

Report on Corporate Governance for the year ended on March 31, 2012

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

2. BOARD OF DIRECTORS

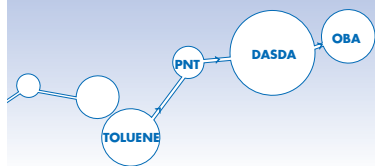
Currently, the strength of the Board is twelve members, comprising two Executive Directors and ten Non-Executive Directors. Nine of the Non-Executive Directors are Independent Directors and the Board is headed by Non-Executive Chairman. Accordingly, the composition of Board is in conformity with the code of Corporate Governance under the Listing Agreement with the Stock Exchanges. The Non-Executive Directors of the Company are highly experienced professionals in their fields and in the corporate world.

The composition of Board of Directors of the Company is as under:

Sr. No.	Category	Name of Director
I.	Promoter and Non-Executive Director	Shri C. K. Mehta (Chairman)
II.	Promoter and Executive Directors	Shri D. C. Mehta (Vice Chairman & Managing Director)
III.	Independent and Non-Executive Directors	Shri A. C. Mehta (Managing Director)
		Shri M. R. B. Punja
		Shri A. K. Dasgupta
		Shri Nimesh Kampani
		Shri Hasmukh Shah
		Shri Sudhin Choksey
		Shri Berjis Desai
		Dr. Richard H. Rupp
		Shri Sudhir Mankad
		Shri S. K. Anand*

* Shri S.K. Anand was appointed as Additional Director w.e.f. November 4, 2011.

During the year under review, four Board Meetings were held on May 6, 2011, August 5, 2011, November 4, 2011 and February 3, 2012. The maximum time gap between two Board Meetings was not more than four calendar months.



Attendance of each Director at the Board Meetings, last Annual General Meeting and their directorship and membership in committees of other Companies is as under:

Name of the Director	No. of Board Meetings held during the year	No. of Board Meetings Attended	Attendance at Last AGM	No. of other Directorships Held	No. of Committee positions in other Public Companies [Member (M)/Chairman (C)]
Shri C. K. Mehta	4	4	YES	2	-
Shri D. C. Mehta	4	4	YES	2	2(C)
Shri A. C. Mehta	4	3	YES	1	2(C) & 1(M)
Shri Shrenik K. Lalbhai *	4	1	NO	-	-
Shri M. R. B. Punja	4	3	YES	4	1 (C) & 1(M)
Shri A. K. Dasgupta	4	4	YES	-	-
Shri Nimesh Kampani	4	3	YES	5	3(C) & 3(M)
Shri Hasmukh Shah	4	3	YES	6	5(C) & 2 (M)
Shri Sudhin Choksey	4	2	NO	2	1 (C) & 1 (M)
Shri Berjis Desai	4	3	NO	10	3(C) & 11 (M)
Dr. R. H. Rupp	4	1	NO	-	-
Shri Sudhir Mankad	4	4	YES	8	1(M)
Shri S. K. Anand#	4	1	NO	-	-

* Shri Shrenik Kasturbhai Lalbhai ceased to be a Director w.e.f. May 25, 2011.

Shri S.K. Anand was appointed as Additional Director w.e.f. November 4, 2011.

- Note:**
- (1) Number of directorships held in other companies excludes directorships in Private Limited Companies, Section 25 Companies, Foreign Companies, Membership of Managing Committee of various chambers/bodies and alternate directorships.
 - (2) Committee of Directors includes Audit Committee, Remuneration Committee and Shareholders/Investor Grievance Committee only.

3. COMMITTEES OF BOARD OF DIRECTORS

i) Audit Committee:

As per its terms of reference, the Audit Committee is mandated to oversee the Company's financial reporting process; to review Director's Responsibility Statement, changes if any, in accounting policies and reasons for the same; qualifications in the draft audit report; performance of statutory and internal auditors; reports of Company's internal auditors and financial statements audited by the statutory auditors and internal control systems, information relating to Management Discussion and Analysis of financial condition and results of operations, statement of significant related party transactions, Management letters/letters of internal control weaknesses, if any, issued by the Statutory Auditors and the appointment, removal and terms of remuneration of the Statutory Auditors and Internal Auditors.

