274.48	644.14
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**388.41**	**274.48**

DEEPAK NITRITE LIMITED

Reconcilation of Cash and Cash equivalents		
Balances with Banks:		
- In Current Accounts	336.20	70.58
- In EEFC Accounts	0.01	20.30
- On Unpaid Dividend / Interest Account (Refer note below)	52.20	48.64
Cash on hand	-	0.36
	388.41	**139.88**
Other Bank Balances		
- Deposits with original maturity for more than 3 months but less than 12 months	-	134.60
TOTAL CASH AND CASH EQUIVALENTS AS PER NOTE 18	**388.41**	**274.48**

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

As per our report of even date

For and on behalf of the Board

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

D. C. MEHTA
Vice Chairman &
Managing Director

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Chairman

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SUDHIR MANKAD
SANDESH ANAND
Directors

Mumbai: May 09, 2016

Mumbai: May 09, 2016

Deepak Nitrite Limited

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

Company overview

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

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 Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds, where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

h) **Investments**

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

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

i) **Foreign currency transactions**

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

j) **Income Tax**

Tax expense comprises of both current and deferred tax.

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

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

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

k) **Earning per Share**

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

l) **Segment Reporting - Basis of Information**

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

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

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

Secondary segment have been identified with reference to geographical location of external customers. Composition of secondary segment is as follows: (i) India and (ii) Outside India

m) **Borrowing costs**

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

n) **Operating Lease**

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

o) **Cash Flow Statement**

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

p) **Provisions and Contingent Liabilities**

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

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

2. SHARE CAPITAL

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

(a) Shares:- Terms/Rights:

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

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

iii) Each holder of the Equity Share is entitled to one vote per Share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

iv) During the year ended March 31, 2016, the amount of per share dividend recognised as distribution to Equity Shareholders is Rs.1.20/- (Previous Year Re. 1/-).

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

(b) Reconciliation of the shares outstanding and the amount of share capital at the beginning and at the end of the year:
Equity Shares

	As at March 31, 2016		As at March 31, 2015	
	No.	Rs. in Lacs	No.	Rs. in Lacs
At the beginning of the period	104,538,190	2,090.76	10,453,819	1,045.38
Sub division made during the year	-	-	41,815,276	-
Issued during the period - Bonus issue (Refer Note (d) below)	-	-	52,269,095	1,045.38
Issued during the period - issued to QIB (Refer Note (ii) above)	11,750,000	235.00	-	-
Outstanding at the end of the period	116,288,190	2,325.76	104,538,190	2,090.76

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

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No.	% holding	No.	% holding
Equity shares of Rs. 2 each fully paid (Previous year, Rs. 2 each fully paid)				
Shri Deepak Chimanlal Mehta	20,904,040	18.01	20,600,040	19.71
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	7.21	8,379,940	8.02
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	6.20	7,206,050	6.89
Stepup Credits & Capital Pvt. Ltd.	6,915,580	5.95	6,915,580	6.61
Stigma Credits & Capital Pvt. Ltd.	6,178,100	5.31	6,178,100	5.91
Franklin India Smaller Companies Fund	6,100,000	5.25	-	-

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

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3. RESERVES & SURPLUS

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

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

DEEPAK NITRITE LIMITED

4. LONG TERM BORROWINGS

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

Term Loans:-

The Loans from Banks includes term loan obtained from State Bank of India during the year amounting to Rs. 1,197.10 Lacs (Previous year, Rs. 4,202.07 lacs), this is to be secured by first pari passu charge by way of mortgage of immovable properties of the Company and both present and future hypothecation of movable assets of the Company. The Company is in the process of executing the necessary charge on the Assets. The outstanding balance of External Commercial Borrowings are from (a) Standard Chartered Bank Rs.3,797.56 Lacs (Previous year, Rs. 5,195.04 Lacs) (b) HSBC Bank (Mauritius) Limited Rs. 4,974.97 Lacs (Previous year, Rs. 7,041.47 Lacs) and (c) DBS Bank Limited Rs 8,457.44 Lacs (Previous year, Rs. 9,701.57 Lacs). These are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over current assets of the Company.

Repayment Schedule:-

a) Rate of interest of loan from Banks are in the range of base rate plus 0.50% to 1.00% p.a.

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

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

d) 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.

e) 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

f) 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.

5. DEFERRED TAX LIABILITY

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

6. OTHER LONG TERM LIABILITIES

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

DEEPAK NITRITE LIMITED

7. LONG TERM & SHORT TERM PROVISIONS

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

8. SHORT TERM BORROWINGS

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

a) Working Capital borrowings from banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit carry rate of interest as Base Rate of respective banks plus spread ranging from 0% - 2.25% pa, Packing Credit in Foreign Currency, Buyers' Credit against Letter of Undertaking carry rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.25% p.a. to 1.10% p.a.. These borrowings are repayable on demand.

b) Secured Working Capital borrowings are Secured by way of first Hypothecation charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and second charge on all Fixed Assets by way of hypothecation and mortgage.

c) Commercial Paper placed by the Company carries interest rate ranging from 7.50% pa to 9.15% pa, tenure of each placement ranging from 43 days to 140 days. Commercial Papers issued during the year were unsecured.

9 TRADE PAYABLES

	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Trade payables (including acceptances) (Refer note 41 for details of dues to Micro, Small and Medium Enterprises)	13,025.77	10,938.27
TOTAL	**13,025.77**	**10,938.27**

10 OTHER CURRENT LIABILITIES

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

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

Fixed Assets

11. Tangible Assets

(Rs. in Lacs)

		GROSS BLOCK				DEPRECIATION						NET BLOCK
Sr. No.	Particulars	As at April 1,2015	Additions	Deletions	Total March 31,2016	Upto April 1,2015	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletions	Total March 31,2016	As at March 31,2016
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)
1	Freehold Land	581.11	-	-	581.11	-	-	-	-	-	-	581.11
2	Leasehold Land	3,001.70	-	-	3,001.70	199.25	33.40	-	-	-	232.65	2,769.05
3	Plant and Machinery	65,974.55	8,175.41	818.31	73,331.65	23,039.12	3,184.21	-	-	627.69	25,595.64	47,736.01
4	Factory and		-	-	-	-	-	-	-	-	-	-
	Other Buildings	8,221.59	427.63	6.51	8,642.71	1,772.80	219.13	-	-	3.30	1,988.63	6,654.08
5	Roads	543.40	7.60	13.52	537.48	153.09	102.00	-	-	14.69	240.40	297.08
6	Office Equipment's	481.62	77.66	15.04	544.24	307.19	78.79	-	-	14.39	371.59	172.65
7	Furniture & Fixture	796.22	67.64	7.39	856.47	418.80	67.67	-	-	4.80	481.67	374.80
8	Vehicles	802.95	112.27	58.30	856.92	245.10	110.89	-	-	33.82	322.17	534.75
	Total - Current Year	80,403.14	8,868.21	919.07	88,352.28	26,135.35	3,796.09	-	-	698.69	29,232.75	59,119.53

(Rs. in Lacs)

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

12 a. Intangible Assets

(Rs. in Lacs)

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

(Rs. in Lacs)

		GROSS BLOCK				DEPRECIATION						NET BLOCK
Sr. No.	Particulars	As at April 1,2014	Additions	Deletions	Total March 31,2015	Upto April 1,2014	For the year	Impairment Provision/ (Reversal)	Transfer to Retained	Deletions	Total March 31,2015	As at March 31,2015
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)
1	Goodwill	233.50	-	-	233.50	233.50	-	-	-	-	233.50	-
2	Computer Software (Office-equipment)	538.58	76.21	-	614.79	329.85	55.59	-	-	-	385.44	229.35
3	Others	373.74	112.91	-	486.65	55.95	69.03	-	-	-	124.98	361.67
	Total - Previous Year	1,145.82	189.12	-	1,334.94	619.30	124.62	-	-	-	743.92	591.02

Notes:

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

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

Sr No.	Assets	Original Cost Rs. in Lacs	Replacement Cost Rs. in Lacs	Method and Indices
1	Leasehold Land	16.53	124.10	Prevailing market price on the date of Valuation. Replacement costs of these fixed assets was arrived at by using RBI indices for buildings and indigenous plant and for imported equipments by using respective countries indices as also adjusting for customs
2	Plant & Machinery	259.93	550.66	
3	R&D Equipment	14.03	20.54	
4	Factory & Other Buildin	55.45	149.04	
5	R&D Building	2.11	5.61	
	Total	348.05	849.95	
	Previous year	355.46	863.12	

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

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

Note: Pursuant to the provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009, and related notifications of Ministry of Corporate Affairs, the Company in 2015-16 has adjusted to fixed assets, foreign exchange differences amounting to Rs. 1,289.44 Lacs (Previous year, Rs. ,1950.21 Lacs) on revaluation of long term foreign currency borrowing for acquisition of fixed assets as an adjustment to borrowing costs.

4 (a) Out of fixed assets amounting to Rs. 26.02 Lacs pertaining to Fine & Speciality segment forming part of Nandesari division and which were held of disposal, assets worth Rs. 1.10 Lacs (Previous year, Rs. 8.26 Lacs) were sold during the year at a profit of Rs. 0.06 Lacs (Previous year, loss of Rs. 5.49 Lacs) recognised in Statement of Profit & Loss. The remaining assets were revalued at Rs. 20.23 Lacs (Previous year, Rs. 26.02 Lacs) and loss on revaluation of Rs. 4.70 Lacs (Previous year, Rs. 21. 01 lacs) is recognised in Statement of Profit & Loss. During the current year Assets pertaining to Flourescent Whitening Agent having carrying value Rs. 57.77 Lacs (Previous year, NIL) were retired from active use and are held for disposal . These assets are stated at lower of book value and realisable value ie. at Rs. 51.22 Lacs (Previous year, NIL) separately in the financial statement as current asset held for disposal . The difference between realisable value and carrying value being loss of Rs. 6.55 Lacs (Previous year, NIL) is recognised in the current years Statement of Profit and Loss.

(b) In respect of Building held under Capital work in progress at Roha which was impaired in the year 2008-09, cumulative provision stands at Rs. 397.88 Lacs as on Balance Sheet date.

(c) Further, in respect of Factory Building at Roha which was impaired in the year 2008-09, during the previous year impairment provision of Rs 23.03 Lacs was reversed as the said assets was put to alternate use. Cumulative provision stands at Rs. Nil.

5 Remaining useful life of Intangible assets and balance carrying amount

Sr. No	Particulars	Remaining useful life	Balance carrying amount
1	Software and related implementation costs	6 years	290.29
2	Rights to use facilities	5 years	125.28
3	Technical Know How	10 years	175.62

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6 Research & Development Assets included in Fixed Assets

Rs.in Lacs

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

Rs.in Lacs

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

12 b. Capital Work In Progress

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

12 c. Intangible Assets under Development

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

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13. INVESTMENTS

	Non-Current As at March 31, 2016 Rs. in Lacs	Non-Current As at March 31, 2015 Rs. in Lacs	Current As at March 31, 2016 Rs. in Lacs	Current As at March 31, 2015 Rs. in Lacs
Long Term Investments at Cost				
Trade (Unquoted) Investments in Equity Shares - Fully Paid up				
Investment in Subsidiaries				
6,18,44,100 (Previous year, 1,40,50,000) Equity Shares of Deepak Phenolics Limited Rs. 10/- each, fully paid up.	6,184.41	1,405.00	-	-
7,500 (Previous year Nil) Equity Shares of Deepak Nitrite Corporation, Inc. $ 10/- each, fully paid up.	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	-	-
	6,468.75	**1,641.66**	-	-
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 Fund (Valued at cost)				
39,32,029 (Previous year, Nil) JM High Liquidity Fund	-	-	1,610.20	-
1,03,826 (Previous year, Nil) UTI Money Market Mutual Fund	-	-	1,743.65	-
1,03,635 (Previous year, Nil) Baroda Pioneer Liquid Fund	-	-	1,787.38	-
54,436 (Previous year, Nil) HDFC Liquid Fund	-	-	1,610.27	
	-	-	**6,751.50**	-
Quoted (Non trade) (Valued at cost)				
50,000 (Previous year, 50,000) Equity Shares of Bank of Baroda	8.50	8.50	-	-
6,240 (Previous year, 6,240) Equity Shares of IDBI Bank	5.07	5.07	-	-
29,400 (Previous year, 29,400) Equity Shares of Dena Bank	8.82	8.82	-	-
	22.39	**22.39**	-	-
TOTAL	**6,544.31**	**1,717.22**	**6,751.50**	-

i) Aggregate amount of Unquoted Investments is Rs. 6521.92 lacs (Previous year, Rs.1694.83 lacs).
ii) Aggregated amount of Quoted Investments is Rs. 6773.89 lacs (Previous year, Rs.22.39 lacs).
iii) Aggregate Market Price of Quoted Investments Rs. 6893.06 (Previous year, Rs.101.07).

14. LONG TERM & SHORT TERM LOANS & ADVANCES

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

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Notes:

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

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

15. OTHER CURRENT ASSETS

	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Unsecured, considered good unless stated otherwise		
Interest receivable on loans	34.38	20.81
Assets held for disposal	80.84	35.42
Others	204.34	703.32
TOTAL	319.56	759.55

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

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

17. TRADE RECEIVABLES

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

18. CASH AND CASH EQUIVALENTS

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

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

DEEPAK NITRITE LIMITED

19. REVENUE FROM OPERATIONS

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

Note:

Detail of Products Sold

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

20. OTHER INCOME

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

21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

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

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Note: Details of Raw Material Consumed:

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

22. DETAILS OF PURCHASE OF TRADED GOODS

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

23. (INCREASE)/ DECREASE IN INVENTORIES

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

24. EMPLOYEE BENEFITS EXPENSE

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

25. POWER & FUEL EXPENSES

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

26. DEPRECIATION AND AMORTISATION EXPENSES

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Depreciation of Tangible Assets	3,796.09	3479.45
Amortisation of Intangible Assets	148.95	124.62
	3,945.04	3,604.07
Less: Recoupment from Revaluation Reserve	-	1.66
TOTAL	3,945.04	3,602.41

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27. FINANCE COSTS

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

28. OTHER EXPENSES

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Conversion Charges	506.63	630.13
Excise Duty paid	20.94	40.17
(Increase)/ Decrease of Excise Duty on Inventories	61.23	(63.55)
Other Manufacturing Expenses	887.08	601.53
Loss on Sale / Discard of Fixed Assets	177.01	132.36
Impairment Provision /(Reversal) (Refer footnote 4 (c) of Fixed Assets)	-	(23.03)
	177.01	109.33
Insurance	233.85	227.37
Repairs and Maintenance :-		
Plant and machinery	2,426.20	1,546.67
Buildings	166.45	154.19
Others	94.74	75.20
Freight and Forwarding Charges	2,650.64	3,006.78
Consumption of Stores and Spare parts	1,459.12	1,450.11
Sales Commission	343.41	181.34
Corporate Social Responsibility Activity Expenditure (Refer Note: 44) / Donations	163.94	81.95
Rent (Refer Note No. 43)	122.90	112.40
Rates and Taxes	179.99	205.99
Travelling and Conveyance	437.33	428.34
Vehicle Expenses	284.22	274.53
General Expenses	3,859.78	2,447.49
Provision / (Reversal) for Inventory Obsolescence (net)	(15.94)	(221.84)
Provision for Doubtful Debts	239.88	84.23
Add:- Bad Debts / (recovered)	17.93	(12.74)
Less:- Transfer from Provision for Doubtful Debts	26.81	1.57
	231.00	69.92
Directors' Sitting Fees	16.35	19.70
Payment to Auditor (Refer note below)	37.81	44.68
Wealth Tax	(2.82)	16.80
TOTAL	14,341.86	11,439.23

Note:

Payment to Auditor

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

29. **Employee Retirement Benefits**

A) Gratuity

Description of the Plan:

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

i) Present Value of Defined Benefit Obligation:

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

ii) Fair Value of Plan Assets:

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

iii) Assets and Liabilities Recognised in the Balance Sheet:

	As At March 31, 2016 Rs. in Lacs	As At March 31, 2015 Rs. in Lacs
Present Value of Defined Benefit Obligation	1,338.98	1,175.52
Less: Fair Value of Plan Assets:	1,286.55	1,101.32
Less: Unrecognised Past Service costs	-	-
Amounts recognised as liability	**52.43**	**74.20**
Recognised under:		
Long Term provision	-	-
Short Term provision (Refer Note 6)	52.43	74.20
Total	**52.43**	**74.20**

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

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Current Service Cost	89.72	66.84
Interest Cost	93.49	88.86
Expected return on Plan Assets	(87.59)	(79.92)
Actuarial (gain)/losses	42.61	153.49
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Total Expenses (Refer Note No. 24)	**138.24**	**229.27**

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

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

vi) Actuarial Assumptions

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

vii) Amount Recognised in current year and previous four year

	March 31,2016 Rs. in Lacs	March 31,2015 Rs. in Lacs	March 31,2014 Rs. in Lacs	March 31,2013 Rs. in Lacs	March 31,2012 Rs. in Lacs
Defined Benefit Obligation	1338.98	1175.52	952.37	848.09	734.87
Plan Assets	1286.55	1101.32	918.64	833.8	705.81
Surplus/Deficit	52.43	74.20	33.73	14.29	29.06
Experience adjustments in plan liabilities	36.27	49.98	51.86	49.10	-
Experience adjustments in plan assets	(2.03)	5.16	2.08	(0.20)	-

viii) Expected Contribution to the Fund in the next Year

	Current Year Rs. in Lacs
Gratuity	200.00

B) Leave Encashment

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

ii) Principal Actuarial Assumptions:

	Current Year	Previous Year
Discount Rate	8.07%	7.96%

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

C) Defined Contribution Plan

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Employer's Contribution to Provident Fund	352.64	314.45
Employer's Contribution to Superannuation Fund	136.45	125.96

Expected Contribution for the next year	Rs. in Lacs
Employer's Contribution to Provident Fund	391.43
Employer's Contribution to Superannuation Fund	151.46

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30 Segment Reporting

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

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
I) Segment Revenue		
a) Bulk Chemicals & Commodities	67,455.64	74,958.52
b) Fine & Speciality Chemicals		
Own Manufactured	39,336.81	32,362.54
Traded	-	257.85
	39,336.81	32,620.39
c) Fluorescent Whitening Agent	27,368.25	26,618.48
d) Other Un- allocable	578.38	541.89
Total	134,739.08	134,739.28
Less: Inter Segment Revenue	1,166.56	2,023.05
Net Sales/Income from operations	133,572.52	132,716.23
II) Segment Results		
(Profit) + Loss (-) Before Tax & Interest		
a) Bulk Chemicals & Commodities	7,958.84	7,354.19
b) Fine & Speciality Chemicals	9,718.63	6,187.88
c) Fluorescent Whitening Agent	(870.59)	65.66
Total	16,806.88	13,607.73
Less :i) Interest	3,744.63	3,640.64
ii) Other un-allocable expenditure net of un-allocable Income	3,929.74	3,192.85
III) Total Profit Before Tax	9,132.51	6,774.24
Provision for Taxation		
- For the year		
Current Tax	1,984.57	1,345.32
Mat Credit Entitlements	(399.28)	(1,122.04)
Deferred Tax	1,032.31	1,206.66
IV) Profit After Tax	6,514.91	5,344.30
	Current Year Rs. in Lacs	**Previous Year Rs. in Lacs**
V) Segment Assets		
a) Bulk Chemicals & Commodities	29,965.85	32,995.30
b) Fine & Speciality Chemicals	33,097.82	24,508.30
c) Fluorescent Whitening Agent	41,600.05	44,666.85
d) Un-allocable	21,204.86	10,184.91
Total	125,868.57	112,355.36
VI) Segment Liabilities		
a) Bulk Chemicals & Commodities	9,021.46	6,737.99
b) Fine & Speciality Chemicals	3,788.45	3,399.82
c) Fluorescent Whitening Agent	4,515.86	3,599.55
d) Un-allocable	55,289.26	59,302.82
Total	72,615.03	73,040.18
VII) Capital Expenditure		
a) Bulk Chemicals & Commodities	3,975.53	771.22
b) Fine & Speciality Chemicals	3,158.61	2,895.47
c) Fluorescent Whitening Agent	1,395.71	8,017.32
d) Un-allocable	492.35	978.92
Total	9,022.20	12,662.93
VIII) Depreciation		
a) Bulk Chemicals & Commodities	1,074.32	939.35
b) Fine & Speciality Chemicals	824.77	732.97
c) Fluorescent Whitening Agent	1,609.40	1,540.02
d) Un-allocable	436.55	390.07
Total	3,945.04	3,602.41

Notes: Segmental Results of Previous Year are net of Impairment Loss Reversal of Rs. 23.03 Lacs in Fine & Speciality Chemicals Segment.

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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 Rs. in Lacs**	**Previous Year Rs. in Lacs**
In India	82,444.76	81,039.92
Outside India	51,127.76	51,676.31
Total	**133,572.52**	**132,716.23**

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

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

31 Disclosure under AS 20 "Earning Per Share"

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

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32. **Disclosure under AS 18 "Related Party Disclosures"**

(i) **Subsidiary Companies:**
Deepak Nitrite Corporation Inc., United States of America
Deepak Phenolics Limited

(ii) **Associate Company:**
Deepak Gulf LLC, Sultanate of Oman

(iii) **Key Management Personnel**

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

(iv) **Companies over which key managerial personnel or their relatives are able to exercise significant Influence.**
Blue Shell Investment Private Limited * Check Point Credits & Capital Private Limited * Crossover Advisors Private Limited * Crossover Trustees Private Limited * Deepak Asset Reconstruction * Deepak Cybit Private Limited * Deepak Fertilizers and Petrochemicals Corporation Limited * Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Grey Point Investments Private Limited *Hardik Leafin Private Limited * Kawant Developers Corporation *Nucore Capital Management Private Limited * Pranawa Leafin Private Limited * Prolific Credits & Capital Private Limited * Skyrose Finvest Private Limited * Sofotel Infra Private Limited * Stepup Credits & Capital Private Limited * Stiffen Credits and Capital Private Limited * Stigma Credit & Capital Private Limited * Storewell Credits & Capital Private Limited * Sundown Finvest Private Limited * Superpose Credits & Capital Private Limited * Synergy Li Power Resources Private Limited * The LakakiWorks Private Limited * Yerrowda Investment Limited

(v) **Relative of Key Management Personnel**
Shri Maulik D. Mehta
Shri Meghav D. Mehta

(vi) **Transaction with Related Parties**

Rs. in Lacs

Sr. No.	Nature of Transaction	31st March, 2016						31st March, 2015					
		Subsidiary Company	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Subsidiary Company	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
1	Purchase of Goods												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	7,082.93	-	7,082.93	-	-	-	6,285.32	-	6,285.32
	Deepak Novochem Technologies Limited	-	-	-	54.86	-	54.86	-	-	-	224.42	-	224.42
2	Sale of Goods												
	Deepak Novochem Technologies Limited	-	-	-	64.05	-	64.05	-	-	-	13.45	-	13.45
3	Conversion Charges Received												
	Deepak Novochem Technologies Limited	-	-	-	712.90	-	712.90	-	-	-	559.51	-	559.51
4	Sale of Fixed Assets												
	Deepak Novochem Technologies Limited	-	-	-	-	-	-	-	-	-	-	-	-
5	Rendering of Services / Reimbursement of Expenses												
	Deepak Novochem Technologies Limited	-	-	-	0.46	-	0.46	-	-	-	-	-	-
	Deepak Phenolics Limited	381.59	-	-	-	-	381.59	545.72	-	-	-	-	545.72
6	Receiving of services / Reimbursement of Expenses												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	16.32	-	16.32	-	-	-	1.77	-	1.77
	Deepak Novochem Technologies Limited	-	-	-	3.22	-	3.22	-	-	-	2.76	-	2.76
	Deepak Foundation	-	-	-	0.66	-	0.66	-	-	-	1.59	-	1.59
	Deepak Medical Foundation	-	-	-	0.82	-	0.82	-	-	-	0.77	-	0.77
	Deepak Nitrite Corporation Inc	559.23					559.23						
	Sofotel Infra Private Limited	-	-	-	0.04	-	0.04	-	-	-	0.01	-	0.01
	Shri Deepak C. Mehta	-	-	9.60	-	-	9.60	-	-	9.60	-	-	9.60
	Shri C.K. Mehta	-	-	4.51	-	-	4.51	-	-	4.41	-	-	4.41
	Shri Maulik.D. Mehta	-	-	-	-	45.50	45.50	-	-	-	-	36.56	36.56
	Shri Meghav.D. Mehta	-	-	-	-	26.14	26.14	-	-	-	-	12.40	12.40

Sr. No.	Nature of Transaction	31st March, 2016						31st March, 2015					
		Subsidiary Company	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Subsidiary Company	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
7	Managerial Remuneration												
	Shri Deepak C. Mehta	-	-	342.92	-		342.92	-	-	258.72	-	-	258.72
	Shri Ajay C. Mehta	-	-	336.59	-		336.59	-	-	247.83	-	-	247.83
	Shri Umesh Asaikar	-	-	367.57	-		367.57	-	-	299.54	-	-	299.54
8	Subscription of Investment / Aquasition of Investment												
	Deepak Phenolics Ltd	4,269.41	-	-	-	-	4,269.41	1,910.00	-	-	-	-	1,910.00
	Deepak Gulf LLC	-	-	-	-	-	-	-	-	-	-	-	-
	Shri D.C. Mehta	-	-	-	-	-	-	-	-	2.78	-	-	2.78
	Deepak Nitrite Corporation Inc	47.68	-	-	-	-	47.68	-	-	-	-	-	-
	Others	-	-	-	-	-	-	-	-	1.00	-	1.20	2.20
9	Dividend Paid												
	Checkpoint Credits & Capitals Private Limited	-	-	-	72.06	-	72.06	-	-	-	72.06	-	72.06
	Stigma Credits & Capital Private Limited	-	-	-	61.78	-	61.78	-	-	-	61.78	-	61.78
	Stiffen Credits & Capital Private Limited	-	-	-	83.80	-	83.80	-	-	-	83.80	-	83.80
	Stepup Credits & Capital Private Limited	-	-	-	69.16	-	69.16	-	-	-	69.16	-	69.16
	Skyrose Finvest Private Limited	-	-	-	36.91	-	36.91	-	-	-	35.71	-	35.71
	Shri Deepak C. Mehta	-	-	206.00	-	-	206.00	-	-	202.70	-	-	202.70
	Shri C.K. Mehta	-	-	0.86	-	-	0.86	-	-	0.86	-	-	0.86
	Shri Maulik.D. Mehta	-	-	-	-	1.31	1.31	-	-	-	-	1.31	1.31
	Shri Meghav.D. Mehta	-	-	-	-	0.47	0.47	-	-	-	-	0.47	0.47
	Others	-	-	-	52.82	13.66	66.48	-	-	-	49.78	13.66	63.44
10	Donation / CSR Activity												
	Deepak Foundation - PHTI	-	-	-	114.10	-	114.10	-	-	-	58.24	-	58.24
	Deepak Medical Foundation	-	-	-	20.00	-	20.00	-	-	-	23.10	-	23.10
	Deepak Foundation				23.50		23.50	-	-	-	-	-	-
11	Net Accounts Receivable / (Payable)												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	(1,035.49)	-	(1,035.49)	-	-	-	(1,086.93)	-	(1,086.93)
	Deepak Novochem Technologies Limited	-	-	-	152.92	-	152.92	-	-	-	149.35	-	149.35
	Deepak Phenolics Ltd	24.35	-	-	-	-	24.35	545.72	-	-	-	-	545.72
	Deepak Nitrite Corporation Inc	45.98	-	-	-	-	45.98	-	-	-	-	-	-
	Shri Deepak C. Mehta	-	-	135.55	-	-	135.55	-	-	211.84	-	-	211.84
	Shri Ajay C. Mehta	-	-	(264.45)	-	-	(264.45)	-	-	(188.16)	-	-	(188.16)
	Shri C.K. Mehta	-	-	(3.00)	-	-	(3.00)	-	-	(3.00)	-	-	(3.00)
	Shri Umesh Asaikar	-	-	(86.25)	-	-	(86.25)	-	-	(75.00)	-	-	(75.00)
	Sofotel Infra Private Limited	-	-	-	(0.04)	-	(0.04)	-	-	-	-	-	-
	Deepak Foundation	-	-	-	-	-	-	-	-	-	(0.07)	-	(0.07)

33 **Contingent Liabilities not provided for**

	As At March 31, 2016 Rs. in Lacs	As At March 31, 2015 Rs. in Lacs
a) In respect of income tax matters	98.60	98.60
b) In respect of sales tax / vat matters	59.43	35.07
c) In respect of excise matters	218.41	219.50
d) Bank Guarantees:		
-Financial	1,155.33	816.60
-Performance	2,936.42	3003.11
e) In respect of Stamp duty matter	22.85	22.85
f) Disputed Labour Matters	Amount Not ascertained	
In respect of (a) to (c),(e) & (f), future cash outflow in respect of contingent liabilities is determinable only on receipt of judgments pending at various forums/authorities.		
Total	**4,491.04**	**4,195.73**