The Audit Committee comprises the following members:

Name of Member	Designation	Category
Shri M. R. B. Punja	Chairman	Non-Executive Independent Director
Shri A. K. Dasgupta	Member	Non-Executive Independent Director
Shri Sudhin Choksey	Member	Non-Executive Independent Director
Shri Sudhir Mankad	Member	Non-Executive Independent Director

The Company Secretary acts as Secretary to the Committee.

Four meetings of the Audit Committee were held during the year ended March 31, 2012 on May 5, 2011, August 4, 2011 November 3, 2011 and February 3, 2012.

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

Name of Member	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
Shri M. R. B. Punja	4	3
Shri A. K. Dasgupta	4	4
Shri Sudhin Choksey	4	2
Shri Sudhir Mankad	4	4

ii) Share Transfer Committee

The Share Transfer Committee has been constituted to approve and monitor transfers, transmissions, splitting and consolidation of shares, issue of duplicate share certificates etc.

The Share Transfer Committee consists of Shri D. C. Mehta, Vice Chairman & Managing Director, Shri A. C. Mehta, Managing Director and Shri A. K. Dasgupta, Non-Executive Director.

The committee met 25 times during the year.

iii) Investors Grievance Committee

The Investors Grievance Committee has been constituted to specifically look into redressal of complaints like transfer of shares, non-receipt of dividends, non-receipt of Annual Report etc. received from shareholders/investors, and improve efficiency in investor services, wherever possible.

The Investors Grievance Committee comprises the following Directors:

Name of Member	Designation	Category
Shri A. K. Dasgupta	Chairman	Non-Executive Independent Director
Shri D. C. Mehta	Member	Executive Director
Shri A. C. Mehta	Member	Executive Director

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

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

Continuous efforts are being made to ensure that grievances are more expeditiously redressed to the satisfaction of the investors.

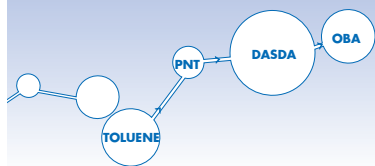
The details of complaints received and resolved during the financial year ended March 31, 2012 are as follows:

Opening Balance	Received during the year	Resolved during the Year	Closing Balance
Nil	04	04	Nil

iv) Remuneration Committee

The Remuneration Committee comprises the following Directors:

Name of Member	Designation	Category
Shri A. K. Dasgupta	Chairman	Non-Executive Independent Director
Shri Berjis Desai	Member	Non-Executive Independent Director
Shri Sudhir Mankad	Member	Non-Executive Independent Director



The Company Secretary acts as Secretary to the Committee.

During the financial year 2011-12, the Remuneration Committee met on May 6, 2011 and all the Members of the Committee were present in the said meeting.

The details of Managing Directors' Remuneration during the financial year 2011-12 are as under:

					(₹ in Lacs)
Name	Salary	Perquisites & Allowances	Retirement Benefits	Commission	Total
Shri D. C. Mehta	27.48	18.81	7.25	68.84	122.38
Shri A. C. Mehta	33.94	12.62	8.28	68.84	123.68

The details of payments made to Non-Executive Directors during the financial year 2011-2012 are as under:

Name	Sitting Fees ₹	Commission ₹	Total ₹
Shri C. K. Mehta	20,000	1,50,000	1,70,000
Shri Shrenik Kasturbhai Lalbhai *	5,000	25,000	30,000
Shri M. R. B. Punja	30,000	3,00,000	3,30,000
Shri A. K. Dasgupta	65,000	3,00,000	3,65,000
Shri Nimesh Kampani	15,000	1,50,000	1,65,000
Shri Hasmukh Shah	15,000	1,50,000	1,65,000
Shri Sudhin Choksey	20,000	3,00,000	3,20,000
Shri Berjis Desai	30,000	1,50,000	1,80,000
Dr. R. H. Rupp	5,000	1,00,000	1,05,000
Shri Sudhir Mankad	60,000	3,00,000	3,60,000
Shri S. K. Anand#	5,000	1,50,000	1,55,000
Total	2,70,000	20,75,000	23,45,000

* Shri Shrenik Kasturbhai Lalbhai ceased to be a Director w.e.f. May 25, 2011.

Shri S.K. Anand was appointed as Additional Director w.e.f. November 4, 2011.

Details of shares held by the Non-Executive Directors in the Company are as under:

Sr. No.	Name of Non-Executive Director	No. of shares held
1	Shri C. K. Mehta	307839
2	Shri M. R. B. Punja	Nil
3	Shri A. K. Dasgupta	Nil
4	Shri Nimesh Kampani	Nil
5	Shri Hasmukh Shah	Nil
6	Shri Sudhin Choksey	Nil
7	Shri Berjis Desai	Nil
8	Dr. Richard H. Rupp	Nil
9	Shri Sudhir Mankad	Nil
10	Shri S. K. Anand	Nil

4. GENERAL BODY MEETINGS

Details of last three Annual General Meetings held:

Meeting	Date	Time	Venue
38th AGM	July 30, 2009	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005
39th AGM	July 31, 2010	11:00 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005
40th AGM	August 5, 2011	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005

Special Resolutions proposed at the 38th and 40th Annual General Meeting were duly approved and passed by the Shareholders.

During the year ended March 31, 2012, the Company did not pass any special resolution through Postal Ballot as per the provisions of Companies Act, 1956 and the rules framed thereunder.

No special resolution requiring approval of the Shareholders through Postal Ballot is being proposed at the ensuing Annual General Meeting.

5. DISCLOSURE

- (i) There are no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. However, normal trade transactions were entered into by the Company with the related parties. Disclosure on related party transactions as per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, is given under Note No. 32 in the Notes to Financial Statements for the year ended March 31, 2012.
- (ii) There is no non-compliance by the Company, nor any penalty or stricture imposed on the Company by any Stock Exchanges, SEBI or any other statutory authority on any matter relating to capital markets during the last three years.
- (iii) The Company has comprehensive risk management policy and the same is periodically reviewed by the Board of Directors of the Company.
- (iv) The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement in respect of Corporate Governance. As regards the non-mandatory requirements under the said Clause 49, the Company has constituted a Remuneration Committee, but has not framed a Whistle Blower Policy.
- (v) Disclosure of relationships between Directors inter-se: Shri C. K. Mehta is the father of Shri D. C. Mehta and Shri A. C. Mehta. None of the other Directors have any relationships inter-se.

6. MEANS OF COMMUNICATION

The Quarterly and Half yearly results are published in widely circulating national & local dailies, such as The Economic Times (English & Gujarati). These are not sent individually to the shareholders.

The Company's results are displayed on its website.

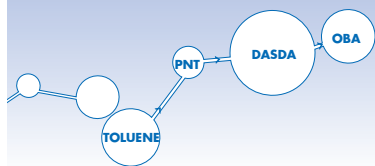
No presentations were made to the institutional investors. However, presentations were made to analysts and Brokerage Firms during the year under review.

7. CODE OF CONDUCT

The Company has adopted a Code of Conduct for the members of the Board and the Senior Management in compliance with the provisions of Clause 49 of the Listing Agreement. The Code of Conduct has been circulated to all the members of the Board and Senior Management, and the same is also posted on the Company's website at www.deepaknitrite.com.

All the members of the Board and the Senior Management have affirmed compliance with the Code of Conduct as on March 31, 2012 and a declaration to that effect, signed by the Vice Chairman & Managing Director is given below:

DECLARATION	
As per clause 49 of the Listing Agreement with Stock Exchanges, this is to confirm that all the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2011-12.	
Place : Mumbai	D. C. Mehta
Date : May 4, 2012	Vice Chairman & Managing Director



8. MANAGEMENT DISCUSSION AND ANALYSIS

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

9. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

Day & Date	: Saturday, August 4, 2012
Time	: 10:30 a.m.
Venue	: Hotel Surya Palace, Opp. Parsi Agiari, Sayajigunj, Vadodara 390 005.
Date of Book Closure	: Thursday, 26th July, 2012 to Saturday, August 4, 2012 (both days inclusive).
Dividend payment date	: On or after August 9, 2012 but within the statutory time limit of 30 days, subject to shareholder's approval.