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

35 **Capital Commitments (Net of Advances)**

	As At March 31, 2016 Rs. in Lacs	As At March 31, 2015 Rs. in Lacs
Capital Commitments	743.41	466.46

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

36 **Hedging Instruments**

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

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

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

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

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

37 **CIF Value of Imports**

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

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

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
i) Travelling	80.67	89.10
ii) Interest on Loans	1068.45	1,168.79
iii) Professional fees for market survey	523.05	320.68
iv) Commitment Charges / Bank Charges	1.05	2.25
v) Commission on Export Sales	87.87	47.16
vi) Others	714.41	610.75
	2,475.50	**2,238.73**

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

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

40 **Earning in Foreign Exchange**

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

41 **Disclosures under Micro, Small and Medium Enterprise Development Act, 2006**

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

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
(i) Principal amount remaining unpaid as on March 31.	143.04	117.36
(ii) Interest due thereon remaining unpaid as on March 31.	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	0.22	0.34
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.25	0.22
(v) Interest accrued and remaining unpaid as at March 31 (net of tax deducted at source).	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

42a **Research and Development Expenses**

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
(i) Capital Expenditure (Refer Note 12 a (6) of Fixed Assets)	158.95	97.48
(ii) Revenue Expenditure:		
Materials	28.33	23.74
Utilities	14.08	13.45
Maintenance	21.14	37.56
Personnel	387.14	410.82
Others	77.16	136.51
	527.85	**622.08**
Lease Rent	-	-
Discarding of Assets	-	0.05
Depreciation	134.82	137.86
	134.82	**137.91**
Total Revenue Expenditure	**662.67**	**759.99**
(iii) Total Capital & Revenue Expenditure	**821.62**	**857.47**

DEEPAK NITRITE LIMITED

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

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

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

43 **Disclosure under AS-19 "Leases"**

Disclosure for Operating Leases:

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

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

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

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

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

As per our report of even date

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

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai: May 09, 2016

For and on behalf of the Board

D. C. MEHTA
Vice Chairman & Managing Director

C. K. MEHTA
Chairman

A. C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

Mumbai: May 09, 2016

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies

Part "A": Subsidiaries

1	Name of the subsidiary	Deepak Phenolics Limited	Deepak Nitrite Corporation, Inc.
2	Reporting period for the subsidiary concerned, if different	2015-16	2015-16
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	US$ 1US$ = Rs. 66.29
4	Share capital (Rs.in Lacs)	6,184.41	49.71
5	Reserves & surplus (Rs.in Lacs)	-295.15	22.13
6	Total assets (Rs.in Lacs)	9,842.94	388.08
7	Total Liabilities (Rs.in Lacs)	3,953.68	316.24
8	Investments (Rs.in Lacs)	1,627.34	-
9	Turnover (Rs.in Lacs)	3,711.05	647.46
10	Profit before taxation (Rs.in Lacs)	-248.87	32.97
11	Provision for taxation (Rs.in Lacs)	-	5.40
12	Profit after taxation (Rs.in Lacs)	-248.87	27.57
13	Proposed Dividend (Rs.in Lacs)	-	-
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 Companies

1	Name of Associate	Deepak Gulf LLC
2	Latest audited Balance Sheet Date	31/03/2016
3	Shares of Associate held by the company on the year end	
4	No. of Shares held (Face value of OMR 10/- each)	122,500
5	Amount of Investment in Associates (Rs.in Lacs)	179.30
6	Extend of Holding %	49%
7	Description of how there is significant influence	By virtue of shareholding
8	Reason why the associate/joint venture is not consolidated	Not applicable
9	Networth attributable to Shareholding as per latest audited Balance Sheet (Rs.in Lacs)	177.68
10	Profit / Loss for the year	
	i. Considered in Consolidation (Rs.in Lacs)	(17.08)
	ii. Not Considered in Consolidation (Rs.in Lacs)	(17.78)

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

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai: May 09, 2016

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Vice Chairman & Managing Director

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SUDHIR MANKAD
SANDESH ANAND
Directors

ARVIND BAJPAI
Company Secretary

Mumbai: May 09, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of Deepak Nitrite Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Deepak Nitrite Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising the consolidated balance sheet as at March 31, 2016 and related statements of the consolidated profit and loss and consolidated cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

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Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence we have 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.

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Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Other Matters

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

   (b) Our opinion on the consolidated financial 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;

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b. in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;

c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Company and its Indian subsidiary and the operating effectiveness of such controls, refer to our separate report in Annexure I.

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities- Refer Note 33 to the consolidated financial statements.

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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.

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

HChapsey
Himanshu Chapsey
Partner
Membership Number: 105731
Mumbai
May 9, 2016.

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

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

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

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the 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.

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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.

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Opinion

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

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration No. 105102W

Himanshu Chapsey
Partner
Membership No. 105731
Mumbai, May 9, 2016

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Consolidated Balance Sheet as at March31, 2016

	Note No.	2016 Rs. in Lacs	2015 Rs. in Lacs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,325.76	2,090.76
Reserves and Surplus	4	44,960.65	32,531.38
		47,286.41	**34,622.14**
Non-Current Liabilities			
Long-Term Borrowings	5	15,892.61	23,860.03
Deferred Tax Liability	6	5,664.71	4,632.40
Other Long-Term Liabilities	7	290.80	267.04
Long-Term Provisions	8	481.34	526.01
		22,329.46	**29,285.48**
Current Liabilities			
Short-Term Borrowings	9	26,851.67	23,101.09
Trade Payables	10a	13,310.47	10,955.08
Other Current Liabilities	10b	17,611.16	12,916.96
Short-Term Provisions	8	2,025.48	1,432.33
		59,798.78	**48,405.46**
TOTAL		**129,414.65**	**112,313.08**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	59,181.43	54,281.44
Intangible Assets	12a	591.19	591.02
Capital Work-in-Progress	12b	3,192.89	4,290.49
Intangible Assets under Development	12c	-	106.24
Non-Current Investments	13	280.78	297.86
Long-Term Loans and Advances	14	8,052.07	5,420.74
Other Non-Current Assets	15	1.04	1.57
		71,299.40	**64,989.36**
Current Assets			
Current Investments	13	8,378.83	-
Inventories	17	12,101.82	10,504.09
Trade Receivables	18	31,318.54	31,099.22
Cash and Cash Equivalents	19	649.05	306.42
Short-Term Loans and Advances	14	5,382.11	5,199.63
Other Current Assets	15	284.90	214.36
		58,115.25	**47,323.72**
TOTAL		**129,414.65**	**112,313.08**
Notes to Financial Statements	1 & 2		

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

As per our report of even date	For and on behalf of the Board	
For B. K. KHARE & Co. Chartered Accountants Firm Registration No.105102W	**D. C. MEHTA** *Vice Chairman & Managing Director*	**C. K. MEHTA** *Chairman*
Himanshu Chapsey Partner Membership No. 105731	**A. C. MEHTA** *Managing Director*	**UMESH ASAIKAR** *Executive Director*
	SANJAY UPADHYAY *Chief Financial Officer*	**SUDHIN CHOKSEY**
	ARVIND BAJPAI *Company Secretary*	**SUDHIR MANKAD** *Directors*
		SANDESH ANAND
Mumbai May 09, 2016		Mumbai May 09, 2016

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

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

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

DEEPAK NITRITE LIMITED

As per our report of even date	For and on behalf of the Board	
For B. K. KHARE & COMPANY Chartered Accountants Firm Registration No.105102W	**D. C. MEHTA** *Vice Chairman &* *Managing Director*	**C. K. MEHTA** *Chairman*
Himanshu Chapsey Partner Membership No. 105731	**A. C. MEHTA** *Managing Director*	**UMESH ASAIKAR** *Executive Director*
	SANJAY UPADHYAY *Chief Financial Officer*	**SUDHIN CHOKSEY** **SUDHIR MANKAD** — *Directors* **SANDESH ANAND**
	ARVIND BAJPAI *Company Secretary*	
Mumbai May 09, 2016		Mumbai May 09, 2016

DEEPAK NITRITE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

	2016 Rs. in Lacs	2015 Rs. in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax from Continuing Operations	8,913.21	6,729.13
Profit before tax	**8,913.21**	**6,729.13**
Non-cash adjustment to reconcile profit before tax to net cash flows		
1. Depreciation / Amortisation on Continuing Operations	3,954.27	3,602.41
2. Impairment/ (Write back) on Tangible/ Intangible Assets pertaining to Continuing Operations	-	(23.03)
3. Loss on Sale of Fixed Assets	177.01	132.36
4. Profit on Sale of Fixed Assets	(14.08)	(98.83)
5. Provision for Doubtful Debts	214.76	82.66
6. Wealth Tax	(2.82)	16.80
7. Realised/Unrealised Foreign Exchange Loss (gain)	(5.93)	-
8. Interest expenses	3,764.50	3,640.64
9. Interest Income	(53.94)	(62.45)
10. Dividend Income	(51.06)	(2.97)
Operating Profit Before Working Capital changes	**16,895.92**	**14,016.72**
Movements in working capital :		
1. Increase / (Decrease) in Trade Payables	2,012.48	(3,180.67)
2. Increase / (Decrease) in Other Current Liabilities & Provision	1,934.85	216.43
3. Decrease / (Increase) in Trade Receivables	(434.10)	(1,875.16)
4. Decrease / (Increase) in Inventories	(1,597.73)	2,490.97
5. Decrease / (Increase) in Long-Term Loans and Advances	(693.85)	(164.37)
6. Decrease / (Increase) in Short-Term Loans and Advances	(182.48)	1,398.36
7. Decrease / (Increase) in Other Current Assets	554.87	(700.55)
Cash generated from /(used in) Operations	**18,489.96**	**12,201.73**
Direct taxes paid (net of refunds)	(1,880.98)	(1,401.22)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES (A)	**16,608.98**	**10,800.51**
B.CASH FLOWS FROM INVESTING ACTIVITIES		
1.Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(8,553.90)	(10,609.27)
2.Proceeds from Sale of Fixed Assets	22.35	124.86
3. Advance towards Proposed Sale of Land	-	1,500.00
3. Investment in Subsidiaries	-	(5.00)
4.Purchase of Current Investments	(27,051.21)	250.00
5.Proceeds from sale/maturity of Current Investments	18,672.36	(250.00)
6.Interest received	40.37	74.32
7.Dividends received	51.06	2.97
NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES (B)	**(16,818.97)**	**(8,912.12)**
C.CASH FLOWS FROM FINANCING ACTIVITIES		
1.Proceeds from issue of Equity Shares	8,070.67	-
2.Proceeds from Long-Term Borrowings	1,197.10	4,202.07
3.Repayment of Long-Term Borrowings	(7,490.32)	(5,494.20)
4. Net Proceeds from Working Capital Borrowings	1,750.48	4,029.48
5.Proceeds from Short-Term Borrowings	2,000.00	-
6.Interest paid	(3,722.62)	(3,748.93)
7.Dividend paid on Equity Shares	(1,039.88)	(1,038.90)
8.Tax on Equity Dividend paid	(212.82)	(177.66)
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES (C)	**552.61**	**(2,228.14)**

DEEPAK NITRITE LIMITED

	2016 Rs. in Lacs	2015 Rs. in Lacs
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	342.63	(339.75)
Cash and Cash equivalents at the beginning of the year	306.42	646.17
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	649.05	306.42
Reconcilation of Cash and Cash equivalents		
Balances with Banks:		
- In Current Accounts	476.84	102.52
- In EEFC Accounts	0.01	20.30
- On Unpaid Dividend / Interest Account (Refer note below)	52.20	48.64
Cash on hand	-	0.36
	529.05	171.82
Other Bank Balances		
- Deposits with original maturity for more than 3 months but less than 12 months	120.00	134.60
TOTAL CASH AND CASH EQUIVALENTS AS PER NOTE 18	649.05	306.42

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

As per our report of even date

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

Himanshu Chapsey
Partner
Membership No. 105731

Mumbai: May 9, 2016

For and on behalf of the Board

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Vice Chairman &
Managing Director

A. C. MEHTA
Managing Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

C.K. MEHTA
Chairman

UMESH ASAIKAR
Executive Director

SUDHIN CHOKSEY
SUDHIR MANKAD — *Directors*
SANDESH ANAND

Mumbai: May 9, 2016

Deepak Nitrite Limited
Notes to Consolidated Financial Statements for the Year ended March 31, 2016

Company overview

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

DEEPAK NITRITE LIMITED

e) **Inventories**

(i) Raw Materials, Packing Materials and Stores & Spares are valued at cost determined on monthly-moving weighted average basis and are net of Cenvat and VAT.

(ii) Finished Goods and Stock-in-process are valued at cost of purchase of raw materials and conversion thereof, including the cost incurred in the normal course of business in bringing the inventories up to the present condition or at the net realisable value, whichever is lower. The inventories of joint products are valued by allocating the costs to the joint products by 'Relative Sales Value' method. By-products are valued at net realisable price.

f) **Revenue recognition**

(i) Revenue from sales is recognised when the significant risks and rewards associated with ownership of goods are transferred to the buyers and no significant uncertainty exists as to the amount of consideration derived from the sales. Sales is recorded net of trade discounts, rebates, sales taxes, VAT and excise duties (recovery of which realisation is shown separately).

(ii) Revenue from rendering of services relating to conversion/processing activity is recognised when the converted/processed goods are ready for delivery.

(iii) Revenue in respect of export incentive, overdue interest, insurance claim, etc. is recognised to the extent that the Company is reasonably certain of its ultimate realisation.

g) **Employee Retirement Benefits**

(i) Defined Contribution Plans

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

(ii) Defined Benefit Plan

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

h) **Investments**

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

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution is made to 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 loss is accrued on periodic settlement and/or completion of contract and is recognised as per the principles set out in i) (i) above.

j) **Income Tax**

Tax expense comprises of both current and deferred tax.

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

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

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

k) **Earning per Share**
The Company reports basic and diluted Earning per Share (EPS) in accordance with the A S 20 on 'Earning per Share'. Basic earning per equity share is computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earning per equity share are computed by dividing net income by the weighted average number of equity shares adjusted for the effects of all dilutive potential equity shares.

l) **Segment Reporting - Basis of Information**
The Company has disclosed business segments as primary segments. The Company operates into 3 (three) segments viz. (i) Bulk Chemicals & Commodities, (ii) Fine & Speciality Chemicals and (iii) Fluorescent Whitening Agent.

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

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

Secondary segment have been identified with reference to geographical location of external customers. Composition of secondary segment is as follows: (i) India and (ii) Outside India

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

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

o) **Cash Flow statement**
The Cash Flow Statement is prepared by the indirect method set out in 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 2016. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated financial statements", Accounting Standard (AS-23) "Accounting for Investment in Associate in Consolidated Financial Statement" notified by Companies (Accounting Standard) Rules, 2006 (as amended). The basis for preparing the consolidated financial statements is given below:

(i) The financial statements of the Company and its subsidiaries have been consolidated on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits / losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's separate financial statements. The cash flow statement has been prepared using uniform policies for the transactions. The financial statements of all entries used for consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2016.

(ii) In case of foreign subsidiary, being Integral Foreign Operations, revenue items are consolidated at the average rate that approximates the actual rate at the date of transaction. All monetary items are translated in to Consolidated financial statments 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 2015-16	2014-15	Nature	Country of Incorporation
Deepak Phenolics Limited	100%	100%	Subsidiary	India
Deepak Nitrite Corporation, Inc	100%	100%	Subsidiary	United States of America
Deepak Gulf LLC	49%	49%	Associate	Sultanate of Oman

3. SHARE CAPITAL

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

(a) Shares:- Terms/Rights:

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

ii) During the year, the Company offered Equity Shares to Qualified Institutional Buyers ("QIBs") through Qualified Institutions Placement in accordance with Chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Accordingly, 1,17,50,000 Equity Shares of Rs. 2/- each were allotted to QIBs on January 6, 2016 at an issue price of Rs. 70.90 per Equity Share (including premium of Rs. 68.90 per Equity Share).

Out of issue proceeds of Rs. 8,330.75 Lacs from the Qualified Institutions Placements, Rs. 260.07 lacs were utilised towards share issue expenses and Rs. 1,374.00 Lacs has been utilised for the object stated in the offer document. Pending utilisation, Rs. 6,696.68 Lacs have been invested in Liquid Mutual Funds.

iii) Each holder of the Equity Share is entitled to one vote per Share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

iv) During the year ended March 31, 2016, the amount of per share dividend recognised as distribution to Equity Shareholders is Rs.1.20/- (Previous Year Re. 1/-).

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

(b) Reconciliation of the shares outstanding and the amount of share capital at the beginning and at the end of the year:

Equity Shares

	As at March 31, 2016		As at March 31, 2015	
	No.	Rs. in Lacs	No.	Rs. in Lacs
At the beginning of the period	104,538,190	2,090.76	10,453,819	1,045.38
Sub division made during the year	-	-	41,815,276	-
Issued during the period - Bonus issue (Refer Note (d) below)	-	-	52,269,095	1,045.38
Issued during the period - issued to QIB (Refer Note a (ii) above)	11,750,000	235.00	-	-
Outstanding at the end of the period	116,288,190	2,325.76	104,538,190	2,090.76

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

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No.	% holding	No.	% holding
Equity shares of Rs.2 each fully paid (Previous Year Rs. 2 each fully paid)				
Shri Deepak Chimanlal Mehta	20,904,040	18.01	20,600,040	19.71
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	7.21	8,379,940	8.02
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	6.20	7,206,050	6.89
Stepup Credits & Capital Pvt. Ltd.	6,915,580	5.95	6,915,580	6.61
Stigma Credits & Capital Pvt. Ltd.	6,178,100	5.31	6,178,100	5.91
Franklin India Smaller Companies Fund	6,100,000	5.25	-	-

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

4. RESERVES & SURPLUS

	As at March 31, 2016 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Capital Reserve	51.27	51.27
Capital Redemption Reserve	15.00	15.00
Capital Reserve (relating to capital subsidy received from SICOM)	20.00	20.00
Securities Premium Account		
Balance as per the last Financial Statements	6,711.77	6,711.77
Add: Receipt of Securities Premium on issue to QIBs	8,095.75	-
Less:- Share issue Expenses (Refer note below)	260.07	-
Closing Balance	14,547.45	6,711.77
Revaluation Reserve		
Balance as per the last Financial Statements	77.94	133.64
Less: Transferred to General Reserve for recoupment of Depreciation	1.69	1.66
Less: Depreciation adjustment on account of Schedule II of thr Companies Act, 2013	-	54.04
Closing Balance	76.25	77.94
General Reserve		
Balance as per the last Financial Statements	6,888.44	6,388.44
Add: Transferred from Revaluation Reserve for recoupment of Depreciation	1.69	
Add: Transferred from Surplus in statement of profit and loss	500.00	500.00
Closing Balance	7,390.13	6,888.44
Surplus in statement of profit and loss		
Balance as per last Financial Statements	18,766.96	16,380.12
Less: Transferred to Share Capital towards issuing Bonus Equity Shares	-	1,045.38
Less: Depreciation Adjustment on account of Schedule II net of Deferred Tax Asset Rs. Nil (Previous year, Rs.51.39 Lacs)	-	99.84
Profit for the year	6,273.13	5,290.26
Amount available for Appropriation	25,040.09	20,525.16
Less: Appropriations		
Proposed Final Equity Dividend Rs. 1.2/- per share (Previous year Re. 1/- per share)	1,395.46	1,045.38
Tax on proposed Equity Dividend	284.08	212.82
Transferred to General Reserve	500.00	500.00
Total Appropriations	2,179.54	1,758.20
Surplus	22,860.55	18,766.96
TOTAL	44,960.65	32,531.38

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

5. LONG TERM BORROWINGS

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

Term Loans:-

The Loans from Banks includes term loan obtained from State Bank of India during the year amounting to Rs. 1,197.10 Lacs (Previous year, Rs. 4,202.07 lacs), this is to be secured by first pari passu charge by way of mortgage of immovable properties of the Company and both present and future hypothecation of movable assets of the Company. The Company is in the process of executing the necessary charge on the Assets. The outstanding balance of External Commercial Borrowings are from (a) Standard Chartered Bank Rs.3,797.56 Lacs (Previous year, Rs. 5,195.04 Lacs) (b) HSBC Bank (Mauritius) Limited Rs. 4,974.97 Lacs (Previous year, Rs. 7,041.47 Lacs) and (c) DBS Bank Limited Rs 8,457.44 Lacs (Previous year, Rs. 9,701.57 Lacs). These are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over current assets of the Company.

Repayment Schedule:-

a) Rate of interest of loan from Banks are in the range of base rate plus 0.50% to 1.00% p.a.

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

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

d) 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.

e) 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

f) 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.

6. DEFERRED TAX LIABILITY

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

7. OTHER LONG TERM LIABILITIES

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

8. LONG TERM & SHORT TERM PROVISIONS

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

9. SHORT TERM BORROWINGS

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

a) Working Capital borrowings from banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit carry rate of interest as Base Rate of respective banks plus spread ranging from 0% - 3.50% pa, Packing Credit in Foreign Currency, Buyers' Credit against Letter of Undertaking carry rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.25% p.a. to 1.12% p.a.. These borrowings are repayable on demand.

b) Secured Working Capital borrowings are Secured by way of first Hypothecation charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and second charge on all Fixed Assets by way of hypothecation and mortgage.

c) Short Term Borrowings includes unsecured term loan from Axis Bank Limited amounting to Rs. 2000.00 Lacs (Previous year, Nil), carry interest rate of 10.75 %

d) Commercial Paper placed by the Company carries interest rate ranging from 7.50% pa to 9.15% pa, tenure of each placement ranging from 15 days to 140 days. Commercial Papers, issued during the previousyear, were unsecured.

10 a. TRADE PAYABLES

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

10 b. OTHER CURRENT LIABILITIES

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

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

Fixed Assets

11. Tangible Assets

(Rs. in Lacs)

Sr. No.	Particulars	GROSS BLOCK As at April 1,2015	GROSS BLOCK Additions	GROSS BLOCK Deletions	GROSS BLOCK Total March 31,2016	DEPRECIATION Upto April 1,2015	DEPRECIATION For the year	DEPRECIATION Impairment Provision/ (Reversal)	DEPRECIATION Transfer to Retained Earning	DEPRECIATION Deletions	DEPRECIATION Total March 31,2016	NET BLOCK As at March 31,2016
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)
1	Freehold Land	581.11	-	-	581.11	-	-	-	-	-	-	581.11
2	Leasehold Land	3,001.70	-	-	3,001.70	199.25	33.40	-	-	-	232.65	2,769.05
3	Plant and Machinery	65,974.55	8,191.05	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 - Current Year	80,403.14	8,939.34	919.07	88,423.41	26,135.35	3,805.32	-	-	698.69	29,241.98	59,181.43

(Rs. in Lacs)

Sr. No.	Particulars	GROSS BLOCK As at April 1,2014	GROSS BLOCK Additions	GROSS BLOCK Deletions	GROSS BLOCK Total March 31,2015	DEPRECIATION Upto April 1,2014	DEPRECIATION For the year	DEPRECIATION Impairment Provision/ (Reversal)	DEPRECIATION Transfer to Retained Earning	DEPRECIATION Deletions	DEPRECIATION Total March 31,2015	NET BLOCK As at March 31,2015
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)
1	Freehold Land	581.11	-	-	581.11	-	-	-	-	-	-	581.11
2	Leasehold Land	2,375.72	625.98	-	3,001.70	170.41	28.84	-	-	-	199.25	2,802.45
3	Plant and Machinery	56,097.05	10,585.31	707.81	65,974.55	20,784.13	2,808.89	-	44.03	611.59	23,025.46	42,949.09
4	Factory and Other Buildings	7,259.04	964.95	2.40	8,221.59	1,402.73	306.20	(23.03)	87.76	0.86	1,795.83	6,448.79
5	Roads	472.70	70.70	-	543.40	22.89	96.06	-	35.63	1.49	153.09	390.31
6	Office Equipment's	470.54	15.07	3.99	481.62	196.75	84.08	-	29.58	3.21	307.20	174.42
7	Furniture & Fixture	748.51	47.71	-	796.22	346.83	64.11	-	7.86	-	418.80	377.42
8	Vehicles	726.56	164.09	87.70	802.95	205.96	91.27	-	0.43	52.56	245.10	557.85
	Total - Previous Year	68,731.23	12,473.81	801.90	80,403.14	23,129.70	3,479.45	(23.03)	205.29	669.71	26,144.73	54,281.44

12 a. Intangible Assets

(Rs. in Lacs)

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

(Rs. In Lacs)

Sr. No.	Particulars	GROSS BLOCK As at April 1,2014	GROSS BLOCK Additions	GROSS BLOCK Deletions	GROSS BLOCK Total March 31,2015	DEPRECIATION Upto April 1,2014	DEPRECIATION For the year	DEPRECIATION Impairment Provision/ (Reversal)	DEPRECIATION Transfer to Retained Earning	DEPRECIATION Deletions	DEPRECIATION Total March 31,2015	NET BLOCK As at March 31,2015
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)
1	Goodwill	233.50	-	-	233.50	233.50	-	-	-	-	233.50	-
2	Computer Software (Office-equipment)	538.58	76.21	-	614.79	329.85	55.59	-	-	-	385.44	229.35
3	Others	373.74	112.91	-	486.65	55.95	69.03	-	-	-	124.98	361.67
	Total - Previous Year	1,145.82	189.12	-	1,334.94	619.30	124.62	-	-	-	743.92	591.02

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

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

Sr No.	Assets	Original Cost Rs. in Lacs	Replacement Cost Rs. in Lacs	Method and Indices
1	Leasehold Land	16.53	124.10	Prevailing market price on the date of valuation.
2	Plant & Machinery	259.93	550.66	Replacement costs of these fixed assets was arrived at
3	R&D Equipment	14.03	20.54	by using RBI indices for buildings and indigenous plant
4	Factory & Other Buildings	55.45	149.04	and for imported equipment's by using respective
5	R&D Building	2.11	5.61	countries indices as also adjusting for customs duty and
6	Roads			foreign exchange fluctuations.
	Total	348.05	849.95	
	Previous year	355.46	863.12	

3 Capitalized borrowing costs:

Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to Rs. 1,289.44 Lacs (Previous Year Rs. 2,466.64 Lacs)

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

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

4 (a) Out of fixed assets amounting to Rs. 26.02 lacs pertaining to Fine & Specialty segment forming part of Nandesari division and which were held of disposal, assets worth Rs. 1.10 lacs (Previous year, Rs. 8.26 lacs) were sold during the year at a profit of Rs. 0.06 lacs (Previous year, Rs. (5.49) lacs) recognised in Statement of Profit & Loss. The remaining assets were revalued at Rs. Rs. 20.23 Lacs(Previous year, Rs. 26.02 Lacs) and loss on revaluation of Rs. Rs.4.70 Lacs (Previous year, Rs. 21. 01 lacs) is recognised in Statement of Profit & Loss.During the current year Assets pertaining to Flourocent Whitening Agent having carrying value Rs. 57.77 lacs (Previous year, NIL) were retired from active use and are held for disposal . These assets are stated at lower of book value and realisable value ie. at Rs. 51.22 lacs (Previous year, NIL) separately in the financial statement as current asset held for disposal . The difference between realisable value and carrying value being loss of Rs. 6.55 lacs (Previous year, NIL) is recognised in the current years statement of profit and loss.

(b) In respect of Building held under Capital work in progress at Roha which was impaired in the year 2008-09, Cumulative provision stands at Rs. 397.88 lacs as on Balance Sheet date.

(c) Further, in respect of Factory Building at Roha which was impaired in the year 2008-09, during the previous year impairment provision of Rs 23.03 lacs was reversed as the said assets was put to alternate use. Cumulative provision stands at Rs. Nil.