Financial Calendar

Results for the Quarter ending	Tentative Time of Reporting
June 30, 2012	On or before August 15, 2012
September 30, 2012	On or before November 15, 2012
December 31, 2012	On or before February 15, 2013
Audited Annual Accounts for the year ended March 31, 2013	On or before June 30, 2013

Listing on Stock Exchanges

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

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

Listing fees for financial years 2011-12 and 2012-13 have been paid to both the exchanges.

Stock Code for Equity Shares: 506401 (BSE) – DEEPAKNTN (NSE)

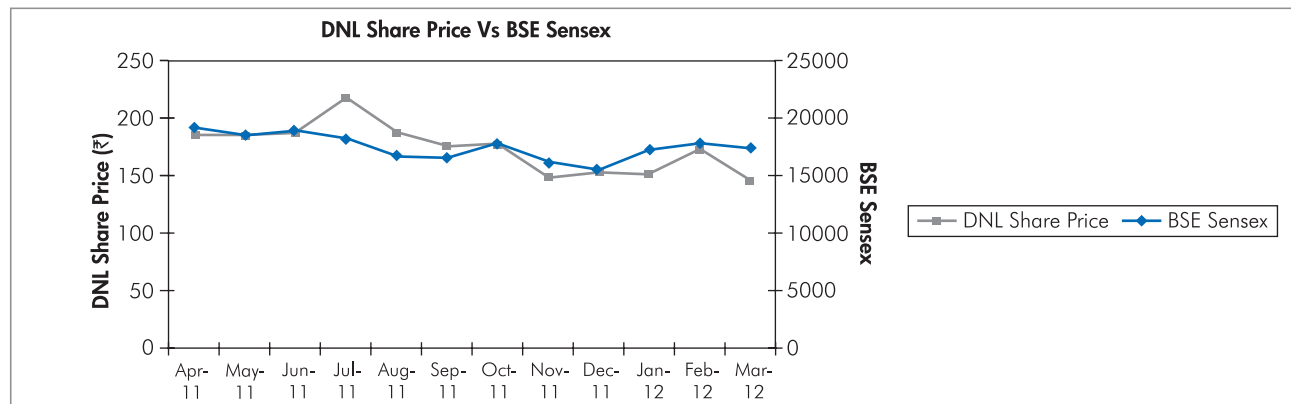
ISIN Number for Equity Shares (NSDL & CDSL): INE288B01011

Market Price Data of Equity Shares

Market Price Data – monthly high & low during the year 2011-2012 at BSE:

Month	High (₹)	Low (₹)	Month	High (₹)	Low (₹)
April, 2011	189.00	170.10	October, 2011	185.00	169.00
May, 2011	199.50	175.10	November, 2011	180.00	136.10
June, 2011	189.45	168.75	December, 2011	167.00	146.05
July, 2011	230.00	181.85	January, 2012	156.80	145.00
August, 2011	215.00	171.35	February, 2012	175.00	145.05
September, 2011	194.80	167.00	March, 2012	184.75	139.00

Source: www.bseindia.com



Distribution of Shareholding as on March 31, 2012

Range	No. of Holders	%	No. of Shares	%
1 – 500	7628	87.50	962745	9.21
501 – 1000	642	7.36	459489	4.40
1001 – 2000	229	2.63	323850	3.10
2001 – 3000	74	0.85	185050	1.77
3001 – 4000	35	0.40	122531	1.17
4001 – 5000	23	0.26	104727	1.00
5001 – 10000	41	0.47	274801	2.63
10001 & above	46	0.53	8020626	76.72
TOTAL	8718	100.00	10453819	100.00

Shareholding Pattern as on March 31, 2012

Category of Shareholders	No. of Shares	% to Equity Capital
Promoters	5847177	55.93
Mutual Fund & Unit Trust of India	1800	0.02
Financial Institutions, Banks	353992	3.38
Foreign Institutional Investors	652891	6.25
Bodies Corporate	699699	6.69
Non Resident Individuals	21021	0.20
Resident Individuals & Trust	2877239	27.53
TOTAL	10453819	100.00

The Company has not issued any GDRs/ADRs.