5 Remaining useful life of Intangible assets and balance carrying amount

Rs. in lacs

Sr. No	Particulars	Remaining useful life	Balance carrying amount
1	Software and related implementation costs	6 years	290.29
2	Rights to use facilities	5 years	125.28
3	Technical Know How	10 years	175.62

12 b. Capital Work In Progress

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

Details of Capital Work in Progress - Projects

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

12 c. Intangible Assets under Development

Sr. No.	Particular	March 31, 2016	March 31, 2015
1	Supply Chain Software	-	106.24
	Total	-	**106.24**

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13. INVESTMENTS

	Non-Current As at March 31, 2016 Rs. in Lacs	Non-Current As at March 31, 2015 Rs. in Lacs	Current As at March 31, 2016 Rs. in Lacs	Current As at March 31, 2015 Rs. in Lacs
Long Term Investments at Cost				
Trade (Unquoted) Investments in Equity Shares - Fully Paid up				
Investment in Associates	-		-	-
122,500 (Previous year 122,500) Equity Shares of Deepak Gulf LLC of Omani Riyal 1 each, fully paid up.	164.94	179.30	-	-
Share of Loss of Associate	(17.08)	(14.36)	-	-
	147.86	164.94	-	-
Other Investment			-	-
73,706 (Previous year, 73,706) Equity Shares of Deepak International Ltd. of GBP 1 each, fully paid up.	57.36	57.36	-	-
	205.22	222.30	-	-
Non Trade (Unquoted)				
a) Investment in Equity 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 Fund (Valued at cost)				
39,32,029 (Previous year, Nil) JM High Liquidity Fund	-	-	1,610.20	-
1,03,826 (Previous year, Nil) UTI Money Market Mutual Fund	-	-	1,743.64	-
1,15,218 (Previous year, Nil) Baroda Pioneer Liquid Fund	-	-	1,987.38	-
54,436 (Previous year, Nil) HDFC Liquid Fund	-	-	1,610.27	-
38,600 (Previous year, Nil) Religare Invesco Liquid Fund - Growth Plan(LF-SG)	-	-	800.00	-
4,488 (Previous year, Nil) Axis Liquid Fund - Growth (CFGPG)	-	-	75.00	-
2,29,202 (Previous year, Nil) BSL Mutual Fund	-	-	552.34	-
	-	-	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	280.78	297.86	8,378.83	-

i) Aggregate amount of Unquoted Investments is Rs. 258.39 lacs (Previous year, Rs. 275.47 lacs).
ii) Aggregated amount of Quoted Investments is Rs. 8,401.22 lacs (Previous year, Rs.22.39 lacs).
iii) Aggregate Market Price of Quoted Investment in Rs. 8,528.93 Lacs (Previous year, Rs. 101.07 Lacs).

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

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

Notes:

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

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

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

15. OTHER NON-CURRENT AND CURRENT ASSETS

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

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

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

17. TRADE RECEIVABLES

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

18. CASH AND CASH EQUIVALENTS

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

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

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19. REVENUE FROM OPERATIONS

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

20. OTHER INCOME

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

21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

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

22. DETAILS OF PURCHASE OF TRADED GOODS

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

23. (INCREASE)/ DECREASE IN INVENTORIES

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

24. EMPLOYEE BENEFITS EXPENSE

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

25. POWER & FUEL EXPENSES

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

26. DEPRECIATION AND AMORTISATION EXPENSES

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Depreciation of Tangible Assets	3,805.32	3479.45
Amortisation of Intangible Assets	148.95	124.62
	3,954.27	3,604.07
Less: Recoupment from Revaluation Reserve	-	1.66
TOTAL	3,954.27	3,602.41

27. FINANCE COSTS

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

28. OTHER EXPENSES

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Conversion Charges	511.63	630.13
Excise Duty paid	20.94	40.17
(Increase)/ Decrease of Excise Duty on Inventories	61.23	(63.55)
Other Manufacturing Expenses	887.08	601.53
Loss on Sale / Discard of Fixed Assets	177.01	132.36
Impairment Provision /(Reversal) (Refer footnote 4 (c) of Fixed Assets)	-	(23.03)
	177.01	109.33
Insurance	254.56	227.37
Amortisation of Misc Expense	0.53	-
Repairs and Maintenance :-		
Plant and machinery	2,426.20	1,546.67
Buildings	166.45	154.19
Others	94.74	75.20
Freight and Forwarding Charges	2,442.20	3,006.78
Consumption of Stores and Spare parts	1,459.12	1,450.11
Sales Commission	347.64	181.34
Corporate Social Responsibility Activity Expenditure (Refer Note: 38) / Donations	163.94	81.95
Rent (Refer Note No. 37)	204.35	112.40
Rates and Taxes	227.26	248.80
Travelling and Conveyance	448.69	428.34
Vehicle Expenses	287.10	274.53
General Expenses	3,876.94	2,450.96
Foreign Exchange Loss	14.16	-
Provision / (Reversal) for Inventory Obsolescence (net)	(15.94)	(221.84)
Provision for Doubtful Debts	241.59	84.23
Add:- Bad Debts / (recovered)	17.93	(12.74)
Less:- Transfer from Provision for Doubtful Debts	26.81	1.57
	232.71	69.92
Directors' Sitting Fees	17.36	19.70
Payment to Auditor (Refer note below)	40.46	44.93
Wealth Tax	(2.82)	16.80
TOTAL	14,343.54	11,485.76

Note: Payment to Auditor

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

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

ii) Fair Value of Plan Assets:

	As At March 31, 2016 Rs. in Lacs	As At March 31, 2015 Rs. in Lacs
Balance at the beginning of the year	1,101.32	918.64
Expected Return on Plan Assets	84.04	79.92
Actuarial (gain)/losses	(1.78)	5.16
Contribution by the Company	163.56	188.79
Benefits Paid	(60.58)	(91.19)
Settlements	-	-
Balance at the end of the year	**1,286.56**	**1,101.32**

Actual Return on Plan Assets	**8.00% to 8.85 %**	**7.50% to 9.00 %**

iii) Assets and Liabilities Recognised in the Balance Sheet:

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

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

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

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

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

vi) Actuarial Assumptions

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

vii) Amount Recognised in current year and previous four year

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

viii) Expected Contribution to the Fund in the next Year

	Current Year Rs. in Lacs
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	8.07%	7.96%

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

C) Defined Contribution Plan

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Employer's Contribution to Provident Fund	363.24	314.45
Employer's Contribution to Superannuation Fund	136.45	125.96

Expected Contribution for the next year	Rs. in Lacs
Employer's Contribution to Provident Fund	413.43
Employer's Contribution to Superannuation Fund	151.46

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30 **Segment Reporting**

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

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
I) Segment Revenue		
a) Bulk Chemicals & Commodities	67,455.64	74,958.52
b) Fine & Speciality Chemicals		
Own Manufactured	39,336.81	32,362.54
Traded	-	257.85
	39,336.81	32,620.39
c) Fluorescent Whitening Agent	27,368.25	26,618.48
d) Other Un- allocable(includes trading revenue Rs. 3695.20 Lacs)	4,298.89	541.89
Total	**138,459.59**	**134,739.28**
Less: Inter Segment Revenue	1,166.56	2,023.05
Net Sales/Income from operations	**137,293.03**	**132,716.23**
II) Segment Results		
(Profit) + Loss (-) Before Tax & Interest		
a) Bulk Chemicals & Commodities	7,958.85	7,354.19
b) Fine & Speciality Chemicals	9,718.62	6,187.88
c) Fluorescent Whitening Agent	(870.59)	65.66
Total	16,806.88	13,607.73
Less :i) Interest	3,764.50	3,640.64
ii) Other un-allocable expenditure net of un-allocable Income	4,129.17	3,237.96
III) Total Profit Before Tax	8,913.21	6,729.13
Provision for Taxation		
- For the year		
Current Tax	1,989.98	1,345.32
Mat Credit Entitlements	(399.28)	(1,122.04)
Deferred Tax	1,032.31	1,206.66
IV) Profit After Tax	6,290.21	5,299.19

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
V) Segment Assets		
a) Bulk Chemicals & Commodities	29,965.85	32,995.30
b) Fine & Speciality Chemicals	33,097.82	24,508.30
c) Fluorescent Whitening Agent	41,600.05	44,666.85
d) Un-allocable	24,750.94	10,142.63
Total	129,414.65	112,313.08
VI) Segment Liabilities		
a) Bulk Chemicals & Commodities	9,021.46	6,737.99
b) Fine & Speciality Chemicals	3,788.45	3,399.82
c) Fluorescent Whitening Agent	4,515.86	3,599.55
d) Un-allocable	59,137.76	59,321.18
Total	76,463.53	73,058.54
VII) Capital Expenditure		
a) Bulk Chemicals & Commodities	3,975.53	771.22
b) Fine & Speciality Chemicals	3,158.61	2,895.47
c) Fluorescent Whitening Agent	1,395.71	8,017.32
d) Un-allocable	563.48	978.93
Total	9,093.33	12,662.94
VIII) Depreciation		
a) Bulk Chemicals & Commodities	1,074.32	939.35
b) Fine & Speciality Chemicals	824.77	732.97
c) Fluorescent Whitening Agent	1,609.40	1,540.02
d) Un-allocable	445.78	390.07
Total	3,954.27	3,602.41

Note: Previous year Segmental Results are net off Impairment Loss Reversal of Rs.23.03 Lacs in Fine & Speciality Segment.

DEEPAK NITRITE LIMITED

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 Rs. in Lacs	Previous Year Rs. in Lacs
In India	86,165.27	81,039.92
Outside India	51,127.76	51,676.31
Total	137,293.03	132,716.23

Carrying Amount of Segment Assets	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
In India	114,711.89	94,879.05
Outside India	14,702.76	17,434.03
Total	129,414.65	112,313.08

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

31 **Disclosure under AS 20 "Earning Per Share"**

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

DEEPAK NITRITE LIMITED

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 C.K. Mehta
Shri D.C. Mehta
Shri A.C. Mehta
Shri Umesh Asaikar

(iv) **Companies over which key managerial personnel or their relatives are able to exercise significant Influence.**
Blue Shell Investment Private Limited * Check Point Credits & Capital Private Limited * Crossover Advisors Private Limited * Crossover Trustees Private Limited * Deepak Asset Reconstruction * Deepak Cybit Private Limited * Deepak Fertilizers and Petrochemicals Corporation Limited * Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Grey Point Investments Private Limited *Hardik Leafin Private Limited * Kawant Developers Corporation *Nucore Capital Management Private Limited * Pranawa Leafin Private Limited * Prolific Credits & Capital Private Limited * Skyrose Finvest Private Limited * Sofotel Infra Private Limited * Stepup Credits & Capital Private Limited * Stiffen Credits and Capital Private Limited * Stigma Credit & Capital Private Limited * Storewell Credits & Capital Private Limited * Sundown Finvest Private Limited * Superpose Credits & Capital Private Limited * Synergy Li Power Resources Private Limited * The LakakiWorks Private Limited * Yerrowda Investment Limited

(v) **Relative of Key Management Personnel**
Shri Maulik D. Mehta
Shri Meghav D. Mehta

(vi) Transaction with Related Parties

Rs. in Lacs

Sr. No.	Nature of Transaction	March 31, 2016				March 31, 2015			
		Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
1	**Purchase of Goods**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	7,082.93	-	**7,082.93**	-	6,285.32	-	6,285.32
	Deepak Novochem Technologies Limited	-	54.86	-	**54.86**	-	224.42	-	224.42
2	**Sale of Goods**								
	Deepak Novochem Technologies Limited	-	64.05	-	**64.05**	-	13.45	-	13.45
3	**Conversion Charges Received**								
	Deepak Novochem Technologies Limited	-	712.90	-	**712.90**	-	559.51	-	559.51
4	**Sale of Fixed Assets**								
	Deepak Novochem Technologies Limited	-	-	-	**-**	-	-	-	-
5	**Rendering of Services / Reimbursement of Expenses**								
	Deepak Novochem Technologies Limited	-	0.46	-	**0.46**	-		-	-

Sr. No.	Nature of Transaction	March 31, 2016 Key Management Personnel	March 31, 2016 Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	March 31, 2016 Relative of Key Management Personnel	March 31, 2016 TOTAL	March 31, 2015 Key Management Personnel	March 31, 2015 Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	March 31, 2015 Relative of Key Management Personnel	March 31, 2015 TOTAL
6	**Receiving of services / Reimbursement of Expenses**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	16.32	-	**16.32**	-	1.77	-	1.77
	Deepak Novochem Technologies Limited	-	3.22	-	**3.22**	-	2.76	-	2.76
	Deepak Foundation	-	0.66	-	**0.66**	-	1.59	-	1.59
	Deepak Medical Foundation	-	0.82	-	**0.82**	-	0.77	-	0.77
	Sofotel Infra private limited	-	0.04	-	**0.04**	-	0.01	-	0.01
	Shri Deepak C. Mehta	9.60	-	-	**9.60**	9.60	-	-	9.60
	Shri C.K. Mehta	4.51	-	-	**4.51**	4.41	-	-	4.41
	Shri Maulik.D. Mehta	-	-	45.50	**45.50**	-	-	36.56	36.56
	Shri Meghav.D. Mehta	-	-	26.14	**26.14**	-	-	12.40	12.40
7	**Managerial Remuneration**								-
	Shri Deepak C. Mehta	342.92	-	-	**342.92**	258.72	-	-	258.72
	Shri Ajay C. Mehta	336.59	-	-	**336.59**	247.83	-	-	247.83
	Shri Umesh Asaikar	367.57	-	-	**367.57**	299.54	-	-	299.54
8	**Subscription of Investment / Aquasition of Investment**								
	Shri D.C. Mehta	-	-	-	-	2.78	-	-	2.78
	Others					1.00	-	1.20	2.20
	Refundable deposit				-				
9	**Dividend Paid**								
	Checkpoint Credits & Capitals Private Limited	-	72.06	-	**72.06**	-	72.06	-	72.06
	Stigma Credits & Capital Private Limited	-	61.78	-	**61.78**	-	61.78	-	61.78
	Stiffen Credits & Capital Private Limited	-	83.80	-	**83.80**	-	83.80	-	83.80
	Stepup Credits & Capital Private Limited	-	69.16	-	**69.16**	-	69.16	-	69.16
	Skyrose Finvest Private Limited	-	36.91	-	**36.91**	-	35.71	-	35.71
	Shri Deepak C. Mehta	206.00	-	-	**206.00**	202.70	-	-	202.70
	Shri C.K. Mehta	0.86	-	-	**0.86**	0.86	-	-	0.86
	Shri Maulik.D. Mehta	-	-	1.31	**1.31**	-	-	1.31	1.31
	Shri Meghav.D. Mehta	-	-	0.47	**0.47**	-	-	0.47	0.47
	Others	-	52.82	13.66	**66.48**	-	49.78	13.66	63.44
10	**Donation / CSR Activity**								
	Deepak Foundation - PHTI	-	114.10	-	**114.10**	-	58.24	-	58.24
	Deepak Medical Foundation	-	20.00	-	**20.00**	-	23.10	-	23.10
	Deepak Foundation		23.50		**23.50**	-	-	-	-
11	**Net Accounts Receivable / Payable**								
	Deepak Fertilisers & Petrochemicals Corporation Limited		(1,039.62)	-	**(1,039.62)**	-	(1,086.93)	-	(1,086.93)
	Deepak Novochem Technologies Limited	-	152.92	-	**152.92**	-	149.35	-	149.35
	Shri Deepak C. Mehta	135.55			**135.55**	211.84	-	-	211.84
	Shri Ajay C. Mehta	(264.45)			**(264.45)**	(188.16)	-	-	(188.16)
	Shri C.K. Mehta	(3.00)			**(3.00)**	(3.00)	-	-	(3.00)
	Shri Umesh Asaikar	(86.25)			**(86.25)**	(75.00)	-	-	(75.00)
	Sofotel Infra private limited		(0.04)		**(0.04)**	-	-	-	-
	Deepak Foundation				-	-	(0.07)	-	(0.07)

33 **Contingent Liabilities not provided for**

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

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

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

35 **Capital Commitments (Net of Advances)**

	As At March 31, 2016 Rs. in Lacs	As At March 31, 2015 Rs. in Lacs
Capital Commitments	4,335.10	5,282.95

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

36 **Hedging Instruments**

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

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

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

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

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

DEEPAK NITRITE LIMITED

37 Disclosure under AS-19 "Leases"
Disclosure for Operating Leases:

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

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

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

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

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

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

As per our report of even date

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

HIMANSHU CHAPSEY
Partner
Membership. No. 105731

Mumbai May 09, 2016

For and on behalf of the Board

D. C. MEHTA
Vice Chairman & Managing Director

C. K. MEHTA
Chairman

A. C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Chief Financial Officer

SUDHIN CHOKSEY

ARVIND BAJPAI
Company Secretary

SUDHIR MANKAD — *Directors*

SANDESH ANAND

Mumbai May 09, 2016

DEEPAK NITRITE LIMITED

ANNUAL ACCOUNTS 2014-2015

B. K. KHARE & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of **DEEPAK NITRITELIMITED**

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Deepak NitriteLimited ("the Company"), which comprise the balance sheet as at March 31, 2015, and the statement of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

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6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Emphasis of Matter

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

   Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

11. 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 financial statementscomply 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

       i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 33to 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 derivation contracts.
       iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

P. V. Paranjape

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Prasad Paranjape
Partner
Membership Number47296
Mumbai, May13, 2015

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

1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets are physically verified by theManagement according to a phased programmed signed to cover all the items over a period ofthree years which, in our opinion, is reasonablehaving regard to the size of the Company and thenature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

2 (a) The inventory has been physically verified by the management during the year. Confirmations have been received in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of the inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.

3 As informed, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly,provision of the clause 3(iii) of the Companies (Auditor's Report) Order, 2015 is not applicable and hence not commented upon.

4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets &and sale of goods and services. On the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.

5 In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed thereunder to the extent notified with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

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

7 (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities.According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues are in arrears, as on 31st March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except the following :

Name of the Statue	Nature of Dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where pending
Work contract tax Act of Maharashtra	Work contract Tax	11.65	1998-99 to 2004-05	Commissioner of Works Contract Tax (Appeals)
Central Excise Act, 1944	Excise duty	10.09	Oct'10 to Nov'13	Commissioner of excise
Central Excise Act, 1944	Excise duty	206.79	July'98 to March'14	Central excise service tax appellate tribunal
Central Excise Act, 1944	Excise duty	2.62	April 11 to Oct 14	Central excise Assistant commissioner
Central Sales Tax	Sales tax	23.42	2005-06	Additional Commissioner
Mumbai Stamp Act	Stamp duty	22.85	March 2010	Chief Controller of Revenue Authorities

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Hyderabad Metropolitan Water Supply & Sewerage Act, 1989	Sewerage Cess	11.13	2008-09 to 2013-14	High Court of Andhra Pradesh

(c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.

8 The Company does not have accumulated losses as at the end of the financial yearand it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.

9 Based on the records examined by us and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

10 The company has not given any guarantee for loans taken by others from bank or financial institutions during the year.

11 In our opinion, and according to the information and explanations given to us, during the year, the term loans were, prima facie, applied for the purposes for which they were obtained.

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

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

P. V. Paranjape

Prasad Paranjape
Partner
Membership Number 47296
Mumbai, May13, 2015

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

DEEPAK NITRITE LIMITED

Balance Sheet as at March31, 2015

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

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

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

PRASAD PARANJAPE
Partner
Membership No. 47296

D. C. MEHTA
Vice Chairman & Managing Director

C. K. MEHTA
Chairman

A. C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Chief Financial Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

ARVIND BAJPAI
Company Secretary

Mumbai,13 May, 2015

Mumbai,13 May, 2015

DEEPAK NITRITE LIMITED

Statement of Profit & Loss for the year ended March 31, 2015

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

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

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

P. V. Paranjape

PRASAD PARANJAPE
Partner
Membership No.47296

D. C. MEHTA
Vice Chairman & Managing Director

C. K. MEHTA
Chairman

A. C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

Mumbai, 13 May, 2015

Mumbai, 13 May, 2015

DEEPAK NITRITE LIMITED

CASH FLOW STATEMENT

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
A. Cash Flow from Operating Activities		
Profit Before Tax from Continuing Operations	6,774.24	5,815.24
Profit Before Tax from Discontinuing Operations	-	-
Profit before tax	**6,774.24**	**5,815.24**
Non-cash adjustment to reconcile profit before tax to net cash flows		
Add:		
1. Depreciation / Amortisation on Continuing Operations	3,602.41	2,964.36
2. Impairment/ (Write back) on Tangible/ Intangible Assets pertaining to Continuing Operations	(23.03)	13.66
3. Loss on Sale of Fixed Assets	132.36	206.21
4. Profit on Sale of Fixed Assets	(98.83)	(1.64)
5. Provision for Doubtful Debts	82.66	85.42
6. Wealth Tax	16.80	16.08
7. Realised/Unrealised Foreign Exchange Loss (gain)	0.00	85.52
8. Interest expenses	3,640.64	2,574.85
9. Interest (Income)	(62.45)	(109.64)
10.Dividend (Income)	(1.55)	(5.19)
Operating Profit Before Working Capital changes	**14,063.25**	**11,644.87**
Less:		
Movements in working capital :		
1. Increase / (Decrease) in Trade Payables	(3,180.67)	(5,804.02)
2. Increase / (Decrease) in Other Current Liabilities & Provision	(347.23)	1,685.42
3. Decrease / (Increase) in Trade Receivables	(1,875.16)	(5,053.35)
4. Decrease / (Increase) in Inventories	2,490.97	(2,559.22)
5. Decrease / (Increase) in Long-Term Loans and Advances	68.84	(132.12)
6. Decrease / (Increase) in Short-Term Loans and Advances	1,399.47	(252.72)
7. Decrease / (Increase) in Other Current Assets	(700.55)	64.55
Cash generated from /(used in) Operations	**11,918.92**	**(406.59)**
Direct taxes paid (net of refunds)	(1,401.22)	(1,014.93)
Net cash flow from/ (used in) operating activities (A)	**10,517.70**	**(1,421.52)**
B. Cash flows from Investing Activities		
1.Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(8,445.36)	(9,694.52)
2.Proceeds from Sale of Fixed Assets	124.86	46.71
3. Advance towards proposed sale of land.	1,500.00	-
4. Investment in Associates/Subsidiaries	(1,915.00)	(179.30)
5.Interest received	74.32	113.36
6.Dividends received	1.55	5.19
Net Cash Flow from/ (used in) Investing Activities (B)	**(8,659.63)**	**(9,708.56)**
C. Cash Flows from Financing Activities		
1.Proceeds from Long-Term Borrowings	4,202.07	5,875.85
2.Repayment of Long-Term Borrowings	(5,494.20)	(3,592.79)
3. Net Proceeds from Working Capital Borrowings	4,029.48	12,039.31
4.Interest paid	(3,748.93)	(2,523.75)
5.Dividend paid on Equity Shares	(1,038.90)	(832.19)
6.Tax on Equity Dividend paid	(177.66)	(142.26)
Net Cash Flow from/ (used in) in Financing Activities (C)	**(2,228.14)**	**10,824.17**
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	**(370.07)**	**(305.91)**
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
Cash and Cash equivalents at the beginning of the year	644.14	950.05
Cash and Cash equivalents at the end of the year	**274.07**	**644.14**

S. K. KHARE & CO. ★ MUMBAI ★ CHARTERED ACCOUNTANTS

	Current Year ` in Lacs	Previous Year ` in Lacs
Components of Cash and Cash equivalents		
Balances with Banks:		
- In Current Accounts	70.17	88.43
- In EEFC Accounts	20.30	337.37
- On Unpaid Dividend / Interest Account (Refer note below (a))	48.64	56.03
Cash on hand	0.36	-
	139.47	**481.83**
Other Bank Balances		
- Deposits with original maturity for more than 3 months but less than 12 months	134.60	160.20
- Margin money deposit (Refer note below (b))	-	2.11
	134.60	**162.31**
Total Cash and Cash equivalents	274.07	**644.14**

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

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

PRASAD PARANJAPE
Partner
Membership No.47296

Mumbai, May 13, 2015

For and on behalf of the Board

D.C. MEHTA
Vice Chairman & Managing Director

C.K. MEHTA
Chairman

A.C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Chief Financial Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

ARVIND BAJPAI
Company Secretary

Mumbai, May 13, 2015

Deepak Nitrite Limited

Notes to Financial Statements for the Year ended 31st March, 2015

Company overview

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

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India. The Company has prepared these Financial Statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 2013. The accounting policies adopted in the preparation of Financial Statements are consistent with those of previous year.

a) Use of Estimates

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

b) Presentation and Disclosure of Financial Statements

Assets and Liabilities are classified as Current or Non-Current as per the provisions of the Schedule III notified under the Companies Act, 2013, and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of Assets & Liabilities.

c) (i) Tangible Fixed Assets and Depreciation

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

Depreciation is provided, pro rata for the period of use, by Straight Line Method (SLM) except in respect of Aromatics Amines plant where depreciation in respect of plant & machinery is provided on Written Down Value (WDV). Depreciation on all tangible assets is provided at the rates and in the manner prescribed by Schedule II to the Companies Act, 2013 except in case of leasehold land which is amortised over the period of lease term and certain components of plant & machinery such as Reactors, Centrifuge, Cooling towers, Air Compressor etc. which are depreciated over its useful life as technically assessed by Independent Technical Personnel after taken 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 the Statement of Profit & Loss. Premium paid on leasehold land is amortized equally over the tenure of the lease.

In respect of depreciable assets for which Impairment Loss is recognized, depreciation/amortization is charged on the revised carrying amount over the remaining useful life of the assets computed on the basis of the life prescribed in schedule II to the Companies Act, 2013.

(ii) Intangible Fixed Assets

Intangible assets are stated at their original cost of acquisition, less accumulated amortization and impairment losses, if any. An Intangible Asset is recognized, 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 amortized over the fair estimate of economic useful life, in any case, not exceeding ten years, on a straight-line basis. Details of estimated useful life is given below:

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

d) Impairment of Assets

The carrying amount of cash generating units/assets is reviewed at the Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount. The impairment loss recognized 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 realizable 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 realizable price.

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

f) **Revenue recognition**

(i) Revenue from sales is recognized 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 recognized when the converted/processed goods are ready for delivery.

(iii) Revenue in respect of export incentive, overdue interest, insurance claim, etc. is recognized to the extent that the Company is reasonably certain of its ultimate realization.

(iv) Expenses are accounted for on accrual basis.

g) **Employee Retirement Benefits**

(i) Defined Contribution Plans

Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognized 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 recognized on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds, where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

h) **Investments**

Investments that are readily realizable 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 recognized 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 capitalized 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 amortized 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 recognized in the Statement of Profit and Loss.

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

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

(iv) In respect of hedge contracts, for firm commitment or forecasted transactions, the attributable loss is accrued on periodic settlement and/or completion of contract and is recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 realized. The carrying amount of deferred tax is reviewed at each balance sheet date.

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

k) Earning per Share

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

l) Segment Reporting - Basis of Information

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

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

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

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

i. India
ii. Outside India

m) Borrowing costs

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

n) Operating Lease

Operating lease payments are recognized 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 A S 3 'Clash 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 recognized in the accounts in respect of present probable obligations, the amount for which can be reliably estimated.

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

2. Foreign Exchange Differences:

Pursuant to the provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009, and related notifications of Ministry of Corporate Affairs, the Company has adjusted to fixed assets, foreign exchange differences amounting to Rs. 974.58 Lacs (Previous Year Rs. 2,715.94 Lacs) on revaluation of long term foreign currency borrowing for acquisition of fixed assets.

Further, the Company has also opted to follow the extension of provisions made vide Notification dated December 29, 2011, issued by the Ministry of Corporate Affairs to the long term foreign currency borrowings other than those utilized for fixed assets. Accordingly, the Company has, with effect from April 1, 2011, amortized the foreign exchange loss incurred on such borrowings over their balance term. Since the entire amount of Foreign Currency loan has been fully repaid during the previous year, the remaining balance of ` 85.52 Lacs was fully amortized during the previous year under the head 'Exchange Fluctuation Loss Account".

KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

3. SHARE CAPITAL

	As at March 31, 2015 Rs. in Lacs	As at March 31, 2014 Rs. in Lacs
Authorised Shares:		
15,00,00,000 Equity Shares of Rs.2/- each (Previous year 3,00,00,000 Equity shares of Rs. 10/- each)	3,000.00	3,000.00
20,00,000 (Previous year 20,00,000) Preference Shares of Rs. 100/- each	2,000.00	2,000.00
	5,000.00	5,000.00
Issued, subscribed and fully paid-up shares:		
10,45,38,190 Equity Shares of Rs. 2/- each fully paid-up (Previous Year 1,04,53,819 Equity shares of Rs. 10/- each) (Refer Note ii below)	2,090.76	1,045.38
Total Issued, subscribed and fully paid-up share capital	2,090.76	1,045.38

(a) Shares:- Terms/Rights:

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

ii) During the year, Company has sub-divided its equity shares of face value of Rs. 10/- (Rupees Ten Only) each, fully paid-up, into 5 (five) equity shares of face value of Rs. 2/- (Rupees 2 only) each. Further, the company has alloted bonus equity shares of Rs. 2/- each, fully paid-up, in the ratio of 1:1 (one Bonus equity share of Rs 2/- each) to all registered shareholders as on the record date.

iii) Each holder of the Equity Share is entitled to one vote per Share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

iv) During the year ended March 31, 2015, the amount of per share dividend recognised as distribution to Equity Shareholders is Re. 1/- (Previous Year Rs. 10/-).

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

(b) Reconciliation of the shares outstanding and the amount of share capital at the beginning and at the end of the reporting period:
Company has not issued any Equity Shares or Preference Shares during the year.

Equity Shares

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

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

Name of the Shareholder	As at March 31, 2015		As at March 31, 2014	
	No.	% holding	No.	% holding
Equity shares of ` .2 each fully paid (Previous Year Rs. 10 each fully paid)(Refer Note ii above)				
Shri Deepak Chimanlal Mehta	20,600,040	19.71	2,027,004	19.39
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	8.02	837,994	8.02
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	6.89	720,605	6.89
Stepup Credits & Capital Pvt. Ltd.	6,915,580	6.61	691,558	6.62
Stigma Credits & Capital Pvt. Ltd.	6,178,100	5.91	617,810	5.91
Fidelity Puritan Trust - Fidelity Low Priced	5,000,000	4.78	650,000	6.22

(d) During FY 2010-2011, 14,90,586 (14,90,586) Equity Shares of Rs. 10/- each fully paid up at a premium of Rs..90/- per Share were allotted on Conversion of Detachable Warrants issued with Right Shares.

4. RESERVES & SURPLUS

	As at March 31, 2015 Rs. in Lacs	As at March 31, 2014 Rs. in Lacs
Capital Reserve	51.27	51.27
Capital Redemption Reserve	15.00	15.00
Captial Reserve (relating to capital subsidy received from SICOM)	20.00	20.00
Securities Premium Account	6,711.77	6,711.77
Revaluation Reserve		
Balance as per the last Financial Statements	133.64	136.50
Less: Transferred to Statement of Profit & Loss for recoupment of Depreciation and Deprecition Reserve	1.66	2.86
Less: Transfer to Depreciation Fund (Refer Note 43)	54.04	-
Closing Balance	77.94	133.64
General Reserve		
Balance as per the last Financial Statements	6,388.44	5,888.44
Add: Appropriated out of the Profit available for appropriation	500.00	500.00
Closing Balance	6,888.44	6,388.44
Foreign Currency Monetary Item Translation Reserve (Refer Note No. 2)		
Balance as per Financial Statements		(85.52)
Add: Foreign Exchange Loss during the year		
Less: Amortised during the year		85.52
Closing Balance		-
Surplus		
Balance as per last Financial Statements	16,386.72	14,276.90
Less: Transferred to Share Capital towards issuing Bonus Equity Shares.	1,045.38	-
Less: Transferred to Depreciation Fund (Net of Deferred Tax Asset Rs. 51.39 (Previous Year Rs. Nil)) (Refer Note 43)	99.84	-
Profit/(Loss) for the year	5,344.30	3,832.86
Amount available for Appropriation	20,585.80	18,109.76
Less: Appropriations		
Proposed Final Equity Dividend (amount per share Rs. 1/-) (31st March 2014: Rs. 10/- on Equity Share of Rs 10/- each)	1,045.38	1,045.38
Tax on proposed Equity Dividend	212.82	177.66
Transfer to General Reserve	500.00	500.00
Total Appropriations	1,758.20	1,723.04
Surplus	18,827.60	16,386.72
TOTAL	32,592.02	29,706.84

5. LONG TERM BORROWINGS

	Non-Current As at March 31, 2015 Rs. in Lacs	Non-Current As at March 31, 2014 Rs. in Lacs	Current As at March 31, 2015 Rs. in Lacs	Current As at March 31, 2014 Rs. in Lacs
Term Loans (Refer note below)				
Secured				
Loan from Banks	7,602.07	5,200.00	1,800.00	-
External Commercial Borrowings	16,257.96	21,064.98	5,680.12	4,222.01
Other Loans and Advances				
Unsecured				
Deferred Sales Tax Loan		10.20	10.20	27.00
Deposits from Shareholders		20.45		22.18
Deposits from Public		829.63		372.93
TOTAL	23,860.03	27,125.26	7,490.32	4,644.12
The above amount includes:				
Secured Borrowings	23,860.03	26,264.98	7,480.12	4,222.01
Unsecured Borrowings		860.28	10.20	422.11
Current maturities of long term borrowings have been disclosed under the head "Current Liabilities" (Refer Note No.10 (b))			(7,490.32)	(4,644.12)
NET AMOUNT	23,860.03	27,125.26	-	-

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Term Loans:-

The Loans from Banks includes term loan obtained from State Bank of India during the year amounting to Rs. 4202.07 Lacs (Rs. 5200.00 lacs), this is to be secured by first pari passu charge by way of mortgage of immovable properties of the Company and both present and future hypothecation of movable assets of the Company. The Company is in the process of executing the necessary charge on the Assets. External Commercial Borrowings are obtained from (a) Standard Chartered Bank Rs.5,195.04 Lacs (Rs. 6,430.68 Lacs) (b) HSBC Bank (Mauritius) Limited Rs. 7,041.47 Lacs (Rs. 8,338.85 Lacs) and (c) DBS Bank Limited Rs 9,701.57 Lacs (Rs.. 10,517.46 Lacs). These are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over current assets of the Company.

Repayment Schedule:-

a) Rate of interest of loan from Banks are in the range of base rate plus 0.50% to 1.00% p.a.

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

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

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

e) 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 chedule and last instalment payable on March 29, 2018

f) External Commercial Borrowing from DBS Bank Ltd. is repayable on quarterly basis which started on February 3, 2014, with a step up repayment schedule and last instalment payable on November 1, 2018.

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

The installments payable are as under:

Year	Rs. in Lacs
2015-16	10.20
TOTAL	10.20

6. OTHER LONG TERM LIABILITIES

	As at March 31, 2015 Rs. in Lacs	As at March 31, 2014 Rs. in Lacs
Security Deposits Received	267.04	244.39
TOTAL	267.04	244.39

7. SHORT TERM AND LONG TERM PROVISIONS

	Long-Term	Long-Term	Short-Term	Short-Term
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 29 A (iii))	-	-	74.20	33.73
Provision for Leave Benefits (Refer Note No. 29 B (3))	526.01	418.57	99.93	67.21
	526.01	418.57	174.13	100.94
Other Provisions				
Proposed Equity Dividend			1,045.38	1,045.38
Provision for tax on proposed Equity Dividend			212.82	177.66
	-	-	1,258.20	1,223.04
TOTAL	526.01	418.57	1,432.33	1,323.98

8. DEFERRED TAX LIABILITY

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

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9. SHORT TERM BORROWINGS

	As at March 31, 2015 Rs. in Lacs	As at March 31, 2014 Rs. in Lacs
Working Capital Borrowing from Banks (Refer note a & b below)		
Secured	16,964.74	14,622.10
Unsecured	4,672.68	4,449.51
Total of Working Capital Borrowing from Bank	21,637.42	**19,071.61**
Commercial paper (Refer note c below)		
Unsecured Borrowings	1,463.67	-
Total of Commercial paper	1,463.67	-
Total	23,101.09	**19,071.61**

a) Working Capital borrowings from banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit carry rate of interest as Base Rate of respective banks plus spread ranging from 0% - 3.50% pa, Packing Credit in Foreign Currency, Buyers' Credit against Letter of Undertaking carry rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.25% p.a. to 1.10% p.a.. These borrowings are repayable on demand.

b) Secured Working Capital borrowings are Secured by way of first Hypothecation charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and second charge on all Fixed Assets by way of hypothecation and mortgage.

c) Commercial Paper placed by the Company carries interest rate ranging from 8.47% pa to 9.80% pa, tenure of each placement ranging from 37 days to 99 days. Commercial Papers, issued during the year, were unsecured.

10 a. TRADE PAYABLES

	As at March 31, 2015 Rs. in Lacs	As at March 31, 2014 Rs. in Lacs
Trade payables (including acceptances) (Refer note 40 for details of dues to Micro and Small Enterprises)	10,938.27	14,118.93
TOTAL	10,938.27	14,118.93

10 b. OTHER CURRENT LIABILITIES

	As at March 31, 2015 Rs. in Lacs	As at March 31, 2013 Rs. in Lacs
Current maturities of long-term borrowings (Refer Note No. 5)	7,490.32	4,644.12
Creditors for Projects	559.06	497.57
Interest accrued but not due on borrowings	123.33	217.75
Advance from Customers	55.37	101.13
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	41.14	34.66
Unclaimed Matured Deposits	-	3.81
Unpaid Interest on Matured Fixed Deposits	7.50	21.37
Provision for expenses	2,516.03	2,960.89
Advance against Land Sale	1,500.00	
Excise Duty on stock of finished goods	294.49	358.49
Others	327.76	283.71
TOTAL	12,915.00	**9,123.50**

Fixed Assets

11. Tangible Assets

(Rs. In Lacs)

Sr. No.	Particulars	GROSS BLOCK As at April 1,2014	Additions	Deletions	Total March 31,2015	DEPRECIATION Upto April 1,2014	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletions	Total March 31,2015	NET BLOCK As at March 31,2015	As at March 31,2014
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)	14 (3-7)
1	Freehold Land	581.11	-	-	581.11	-	-	-	-	-	-	581.11	581.11
2	Leasehold Land	2,375.72	625.98	-	3,001.70	170.41	28.84	-	-	-	199.25	2,802.45	2,205.31
3	Plant and Machinery	56,097.05	10,585.31	707.81	65,974.55	20,784.13	2,808.89	-	44.03	611.59	23,025.46	42,949.09	35,312.92
4	Factory and			-	-	-	-	-	-	-	-	-	-
	Other Buildings	7,259.04	964.95	2.40	8,221.59	1,402.73	306.20	(23.03)	87.76	0.86	1,795.83	6,448.79	5,856.31
5	Roads	472.70	70.70	-	543.40	22.89	96.06	-	35.63	1.49	153.09	390.31	449.81
6	Office Equipment's	470.54	15.07	3.99	481.62	196.75	84.08	-	29.58	3.21	307.20	174.42	273.79
7	Furniture & Fixture	748.51	47.71	-	796.22	346.83	64.11	-	7.86	-	418.80	377.42	401.68
8	Vehicles	726.56	164.09	87.70	802.95	205.96	91.27	-	0.43	52.56	245.10	557.85	520.60
	Total - Current Year	68,731.23	12,473.81	801.90	80,403.14	23,129.70	3,479.45	(23.03)	205.29	669.71	26,144.73	54,281.44	45,601.53
	Total - Previous Year	53,456.63	16,244.21	969.61	68,731.23	21,028.51	2,877.20	13.66	-	789.67	23,129.70		

12 a. Intangible Assets

1	Goodwill	233.50	-	-	233.50	233.50	-	-	-	-	233.50	-	-
2	Computer Software (Office-equipment)	538.58	76.21	-	614.79	329.85	55.59	-	-	-	385.44	229.35	208.73
3	Others	373.73	112.92	-	486.65	55.95	69.03	-	-	-	124.98	361.67	317.78
	Total - Current Year	1,145.81	189.13	-	1,334.94	619.30	124.62	-	-	-	743.92	591.02	526.51
	Total - Previous Year	643.06	502.75	-	1,145.81	529.28	90.02	-		-	619.30		

Notes: 1. Building includes Rs. 1080 lacs (Previous year: Rs. 1080 lacs) in respect of ownership of premises in a co-operative housing society by way of 10 Shares.

2 Certain Assets of Nitrite Unit at Nandesari, Vadodara were revalued on October 31, 1985 as per the valuation report submitted by M/s. P.C. Gandhi & Associates, Chartered Engineers and Government approved valuer, where by original cost of Rs. 944.05 lacs as of that was restated at replacement cost of Rs. 1903.81 Lacs. The details of said assets as on Balance Sheet date net of subsequent deletions are as follows :

Sr No.	Assets	Original Cost Rs. In Lacs	Replacement Cost Rs. In Lacs	Method and Indices
1	Leasehold Land	16.53	124.10	Prevailing market price on the date of valuation. Replacement costs of these fixed assets have been arrived at by 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	264.20	559.70	
3	R&D Equipment	16.17	23.67	
4	Factory & Other Buildings	56.45	150.04	
5	R&D Building	2.11	5.61	
	Total	355.46	863.12	
	Previous year	384.40	922.36	

3 Capitalized borrowing costs:

Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to Rs. 2466.64 Lacs (Previous Year Rs. 3,196.87 Lacs)

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

4 (a) Out of fixed assets amounting to Rs. 89.91 lacs pertaining to Fine & Specialty segment forming part of Nandesari division and which were held of disposal, assets worth Rs. 8.26 lacs (Previous Year Rs. 67.71 lacs) were sold during the year at a loss of Rs. 5.49 lacs (Previous Year Rs. 46.16) lacs recognised in Statement of Profit & Loss. The remaining assets were revalued at Rs. Rs. 26.02 Lacs(Previous Year Rs. 89.91 Lacs) and loss on revaluation of Rs. Rs.21. 01 Lacs (Previous Year Rs. 30.57 lacs) is recognised in Statement of Profit & Loss. Also during the year assets amounting to Rs. 34.62 lacs were transferred to fixed assets as the same can be used in manufacturing activity of the company.

(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 Rs. 397.88 lacs as on Balance Sheet date.

(c) Further, in respect of Factory Building at Roha which was impaired in the year 2008-09, during the year impairment provision of Rs 23.03 lacs was reversed as the said assets was put to alternate use. Cumulative provision stands at Rs. Nil (Rs. 23.03 lacs) as on Balance Sheet date.

(d) During the year, the Company has provided for impairment loss of Rs. Nil (Previous Year Rs. 13.66 Lacs) in respect of Plant & Machinery pertaining to Taloja division.

5 Remaining useful life of Intangible assets and balance carrying amount

Sr. No	Particulars	Remaining useful life	Balance carrying amount Rs. in lacs
1	Software and related implementation costs	6 years	229.35
2	Rights to use facilities	5 years	177.12
3	Technical Know How	10 years	184.56

6 Research & Development Assets included in Fixed Assets

Rs.. in Lacs

Sr. No.	Particulars	GROSS BLOCK As at April 1, 2014	Additions	Deletion	Total March 31, 2015	DEPRECIATION Upto April 1, 2014	For the year	Impairment Provision / (Reversal)	Transfer to Retained Earning	Deletion	Total March 31, 2015	NET BLOCK As at March 31, 2015	As at March 31, 2014
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)	14 (3-7)
1	Plant and Machinery	1,089.51	91.72	0.10	1,181.13	525.55	96.05		1.16		622.76	558.37	563.96
2	Buildings	64.47	-	-	64.47	11.93	27.25		11.44		50.62	13.85	52.54
3	Office Equipments	34.58	0.42	-	35.00	28.21	2.31		1.89		32.41	2.59	6.37
4	Furniture & Fixture	76.56	5.35	-	81.91	29.51	12.26		-		41.77	40.14	47.05
	Current Year's Total	1,265.12	97.49	0.10	1,362.51	595.20	137.87	-	14.49	-	747.56	614.95	669.92
	Previous Year's Total	1,110.16	255.16	100.20	1,265.12	595.81	49.76	-		50.37	595.20		

12 b. Capital Work In Progress

Sr. No.	Particular	March 31, 2015	March 31, 2014
1	Capital work in Progress (others)	3,692.12	560.64
2	Capital Work in Progress (Projects)	-	6,442.84
3	Capital work in Progress (Building)	397.88	397.88
4	Less: Impairment Loss	(397.88)	(397.88)
	Capital Work in Progress (Net)	3,692.12	7,003.48

Details of Capital Work in Progress - Projects

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

Note to above

Foreign Exchange difference and Interest Includes:-

i) In 2014-15 Rs. 974.58 (Previous Year Rs. 2715.94 Lacs lacs) being exchange difference considered as an adjustments to borrowing costs. Out of the above Rs. 1950.21 (Previous Year Rs.Rs.2700.77 lacs lacs) has been capitalized during the year.

ii) Interest (net of interest earned) in 2014-15 Rs. 28.84 lacs (Previous year Rs. 505.21 lacs) . Out of the above, Rs. 516.43 lacs (Previous year Rs. 496.10 lacs) being related to capitalized amount has been transferred to Fixed Assets

12 c. Intangible Assets under Development

Sr. No.	Particular	March 31, 2015	March 31, 2014
1	Advance supply chain Software	106.24	106.24
Total Intangible Assets under Development		106.24	106.24

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13. NON CURRENT INVESTMENTS

	As at March 31, 2015 Rs. in Lacs	As at March 31, 2014 Rs. in Lacs
Long Term Investments at Cost		
Trade (Unquoted) Investments in Equity Shares - Fully Paid up		
Investment in Subsidiaries		
1,40,50,000 (Previous Year Nil) Equity Shares of Deepak Phenolics Limited Rs. 10/- each, fully paid up.	1,405.00	-
	-	-
Investment in Associates		
122,500 (Previous Year 122,500) Equity Shares of Deepak Gulf LIC 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
	1,641.66	236.66
Non Trade (Unquoted)		
a) Investment in Equity Instruments - Fully Paid up		
800 (800) Equity Shares of Nandesari Environment Control Ltd	0.08	0.08
20 (20) Equity Shares of Baroda Co-operative Bank Ltd.	0.01	0.01
2,000 (2,000) Equity Shares of Shamrao Vitthal co-op Bank Ltd.	0.50	0.50
798 (798) Equity Shares New India Co-op Bank Ltd.	0.08	0.08
52,342 (52,342) Equity Shares of Jedimetla Effluent Treatment Ltd.	52.49	52.49
	53.16	53.16
b) Investment in Government Securities		
National Saving Certificate	0.01	0.01
Quoted (Non trade) (Valued at cost)		
50,000 (10,000) Equity Shares of Bank of Baroda (Refer note iv below)	8.50	8.50
6,240 (6,240) Equity Shares of IDBI Bank	5.07	5.07
29,400 (29,400) Equity Shares of Dena Bank	8.82	8.82
	22.39	22.39
TOTAL	1,717.22	312.22

i) Aggregate amount of Unquoted Investments is Rs. 1694.83 lacs (Previous Year Rs. 289.83 lacs).
ii) Aggregated amount of Quoted Investments is Rs. 22.39 lacs (Previous Year Rs.22.39 lacs).
iii) Aggregate Market Price of Investment in Equity Instrument (Quoted) Rs. 101.07 Lacs (Previous Year Rs. 94.02 Lacs).
iv) Equity Shares of Bank of Baroda were sub-divided during the year. It has issued five shares for every one share held by the company.

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

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

Notes:

1. Advance towards share application money pending allotment to Deepak Phenolics Limited (Wholly Owned Subsidiary). On April 16, 2015, the company was allotted 51,00,000 equity shares of Rs.10/- each.
2. Loans to Company have been given for business purpose.
3. Loans and advances due by directors or other officers, etc.

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

15. OTHER NON-CURRENT AND CURRENT ASSETS

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

* Includes Receivable from Wholly Owned Subsidiary Rs. 545.72 lacs (Previous Year Rs. Nil)

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

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

17. TRADE RECEIVABLES

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

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18. CASH AND CASH EQUIVALENTS

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

Note :

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

b) Margin money deposits with a carrying amount of Rs. Nil (Rs. 2.11 Lacs) is liened as a Security against Bank Guarantee issued.

19. REVENUE FROM OPERATIONS

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

Note:

Detail of Products Sold

	Current Year Rs. In Lacs	Previous Year Rs. In Lacs
a) Finished Goods Sold		
i) Inorganic Salts	32,365.87	30,206.10
ii) Nitro Aromatic (including related by-products)	46,613.85	50,499.96
iii) Aromatics Amines	15,998.69	18,539.87
iv) Colour Intermediates (including related by-products)	15,247.71	12,932.68
v) Agro- Chemicals Intermediates	16,641.17	13,679.65
vi) Optical Brightening Agent	12,816.30	5,764.33
vii) Others	19.42	356.88
	139,703.01	131,979.47
b) Traded Goods Sold		
Organic Chemicals	257.85	1989.82
c) Conversion charges (service Income)	539.29	638.19
d) Other Operation Revenue	1,032.27	617.32
Revenue from Operations (Gross) (a+b+c+d)	141,532.42	135,224.80
Less: Excise duty	8,816.19	8,261.93
Revenue from Operations (Net)	132,716.23	126,962.87

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20. OTHER INCOME

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

21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

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

Note:-
Details of Raw Material Consumed:

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

22. DETAILS OF PURCHASE OF TRADED GOODS

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Purchase of Finished Goods for Resale	243.71	1,814.31
TOTAL	243.71	1,814.31

23. (INCREASE)/ DECREASE IN INVENTORIES

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

24. EMPLOYEE BENEFITS EXPENSES

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Salaries, Wages and Bonus	8,776.23	7,762.33
Contribution to Provident and Other Funds	469.28	401.69
Gratuity Expenses ('Refer Note No. 29 A(iv))	229.27	107.52
Staff Welfare expenses	534.82	563.56
TOTAL	10,009.60	8,835.10

25. POWER & FUEL EXPENSES

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

26. DEPRECIATION AND AMORTISATION EXPENSES

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Depreciation of Tangible Assets	3,479.45	2877.2
Amortisation of Intangible Assets	124.62	90.02
	3,604.07	2,967.22
Less: Recoupment from Revaluation Reserve	1.66	2.86
TOTAL	3,602.41	2,964.36

27. FINANCE COSTS

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

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28. OTHER EXPENSES

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Conversion Charges	630.13	1,174.38
Excise Duty paid	40.17	13.93
(Increase)/ Decrease of Excise Duty on Inventories	(63.55)	208.71
Other Manufacturing Expenses	601.53	466.74
Loss on Sale / Discard of Fixed Assets	132.36	206.21
Less: Impairment Provision /(Reversal) (Refer foot note no. 4 d of Note 11 Fixed Assets)	(23.03)	13.66
	109.33	**219.87**
Insurance	227.37	213.60
Repairs and Maintenance :-		
Plant and machinery	1,546.67	1,356.13
Buildings	154.19	75.45
Others	75.20	76.72
Freight and Forwarding Charges	3,006.78	2,527.11
Consumption of Stores, Components and Spare parts	1,450.11	1,084.02
Sales Commission	181.34	178.74
Corporate Social Responsibility Activity Expenditure (Refer Note: 44) / Donations	81.95	85.51
Rent (Refer Note No. 42)	112.40	93.93
Rates and Taxes	205.99	201.04
Travelling and Conveyance	428.34	327.50
Vehicle Expenses	274.53	260.28
General Expenses	2,447.49	3,078.16
Foreign Exchange Loss	-	368.05
Provision / (Reversal) for Inventory Obsolescence (net)	(221.84)	351.16
Provision for Doubtful Debts	84.23	94.11
Add:- Bad Debts / (recovered)	(12.74)	(9.42)
Less:- Transfer from Provision for Doubtful Debts	1.57	8.69
	69.92	**76.00**
Directors' Sitting Fees	19.70	9.72
Payment to Auditor (Refer note below)	44.68	32.35
Wealth Tax	16.80	16.08
TOTAL	11,439.23	**12,495.18**

Note:

Payment to Auditor

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
i) As Auditor:		
Audit fees	20.00	14.00
Tax Audit fees	3.50	2.50
Quarterly limited review	4.50	3.60
ii) In Other Capacity:		
Taxation Matters	12.00	8.50
Other Services (Certification Fees)	4.00	2.10
iii) Reimbursement of Expenses	0.68	1.65
TOTAL	44.68	**32.35**

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 Rs. in Lac	Previous Year Rs. in Lacs
Balance at the beginning of the year	952.37	848.09
Current Service Cost	66.84	58.24
Interest Cost	88.86	69.97
Actuarial (gain)/losses	158.64	51.86
Benefits Paid	(91.19)	(75.79)
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Balance at the end of the year	1,175.52	**952.37**

ii) Fair Value of Plan Assets:

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

Actual Return on Plan Assets	7.50% to 9.00 %	7.50% to 9.00 %

iii) Assets and Liabilities Recognised in the Balance Sheet:

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

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

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Current Service Cost	66.84	58.24
Interest Cost	88.86	69.97
Expected return on Plan Assets	(79.92)	(70.47)
Actuarial (gain)/losses	153.49	49.78
Past Service Costs	-	-
Curtailments	-	-
Settlements	-	-
Total Expenses (Refer Note No. 24)	229.27	107.52

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

	March 31, 2015	March 31, 2014
a) Government Securities, being not less than	20%	20%
b) Government Securities or other approved Securities (inclusive (1) above, being not less than)	40%	40%
c) Balance to be invested in Approved Investment as specified in Schedule I.	Not exceeding 60%	Not exceeding 60%

vi) Actuarial Assumptions

	March 31, 2015	March 31, 2014
Discount Rate	7.92% to 7.96 %	9.33%
Expected Return on Plan Assets	7.92% to 7.96 %	8.50% to 8.70 %
Salary Growth Rate	6.50%	6.50%
Attrition rate	2.00%	2.00%

vii) Amount Recognised in current year and previous four year

	March 31,2015 Rs. in Lacs	March 31,2014 Rs. in Lacs	March 31,2013 Rs. in Lacs	March 31,2012 Rs. in Lacs	March 31,2011 Rs. in Lacs
Defined Benefit Obligation	1175.52	952.37	848.09	734.87	631.12
Plan Assets	1101.33	918.64	833.8	705.81	582.02
Surplus/Deficit	74.19	33.73	14.29	29.06	49.10
Experience adjustments in plan liabilities	49.98	51.86	49.10	-	-
Experience adjustments in plan assets	5.16	2.08	(0.20)	-	-

viii) Expected Contribution to the Fund in the next Year

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Gratuity	250.00	120.00

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 Rs. in Lacs	Previous Year Rs. in Lacs
Discount Rate	7.92% to 7.96 %	9.33%

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

C) Defined Contribution Plan

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Employer's Contribution to Provident Fund	314.45	257.26
Employer's Contribution to Superannuation Fund	125.96	116.56

Expected Contribution for the next year	Rs. in Lacs
Employer's Contribution to Provident Fund	377.34
Employer's Contribution to Superannuation Fund	137.30

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30 Segment Reporting

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

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

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
V) Segment Assets		
a) Bulk Chemicals & Commodities	32,995.30	35,099.72
b) Fine & Speciality Chemicals	24,508.30	22,316.56
c) Fluorescent Whitening Agent	44,666.85	41,972.32
e) Un-allocable	10,184.52	6,266.99
Total	**112,354.96**	**105,655.59**
VI) Segment Liabilities		
a) Bulk Chemicals & Commodities	6,737.99	10,258.45
b) Fine & Speciality Chemicals	3,399.82	2,824.50
c) Fluorescent Whitening Agent	3,599.55	4,126.85
e) Un-allocable	59,302.41	54,216.44
Total	**73,039.77**	**71,426.24**
VII) Capital Expenditure		
a) Bulk Chemicals & Commodities	771.22	8,344.97
b) Fine & Speciality Chemicals	2,895.47	1,238.00
c) Fluorescent Whitening Agent	8,017.32	6,529.52
e) Un-allocable	978.93	634.74
Total	**12,662.94**	**16,747.23**
VIII) Depreciation		
a) Bulk Chemicals & Commodities	939.35	945.63
b) Fine & Speciality Chemicals	732.97	614.84
c) Fluorescent Whitening Agent	1,540.02	1,201.59
e) Un-allocable	390.07	202.30
Total	**3,602.41**	**2,964.36**

Notes:

i. Current year Segmental Results are net off Impairment Loss Reversal of Rs.23.03 Lacs (Previous year Provision of Rs. 13.66 lacs)for Fine and Speciality Chemicals Segment.

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b) Secondary Segments Reporting - Geographical Segments

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

Rs. in Lacs

Revenue	Current Year	Previous Year
In India	81,039.92	76,907.22
Outside India	51,676.31	50,055.65
Total	132,716.23	126,962.87

Rs. in Lacs

Carrying Amount of Segment Assets	Current Year	Previous Year
In India	94,920.92	90,977.40
Outside India	17,434.03	14,678.19
Total	112,354.95	105,655.59

Rs. in Lacs

Addition to Fixed Assets	Current Year	Previous Year
In India		
-Tangible	12,473.81	16,244.21
- Intangible	189.13	502.76
Outside India		
-Tangible	-	-
- Intangible	-	-
Total	12,662.94	16,746.97

31 Disclosure under AS 20 "Earning Per Share"

Rs. in Lacs

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

Note: During the year company has sub divided its Equity Shares of Rs 10 each to Rs 2 each. Also the Company has issued Bonus Shares in the Ratio of 1:1 Equity Share post sub division. Previous year data of Earning Per Share has been reclassified accordingly.

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32. **Disclosure under AS 18 "Related Party Disclosures"**

(i) **Subsidiary Companies: (Refer Note below)**
Deepak Nitrite Corporation Inc, United States of America.
Deepak Phenolics Limited

(ii) **Associate Companies:**
Deepak Gulf Llc, Oman.