Dematerialisation of Equity Shares

Electronic holding by Members comprises 96.67% of the paid up equity capital of the Company as on March 31, 2012, held through National Securities Depository Limited and Central Depository Services (India) Limited.

Share Transfer System

Securities lodged for transfer at the Registrar's address are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 15 days.

Pursuant to Clause 47 (c) of the Listing Agreement with Stock Exchanges, certificates, on half yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulation, 1996, certificates have been received from a Company Secretary-in-Practice for timely dematerialisation of shares and for reconciliation of the share capital of the Company on a quarterly basis.

Registrar and Share Transfer Agent
M/s. Sharepro Services (India) Pvt. Ltd.: Unit: Deepak Nitrite Ltd.
Registered Office :

13 AB, Samhita Warehousing Complex 2nd Floor,
Near Sakinaka Telephone Exchange Andheri – Kurla Road,
Sakinaka, Andheri (East) Mumbai – 400 072
Telephone Numbers : (022) 67720300, 67720400
Fax Number: (022) 28591568, 28508927
E-mail : sharepro@shreproservices.com

Investor Relation Centre :

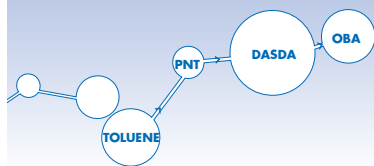
912, Raheja Centre Free Press Journal Road
Nariman Point Mumbai – 400 021
Telephone Numbers : (022) 2282 5163, 22881569 (022) 66134700,
Fax Number: (022) 22825484
E-mail : sharepro@shreproservices.com

Address for Correspondence and Investor Assistance

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

Telephone Numbers:(0265) 2351013, 233 4481, 233 4482
Fax No. : (0265) 233 0994
E-mail : investor@deepaknitrite.com
Website : www.deepaknitrite.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants.



Unclaimed/Unpaid Dividend

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer unclaimed dividends, matured deposits and interest accrued thereon, remaining unclaimed and unpaid for a period of seven years from the due date, to the Investor Education and Protection Fund (IEPF) set by the Central Government.

Given below are the due dates for transfer of unclaimed and unpaid dividend to the Investors Education & Protection Fund (IEPF) by the Company:

Financial Year	Dividend Payment Date	Proposed Date for transfer to IEPF*
2004-2005	August 8, 2005	August 7, 2012
2005-2006	August 7, 2006	August 6, 2013
2006-2007	September 24, 2007	September 23, 2014
2007-2008	August 18, 2008	August 17, 2015
2008-2009	August 3, 2009	August 2, 2016
2009-2010	August 5, 2010	August 4, 2017
2010-2011	August 10, 2011	August 9, 2018

* Indicative dates, actual date may vary.

Plant Locations

1. Nitrite & Nitroaromatics Division 4/12 GIDC Chemical Complex Nandesari - 391 340, Dist. Vadodara	3. APL Division Plot Nos. 1, 2, 26 & 27 MIDC Dhatav, Roha - 402 116, Dist. Raigad
2. Taloja Chemical Division Plot Nos. K/9-10, MIDC Taloja, Dist. Raigad - 410 208	4. Hyderabad Specialities Division : Plot Nos. 90-F/70-A and B, Phase II, Industrial Development Area, Jedimetla, Tal. Qutbyullapur Mandal, Dist. Ranga Reddy, Hyderabad - 500 055
5. The New Project Site under development at Plot No. 12/B, GIDC, Dahej, Dist. Bharuch, Gujarat - 392130	

Auditors' Certificate on Compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

We have examined the compliance of conditions of Corporate Governance by DEEPAK NITRITE LIMITED for the year ended on March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement. We have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Registrar & Transfer Agent and reviewed by the Shareholders/Investors Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **B.K.KHARE & COMPANY**
Chartered Accountants

Santosh Parab
Partner

Place: Mumbai
Date: May 4, 2012

Membership No. 47942
Firm Registration No: 105102W