(iii) **Key Management Personnel**

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

(iv) **Companies over which key managerial personnel or their relatives are able to exercise significant Influence.**
Blue Shell Investment Private Limited * Check Point Credits & Capital Private Limited * Crossover Advisors Private Limited * Crossover Trustees Private Limited * Deepak Asset Reconstruction * Deepak Cybit Private Limited * Deepak Fertilizers and Petrochemicals Corporation Limited * Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Grey Point Investments Private Limited *Hardik Leafin Private Limited * Kawant Developers Corporation *Nucore Capital Management Private Limited * Pranawa Leafin Private Limited * Prolific Credits & Capital Private Limited * Skyrose Finvest Private Limited * Sofotel Infra Private Limited * Stepup Credits & Capital Private Limited * Stiffen Credits and Capital Private Limited * Stigma Credit & Capital Private Limited * Storewell Credits & Capital Private Limited * Sundown Finvest Private Limited * Superpose Credits & Capital Private Limited * Synergy Li Power Resources Private Limited * The LakakiWorks Private Limited * Yerrowda Investment Limited

(v) **Relative of Key Management Personnel**
Shri Maulik D. Mehta
Shri Meghav D. Mehta

(vi) **Transaction with Related Parties**

		31st March, 2015						31st March, 2014					
Sr. No.	Nature of Transaction	Subsidary Company	Associate Companies	Key Manement Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Peronnel	TOTAL	Subsidary Company	Associate Companies	Key Manement Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Peronnel	TOTAL
1	**Purchase of Goods**												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	6,285.32	-	**6,285.32**	-	-	-	6,431.07	-	**6,431.07**
	Deepak Novachem Technologies Limited	-	-	-	224.42	-	**224.42**	-	-	-	1,672.61	-	**1,672.61**
2	**Sale of Goods**												
	Deepak Novachem Technologies Limited	-	-	-	13.45	-	**13.45**	-	-	-	18.78	-	**18.78**
3	**Conversion Charges Received**												
	Deepak Novachem Technologies Limited	-	-	-	559.51	-	**559.51**	-	-	-	662.13	-	**662.13**
4	**Sale of Fixed Assets**												
	Deepak Novachem Technologies Limited	-	-	-	-	-	**-**	-	-	-	1.45	-	**1.45**
5	**Rendering of Services / Reimbursement of Expenses**												
	Deepak Novachem Technologies Limited	-	-	-	-	-	**-**	-	-	-	10.74	-	**10.74**
	Deepak Phenolics Limited	545.72	-	-	-	-	**545.72**	-	-	-	-	-	**-**

Sr. No.	Nature of Transaction	31st March, 2015						31st March, 2014					
		Subsidiary Company	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Subsidiary Company	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
6	**Receiving of services / Reimbursement of Expenses**												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	1.77	-	1.77	-	-	-	0.59	-	0.59
	Deepak Novachem Technologies Limited	-	-	-	2.76	-	2.76	-	-	-	6.75	-	6.75
	Deepak Foundation	-	-	-	1.59	-	1.59	-	-	-	3.74	-	3.74
	Deepak Medical Foundation	-	-	-	0.77	-	0.77	-	-	-	0.03	-	0.03
	Sofotel Infra private limited	-	-	-	0.01	-	0.01	-	-	-	0.08	-	0.08
	Shri Deepak C. Mehta	-	-	9.60	-	-	9.60	-	-	9.60	-	-	9.60
	Shri C.K. Mehta	-	-	4.41	-	-	4.41	-	-	3.30	-	-	3.30
	Shri Maulik.D. Mehta	-	-	-	-	36.56	36.56	-	-	-	-	32.74	32.74
	Shri Meghav.D. Mehta	-	-	-	-	12.40	12.40	-	-	-	-	-	-
7	Managerial Remuneration												
	Shri Deepak C. Mehta	-	-	258.72	-	-	258.72	-	-	218.34	-	-	218.34
	Shri Ajay C. Mehta	-	-	247.83	-	-	247.83	-	-	199.94	-	-	199.94
	Shri Umesh Asaikar	-	-	299.54	-	-	299.54	-	-	221.19	-	-	221.19
8	**Subscription of Investment / Acquisition of Investment**												
	Deepak Phenolics Ltd	1,910.00	-	-	-	-	1,910.00	-	-	-	-	-	-
	Deepak Gulf LLC	-	-	-	-	-	-	-	179.30	-	-	-	179.30
	Shri D.C. Mehta	-	-	2.78	-	-	2.78	-	-	-	-	-	-
	Others	-	-	1.00	-	1.20	2.20	-	-	-	-	-	-
9	Dividend Paid												
	Checkpoint Credits & Capitals Private Limited	-	-	-	72.06	-	72.06	-	-	-	57.65	-	57.65
	Stigma Credits & Capital Private Limited	-	-	-	61.78	-	61.78	-	-	-	49.42	-	49.42
	Stiffen Credits & Capital Private Limited	-	-	-	83.80	-	83.80	-	-	-	67.04	-	67.04
	Stepup Credits & Capital Private Limited	-	-	-	69.16	-	69.16	-	-	-	55.32	-	55.32
	Skyrose Finvest Private Limited	-	-	-	35.71	-	35.71	-	-	-	28.57	-	28.57
	Shri Deepak C. Mehta	-	-	202.70	-	-	202.70	-	-	138.16	-	-	138.16
	Shri C.K. Mehta	-	-	0.86	-	-	0.86	-	-	24.69	-	-	24.69
	Shri Maulik.D. Mehta	-	-	-	-	1.31	1.31	-	-	-	-	1.05	1.05
	Shri Meghav.D. Mehta	-	-	-	-	0.47	0.47	-	-	-	-	0.38	0.38
	Others	-	-	-	49.78	13.66	63.44	-	-	-	34.56	10.93	45.49
10	Donation / CSR Activity												
	Deepak Foundation - PHTI	-	-	-	58.24	-	58.24	-	-	-	27.41	-	27.41
	Deepak Medical Foundation	-	-	-	23.10	-	23.10	-	-	-	28.25	-	28.25
11	Net Accounts Receivable / Payable												
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	(1,086.93)	-	(1,086.93)	-	-	-	(842.87)	-	(842.87)
	Deepak Novachem Technologies Limited	-	-	-	149.35	-	149.35	-	-	-	177.43	-	177.43
	Deepak Phenolics Ltd	545.72	-	-	-	-	545.72	-	-	-	-	-	-
	Shri Deepak C. Mehta	-	-	211.84	-	-	211.84	-	-	251.96	-	-	251.96
	Shri Ajay C. Mehta	-	-	(188.16)	-	-	(188.16)	-	-	(148.04)	-	-	(148.04)
	Shri C.K. Mehta	-	-	(3.00)	-	-	(3.00)	-	-	(2.50)	-	-	(2.50)
	Shri Umesh Asaikar	-	-	(75.00)	-	-	(75.00)	-	-	(57.87)	-	-	(57.87)
	Deepak Foundation	-	-	-	(0.07)	-	(0.07)	-	-	-	-	-	-

33 Contingent Liabilities not provided for

	As At March 31, 2015 Rs. in Lacs	As At March 31, 2014 Rs. in Lacs
a) In respect of income tax matters	98.60	147.46
b) In respect of sales tax / vat matters	35.07	11.65
c) In respect of excise matters	219.50	221.51
d) Bank Guarantees:		
-Financial	816.60	449.68
-Performance	3,003.11	2,825.51
e) In respect of Stamp duty matter	22.85	22.85
f) Disputed Labour Matters	Amount Not ascertained	
In respect of (a) to (c),(e) & (f), future cash outflow in respect of contingent liabilities is determinable only on receipt of judgments pending at various forums/authorities.		
Total	4,195.73	3,678.66

34 Capital Commitments (Net of Advances)

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

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

35 Hedging Instruments

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

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

	Current Year	Previous Year
USD		
Amount USD (in lacs)	61.50	70.00
Equivalent INR (in Lacs)	3,956.88	4,428.90
EURO		
Amount EURO (in lacs)	5.87	24.80
Equivalent INR (in Lacs)	425.96	2,218.61

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

	Currency	Current Year	Previous Year
Payables			
Working Capital Loans (Net of Balances in EEFC account)	USD Lacs	207.61	192.5
	EURO Lacs	9.70	-3.04
Trade Payables	USD Lacs	40.52	86.13
	EURO Lacs	0.19	2.68
	GBP Lacs	0.05	0.18
Receivables (Net of Forward Contracts)			
Export Trade Receivables (Net off forward contract upto 3 months)	USD Lacs	176.52	131.72
	EURO Lacs	30.63	30.14
	GBP Lacs	-	0.09
Term Loans			
External Commercial Borrowings	USD Lacs	350.50	420.75

36 CIF Value of Imports

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
1 Raw materials	26,149.06	30,516.29
2 Components and Spare Parts	4.67	9.18
3 Capital Goods	60.77	112.43
4 Finished goods for trading activity	-	-
Total	26,214.50	30,637.90

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

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

38 **Consumption of Raw Materials, Stores, Components and Spares parts:**

	% of Total Consumption Current Year	Amount Rs. in Lacs Current Year	% of Total Consumption Previous Year	Amount Rs. in Lacs Previous Year
i. RAW MATERIALS:				
i) Imported	34.16	28,084.94	35.26	29,215.91
ii) Indigenous	65.84	54,120.14	64.74	53,633.57
	100.00	82,205.08	100.00	82,849.48
II.STORES AND SPARE PARTS:				
i) Imported	0.30	4.34	0.85	9.18
ii) Indigenous	99.70	1,445.77	99.15	1,074.84
	100.00	1,450.11	100.00	1,084.02

39 Earning in Foreign Exchange

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

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

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

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
(i) Principal amount remaining unpaid as on March 31.	117.36	93.28
(ii) Interest due thereon remaining unpaid as on March 31.	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	0.34	0.51
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.22	0.12
(v) Interest accrued and remaining unpaid as at March 31 (net of tax deducted at source).	-	0.12
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	0.12

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

41a Research and Development Expenses

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
(i) Capital Expenditure (Refer Note 12 (c))	97.48	255.16
(ii) Revenue Expenditure:		
Materials	23.74	24.14
Utilities	13.45	4.62
Maintenance	37.56	63.67
Personnel	410.82	356.18
Others	136.51	74.62
	622.08	523.23
Lease Rent	-	3.19
Discarding of Assets	0.05	49.55
Depreciation	137.86	49.77
	137.91	102.51
Total Revenue Expenditure	759.99	625.74
(iii) Total Capital & Revenue Expenditure	857.47	880.90

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

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

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

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

42 Disclosure under AS-19 "Leases"

Disclosure for Operating Leases:

The Company has leased office premises under operating lease. Lease payment debited to the Statement of Profit & Loss during the year Rs. 44.70 lacs (Rs. 42.59 Lacs).

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

	Current Year Rs. in Lacs	Previous Year Rs. in Lacs
Up to 1 year	46.95	44.72
Greater than 1 year but less than 5 years	45.04	91.97
Greater than 5 years	-	-

43 The Managerial remuneration provided during the year is in excess of the limit prescribed under clause (i) of second proviso to subsection (1) of section 197 of the Companies Act, 2013 by Rs. 45.66 lacs for which steps are being taken by the Company to obtain the shareholder's approval in the ensuing Annual General Meeting. Pending the approval of the shareholder's, no adjustments have been made in the financial statements.

44 During the year, the Company has prescribed CSR Activity expenditure (two percent of Rs. 4603.00 lacs) of Rs. 92.06 Lacs. It had spent amount in CSR activities during the year amounting to Rs. 76.34 lacs mostly in the vicinity of its plants at Nandesari and Dahej as well as near Vadodara where the Registered Office & Corporate office of the Company are located. However, certain project in the vicinity of other plants locations at Roha, Taloja and Hyderabad were under consideration and necessary base line study was to be conducted. Based on the base line survey study, the spending on CSR activities at such locations will be decided. In view of this, the Company could not spent around Rs. 15.72 Lacs during the year under review.

45 In pursuant to Schedule II of the Companies Act, 2013, the Company has decided to account for depreciation based on useful life determined by Independent valuer. Consequently, Rs. 99.84 lacs (net of deferred tax of Rs. 51.39 lacs) transferred to retained earnings and Rs. 54.04 lacs has been transferred to Revaluation reserve on revalued assets where remaining useful life of assets is Nil as on April 1, 2014 and the depreciation charged for the year is higher by Rs. 63.73 lacs.

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

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

As per our report of even date **For B. K. KHARE & COMPANY** Chartered Accountants Firm Registration No.105102W		For and on behalf of the Board
	D. C. MEHTA *Vice Chairman & Managing Director*	**C. K. MEHTA** *Chairman*
PRASAD PARANJAPE Partner Membership. No. 47296	**A. C. MEHTA** *Managing Director*	**UMESH ASAIKAR** *Executive Director*
	SANJAY UPADHYAY *Chief Financial Officer*	**SUDHIN CHOKSEY** **SUDHIR MANKAD** **SANDESH ANAND** — *Directors*
	ARVIND BAJPAI *Company Secretary*	
Mumbai, May 13, 2015		**Mumbai, May 13, 2015**

B. K. KHARE & CO.
CHARTERED ACCOUNTANTS

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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 collectively referred to as "the Group") and an associate, comprise the balance sheet as at March 31, 2015, and the consolidated statement of profit and loss for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

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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 there under.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Emphasis of Matter

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

   Our opinion is not modified in respect of this matter.

Other Matters

9. The consolidated financial statements include the Group's share of net loss of Rs. 8.93 lakhs for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of an associate, whose financial statements 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 said associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid associate, is based solely on the reports of the other auditors

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

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiaries company incorporate in India and associate company incorporated outside India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

B. K. KHARE & CO. * CHARTERED ACCOUNTANTS MUMBAI

b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books;

c. The Consolidated Balance Sheet and the Consolidated Statement of Profit and Loss dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and its subsidiaries company, and the reports of the statutory auditors of associate company incorporated outside India, none of the directors of the Group companies and its associate company incorporated outside India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and an associate – Refer Note 33 to the financial statements.

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts in respect of such items as it relates to the Group and (b) the Group's share of net profit/loss in respect of an associate.

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and an associate.

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

P. V. Paranjape

Prasad Paranjape
Partner
Membership Number: 47296
Mumbai, May 13, 2015

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

i. (a) The Holding company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets of the Holding Company have been physically verified by the Management during the year. The discrepancies noticed, if any on such verification were not material and have been properly dealt with in the books of account. The Subsidiaries & Associate Company is not having substantial fixed assets. Accordingly, provision of clause 3 (i) (a) & (b) of the Companies (auditor's report) Order, 2015 is not applicable and hence not commented upon.

ii. (a) The inventory of the holding company has been physically verified by the management during the year. Confirmations have been received in respect of inventories lying with third parties. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of the inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.

The Subsidiaries & Associate Company are not having inventory. Accordingly, provision of clause 3 (ii) (a), (b) & (c) of the Companies (auditor's report) Order, 2015 is not applicable and hence not commented upon.

iii. As informed, the group has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Accordingly, provision of the clause 3(iii) of the Companies (Auditor's Report) Order, 2015 is not applicable and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Group and the nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. On the basis of our examination of the books and records of the Group and according to the information and explanations given to us, we have neither come across, nor have we been informed of, any continuing failure to correct any major weaknesses in the aforesaid internal control system.

v. In our opinion, and according to the information and explanations given to us, the Holding company has complied with the provisions of Sections 73, 74, 75 and 76 or any other relevant provisions of the Act and the Rules framed there under to the extent notified

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with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits. The Subsidiaries & Associate Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and rules framed there under to the extent notified. Accordingly, provision of clause 3 (v) of the Companies (Auditor's Report) Order, 2015 is not applicable and hence not commented upon.

vi. We have broadly reviewed the books of account maintained by the Holding company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete. The Subsidiaries & Associate Company have not yet started their operations. Accordingly, provision of clause 3 (vi) of the Companies (auditor's report) Order, 2015 is not applicable and hence not commented upon.

vii. (a) According to the records of the Group and information and explanations given to us, the Group is regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income tax, Sales tax, Wealth tax and service tax, duty of customs, duty of excise, value added tax, cess and other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues are in arrears, as on 31st March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and records of the Group examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of excise, duty of customs, value added tax, and cess which have not been deposited on account of any dispute except the following dues of Holding company:

Name of the Statue	Nature of Dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where pending
Work contract tax Act of Maharashtra	Work contract Tax	11.65	1998-99 to 2004-05	Commissioner of Works Contract Tax (Appeals)
Central Excise Act, 1944	Excise duty	10.09	Oct'10 to Nov'13	Commissioner of excise
Central Excise Act, 1944	Excise duty	206.79	July'98 to March'14	Central excise service tax

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

				appellate tribunal
Central Excise Act, 1944	Excise duty	2.62	April 11 to Oct 14	Central excise Assistant commissioner
Central Sales Tax	Sales tax	23.42	2005-06	Additional Commissioner
Mumbai Stamp Act	Stamp duty	22.85	March 2010	Chief Controller of Revenue Authorities
Hyderabad Metropolitan Water Supply & Sewerage Act, 1989	Sewerage Cess	11.13	2008-09 to 2013-14	High Court of Andhra Pradesh

(c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 2013 and the rules made there under.

viii. The Holding company does not have accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year. The Subsidiaries & Associate Company are registered for a period of less than Five years and accordingly, provision of clause 3 (viii) of the Companies (Auditor's Report) Order, 2015 is not applicable and hence not commented upon.

ix. Based on the records examined by us and according to the information and explanations given to us, the Group has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.

x. According to the information and explanations given to us, the Group has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of clause 3(x) of the Order are not applicable to the Company.

xi. In our opinion, and according to the information and explanations given to us, during the year, the term loans have been applied for the purposes for which they were obtained.

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

xii. During the course of our examination of the books and records of the Group, carried out in accordance with generally accepted accounting practices and according to the information and explanations given to us, we have neither come across any instance of material on or by the Group, noticed or reported during the year, nor have we been informed of any such instance by the Management.

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

P. V. Paranjape

Prasad Paranjape
Partner
Membership Number 47296
Mumbai, May13, 2015

B. K. KHARE & CO. ★ CHARTERED ACCOUNTANTS
MUMBAI

DEEPAK NITRITE LIMITED

Consolidated Balance Sheet as at March31, 2015

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

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

The accompanying notes form an integral part of the Consolidated Balance Sheet.

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

PRASAD PARANJAPE
Partner
Membership No. 47296

D. C. MEHTA
Vice Chairman & Managing Director

C. K. MEHTA
Chairman

A. C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

Mumbai,13 May, 2015

Mumbai,13 May, 2015

DEEPAK NITRITE LIMITED

Consolidated Statement of Profit & Loss for the year ended March 31, 2015

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

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

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

P. V. Paranjape

PRASAD PARANJAPE
Partner
Membership No.47296

D. C. MEHTA
Vice Chairman & Managing Director

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Executive Director

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Chief Financial Officer

ARVIND BAJPAI
Company Secretary

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

Mumbai, 13 May, 2015

Mumbai, 13 May, 2015

Deepak Nitrite Limited

Notes to Consolidated Financial Statements for the Year ended 31st March, 2015

Company overview

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

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The consolidated financial statements have been prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India. The Company has prepared these Financial Statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 2013.

a) Use of Estimates

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

b) Presentation and Disclosure of Financial Statements

Assets and Liabilities are classified as Current or Non-Current as per the provisions of the Schedule III notified under the Companies Act, 2013, and Company's normal operating cycle. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of Assets & Liabilities.

c) (i) Tangible Fixed Assets and Depreciation

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

Depreciation is provided, pro rata for the period of use, by Straight Line Method (SLM) except in respect of Aromatics Amines plant where depreciation in respect of plant & machinery is provided on Written Down Value (WDV). Depreciation on all tangible assets is provided at the rates and in the manner prescribed by Schedule II to the Companies Act, 2013 except in case of leasehold land which is amortised over the period of lease term and certain components of plant & machinery such as Reactors, Centrifuge, Cooling towers, Air Compressor etc. which are depreciated over its useful life as technically assessed by Independent Technical Personnel after taken 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 the Statement of Profit & Loss. Premium paid on leasehold land is amortized equally over the tenure of the lease.

In respect of depreciable assets for which Impairment Loss is recognized, depreciation/amortization is charged on the revised carrying amount over the remaining useful life of the assets computed on the basis of the life prescribed in schedule II to the Companies Act, 2013.

(ii) Intangible Fixed Assets

Intangible assets are stated at their original cost of acquisition, less accumulated amortization and impairment losses, if any. An Intangible Asset is recognized, 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 amortized over the fair estimate of economic useful life, in any case, not exceeding ten years, on a straight-line basis. Details of estimated useful life is given below:

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

d) Impairment of Assets

The carrying amount of cash generating units/assets is reviewed at the Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount. The impairment loss recognized 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 realizable value, whichever is lower. The inventories of joint products are valued by allocating the costs to the joint products by Rs.Relative Sales Value' method. By-products are valued at net realizable price.

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

f) Revenue recognition

(i) Revenue from sales is recognized 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 recognized when the converted/processed goods are ready for delivery.

(iii) Revenue in respect of export incentive, overdue interest, insurance claim, etc. is recognized to the extent that the Company is reasonably certain of its ultimate realization.

(iv) Expenses are accounted for on accrual basis.

g) Employee Retirement Benefits

(i) Defined Contribution Plans

Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognized 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 recognized on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds, where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

h) Investments

Investments that are readily realizable 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 recognized 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 capitalized 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 amortized 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 recognized in the Statement of Profit and Loss.

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

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

(iv) In respect of hedge contracts, for firm commitment or forecasted transactions, the attributable loss is accrued on periodic settlement and/or completion of contract and is recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 realized. The carrying amount of deferred tax is reviewed at each balance sheet date.

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

k) Earning per Share

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

l) Segment Reporting - Basis of Information

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

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

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

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

i. India
ii. Outside India

m) Borrowing costs

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

n) Operating Lease

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

o) Cash Flow statement

This being the first year of preparing Consolidated financial statements, Cash flow statement is not furnished.

p) Provisions and Contingent Liabilities

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

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

q) Foreign Exchange Differences:

Pursuant to the provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009, and related notifications of Ministry of Corporate Affairs, the Company has adjusted to fixed assets, foreign exchange differences amounting to Rs. 974.58 Lacs on revaluation of long term foreign currency borrowing for acquisition of fixed assets.

Further, the Company has also opted to follow the extension of provisions made vide Notification dated December 29, 2011, issued by the Ministry of Corporate Affairs to the long term foreign currency borrowings other than those utilized for fixed assets. Accordingly, the Company has, with effect from April 1, 2011, amortized the foreign exchange loss incurred on such borrowings over their balance term. Since the entire amount of Foreign Currency loan has been fully repaid during the previous year, the remaining balance of Rs. 85.52 Lacs was fully amortized during the previous year under the head 'Exchange Fluctuation Loss Account".

2. Principles of Consolidation :

The Consolidated Financial Statements (CFS) comprise the Financial Statements of Deepak Nitrite Limited and its subsidiary and associate as at 31 March 2015. 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 subsidiary have been consolidated on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealised profits / losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's separate financial statements. The financial statements of all entries used for consolidation are drawn up to the same reporting date as that of the company i.e. 31 March 2015.

(ii) Investments in associate companies are accounted under the equity method as per the Accounting Standard - 23 ('AS-23') "Accounting for Investments in Associates in Consolidated Financial Statements" notified under the Companies (Accounting Standards) Rules, 2006 (as amended). Under the equity method, the investment in associates is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate. The statement of profit and loss reflects the Group's share of the results of operations of the associates.

(iii) On first occasion of investment in an associate is accounted for in consolidated financial statements in accordance with AS-23, the carrying amount of investment is bought to the amount that would have resulted had the equity method of accounting been followed as per this standard since the acquisition of associate and corresponding adjustment is made in the retained earnings in the consolidated financial statements.

(iv)

Name of Entity	Ownership in % either directly or through subsidiaries		Nature	Country of Incorporation
	2014-15	2013-14		
Deepak Phenolics Limited	100%	Nil	Subsidiary	India
Deepak Gulf LLC	49%	49%	Associate	Sultanate of Oman

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

3. SHARE CAPITAL

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

(a) Shares:- Terms/Rights:

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

ii) During the year, Company has sub-divided its equity shares of face value of Rs. 10/- (Rupees Ten Only) each, fully paid-up, into 5 (five) equity shares of face value of Rs. 2/- (Rupees 2 only) each. Further, the company has allotted bonus equity shares of Rs. 2/- each, fully paid-up, in the ratio of 1:1 (one Bonus equity share of Rs 2/- each) to all registered shareholders as on the record date.

iii) Each holder of the Equity Share is entitled to one vote per Share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

iv) During the year ended March 31, 2015, the amount of per share dividend recognised as distribution to Equity Shareholders is Re. 1/-.

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

(b) Reconciliation of the shares outstanding and the amount of share capital at the beginning and at the end of the reporting period:

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

Equity Shares

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

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

Name of the Shareholder	As at March 31, 2015	
	No.	% holding
Equity shares of Rs..2 each fully paid (Refer Note ii above)		
Shri Deepak Chimanlal Mehta	20,600,040	19.71
Stiffen Credits & Capital Pvt. Ltd.	8,379,940	8.02
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	6.89
Stepup Credits & Capital Pvt. Ltd.	6,915,580	6.61
Stigma Credits & Capital Pvt. Ltd.	6,178,100	5.91
Fidelity Puritan Trust - Fidelity Low Priced	5,000,000	4.78

(d) During FY 2010-2011, 14,90,586 (14,90,586) Equity Shares of Rs. 10/- each fully paid up at a premium of Rs..90/- per Share were allotted on Conversion of Detachable Warrants issued with Right Shares.

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

4. RESERVES & SURPLUS

	As at March 31, 2015 Rs. in Lacs
Capital Reserve	51.27
Capital Redemption Reserve	15.00
Capital Reserve (relating to capital subsidy received from SICOM)	20.00
Securities Premium Account	6,711.77
Revaluation Reserve	
Balance as per the last Financial Statements	133.64
Less: Transferred to Statement of Profit & Loss for recoupment of Depreciation and Depreciation Reserve	1.66
Less: Transfer to Depreciation Fund (Refer Note 37)	54.04
Closing Balance	77.94
General Reserve	
Balance as per the last Financial Statements	6,388.44
Add: Appropriated out of the Profit available for appropriation	500.00
Closing Balance	6,888.44
Surplus	
Opening balance (includes closing balance of previous year of the subsidiary company and share of loss in associate)	16,380.12
Less: Transferred to Share Capital towards issuing Bonus Equity Shares	1,045.38
Less: Transferred to Depreciation Fund (Net of Deferred Tax Asset Rs. 51.39 lacs) (Refer Note 37)	99.84
Profit/(Loss) for the year	5,290.26
Amount available for Appropriation	20,525.16
Less: Appropriations	
Proposed Final Equity Dividend (amount per share Re. 1/-)	1,045.38
Tax on proposed Equity Dividend	212.82
Transfer to General Reserve	500.00
Total Appropriations	1,758.20
Surplus	18,766.96
TOTAL	32,531.38

5. LONG TERM BORROWINGS

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

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Term Loans:-

The Loans from Banks includes term loan obtained from State Bank of India during the year amounting to Rs. 4202.07 Lacs, this is to be secured by first pari passu charge by way of mortgage of immovable properties of the Company and both present and future hypothecation of movable assets of the Company. The Company is in the process of executing the necessary charge on the Assets. External Commercial Borrowings are obtained from (a) Standard Chartered Bank Rs.5,195.04 Lacs (b) HSBC Bank (Mauritius) Limited Rs. 7,041.47 Lacs and (c) DBS Bank Limited Rs 9,701.57 Lacs. These are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over current assets of the Company.

Repayment Schedule:-

a) Rate of interest of loan from Banks are in the range of base rate plus 0.50% to 1.00% p.a.

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

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

d) 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.

e) 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

f) 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.

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

The installments payable are as under:

Year	Rs. in Lacs
2015-16	10.20
TOTAL	10.20

6. OTHER LONG TERM LIABILITIES

	As at March 31, 2015 Rs. in Lacs
Security Deposits Received	267.04
TOTAL	267.04

7. SHORT TERM AND LONG TERM PROVISIONS

	Long-Term	Short-Term
	As at March 31, 2015	As at March 31, 2015
	Rs. in Lacs	Rs. in Lacs
Provision for Employee Benefits		
Provision for Gratuity (Refer Note No. 29 A (iii))	-	74.20
Provision for Leave Benefits (Refer Note No. 29 B (3))	526.01	99.93
	526.01	174.13
Other Provisions		
Proposed Equity Dividend	-	1,045.38
Provision for tax on proposed Equity Dividend	-	212.82
	-	1,258.20
TOTAL	526.01	1,432.33

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

8. DEFERRED TAX LIABILITY

	As at March 31, 2015 Rs. in Lacs
Deferred Tax Liability	
Fiscal difference due to Depreciation on Fixed Assets	5,072.41
Gross Deferred Tax Liability (A)	5,072.41
Deferred Tax Asset	
Disallowances u/s 43 B	264.41
Provisions & Contingencies	175.60
Gross Deferred Tax Asset (B)	440.01
Net Deferred Tax Liability / (Asset) Recognised [(A)-(B)]	4,632.40

9. SHORT TERM BORROWINGS

	As at March 31, 2015 Rs. in Lacs
Working Capital Borrowing from Banks (Refer note a to b below)	
Secured	16,964.74
Unsecured	4,672.68
Total of Working Capital Borrowing from Bank	21,637.42
Commercial paper (Refer note c below)	
Unsecured Borrowings	1,463.67
Total of Commercial paper	1,463.67
Total	23,101.09

a) Working Capital borrowings from banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit carry rate of interest as Base Rate of respective banks plus spread ranging from 0% - 3.50% pa, Packing Credit in Foreign Currency, Buyers' Credit against Letter of Undertaking carry rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.25% p.a. to 1.10% p.a.. These borrowings are repayable on demand.

b) Secured Working Capital borrowings are Secured by way of first Hypothecation charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and second charge on all Fixed Assets by way of hypothecation and mortgage.

c) Commercial Paper placed by the Company carries interest rate ranging from 8.47% pa to 9.80% pa, tenure of each placement ranging from 37 days to 99 days. Commercial Papers, issued during the year, were unsecured.

10 a. TRADE PAYABLES

	As at March 31, 2015 Rs. in Lacs
Trade payables (including acceptances) (Refer note 40 for details of dues to Micro and Small Enterprises)	10,955.08
TOTAL	10,955.08

10 b. OTHER CURRENT LIABILITIES

	As at March 31, 2015 Rs. in Lacs
Current maturities of long-term borrowings (Refer Note No. 5)	7,490.32
Creditors for Projects	559.06
Interest accrued but not due on borrowings	123.33
Advance from Customers	55.37
Investor Education and Protection Fund will be credited by following amounts (as and when due)	
Unpaid Dividend	41.14
Unclaimed Matured Deposits	-
Unpaid Interest on Matured Fixed Deposits	7.50
Provision for expenses	2,516.03
Advance received against Land Sale	1,500.00
Excise duty on stock of finished goods	294.49
Others	329.72
TOTAL	12,916.96

Fixed Assets

11. Tangible Assets

Sr. No.	Particulars	GROSS BLOCK As at April 1,2014	Additions	Deletions	Total March 31,2015	DEPRECIATION Upto April 1,2014	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletions	Total March 31,2015	NET Block As at March 31,2015
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)
1	Freehold Land	581.11	-	-	581.11	-	-	-	-	-	-	581.11
2	Leasehold Land	2,375.72	625.98	-	3,001.70	170.41	28.84	-	-	-	199.25	2,802.45
3	Plant and Machinery	56,097.05	10,585.31	707.81	65,974.55	20,784.13	2,808.89	-	44.03	611.59	23,025.46	42,949.09
4	Factory and Other Buildings	7,259.04	964.95	2.40	8,221.59	1,402.73	306.20	(23.03)	87.76	0.86	1,795.83	6,448.79
5	Roads	472.70	70.70	-	543.40	22.89	96.06	-	35.63	1.49	153.09	390.31
6	Office Equipment's	470.54	15.07	3.99	481.62	196.75	84.08	-	29.58	3.21	307.20	174.42
7	Furniture & Fixture	748.51	47.71	-	796.22	346.83	64.11	-	7.86	-	418.80	377.42
8	Vehicles	726.56	164.09	87.70	802.95	205.96	91.27	-	0.43	52.56	245.10	557.85
	Total - Current Year	68,731.23	12,473.81	801.90	80,403.14	23,129.70	3,479.45	(23.03)	205.29	669.71	26,144.73	54,281.44

12 a. Intangible Assets

1	Goodwill	233.50	-	-	233.50	233.50	-	-	-	-	233.50	-
2	Computer Software (Office-equipment)	538.58	76.21	-	614.79	329.85	55.59	-	-	-	385.44	229.35
3	Others	373.73	112.92	-	486.65	55.95	69.03	-	-	-	124.98	361.67
	Total - Current Year	1,145.82	189.12	-	1,334.94	619.30	124.62	-	-	-	743.92	591.02

Notes: 1. Building includes Rs.1080 lacs in respect of ownership of premises in a co-operative housing society by way of 10 Shares.

2 Certain Assets of Nitrite Unit at Nandesari, Vadodara were revalued on October 31, 1985 as per the valuation report submitted by M/s. P.C. Gandhi & Associates, Chartered Engineers and Government approved valuer, where by original cost of Rs.944.05 lacs as of that was restated at replacement cost of Rs.1903.81 Lacs. The details of said assets as on Balance Sheet date net of subsequent deletions are as follows :

Sr No.	Assets	Original Cost Rs. in Lacs	Replacement Cost Rs. in Lacs	Method and Indices
1	Leasehold Land	16.53	124.10	Prevailing market price on the date of valuation. Replacement costs of these fixed assets have been arrived at by 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	264.20	559.70	
3	R&D Equipment	16.17	23.67	
4	Factory & Other Buildings	56.45	150.04	
5	R&D Building	2.11	5.61	
	Total	355.46	863.12	

3 Capitalized borrowing costs:

Addition to Fixed Assets include borrowing costs (including exchange difference considered as on adjustments to borrowings cost) amounting to Rs. 2466.64 Lacs.

Sr No.	Particulars	Capitalised during the Current Year Rs. In Lacs
i	**Interest on External Commercial Borrowings Capitalised**	
a	Plant & Machinery	485.44
b	Factory & Other Building	30.99
	Total	516.43
ii	**Exchange loss/(Gain) Capitalised**	
a	Plant & Machinery	1,836.21
b	Factory & Other Building	114.00
	Total	1950.21
	Total	2,466.64

4 (a) Out of fixed assets amounting to Rs. 89.91 lacs pertaining to Fine & Specialty segment forming part of Nandesari division and which were held of disposal, assets worth Rs. 8.26 lacs were sold during the year at a loss of Rs. 5.49 lacs lacs recognised in Statement of Profit & Loss. The remaining assets were revalued at Rs. Rs. 26.02 Lacs and loss on revaluation of Rs. Rs.21. 01 Lacs is recognised in Statement of Profit & Loss. Also during the year assets amounting to Rs. 34.62 lacs were transferred to fixed assets as the same can be used in manufacturing activity of the company.

(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 Rs. 397.88 lacs as on Balance Sheet date.

(c) Further, in respect of Factory Building at Roha which was impaired in the year 2008-09, during the year impairment provision of Rs 23.03 lacs was reversed as the said assets was put to alternate use. Cumulative provision stands at Rs. Nil as on Balance Sheet date.

5 Remaining useful life of Intangible assets and balance carrying amount

Sr. No	Particulars	Remaining useful life	Balance carrying amount Rs. in lacs
1	Software and related implementation costs	6 years	229.35
2	Rights to use facilities	5 years	177.12
3	Technical Know How	10 years	184.56

6 Research & Development Assets included in Fixed Assets

		GROSS BLOCK				DEPRECIATION						NET BLOCK
Sr. No.	Particulars	As at April 1, 2014	Additions	Deletion	Total March 31, 2015	Upto April 1, 2,014	For the year	Impairment Provision/ (Reversal)	Transfer to Retained Earning	Deletion	Total March 31, 2015	As at March 31, 2015
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11	12(7+8+10-11)	13 (6-9-12)
1	Plant and Machinery	1,089.51	91.71	0.10	1,181.12	525.55	96.05		1.16		622.76	558.36
2	Buildings	64.47	-	-	64.47	11.93	27.25		11.44		50.62	13.85
3	Office Equipments	34.58	0.42	-	35.00	28.21	2.31		1.89		32.41	2.59
4	Furniture & Fixture	76.56	5.35	-	81.91	29.51	12.26		-		41.77	40.14
	Current Year's Total	1,265.12	97.48	0.10	1,362.50	595.20	137.87	-	14.49	-	747.56	614.94

12 b. Capital Work In Progress

Sr. No.	Particular	March 31, 2015
1	Capital work in Progress (others)	3,692.12
2	Capital Work in Progress (Projects)	1,318.37
3	Capital work in Progress (Building)	397.88
4	Less: Impairment Loss	(397.88)
	Capital Work in Progress (Net)	5,010.49

Details of Capital Work in Progress - Projects

Sr. No.	Description	Incurred till March 31, 2014	Incurred during the year	Capitalized / Transferred during the year	Total as on March 31, 2015
	Capital Work In Progress :				
1	Land & Site Development	8.47	7.75	14.89	1.33
2	Building (under construction)	147.00	47.10	194.10	-
3	Plant & Machinery	3,420.67	487.99	3,844.86	63.80
4	Other Assets	466.87	-	466.87	-
5	Pre Commissioning, Testing etc.	111.56	-	111.56	-
	Preoperative expenses :				
1	Employees emoluments / Deputation	285.56	187.22	307.43	165.35
2	Other Expenses	539.49	377.02	549.02	367.49
3	Foreign Exchange differences	975.63	974.58	1,950.21	-
4	Interest (net) on loans & finance charges	487.59	749.04	516.43	720.20
	Total	6,442.84	2,830.70	7,955.37	1,318.17

Note to above

Foreign Exchange difference and Interest Includes:-

i) In 2014-15 Rs. 974.58 being exchange difference considered as an adjustments to borrowing costs. Out of the above Rs. 1950.21 has been capitalized during the year.

ii) Finance Charges of Rs. 720.20 lacs as comprise of processing fees/underwriting fees paid for project finance facility sanctioned by Axis Bank to Subsidiary company.

12 c. Intangible Assets under Development

Sr. No.	Particular	March 31, 2015
1	Advance supply chain Software	106.24
Total Intangible Assets under Development		106.24

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13. NON CURRENT INVESTMENTS

	As at March 31, 2015 Rs. in Lacs
Long Term Investments at Cost	
Trade (Unquoted) Investments in Equity Shares - Fully Paid up	
Investment in Associates	
122,500 Equity Shares of Deepak Gulf LlC of Omani Riyal 1 each, fully paid up.	164.94
Other Investment	
73,706 Equity Shares of Deepak International Ltd. of GBP 1 each, fully paid up.	57.36
	222.30
Non Trade (Unquoted)	
a) Investment in Equity Instruments - Fully Paid up	
800 Equity Shares of Nandesari Environment Control Ltd	0.08
20 Equity Shares of Baroda Co-operative Bank Ltd.	0.01
2,000 Equity Shares of Shamrao Vitthal co-op Bank Ltd.	0.50
798 Equity Shares New India Co-op Bank Ltd.	0.08
52,342 Equity Shares of Jedimetla Effluent Treatment Ltd.	52.49
	53.16
b) Investment in Government Securities	
National Saving Certificate	0.01
Quoted (Non trade) (Valued at cost)	
50,000 Equity Shares of Bank of Baroda (Refer note iv below)	8.50
6,240 Equity Shares of IDBI Bank	5.07
29,400 Equity Shares of Dena Bank	8.82
	22.39
TOTAL	297.86

i) Aggregate amount of Unquoted Investments is Rs. 275.47 lacs.
ii) Aggregated amount of Quoted Investments is Rs. 22.39 lacs.
iii) Aggregate Market Price of Investment in Equity Instrument (Quoted) Rs. 101.07 Lacs.
iv) Equity Shares of Bank of Baroda were sub-divided during the year. It has issued five shares for every one share held by the company.

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

	Non-Current	Current
	As at March 31, 2015 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Capital Advances		
Unsecured, considered good	1,023.64	-
	1,023.64	-
Security Deposit		
Unsecured, considered good (Refer to foot note)	815.99	11.44
	815.99	11.44
Advances recoverable in cash or kind		
Unsecured, considered good	-	717.64
	-	717.64
Other Loans and Advances		
Loans to Company (Refer Note 1. Below)	22.10	165.81
Advance Income-Tax (Net of Provisions)	96.05	-
MAT Credit Entitlements	1,975.27	-
Prepaid Expenses	65.35	86.79
Loans to Employees (Refer Note 2 Below)	377.14	249.16
Balances with Statutory / Government Authorities	325.20	3,968.79
	2,861.11	4,470.55
TOTAL	4,700.74	5,199.63

Notes:

1. Loans to company have been given for business purpose.
2. Loans and advances due by directors or other officers, etc.

	Non-Current	Current
	As at March 31, 2015 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Loans to Employees include		
Dues from officers	1.17	0.26
Loans and Advances to related parties include		
Security Deposit towards lease of residential premises	400.00	
TOTAL	401.17	0.26

15. OTHER NON-CURRENT AND CURRENT ASSETS

	Non-Current	Current
	As at March 31, 2015 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Unsecured, considered good unless stated otherwise	-	-
Unamortised expenditure		
Interest receivable on loans	-	20.81
Assets held for disposal	-	35.42
Others	1.57	158.13
TOTAL	1.57	214.36

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

	Non-Current	Current
	As at March 31, 2015 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Raw Materials and Components (including Packing Material)	-	2,609.23
Stock in Process	-	2,384.42
Finished Goods	-	4,620.11
Stores and Spares	-	1,115.93
	-	10,729.69
Less: Provision for Obsolescence	-	(225.60)
TOTAL	-	10,504.09

17. TRADE RECEIVABLES

	Non-Current	Current
	As at March 31, 2015 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Debts outstanding for a period exceeding six months		
Unsecured, considered good	-	1,507.89
Doubtful Debts	-	229.83
	-	1,737.72
Provision for Doubtful Debts	-	(229.83)
	-	1,507.89
Other receivables		
Unsecured, considered good	-	29,591.33
	-	29,591.33
TOTAL	-	31,099.22

18. CASH AND CASH EQUIVALENTS

	Non-Current	Current
	As at March 31, 2015 Rs. in Lacs	As at March 31, 2015 Rs. in Lacs
Cash and Cash Equivalents		
Balances with Banks:		
- In Current Accounts	-	102.52
- In EEFC Accounts	-	20.30
- On Unpaid Dividend / Interest Account (Refer note below (a))	-	48.64
Cash on hand	-	0.36
	-	171.82
Other Bank Balances		
- Deposits with original maturity for more than three months but less than twelve months	-	134.60
	-	134.60
TOTAL	-	306.42

Note :

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

19. REVENUE FROM OPERATIONS

	Current Year Rs. in Lacs
Revenue from Operations	
Sale of Products	
Finished Goods (Refer note below)	139,703.01
Traded Goods (Refer note below)	257.85
Sale of Services (Conversion Charges)	539.29
Other Operating Revenue	
Scrap sales	489.70
Foreign Exchange Gain	522.46
Others	20.11
Revenue from Operations (Gross)	141,532.42
Less: Excise duty	8,816.19
Revenue from Operations (Net)	132,716.23

20. OTHER INCOME

	Current Year Rs. in Lacs
Interest income on	
Bank deposits	23.48
Long-Term Investments	38.97
Dividend Income on	
Current Investments	1.42
Long-Term Investments	1.55
Rent	1.69
Profit on Sale of Assets	98.83
Sundry Receipts	40.95
TOTAL	206.89

21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

	Current Year Rs. in Lacs
a) Raw Material and Components Consumed	
Inventory at the beginning of the year	-
Add: Purchases during the year	84,814.31
	84,814.31
Less: Inventory at the end of the year	2,609.23
Cost of Raw Material and Components Consumed (Refer note below)	82,205.08
b) Packing Material Consumed	2,102.86
Cost of Packing Material and Consumed	2,102.86
TOTAL [(a)+(b)]	84,307.94

22. DETAILS OF PURCHASE OF TRADED GOODS

	Current Year Rs. in Lacs
Purchase of Finished Goods for Resale	243.71
TOTAL	243.71

23. (INCREASE)/ DECREASE IN INVENTORIES

	Current Year Rs. in Lacs
Inventories at the beginning of the year	
Stock in Process	2,503.61
Finished Goods	5,653.96
	8,157.57
Less:	
Inventories at the end of the year	
Stock in Process	2,384.42
Finished Goods	4,620.11
	7,004.53
	1,153.04

24. EMPLOYEE BENEFITS EXPENSES

	Current Year Rs. in Lacs
Salaries, Wages and Bonus	8,776.23
Contribution to Provident and Other Funds	469.28
Gratuity Expenses ('Refer Note No. 29 A(iv))	229.27
Staff Welfare expenses	534.82
TOTAL	10,009.60

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25. POWER & FUEL EXPENSES

	Current Year Rs. in Lacs
Consumption of Gas	1,641.66
Consumption of Furnace Oil	918.18
Consumption of High Speed Diesel	283.70
Consumption of Coal and Coke	3,669.29
Electricity Expenses	4,460.54
Water Charges	584.23
Other Expenses	34.58
TOTAL	11,592.18

26. DEPRECIATION AND AMORTISATION EXPENSES

	Current Year Rs. in Lacs
Depreciation of Tangible Assets	3,479.45
Amortisation of Intangible Assets	124.62
	3,604.07
Less: Recoupment from Revaluation Reserve	1.66
TOTAL	3,602.41

27. FINANCE COSTS

	Current Year Rs. in Lacs
Interest	3,074.21
Bank charges	158.71
Exchange difference to the extent considered as an adjustment to Borrowing Costs	566.43
TOTAL	3,799.35

28. OTHER EXPENSES

	Current Year Rs. in Lacs
Conversion Charges	630.13
Excise Duty paid	40.17
(Increase)/ Decrease of Excise Duty on Inventories	(63.55)
Other Manufacturing Expenses	601.53
Loss on Sale / Discard of Fixed Assets	132.36
Less: Impairment Provision /(Reversal) (Refer foot note no. 4 d of Note 11 Fixed Assets)	(23.03)
	109.33
Insurance	227.37
Repairs and Maintenance :-	
Plant and machinery	1,546.67
Buildings	154.19
Others	75.20
Freight and Forwarding Charges	3,006.78
Consumption of Stores, Components and Spare parts	1,450.11
Sales Commission	181.34
Corporate Social Responsibility Activity Expenditure (Refer Note: 44) / Donations	81.95
Rent (Refer Note No. 36)	112.40
Rates and Taxes	248.80
Travelling and Conveyance	428.34
Vehicle Expenses	274.53
General Expenses	2,450.96
Provision / (Reversal) for Inventory Obsolescence (net)	(221.84)
Provision for Doubtful Debts	84.23
Add:- Bad Debts / (recovered)	(12.74)
Less:- Transfer from Provision for Doubtful Debts	1.57
	69.92
Directors' Sitting Fees	19.70
Payment to Auditor (Refer note below)	44.93
Wealth Tax	16.80
TOTAL	11,485.76

Note:

Payment to Auditor

	Current Year Rs. in Lacs
i) As Auditor:	
Audit fees	20.25
Tax Audit fees	3.50
Quarterly review	4.50
ii) In Other Capacity:	
Taxation Matters	12.00
Other Services (Certification Fees)	4.00
iii) Reimbursement of Expenses	0.68
TOTAL	44.93

29. **Employee Retirement Benefits**

A) Gratuity

Description of the Plan:

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

i) Present Value of Defined Benefit Obligation:

	Current Year Rs.in Lac
Balance at the beginning of the year	952.37
Current Service Cost	66.84
Interest Cost	88.86
Actuarial (gain)/losses	158.64
Benefits Paid	(91.19)
Past Service Costs	-
Curtailments	-
Settlements	-
Balance at the end of the year	1,175.52

ii) Fair Value of Plan Assets:

	As At March 31, 2015 Rs. in Lacs
Balance at the beginning of the year	918.64
Expected Return on Plan Assets	79.92
Actuarial (gain)/losses	5.16
Contribution by the Company	188.79
Benefits Paid	(91.19)
Settlements	-
Balance at the end of the year	1,101.32

Actual Return on Plan Assets 7.50% to 9.00 %

iii) Assets and Liabilities Recognised in the Balance Sheet:

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

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

	Current Year Rs. in Lacs
Current Service Cost	66.84
Interest Cost	88.86
Expected return on Plan Assets	(79.92)
Actuarial (gain)/losses	153.49
Past Service Costs	-
Curtailments	-
Settlements	-
Total Expenses (Refer Note No. 24)	229.27

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

	March 31, 2015
a) Government Securities, being not less than	20%
b) Government Securities or other approved Securities (inclusive (1) above, being not less than)	40%
c) Balance to be invested in Approved Investment as specified in Schedule I.	Not exceeding 60%

vi) Actuarial Assumptions

	March 31, 2015
Discount Rate	7.92% to 7.96 %
Expected Return on Plan Assets	7.92% to 7.96 %
Salary Growth Rate	6.50%
Attrition rate	2.00%

vii) Amount Recognised in current year

	March 31,2015 Rs. in Lacs
Defined Benefit Obligation	1175.52
Plan Assets	1101.33
Surplus/Deficit	74.19
Experience adjustments in plan liabilities	49.98
Experience adjustments in plan assets	5.16

viii) Expected Contribution to the Fund in the next Year

	Current Year Rs. in Lacs
Gratuity	250.00

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 Rs. in Lacs
Discount Rate	7.92% to 7.96 %

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

C) Defined Contribution Plan

	Current Year Rs. in Lacs
Employer's Contribution to Provident Fund	314.45
Employer's Contribution to Superannuation Fund	125.96

Expected Contribution for the next year	Current Year
Employer's Contribution to Provident Fund	377.34
Employer's Contribution to Superannuation Fund	137.30

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30 Segment Reporting

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

	Current Year Rs. in Lacs
I) Segment Revenue	
a) Bulk Chemicals & Commodities	74,958.52
b) Fine & Speciality Chemicals	
Own Manufactured	32,362.54
Traded	257.85
	32,620.39
c) Fluorescent Whitening Agent	26,618.48
d) Other Un- allocable	541.89
Total	134,739.28
Less: Inter Segment Revenue	2,023.05
Net Sales/Income from operations	132,716.23
II) Segment Results	
(Profit) + Loss (-) Before Tax & Interest	
a) Bulk Chemicals & Commodities	7,354.19
b) Fine & Speciality Chemicals	6,187.88
c) Fluorescent Whitening Agent	65.66
Total	13,607.73
Less :i) Interest	3,640.64
ii) Other un-allocable expenditure net of un-allocable Income	3,237.96
III) Total Profit Before Tax	6,729.13
Provision for Taxation	
- For the year	
Current Tax	1,345.32
Mat Credit Entitlements	(1,122.04)
Deferred Tax	1,206.66
IV) Profit After Tax	5,299.19

	Current Year Rs. in Lacs
V) Segment Assets	
a) Bulk Chemicals & Commodities	32,995.30
b) Fine & Speciality Chemicals	24,508.30
c) Fluorescent Whitening Agent	44,666.85
e) Un-allocable	12,617.72
Total	114,788.17
VI) Segment Liabilities	
a) Bulk Chemicals & Commodities	6,737.99
b) Fine & Speciality Chemicals	3,399.82
c) Fluorescent Whitening Agent	3,599.55
e) Un-allocable	58,062.98
Total	71,800.34
VII) Capital Expenditure	
a) Bulk Chemicals & Commodities	771.22
b) Fine & Speciality Chemicals	2,895.47
c) Fluorescent Whitening Agent	8,017.32
e) Un-allocable	978.93
Total	12,662.94
VIII) Depreciation	
a) Bulk Chemicals & Commodities	939.35
b) Fine & Speciality Chemicals	732.97
c) Fluorescent Whitening Agent	1,540.02
e) Un-allocable	390.07
Total	3,602.41

Notes:

i. Current year Segmental Results are Net of Impairment Loss Reversal of Rs. 23.03 Lacs for Fine and Speciality Chemicals Segment.

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b) Secondary Segments Reporting - Geographical Segments

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

Rs. in Lacs

Revenue	Current Year
In India	81,039.92
Outside India	51,676.31
Total	132,716.23

Rs. in Lacs

Carrying Amount of Segment Assets	Current Year
In India	97,354.14
Outside India	17,434.03
Total	112,313.08

Rs. in Lacs

Addition to Fixed Assets	Current Year
In India	
-Tangible	12,473.81
- Intangible	189.12
Outside India	
-Tangible	-
- Intangible	-
Total	12,662.93

31 Disclosure under AS 20 "Earning Per Share"

Rs. in Lacs

	Current Year
Basic and Diluted Earning per Share	
Number of Shares as on April 1, 2013 (Nos. in Lacs).	1,045.38
Number of Shares as on March 31, 2014 (Nos. in Lacs).	1,045.38
Weighted Average Number of Shares considered for Basic Earning Per Share (Nos. in Lacs).	1,045.38
Net Profit after Tax available for Equity Shareholders (Rs. in Lacs)	5,290.26
Basic Earning (in Rupees) Per Share of Rs.2/- each.	5.06
Diluted Earning (in Rupees) Per Share of Rs.2/- each.	5.06

Note: During the year company has sub divided its Equity Shares of Rs 10 each to Rs 2 each. Also the Company has issued Bonus Shares in the Ratio of 1:1 Equity Share post sub division.

32. **Disclosure under AS 18 "Related Party Disclosures"**

(i) **Subsidiary Companies: (Refer Note below)**
Deepak Nitrite Corporation Inc., United States of America.
Deepak Phenolics Limited

(ii) **Associate Companies:**
Deepak Gulf Llc, Oman.

(iii) **Key Management Personnel**
Shri C.K. Mehta
Shri D.C. Mehta
Shri A.C. Mehta
Shri Umesh Asaikar

(iv) **Companies over which key managerial personnel or their relatives are able to exercise significant Influence.**
Blue Shell Investment Private Limited * Check Point Credits & Capital Private Limited * Crossover Advisors Private Limited * Crossover Trustees Private Limited * Deepak Asset Reconstruction * Deepak Cybit Private Limited * Deepak Fertilizers and Petrochemicals Corporation Limited * Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Grey Point Investments Private Limited *Hardik Leafin Private Limited * Kawant Developers Corporation *Nucore Capital Management Private Limited * Pranawa Leafin Private Limited * Prolific Credits & Capital Private Limited * Skyrose Finvest Private Limited * Sofotel Infra Private Limited * Stepup Credits & Capital Private Limited * Stiffen Credits and Capital Private Limited * Stigma Credit & Capital Private Limited * Storewell Credits & Capital Private Limited * Sundown Finvest Private Limited * Superpose Credits & Capital Private Limited * Synergy Li Power Resources Private Limited * The LakakiWorks Private Limited * Yerrowda Investment Limited

(v) **Relative of Key Management Personnel**
Shri Maulik D. Mehta
Shri Meghav D. Mehta

(vi) **Transaction with Related Parties**

		31st March, 2015				
Sr. No.	Nature of Transaction	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
1	**Purchase of Goods**					
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	6,285.32	-	**6,285.32**
	Deepak Novachem Technologies Limited	-	-	224.42	-	**224.42**
2	**Sale of Goods**					
	Deepak Novachem Technologies Limited	-	-	13.45	-	**13.45**
3	**Conversion Charges Received**					
	Deepak Novachem Technologies Limited	-	-	559.51	-	**559.51**
4	**Sale of Fixed Assets**					
	Deepak Novachem Technologies Limited	-	-	-	-	-
5	**Rendering of Services / Reimbursement of Expenses**					
	Deepak Novachem Technologies Limited	-	-	-	-	-
	Deepak Phenolics Limited	-	-	-	-	-

Sr. No.	Nature of Transaction	31st March, 2015 Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
6	**Receiving of services / Reimbursement of Expenses**					
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	1.77	-	**1.77**
	Deepak Novachem Technologies Limited	-	-	2.76	-	**2.76**
	Deepak Foundation	-	-	1.59	-	**1.59**
	Deepak Medical Foundation	-	-	0.77	-	**0.77**
	Sofotel Infra private limited	-	-	0.01	-	**0.01**
	Shri Deepak C. Mehta	-	9.60	-	-	**9.60**
	Shri C.K. Mehta	-	4.41	-	-	**4.41**
	Shri Maulik.D. Mehta	-	-	-	36.56	**36.56**
	Shri Meghav.D. Mehta	-	-	-	12.40	**12.40**
7	**Managerial Remuneration**					
	Shri Deepak C. Mehta	-	258.72	-	-	**258.72**
	Shri Ajay C. Mehta	-	247.83	-	-	**247.83**
	Shri Umesh Asaikar	-	299.54	-	-	**299.54**
8	**Subscription of Investment / Acquisition of Investment**					
	Shri D.C. Mehta	-	2.78	-	-	**2.78**
	Others	-	1.00	-	1.20	**2.20**
9	Dividend Paid					
	Checkpoint Credits & Capitals Private Limited	-	-	72.06	-	**72.06**
	Stigma Credits & Capital Private Limited	-	-	61.78	-	**61.78**
	Stiffen Credits & Capital Private Limited	-	-	83.80	-	**83.80**
	Stepup Credits & Capital Private Limited	-	-	69.16	-	**69.16**
	Skyrose Finvest Private Limited	-	-	35.71	-	**35.71**
	Shri Deepak C. Mehta	-	202.70	-	-	**202.70**
	Shri C.K. Mehta	-	0.86	-	-	**0.86**
	Shri Maulik.D. Mehta	-	-	-	1.31	**1.31**
	Shri Meghav.D. Mehta	-	-	-	0.47	**0.47**
	Others	-	-	49.78	13.66	**63.44**
10	Donation / CSR Activity					
	Deepak Foundation - PHTI	-	-	58.24	-	**58.24**
	Deepak Medical Foundation	-	-	23.10	-	**23.10**
11	Net Accounts Receivable / Payable					
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	(1,086.93)	-	**(1,086.93)**
	Deepak Novachem Technologies Limited	-	-	149.35	-	**149.35**
	Shri Deepak C. Mehta	-	211.84	-	-	**211.84**
	Shri Ajay C. Mehta	-	(188.16)	-	-	**(188.16)**
	Shri C.K. Mehta	-	(3.00)	-	-	**(3.00)**
	Shri Umesh Asaikar	-	(75.00)	-	-	**(75.00)**
	Deepak Foundation	-	-	(0.07)	-	**(0.07)**

33 **Contingent Liabilities not provided for**

	As At March 31, 2015 Rs. in Lacs
a) In respect of income tax matters	98.60
b) In respect of sales tax / vat matters	35.07
c) In respect of excise matters	219.50
d) Bank Guarantees:	
-Financial	816.60
-Performance	3,003.11
e) In respect of Stamp duty matter	22.85
f) Disputed Labour Matters	Amount Not ascertained
In respect of (a) to (c),(e) & (f), future cash outflow in respect of contingent liabilities is determinable only on receipt of judgments pending at various forums/authorities.	
Total	4,195.73

34 **Capital Commitments (Net of Advances)**

	As At March 31, 2015 Rs. in Lacs
Capital Commitments	5,282.95

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

35 **Hedging Instruments**

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

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

	Current Year
USD	
Amount USD (in lacs)	61.50
Equivalent INR (in Lacs)	3956.88
EURO	
Amount EURO (in lacs)	5.87
Equivalent INR (in Lacs)	425.96

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

	Currency	Current Year
Payables		
Working Capital Loans (Net of Balances in EEFC account)	USD Lacs	207.61
	EURO Lacs	9.70
Trade Payables	USD Lacs	40.52
	EURO Lacs	0.19
	GBP Lacs	0.05
Receivables (Net of Forward & Option Contracts)		
Export Trade Receivables (Net off forward contract upto 3 months)	USD Lacs	176.52
	EURO Lacs	30.63
	GBP Lacs	0.00
Term Loans		
External Commercial Borrowings	USD Lacs	350.50

K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

36 Disclosure under AS-19 "Leases"
Disclosure for Operating Leases:

The Company has leased office premises under operating lease. Lease payment debited to the Statement of Profit & Loss during the year Rs. 44.70 lacs.

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

	Current Year Rs. in Lacs
Up to 1 year	46.95
Greater than 1 year but less than 5 years	45.04
Greater than 5 years	-

37 The Managerial remuneration provided during the year is in excess of the limit prescribed under clause (i) of second proviso to subsection (1) of section 197 of the Companies Act, 2013 by Rs. 45.66 lacs for which steps are being taken by the Company to obtain the shareholder's approval in the ensuing Annual General Meeting. Pending the approval of the shareholder's, no adjustments have been made in the financial statements.

38 During the year, the Company has prescribed CSR Activity expenditure (two percent of Rs. 4603.00 lacs) of Rs. 92.06 Lacs. It had spent amount in CSR activities during the year amounting to Rs. 76.34 lacs mostly in the vicinity of its plants at Nandesari and Dahej as well as near Vadodara where the Registered Office & Corporate office of the Company are located. However, certain project in the vicinity of other plants locations at Roha, Taloja and Hyderabad were under consideration and necessary base line study was to be conducted. Based on the base line survey study, the spending on CSR activities at such locations will be decided. In view of this, the Company could not spent around Rs. 15.72 Lacs during the year under review.

39 In pursuant to Schedule II of the Companies Act, 2013, the Company has decided to account for depreciation based on useful life determined by Independent valuer. Consequently, Rs. 99.84 lacs (net of deferred tax of Rs. 51.39 lacs) transferred to retained earnings and Rs. 54.04 lacs has been transferred to Revaluation reserve on revalued assets where remaining useful life of assets is Nil as on April 1, 2014 and the depreciation charged for the year is higher by Rs. 63.73 lacs.

40 As this is the first occasion when investment in an associate is accounted for in consolidated financial statements in accordance with AS 23, the carrying amount of investment in the associate is brought by Rs. 5.43 lacs as if the equity method of accounting been followed as per this AS since the acquisition of the associate. The corresponding adjustment in this regard is made in the retained earnings in the consolidated financial statements.

41 **Additional Information in Consolidated Financial Statements as per Schedule III of Companies Act,2013**

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (Rs. In lakhs)	As % of consolidated profit or loss	Amount (Rs. In lakhs)
1	2	3	4	5
Parent	100.18%	34,682.78	101.02%	5344.30
Deepak Nitrite Ltd				
Subsidiaries Indian:				
Deepak Phenolics Limited	5.40%	1,868.72	(0.85%)	(45.11)
Minority Investment in all subsidiaries	-	-	-	-
Associated (investment as per the equity method)				
Foreign				
Deepak Gulf LLC	0.54%	186.53	(0.17%)	(8.93)
Total Eliminations	(6.11%)	(2,115.89)	-	-
Total	100.00%	**34,622.14**	100.00%	**5290.26**

42 This being the first year of consolidation, previous year figures and Cash flow statement are not furnished.

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

P. V. Paranjape

PRASAD PARANJAPE
Partner
Membership. No. 47296

For and on behalf of the Board

D. C. MEHTA
Vice Chairman & Managing Director

C. K. MEHTA
Chairman

A. C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Chief Financial Officer

SUDHIN CHOKSEY

SUDHIR MANKAD *Directors*

SANDESH ANAND

ARVIND BAJPAI
Company Secretary

Mumbai, May 13, 2015

Mumbai, May 13, 2015

DEEPAK NITRITE LIMITED

Annual Accounts 2013-14

B. K. KHARE & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of **Deepak Nitrite Limited**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

1. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

3. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

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Kalu Sarai, Hauz Khas,
New Delhi - 110 016. India.

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2014;**

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

7. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the Balance Sheet, the Statements of Profit and Loss and Cash Flow Statement dealt with by this report, comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

   e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W
P. V. Paranjape
Prasad V Paranjape
Partner
Membership Number 47296

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Mumbai, dated : 2nd May 2014

ANNEXURE REFERRED TO IN PARAGRAPH 6 OF OUR REPORT OF EVEN DATE:

i) FIXED ASSETS:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.

(c) We are of the opinion that, Company has not disposed off substantial part of fixed assets during the year.

ii) INVENTORY:

(a) Inventory has been physically verified during the year by the management at regular intervals. In our opinion, the frequency of verification is reasonable. In respect of stocks of raw materials lying with converters, the management has obtained confirmation certificates with regard to the respective closing stock.

(b) In our opinion, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion, the Company is maintaining proper records of inventory. Having regard to the size of the operations of the Company and the nature of stocks held, the discrepancies noticed on verification between physical stocks and book records have been properly dealt with in the books of accounts.

iii) LOANS AND ADVANCES GRANTED / TAKEN FROM CERTAIN ENTITIES:

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

iv) INTERNAL CONTROL SYSTEM:

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

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

(a) Based on audit procedures applied by us, we are of the opinion that the contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 and exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi) **PUBLIC DEPOSITS:**

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

vii) **INTERNAL AUDIT SYSTEM:**

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

viii) **COST RECORDS:**

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

ix) **STATUTORY DUES:**

(a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom duty, Excise duty and Cess on account of dispute are as follows :

Name of the Statue	Nature of Dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where pending
Work contract tax Act of Maharashtra	Work contract Tax	11.65	1998-99 to 2004-05	Commissioner of Works Contract Tax (Appeals)
Central Excise Act, 1944	Excise duty	3.44	Oct'05 to July'10	Commissioner of excise
Central Excise Act, 1944	Excise duty	10.69	Oct'10 to Nov'13	Commissioner of excise
Central Excise Act, 1944	Excise duty	187.65	July'98 to Feb'11	Central excise service tax appellate tribunal
Central Excise Act, 1944	Excise duty	19.73	Jan'12 to May'13	Central excise service tax appellate tribunal
Mumbai Stamp Act	Stamp duty	22.85	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

x) ACCUMULATED LOSSES:-

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

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

xi) DUES TO FINANCIAL INSTITUTIONS, BANKS AND DEBENTURE HOLDERS:
Based on our audit procedures, we are of the opinion that the Company has not defaulted in the repayment of dues to Financial Institutions and Banks.

xii) SECURITY FOR LOANS & ADVANCES GRANTED:
According to the information and explanations given to us, in our opinion the company has maintained adequate documentation with respect to loan granted on the basis of security by way of pledge of shares, debentures and other securities.

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

xiv) DEALINGS/TRADING IN SHARES, SECURITIES , DEBENTURES AND OTHER INVESTMENTS :
In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

xv) GUARANTEES GIVEN:
The Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

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

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

xviii) PREFERENTIAL ALLOTMENT OF SHARES:
The Company has not made any preferential allotment of shares during the year.

xix) SECURITY FOR DEBENTURES ISSUED:
The Company has not issued any debentures during the year.

xx) PUBLIC ISSUE OF EQUITY SHARES:
During the year, the Company has not raised any money by public issue.

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

xxi) FRAUDS NOTICED:

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

For B.K.KHARE & CO.
Chartered Accountants
FRN : 105012W

P.V. Paranjape

Prasad Paranjape
Partner
Membership No. 47296

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Mumbai, Dated : 2nd May 2014

DEEPAK NITRITE LIMITED

Balance Sheet as at March 31, 2014

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

DEEPAK NITRITE LIMITED

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

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

P. V. Paranjape

PRASAD PARANJAPE
Partner
Membership No. 47296

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Mumbai, May 2, 2014

D. C. MEHTA
Vice Chairman & Managing Director

C. K. MEHTA
Chairman

A. C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

Mumbai, May 2, 2014

DEEPAK NITRITE LIMITED

DEEPAK NITRITE LIMITED

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

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

DEEPAK NITRITE LIMITED

B. K. KHARE & CO. ★ MUMBAI ★ CHARTERED ACCOUNTANTS

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

As per our report of even date **For B. K. KHARE & COMPANY** Chartered Accountants Firm Registration No.105102W	**D. C. MEHTA** *Vice Chairman &* *Managing Director*	**C. K. MEHTA** *Chairman*
PRASAD PARANJAPE Partner Membership No.47296	**A. C. MEHTA** *Managing Director*	**UMESH ASAIKAR** *Executive Director*
	SANJAY UPADHYAY *Chief Financial Officer*	**SUDHIN CHOKSEY** **SUDHIR MANKAD** **SANDESH ANAND** — *Directors*
	ARVIND BAJPAI *Company Secretary*	
Mumbai, May 2, 2014	**Mumbai, May 2, 2014**	

B. K. KHARE & CO. ★ CHARTERED ACCOUNTANTS ★ MUMBAI

DEEPAK NITRITE LIMITED

DEEPAK NITRITE LIMITED

CASH FLOW STATEMENT FOR THE YEAR 2013-14

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
A. Cash Flow from Operating Activities		
Profit Before Tax from Continuing Operations	5,815.24	5,257.80
Profit Before Tax from Discontinuing Operations	-	-
Profit before tax	**5,815.24**	**5,257.80**
Non-cash adjustment to reconcile profit before tax to net cash flows		
1. Depreciation / Amortisation on Continuing Operations	2,964.36	1,893.86
2. Depreciation/ Amortisation on Discontinuing Operations	-	-
3. Impairment/ other write back on Tangible/ Intangible Assets pertaining to Continuing Operations	13.66	(206.11)
4. Loss on Sale of Fixed Assets	206.21	302.42
5. Profit on Sale of Fixed Assets	(1.64)	(858.85)
6. Provision for Doubtful Debts	85.42	25.24
7. Wealth Tax	16.08	18.16
8. Unrealised Foreign Exchange Loss	85.51	(5.40)
9. Net (Gain)/ Loss on Sale of Current Investments	-	-
10. Interest expenses	2,574.85	970.56
11. Interest (Income)	(109.63)	(105.51)
12.Dividend (Income)	(5.19)	(14.60)
Operating Profit Before Working Capital changes	**11,644.87**	**7,277.57**
Less:		
Movements in working capital :		
1. Increase / (Decrease) in Trade Payables	(4,118.60)	7,014.58
2. Decrease / (Increase) in Trade Receivables	(5,053.35)	(8,501.66)
3. Decrease / (Increase) in Inventories	(2,559.22)	(1,892.21)
4. Decrease / (Increase) in Long-Term Loans and Advances	(132.12)	2,798.19
5. Decrease / (Increase) in Short-Term Loans and Advances	(188.17)	(3,054.36)
Cash generated from /(used in) Operations	**(406.59)**	**3,642.11**
Direct taxes paid (net of refunds)	(1,014.93)	(1,212.35)
Net cash flow from/ (used in) operating activities (A)	**(1,421.52)**	**2,429.76**
B. Cash flows from Investing Activities		
1.Purchase of Fixed Assets, including Capital Work in Progress and Capital Advances	(9,694.52)	(17,068.72)
2.Proceeds from Sale of Fixed Assets	46.71	1,288.42
3. Investment in Associates	(179.30)	-
3.Proceeds of Non-Current Investments	-	-
4.Purchase of Current Investments	-	(5,935.00)
5.Proceeds from sale/maturity of Current Investments	-	5,935.00
6.Interest received	113.36	203.60
7.Dividends received	5.19	14.60
Net Cash Flow from/ (used in) Investing Activities (B)	**(9,708.56)**	**(15,562.10)**
C. Cash Flows from Financing Activities		
1.Proceeds from Long-Term Borrowings	5,875.85	3,114.32
2.Repayment of Long-Term Borrowings	(2,571.60)	(575.07)
3. Proceeds from Short-Term Borrowings	12,039.31	4,576.57
4.Repayment of Short-Term Borrowings	(1,021.19)	(646.73)
5.Interest paid	(2,523.75)	(1,013.48)
6.Dividend paid on Equity Shares	(832.19)	(625.14)
7.Tax on Equity Dividend paid	(142.26)	(101.85)
Net Cash Flow from/ (used in) in Financing Activities (C)	**10,824.17**	**4,728.62**
Net Increase/(Decrease) in Cash and Cash equivalents (A + B + C)	**(305.91)**	**(8,403.72)**
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
Cash and Cash equivalents at the beginning of the year	950.05	9,353.77
Cash and Cash equivalents at the end of the year	**644.14**	**950.05**

DEEPAK NITRITE LIMITED

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Components of Cash and Cash equivalents		
Balances with Banks:		
- In Current Accounts	88.43	150.99
- In EEFC Accounts	337.37	18.65
- Deposits with maturity of less than three months (Refer note below (a))	-	569.55
- On Unpaid Dividend / Interest Account (Refer note below (b))	56.03	52.92
Cash on hand	-	-
	481.83	792.11
Other Bank Balances		
- Deposits with original maturity for more than three months but less than twelve months	160.20	148.34
- Margin money deposit (Refer note below (c))	2.11	9.60
	162.31	157.94
Total Cash and Cash equivalents	644.14	950.05

a) Deposits with maturity of less than three months is the amount invested pending utilisation for ultimate purpose of capital expenditure.

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

c) Margin money deposits with a carrying amount of ₹ 2.11 Lacs (₹9.60 Lacs) is liened as a Security against Bank Guarantee issued.

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

P. V. Paranjape

PRASAD PARANJAPE
Partner
Membership No.47296

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Mumbai, May 2nd, 2014

For and on behalf of the Board

D.C. MEHTA
Vice Chairman & Managing Director

C.K. MEHTA
Chairman

A.C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

SANJAY UPADHYAY
Chief Financial Officer

ARVIND BAJPAI
Company Secretary

Mumbai, May 2nd, 2014

DEEPAK NITRITE LIMITED

Deepak Nitrite Limited

Notes to Financial Statements for the Year ended 31st March, 2014

Company overview

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

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The accompanying financial statements have been prepared under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India. The Company has prepared these Financial Statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of Financial Statements are consistent with those of previous year.

a) Use of Estimates

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

b) Presentation and Disclosure of Financial Statements

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

c) (i) Tangible Fixed Assets and Depreciation

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

Depreciation is provided, pro rata for the period of use, by the Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Act, except in respect of Aromatics Amines plant where depreciation in respect of plant & machinery is provided on Written Down Value (WDV) basis. The items of continuous process plant are identified by the technical officials of the Company.

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

In respect of depreciable assets for which Impairment Loss is recognized, depreciation/amortization is charged on the revised carrying amount over the remaining useful life of the assets computed on the basis of the rates prescribed in Schedule XIV.

(ii) Intangible Fixed Assets

An Intangible Asset is recognized, 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 amortized over the fair estimate of economic useful life, in any case, not exceeding ten years, on a straight-line basis. Details of estimated useful life is given below:

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

d) Impairment of Assets

The carrying amount of cash generating units/assets is reviewed at the Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount. The impairment loss recognized 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 realizable 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 realizable price.

DEEPAK NITRITE LIMITED

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

f) **Revenue recognition**

(i) Revenue from sales is recognized 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 recognized when the converted/processed goods are ready for delivery.

(iii) Revenue in respect of export incentive, overdue interest, insurance claim, etc. is recognized to the extent that the Company is reasonably certain of its ultimate realization.

(iv) Expenses are accounted for on accrual basis.

g) **Employee Retirement Benefits**

(i) Defined Contribution Plans

Company's contributions paid/payable during the year to Provident Fund, Superannuation Fund are recognized 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 recognized on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds, where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

h) **Investments**

Investments that are readily realizable 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 recognized 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 capitalized 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 amortized 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 recognized in the Statement of Profit and Loss.

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

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

(iv) In respect of hedge contracts, for firm commitment or forecasted transactions, the attributable gain or loss is accrued on periodic settlement and/or completion of contract and is recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 realized. The carrying amount of deferred tax is reviewed at each balance sheet date.

DEEPAK NITRITE LIMITED

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

k) **Earning per Share**

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

l) **Segment Reporting - Basis of Information**

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

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

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

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

i. India
ii. Outside India

m) **Borrowing costs**

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

n) **Operating Lease**

Operating lease payments are recognized 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 A S 3 'Clash 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 recognized in the accounts in respect of present probable obligations, the amount for which can be reliably estimated.

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

2. **Foreign Exchange Differences:**

Pursuant to the provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009, and related notifications of Ministry of Corporate Affairs, the Company has adjusted to fixed assets, foreign exchange differences amounting to ₹ 2,715.94 Lacs (₹ 1,483.89 Lacs) on revaluation of long term foreign currency borrowing for acquisition of fixed assets.

Further, the Company has also opted to follow the extension of provisions made vide Notification dated December 29, 2011, issued by the Ministry of Corporate Affairs to the long term foreign currency borrowings other than those utilized for fixed assets. Accordingly, the Company has, with effect from April 1, 2011, amortized the foreign exchange loss incurred on such borrowings over their balance term. Since the entire amount of Foreign Currency loan has been fully repaid during the year, no further loss on account of foreign exchange (₹103.74 Lacs) is transferred to the "Foreign Currency Monetary Item Translation Difference Account" and the remaining balance of ₹ 85.52 Lacs (₹ 98.34 Lacs) has been fully amortized during the year under the head 'Exchange Fluctuation Loss Account".

DEEPAK NITRITE LIMITED

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

3. SHARE CAPITAL

	As at March 31, 2014 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs
Authorised Shares:		
3,00,00,000 (3,00,00,000) Equity Shares of `.10/- each	3,000.00	3,000.00
20,00,000 (20,00,000) Preference Shares of `.100/- each	2,000.00	2,000.00
	5,000.00	5,000.00
Issued, subscribed and fully paid-up shares:		
1,04,53,819 (1,04,53,819) Equity Shares of `.10/- each fully paid-up (Refer Note below)	1,045.38	1,045.38
Total Issued, subscribed and fully paid-up share capital	1,045.38	1,045.38

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

(a) Shares:- Terms/Rights:

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

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

iii) During the year ended March 31, 2014, the amount of per share dividend recognised as distribution to Equity Shareholders ₹. 10 /- (₹. 8/-).

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

(b) Reconciliation of the shares outstanding and the amount of share capital at the beginning and at the end of the reporting period:

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

Equity Shares

	As at March 31, 2014		As at March 31, 2013	
	No.	₹ in Lacs	No.	₹ in Lacs
At the beginning of the period	1,04,53,819	1,045.38	1,04,53,819	1,045.38
Issued during the period - Bonus issue	-	-	-	
Issued during the period - ESOP	-	-	-	
Outstanding at the end of the period	1,04,53,819	1,045.38	1,04,53,819	1,045.38

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

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	No.	% holding	No.	% holding
Equity shares of `.10 each fully paid				
Shri Deepak Chimanlal Mehta	20,27,004	19.39	17,27,004	16.52
Stiffen Credits & Capital Pvt. Ltd.	8,37,994	8.02	8,37,994	8.02
Checkpoint Credits & Capital Pvt. Ltd.	7,20,605	6.89	7,20,605	6.89
Stepup Credits & Capital Pvt. Ltd.	6,91,558	6.62	6,91,558	6.62
Fidelity Puritan Trust - Fidelity Low Priced	6,50,000	6.22	6,25,000	5.98
Stigma Credits & Capital Pvt. Ltd.	6,17,810	5.91	6,17,810	5.91

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

DEEPAK NITRITE LIMITED

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

4. RESERVES & SURPLUS

	As at March 31, 2014 ₹ In Lacs	As at March 31, 2013 ₹ In Lacs
Capital Reserve	51.27	51.27
Capital Redemption Reserve	15.00	15.00
Captial Reserve (relating to capital subsidy received from SICOM)	20.00	20.00
Securities Premium Account	6,711.77	6,711.77
Revaluation Reserve		
Balance as per the last Financial Statements	136.50	152.11
Less: Transferred to Statement of Profit & Loss for recoupment of Depreciation	2.86	2.92
Less: In respect of Assets Written Off	-	12.69
Closing Balance	133.64	136.50
General Reserve		
Balance as per the last Financial Statements	5,888.44	5,388.44
Add: Appropriated out of the Profit available for appropriation	500.00	500.00
Closing Balance	6,388.44	5,888.44
Foreign Currency Monetary Item Translation Reserve (Refer Note No. 2)		
Balance as per Financial Statements	(85.52)	(80.12)
Add: Foreign Exchange Loss during the year	-	(103.74)
Less: Amortised during the year	85.52	98.34
Closing Balance	-	(85.52)
Surplus		
Balance as per last Financial Statements	14,276.90	11,973.90
Profit/(Loss) for the year	3,832.86	3,782.35
Amount available for Appropriation	18,109.76	15,756.25
Less: Appropriations		
Proposed Final Equity Dividend (amount per share₹ 10/-) (31st March 2013: ₹ 8/-)	1,045.38	837.09
Tax on proposed Equity Dividend	177.66	142.26
Transfer to General Reserve	500.00	500.00
Total Appropriations	1,723.04	1,479.35
Surplus	16,386.72	14,276.90
TOTAL	29,706.84	27,014.36

5. LONG TERM BORROWINGS

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

DEEPAK NITRITE LIMITED

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Term Loans:-

The Loans from Banks includes term loan obtained from State Bank of India during the year amounting to Rs. 5200.00 Lacs (Rs. Nil), this is to be secured by first pari passu charge by way of mortgage of immovable properties of the Company and both present and future hypothecation of movable assets of the Company. The Company is in the process of executing the necessary charge on the Assets. Foreign Currency Loan from Banks includes Loan from Bank of Baroda Rs. Nil (Rs. 490.71 lacs) while External Commercial Borrowings are obtained from (a) Standard Chartered Bank ₹. 6,430.68 Lacs (₹ 6,526.72 Lacs) (b) HSBC Bank (Mauritius) Limited ₹ 8,338.85 Lacs (₹. 8,158.40 Lacs) and (c) DBS Bank Limited ₹ 10,517.46 Lacs (₹. 9,790.07 Lacs). These are secured by first pari passu charge by way of mortgage of immovable properties of the Company, both present and future and hypothecation of movable assets of the Company and also by second pari passu charge over current assets of the Company.

Repayment Schedule:-

a) Rate of interest of loan from Banks are in the range of base rate plus 0.50% to 1.00% p.a.

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

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

d) Foreign Currency Loan from Bank of Baroda is repaid during the year.

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

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

g) External Commercial Borrowing from DBS Bank Ltd. is repayable on quarterly basis which started on February 3, 2014, with a step up repayment schedule and last instalment payable on November 1, 2018.

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

The installments payable are as under:

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

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

6. OTHER LONG TERM LIABILITIES

	As at March 31, 2014 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs
Security Deposits Received	244.39	217.62
TOTAL	244.39	217.62

7. SHORT TERM AND LONG TERM PROVISIONS

	Long-Term	Long-Term	Short-Term	Short-Term
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Provision for Employee Benefits				
Provision for Gratuity (Refer Note No. 29 A (iii))	-	-	33.73	14.29
Provision for Leave Benefits (Refer Note No. 29 B (3))	418.57	361.85	67.21	50.83
	418.57	361.85	100.94	65.12
Other Provisions				
Proposed Equity Dividend			1,045.38	837.09
Provision for tax on proposed Equity Dividend			177.66	142.26
	-	-	1,223.04	979.35
TOTAL	418.57	361.85	1,323.98	1,044.47

8. DEFERRED TAX LIABILITY

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

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9. SHORT TERM BORROWINGS

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

a) Cash Credit from Banks are secured by a prior charge over Company's stock of Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and by second charge on all fixed assets by way of hypothecation and mortgage.

b) Cash Credit is repayable on demand and carries interest in the range of base rate plus 0.75% to 3.00% p.a.

c) Short Term loan from banks represents packing credit in foreign currency and Buyers' credit against Letter of Undertaking. It is generally due within 180 days & carry interest rate in the range of LIBOR plus 0.60% to 2.00% p.a. Company has also borrowed short term export packing credit. It is generally due within 180 days & carries interest rate in the range of base rate plus 0.50% to 1.00% p.a.

10 a. TRADE PAYABLES

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

10 b. OTHER CURRENT LIABILITIES

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

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Fixed Assets

11. Tangible Assets

(Rs. In Lacs)

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

12 a. Intangible Assets

1	Goodwill	233.50	-	-	233.50	233.50	-		-	233.50	-	-
2	Computer Software (Office-equipment)	390.82	147.76	-	538.58	281.16	48.69		-	329.85	208.73	109.66
3	Others	18.74	354.99	-	373.73	14.62	41.33		-	55.95	317.79	4.12
	Total - Current Year	**643.06**	**502.75**	**-**	**1,145.81**	**529.28**	**90.02**	**-**	**-**	**619.30**	**526.52**	**113.78**
	Total - Previous Year	**631.20**	**11.86**	**-**	**643.06**	**492.51**	**36.77**	**-**		**529.28**		

Notes: 1. Building includes ₹1080 lacs (Previous year: ₹1080 lacs) in respect of ownership of premises in a co-operative housing society by way of 10 Shares.

2 Certain Assets of Nitrite Unit at Nandesari, Vadodara were revalued on October 31, 1985 as per the valuation report submitted by M/s. P.C. Gandhi & Associates, Chartered Engineers and Government approved valuer, where by original cost of ₹944.05 lacs as of that was restated at replacement cost of ₹1903.81 Lacs. The details of said assets as on Balance Sheet date net of subsequent deletions are as follows :

Sr. No.	Assets	Original Cost Rs. in Lacs	Replacement Cost Rs. in Lacs	Method and Indices
1	Leasehold Land	16.53	124.10	Prevailing market price on the date of Valuation. Replacement costs of these fixed assets have been arrived at by 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	289.98	614.32	
3	R&D Equipment	19.33	28.29	
4	Factory & Other Buildings	56.45	150.04	
5	R&D Building	2.11	5.61	
6	Roads			
	Total	**384.40**	**922.36**	
	Previous year	427.05	1,014.85	

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3 Capitalized borrowing costs:

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

Sr No.	Particulars	Capitalised during the Current Year ₹ In Lacs	Capitalised during the previous Year ₹ In Lacs
i	Interest on External Commercial Borrowings	496.10	524.00
ii	Exchange loss/(Gain)	2700.77	1173.57
	Total	3,196.87	1,697.57

4 (a) Out of fixed assets amounting to Rs. 188.19 lacs pertaining to Fine & Specialty segment forming part of Nandesari division and which were held of disposal since last financial year, assets worth Rs. 67.71 lacs were sold during the year at a loss of Rs. 46.16 lacs recognised in Statement of Profit & Loss. The remaining assets were revalued at ₹ 89.91 Lacs and loss on revaluation of Rs. 30.57 lacs is recognised in Statement of Profit & Loss.

(b) In respect of Building held under Capital work in progress at Roha which was impaired in the year 2008-09, no further provision (Previous Year Rs. 16. 50 lacs).is made and cumulative provision stands at ₹ 381 lacs as on Balance Sheet date.

(c) Further, in respect of Factory Building at Roha which was impaired in the year 2008-09, and subsequently put to alternate use in the year 2012-13, no further provision is made during the year and cumulative provision stands at Rs. 23.03 lacs as on Balance Sheet date.

(d) During the current year, the Company has provided for impairment loss of ₹ 13.66 Lacs in respect of Plant & Machinery pertaining to Organic Intermediaries segment at Taloja division.

5 Remaining useful life of Intangible assets and balance carrying amount

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

6 Research & Development Assets included in Fixed Assets

` in Lacs

		GROSS BLOCK				DEPRECIATION					NET BLOCK	
Sr. No.	Particulars	As at April 1, 2013	Additions	Deletion	Total March 31, 2014	Upto April 1, 2,013	For the year	Impairment Provision / (Reversal)	Deletion	Total March 31, 2014	As at March 31, 2014	As at March 31, 2013
1	2	3	4	5	6 (3+4-5)	7	8	9	10	11(7+8-10)	12 (6-9-11)	13 (3-7)
1	Plant and Machinery	881.65	223.19	15.33	1,089.51	491.08	39.41	-	4.94	525.55	563.96	390.57
2	Buildings	49.92	14.55	-	64.47	9.45	2.48	-	-	11.93	52.54	40.47
3	Office Equipments	40.05	2.16	7.63	34.58	32.50	2.80	-	7.09	28.21	6.37	7.55
4	Furniture & Fixture	138.54	15.26	77.24	76.56	62.78	5.07	-	38.34	29.51	47.05	75.76
	Current Year's Total	1,110.16	255.16	100.20	1,265.12	595.81	49.76	-	50.37	595.20	669.92	514.35
	Previous Year's Total	1,105.11	5.99	0.94	1,110.16	543.22	53.26	-	0.67	595.81		

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12 b. Capital Work In Progress

Sr. No.	Particular	March 31, 2014 2013-14	March 31, 2013 2012-13
1	Capital work in Progress (others)	666.88	1,103.05
2	Capital Work in Progress (Projects)	6,442.84	10,652.15
3	Capital work in Progress (Building)	397.88	397.88
4	Less: Impairment Loss	(397.88)	(397.88)
	Capital Work in Progress (Net)	7,109.72	11,755.20

Details of Capital Work in Progress - Projects

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

Note to above

Foreign Exchange difference and Interest Includes:-

i) In 2013-14 ₹ 2715.94 Lacs (Previous Year ₹ 1483.89 lacs) being exchange difference considered as an adjustments to borrowing costs. Out of the above ₹ 2700.77 lacs (Previous Year ` ₹1173.57 lacs) has been capitalized during the year.

ii) Interest (net of interest earned) in 2013-14 ₹ 505.21 lacs (Previous year ₹573.78 lacs) . Out of the above, ₹ 496.10 lacs (Previous year ` 524.00 lacs) being related to capitalized amount has been transferred to Fixed Assets

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13. NON CURRENT INVESTMENTS

	As at March 31, 2014 ₹ in Lacs	As at March 31, 2013 ₹ in Lacs
Long Term Investments at Cost		
Trade (Unquoted) Investments in Equity Shares - Fully Paid up		
1,22,500 (Previous Year Nil) Equity Shares of Deepak Gulf LLC of Omani Riyal 1 each, fully paid.	179.30	
73,706 (73,706) Equity Shares of Deepak International Ltd. of GBP 1 each, fully paid	57.36	57.36
	236.66	57.36
Non Trade (Unquoted)		
a) Investment in Equity Instruments - Fully Paid up		
800 (800) Equity Shares of Nandesari Environment Control Ltd	0.08	0.08
20 (20) Equity Shares of Baroda Co-operative Bank Ltd.	0.01	0.01
2,000 (2,000) Equity Shares of Shamrao Vitthal co-op Bank Ltd.	0.50	0.50
798 (798) Equity Shares New India Co-op Bank Ltd.	0.08	0.08
52,342 (52,342) Equity Shares of Jedimetla Effluent Treatment Ltd.	52.49	52.49
	53.16	53.16
b) Investment in Government Securities		
National Saving Certificate	0.01	0.01
Quoted (Non trade) (Valued at cost)		
10,000 (10,000) Equity Shares of Bank of Baroda	8.50	8.50
6,240 (6,240) Equity Shares of IDBI Bank	5.07	5.07
29,400 (29,400) Equity Shares of Dena Bank	8.82	8.82
	22.39	22.39
TOTAL	312.22	132.92

i) Aggregate amount of Unquoted Investments is ₹289.83 lacs (Previous Year ₹ 110.53 lacs).
ii) Aggregated amount of Quoted Investments is ₹22.39 lacs (Previous Year ₹22.39 lacs).
iii) Aggregate Market Price of Investment in Equity Instrument (Quoted) ₹ 94.02 Lacs (Previous Year ₹ 99.07 Lacs).

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

	Non-Current As at March 31, 2014 ₹ in Lacs	Non-Current As at March 31, 2013 ₹ in Lacs	Current As at March 31, 2014 ₹ in Lacs	Current As at March 31, 2013 ₹ in Lacs
Capital Advances				
Unsecured, considered good	94.89	169.18	-	-
	94.89	169.18	-	-
Security Deposit				
Unsecured, considered good (Refer to foot note)	824.07	826.27	11.67	111.38
	824.07	826.27	11.67	111.38
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	868.22	995.30
	-	-	868.22	995.30
Other Loans and Advances				
Loans to Company	110.53	198.00	77.38	204.10
Advance Income-Tax (Net of Provisions)	40.16	467.96		
MAT Credit Entitlements	853.22	251.23		
Prepaid Expenses	104.64	39.68	41.39	71.19
Loans to Employees	374.50	114.79	112.97	45.25
Balances with Statutory / Government Authorities	110.35	138.94	5,486.31	4,916.20
	1,593.40	1,210.60	5,718.05	5,236.74
TOTAL	2,512.36	2,206.05	6,597.94	6,343.42

Notes:

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

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

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15. OTHER NON-CURRENT AND CURRENT ASSETS

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

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

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

17. TRADE RECEIVABLES

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

* Net of bills factored / discounted Rs. Nil (Previous Year Rs. Nil)

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18. CASH AND CASH EQUIVALENTS

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

Note :

a) Deposits with maturity of less than three months is the amount invested pending utilisation for ultimate purpose of capital expenditure.

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

c) Margin money deposits with a carrying amount of ₹ 2.11 Lacs (₹9.60 Lacs) is liened as a Security against Bank Guarantee issued.

19. REVENUE FROM OPERATIONS

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
Revenue from Operations		
Sale of Products		
Finished Goods (Refer note below)	1,33,585.05	1,03,183.24
Traded Goods (Refer note below)	1,989.82	4,755.23
Sale of Services (Conversion Charges)	638.19	675.21
Other Operating Revenue		
Scrap sales	583.84	567.39
Foreign Exchange Gain		288.31
Others	3.15	0.33
Revenue from Operations (Gross)	1,36,800.05	1,09,469.71
Less: Excise duty	9,837.18	7,529.71
Revenue from Operations (Net)	1,26,962.87	1,01,940.00

Note:

Detail of Products Sold

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
a) Finished Goods Sold		
i) Inorganic Salts	30,230.38	22,347.35
ii) Nitro Aromatic (including related by-products)	51,087.58	36,315.12
iii) Aromatics Amines	18,812.98	16,481.55
iv) Colour Intermediates (including related by-products)	13,203.44	13,430.49
v) Agro- Chemicals Intermediates	14,129.08	14,194.79
vi) Optical Brightening Agent	5,764.71	236.76
vii) Others	356.88	177.18
	1,33,585.05	1,03,183.24
b) Traded Goods Sold		
Organic Chemicals	1,989.82	4755.23
c) Conversion charges (service Income)	638.19	675.21
d) Other Operation Revenue	586.99	856.03
Revenue from Operations (Gross) (a+b+c+d)	1,36,800.05	1,09,469.71
Less: Excise duty	9,837.18	7,529.71
Revenue from Operations (Net)	1,26,962.87	1,01,940.00

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20. OTHER INCOME

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

21. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

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

Note:-
Details of Raw Material Consumed:

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

22. DETAILS OF PURCHASE OF TRADED GOODS

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

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23. (INCREASE)/ DECREASE IN INVENTORIES

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

24. EMPLOYEE BENEFITS EXPENSES

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

25. POWER & FUEL EXPENSES

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

26. DEPRECIATION AND AMORTISATION EXPENSES

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

27. FINANCE COSTS

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

28. OTHER EXPENSES

	Current Year ₹ In Lacs	Previous Year ₹ In Lacs
Conversion Charges	1,174.38	1,001.60
Excise Duty paid	13.93	7.58
(Increase)/ Decrease of Excise Duty on Inventories	208.71	(65.48)
Other Manufacturing Expenses	466.74	303.95
Loss on Sale / Discard of Fixed Assets	206.21	302.42
Less: Impairment Provision /(Reversal) (Refer foot note no. 4 d of Note 11 Fixed Assets)	13.66	(206.11)
	219.87	96.31
Insurance	213.60	222.37
Repairs and Maintenance :-		
Plant and machinery	1,356.13	807.91
Buildings	75.45	83.01
Others	76.72	45.02
Freight and Forwarding Charges	2,527.11	1,536.25
Consumption of Stores, Components and Spare parts	1,084.02	1,006.67
Sales Commission	178.74	91.63
Donation	85.51	62.97
Rent (Refer Note No. 42)	93.93	145.51
Rates and Taxes	201.04	196.57
Travelling and Conveyance	327.50	180.06
Vehicle Expenses	260.28	190.24
General Expenses	3,078.16	1,918.61
Foreign Exchange Loss	368.05	
Provision / (Reversal) for Inventory Obsolescence (net)	351.16	(10.97)
Provision for Doubtful Debts	94.11	46.77
Add:- Bad Debts / (recovered)	(9.42)	54.52
Less:- Transfer from Provision for Doubtful Debts	8.69	21.53
	76.00	79.76
Directors' Sitting Fees	9.72	11.33
Payment to Auditor (Refer note below)	32.35	31.44
Wealth Tax	16.08	18.16
TOTAL	12,495.18	7,960.50

Note:

Payment to Auditor

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

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29. Employee Retirement Benefits

A) Gratuity

Description of the Plan:

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

i) Present Value of Defined Benefit Obligation:

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

ii) Fair Value of Plan Assets:

	As At March 31, 2014 ₹ in Lacs	As At March 31, 2013 ₹ in Lacs
Balance at the beginning of the year	833.80	705.82
Expected Return on Plan Assets	70.47	60.08
Actuarial (gain)/losses	2.08	(0.20)
Contribution by the Company	88.09	115.70
Benefits Paid	(75.79)	(47.60)
Settlements	-	-
Balance at the end of the year	918.65	833.80

Actual Return on Plan Assets	7.50% to 9.00 %	8.00% to 9.40 %

iii) Assets and Liabilities Recognised in the Balance Sheet:

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

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

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

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

	March 31, 2014	March 31, 2013
a) Government Securities, being not less than	20%	20%
b) Government Securities or other approved Securities (inclusive (1) above, being not less than)	40%	40%
c) Balance to be invested in Approved Investment as specified in Schedule I.	Not exceeding 60%	Not exceeding 60%

vi) Actuarial Assumptions

	March 31, 2014	March 31, 2013
Discount Rate	9.33%	8.25% to 8.50 %
Expected Return on Plan Assets	8.50% to 8.70 %	8.25% to 8.50 %
Salary Growth Rate	6.50%	6.50%
Attrition rate	2.00%	2.00%

vii) Amount Recognised in current year and previous four year

	March 31,2014 ₹ In Lacs	March 31,2013 ₹ In Lacs	March 31,2012 ₹ In Lacs	March 31,2011 ₹ In Lacs	March 31,2010 ₹ In Lacs
Defined Benefit Obligation	952.37	848.09	734.87	631.12	587.95
Plan Assets	918.64	833.8	705.81	582.02	493.16
Surplus/Deficit	33.73	14.29	29.06	49.10	94.79
Experience adjustments in plan liabilities	51.86	49.10	-	-	-
Experience adjustments in plan assets	2.08	(0.20)	-	-	-

viii) Expected Contribution to the Fund in the next Year

	Current Year ₹ In Lacs	Previous Year ₹ In Lacs
Gratuity	120.00	110.00

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

2) Principal Actuarial Assumptions:

	Current Year	Previous Year
Discount Rate	9.33%	8.25%

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

C) Defined Contribution Plan

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

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30 Segment Reporting

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

	Twelve Months Ended March 31, 2014 ₹ in Lacs	Twelve Months Ended March 31, 2013 ₹ in Lacs
I) Segment Revenue		
a) Inorganic Intermediates	17,594.83	13,172.25
b) Organic Intermediates		
Own Manufactured	71,207.76	56,543.92
Traded	1,989.82	4,755.23
Total	**73,197.58**	**61,299.15**
c) Fine & Speciality Chemicals	33,659.98	28,349.99
d) Others @	5,204.77	236.35
e) Un- allocable	356.87	465.83
Total	**1,30,014.03**	**1,03,523.57**
Less: Inter Segment Revenue	3,051.16	1,583.57
Net Sales/Income from operations	**1,26,962.87**	**1,01,940.00**
II) Segment Results		
(Profit) + Loss (-) Before Tax & Interest		
a) Inorganic Intermediates	2,251.43	1,573.79
b) Organic Intermediates	8,629.49	3,873.74
c) Fine & Speciality Chemicals	5,022.23	2,659.89
d) Others @	(3,080.27)	(55.10)
Total	12,822.88	8,052.32
Less :i) Interest	2,574.85	970.56
ii) Other un-allocable expenditure net of un-allocable Income	4,432.79	1,823.96
III) Total Profit Before Tax	**5,815.24**	**5,257.80**
Provision for Taxation		
- For the year		
Current Tax	1,442.73	1,071.48
Mat Credit Entitlements	(601.99)	(251.23)
Deferred Tax	1,141.64	655.20
IV) Profit After Tax	**3,832.86**	**3,782.35**

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	Twelve Months Ended March 31, 2014 ₹ in Lacs	Twelve Months Ended March 31, 2013 ₹ in Lacs
V) Segment Assets		
a) Inorganic Intermediates	14,159.45	11,763.11
b) Organic Intermediates	31,496.06	28,131.33
c) Fine & Speciality Chemicals	18,287.61	18,256.03
d) Others @	35,445.47	24,952.67
e) Un-allocable	6,236.04	5,765.16
Total	1,05,624.63	88,868.30
VI) Segment Liabilities		
a) Inorganic Intermediates	4,714.95	6,330.04
b) Organic Intermediates	6,891.07	10,146.66
c) Fine & Speciality Chemicals	3,331.59	4,007.79
d) Others @	2,272.19	1,211.42
e) Un-allocable	54,185.48	36,777.16
Total	71,395.28	58,473.07
VII) Capital Expenditure		
a) Inorganic Intermediates	5,605.89	331.49
b) Organic Intermediates	3,048.90	340.85
c) Fine & Speciality Chemicals	1,263.24	982.15
d) Others @	6,194.21	13,959.41
e) Un-allocable	634.73	1,447.54
Total	16,746.97	17,061.44
VIII) Depreciation		
a) Inorganic Intermediates	491.02	293.93
b) Organic Intermediates	752.02	681.67
C) Fine & Speciality Chemicals	729.10	713.71
d) Others @	789.92	30.99
e) Un-allocable	202.30	173.56
Total	2,964.36	1,893.86

Notes:

i. Current year Segmental Results are Net of Impairment Loss Provision of ₹ 13.66 Lacs for Organic intermediates Segment.

ii. Previous year Segmental Results are Net of Impairment Loss Reversal of ₹ 171.99 Lacs for Fine & Speciality Chemicals Segment and ₹ 34.12 Lacs for Organic intermediates Segment.

@ Others represents revenues, expenses, assets, liabilities and capital work in progress post part capitalisation of Optical Brightening Agents project at Dahej.

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b) Secondary Segments Reporting - Geographical Segments

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

₹ in Lacs

Revenue	Current Year	Previous Year
In India	76,907.22	56,893.11
Outside India	50,055.65	45,046.89
Total	1,26,962.87	1,01,940.00

₹ in Lacs

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

₹ in Lacs

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

31 Disclosure under AS 20 "Earning Per Share"

	Current Year	Previous Year
Basic and Diluted Earning per Share		
Number of Shares as on April 1, 2013 (Nos. in Lacs).	104.64	104.64
Number of Shares as on March 31, 2014 (Nos. in Lacs).	104.64	104.64
Weighted Average Number of Shares considered for Basic Earning Per Share (Nos. in Lacs).	104.64	104.64
Net Profit after Tax available for Equity Shareholders (₹ in Lacs)	3,832.86	3,782.35
Basic Earning (in Rupees) Per Share of ₹10/- each.	36.63	36.15
Diluted Earning (in Rupees) Per Share of ₹10/- each.	36.63	36.15

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32. Disclosure under AS 18 "Related Party Disclosures"

(i) **Subsidiary Companies: (Refer Note below)**
Deepak Nitrite Llc, United States of America.

(ii) **Associate Companies:**
Deepak Gulf Llc, Oman.

(iii) **Key Management Personnel**

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

(iv) **Companies over which key managerial personnel or their relatives are able to exercise significant Influence.**
Blue Shell Investment Private Limited * Check Point Credits & Capital Private Limited * Crossover Advisors Private Limited * Crossover Trustees Private Limited * Deepak Asset Reconstruction * Deepak Cleantech Limited * Deepak Fertilisers and Petrochemicals Corporation Limited * Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Grey Point Investments Private Limited *Hardik Leafin Private Limited * Kawant Developers Corporation *Nucore Capital Management Private Limited * Pranawa Leafin Private Limited * Prolific Credits & Capital Private Limited * Skyrose Finvest Private Limited * Sofotel Infra Private Limited * Stepup Credits & Capital Private Limited * Stiffen Credits and Capital Private Limited * Stigma Credit & Capital Private Limited * Storewell Credits & Capital Private Limited * Sundown Finvest Private Limited * Superpose Credits & Capital Private Limited * Synergy Li Power Resources Private Limited * The LakakiWorks Private Limited * Yerrowda Investment Limited*Deepak Cybit Private Limited.

(v) **Relative of Key Management Personnel**
Shri M.D. Mehta

(vi) Transaction with Related Parties

₹ in Lacs

Sr. No.	Nature of Transaction	31st March, 2014					31st March, 2013				
		Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
1	Purchase of Goods										
	Deepak Fertilisers and Petrochemicals Corporation Limited	-	-	6,431.07	-	6,431.07	-	-	4,701.11	-	4,701.11
	Deepak Novochem Technologies Limited	-	-	1,672.61	-	1,672.61	-	-	4,136.14	-	4,136.14
2	Sale of Goods										
	Deepak Novochem Technologies Limited	-	-	18.78	-	18.78	-	-	135.44	-	135.44
3	Conversion Charges Received										
	Deepak Novochem Technologies Limited	-	-	662.13	-	662.13	-	-	932.16	-	932.16
4	Sale of Fixed Assets										
	Deepak Novachem Technologies Limited	-	-	1.45	-	1.45	-		-	-	-
5	Rendering of Serices / Reimbursement of Expenses										
	Deepak Novochem Technologies Limited	-	-	10.74	-	10.74	-		0.45	-	0.45

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Sr. No.	Nature of Transaction	31st March, 2014					31st March, 2013				
		Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL	Associate Companies	Key Management Personnel	Companies over which key managerial personnel or their relatives are able to exercise significant Influence.	Relative of Key Management Personnel	TOTAL
6	**Receiving of services / Reimbursement of Expenses**										
	Deepak Fertilisers and Petrochemicals Corporation Limited	-	-	0.59	-	0.59	-	-	11.40	-	11.40
	Deepak Novochem Technologies Limited	-	-	6.75	-	6.75	-	-	7.87	-	7.87
	Deepak Foundation	-	-	3.74	-	3.74	-	-	-	-	-
	Deepak Medical Foundation	-	-	0.03	-	0.03	-	-	-	-	-
	Sofotel Infra Private Limited	-	-	0.08	-	0.08	-	-	-	-	-
	Shri D.C. Mehta	-	9.60	0.00	-	9.60	-	9.60	-	-	9.60
	Shri C.K. Mehta	-	3.30	-	-	3.30	-	2.75	-	-	2.75
	Shri M.D. Mehta	-	-	-	32.74	32.74	-	-	-	21.80	21.80
	Yerwada Investment Limited	-	-	-	-	-	-	-	9.02	-	9.02
	Synergy Li Power Resources Private Limited	-	-	-	-	-	-	-	2.86	-	2.86
7	**Managerial Remuneration**										
	Shri D.C. Mehta	-	218.34	-	-	218.34	-	180.92	-	-	180.92
	Shri A.C. Mehta	-	199.94	-	-	199.94	-	172.52	-	-	172.52
	Shri Umesh Asaikar	-	221.19	-	-	221.19	-	-	-	-	-
8	**Subscription of Investment**										
	Deepak Gulf Llc	179.30	-	-	-	179.30	-	-	-	-	-
9	**Dividend Paid**										
	Check Point Credits & Capital Private Limited	-	-	57.65	-	57.65	-	-	43.24	-	43.24
	Stigma Credit & Capital Private Limited	-	-	49.42	-	49.42	-	-	37.07	-	37.07
	Stiffen Credits and Capital Private Limited	-	-	67.04	-	67.04	-	-	50.28	-	50.28
	Stepup Credits & Capital Private Limited	-	-	55.32	-	55.32	-	-	41.49	-	41.49
	Skyrose Finvest Private Limited	-	-	28.57	-	28.57	-	-	21.43	-	21.43
	Shri D.C. Mehta	-	138.16	-	-	138.16	-	103.62	-	-	103.62
	Shri C.K. Mehta	-	24.69	-	-	24.69	-	18.52	-	-	18.52
	Shri M.D. Mehta	-	-	-	1.05	1.05	-	-	-	0.79	0.79
	Others	-	-	34.56	11.31	45.87	-	-	25.92	8.48	34.40
10	**Donation**										
	Deepak Foundation	-	-	27.41	-	27.41	-	-	52.00	-	52.00
	Deepak Medical Foundation	-	-	28.25	-	28.25	-	-	0.00	-	0.00
11	**Net Accounts Receivable / (Payable)**										
	Deepak Fertilisers and Petrochemicals Corporation Limited	-	-	(842.87)	-	(842.87)	-	-	(1,301.33)	-	(1,301.33)
	Deepak Novochem Technologies Limited	-	-	177.43	-	177.43	-	-	167.42	-	167.42
	Shri D.C. Mehta	-	251.96	-	-	251.96	-	279.41	-	-	279.41
	Shri A.C. Mehta	-	(148.04)	-	-	(148.04)	-	(120.59)	-	-	(120.59)
	Shri C.K. Mehta	-	(2.50)	-	-	(2.50)	-	(1.75)	-	-	(1.75)
	Shri Umesh Asaikar	-	(57.87)	-	-	(57.87)	-	-	-	-	-
	Yerrowda Investement Limited	-	-	-	-	-	-	-	(9.02)	-	(9.02)

Note: During the year, company has incorporated a subsidiary 'Deepak Nitrite Llc', a limited liability company in the United States of America. The Subsidiary has no transaction upto March 31, 2014. Therefore, consolidated financial results has not been prepared and published.

33 Contingent Liabilities not provided for

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

34 Capital Commitments (Net of Advances)

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

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

35 Hedging Instruments

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

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

	Current Year	Previous Year
USD		
Amount USD-in lacs	70.00	67.50
Forward-Rate	63.27	57.77
Closing Rate	60.10	54.39
EURO		
Amount EURO-in lacs	24.80	55.20
Forward-Rate	89.46	74.51
Closing Rate	82.58	69.54
Option Contracts		
Amount USD-in Million	-	7.00
Lower strike rate	-	63.27
Closing Rate	60.10	54.39

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

	Currency	Current Year	Previous Year
Payables			
Term and Working Capital Loans (Net of Balances in EEFC account)	USD Lacs	192.5	92.16
	EURO Lacs	(3.04)	-
Trade Payables	USD Lacs	86.13	147.52
	EURO Lacs	2.68	1.51
	GBP Lacs	0.18	
Receivables (Net of Forward & Option Contracts)			
Export Trade Receivables	USD Lacs	131.72	135.86
	EURO Lacs	30.14	18.12
	GBP Lacs	0.09	
Term Loans			
External Commercial Borrowings	USD Lacs	420.75	450.00

36 CIF Value of Imports

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

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

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
i) Travelling	110.31	106.10
ii) Interest on Loans	1413.56	1,318.10
iii) Professional fees for market survey	385.60	386.80
iv) Commitment Charges / Bank Charges	2.48	1.66
v) Commission on Export Sales	69.07	37.48
vi) Others	457.39	211.20
	2,438.41	**2,061.34**

38 Consumption of Raw Materials, Stores, Components and Spares parts:

	% of Total Consumption Current Year	Amount ₹ in Lacs Current Year	% of Total Consumption Previous Year	Amount ₹ in Lacs Previous Year
i. RAW MATERIALS:				
i) Imported	35.26	29,215.91	34.01	22,221.74
ii) Indigenous	64.74	53,633.57	65.99	43,113.51
	100.00	**82,849.48**	**100.00**	**65,335.25**
II.STORES AND SPARE PARTS:				
i) Imported	0.85	9.18	-	-
ii) Indigenous	99.15	1,074.84	100.00	1,006.67
	100.00	**1,084.02**	**100.00**	**1,006.67**

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39 Earning in Foreign Exchange

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

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

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

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
(i) Principal amount remaining unpaid as on March 31.	93.28	87.00
(ii) Interest due thereon remaining unpaid as on March 31.	-	0.09
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	0.51	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.12	-
(v) Interest accrued and remaining unpaid as at March 31 (net of tax deducted at source).	0.12	0.42
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	0.12	0.42

41a Research and Development Expenses

	Current Year ₹ in Lacs	Previous Year ₹ in Lacs
(i) Capital Expenditure (Refer Note 12 (c))	255.16	5.99
(ii) Revenue Expenditure:		
Materials	24.14	32.45
Utilities	4.62	15.85
Maintenance	63.67	24.37
Personnel	356.18	293.98
Others	74.62	135.35
	523.23	502.00
Lease Rent	3.19	19.88
Discarding of Assets	49.55	-
Depriciation	49.77	53.26
	102.51	73.14
Total Revenue Expenditure	625.74	575.14
(iii) Total Capital & Revenue Expenditure	880.90	581.13

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

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

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

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

42 Disclosure under AS-19 "Leases"
Disclosure for Operating Leases:

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

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

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

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

DEEPAK NITRITE LIMITED

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

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

P. V. Paranjape

PRASAD PARANJAPE
Partner
Membership. No. 47296

B. K. KHARE & CO. MUMBAI CHARTERED ACCOUNTANTS

Mumbai, May 2, 2014

For and on behalf of the Board

D. C. MEHTA
Vice Chairman & Managing Director

C. K. MEHTA
Chairman

A. C. MEHTA
Managing Director

UMESH ASAIKAR
Executive Director

SANJAY UPADHYAY
Chief Financial Officer

SUDHIN CHOKSEY
SUDHIR MANKAD
SANDESH ANAND
Directors

ARVIND BAJPAI
Company Secretary

Mumbai, May 2, 2014

DEEPAK NITRITE LIMITED

DECLARATION

We, the directors of our Company, certify that:

1 our Company has complied with the provisions of the Companies Act and the rules made thereunder;

2 the compliance with the Companies Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

3 the monies received under the offer shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

I am authorized by a committee of the Board of our Company, vide resolution dated February 28, 2017, to sign this form and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

Name: Deepak C. Mehta
Designation: Chairman and Managing Director

Place: Vadodara, India
Date: March 3, 2017

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

Name: Deepak C. Mehta
Designation: Chairman and Managing Director

Place: Vadodara, India
Date: March 3, 2017

ISSUER

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Fax: +91 265 234 0506
Website: www.deepaknitrite.com;
CIN: L24110GJ1970PLC001735,
Contact Person: Mr. Arvind Bajpai, Company Secretary and Compliance Officer

Details of Compliance Officer

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(with respect to International Selling and Transfer Restrictions)

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M/s. B. K. Khare & Company
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