



Report on Corporate Governance for the year ended on March 31, 2013

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 your Company's proper functioning and the efficient conduct of its business, including its interaction with the employees, shareholders, depositors, creditors, consumers, financial institutions and other lenders. Accountability improves decision making and transparency helps to explain the rationale behind the decisions taken which, in turn, helps in building confidence in your Company.

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

2. BOARD OF DIRECTORS

As on March 31, 2013, the strength of the Board was ten members, comprising of two Executive Directors and eight Non-Executive Directors. Seven of the Non-Executive Directors are Independent Directors. Accordingly, the composition of the 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, and the Board is headed by a Non-Executive Chairman.

The Composition of Directors on the Board of the Company as on March 31, 2013, was 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) Shri A. C. Mehta (Managing Director)
III.	Non-Executive and Independent Directors	Shri M. R. B. Punja Shri A. K. Dasgupta Shri Nimesh Kampani Shri Sudhin Choksey Dr. R. H. Rupp Shri Sudhir Mankad Shri S. K. Anand

During the year under review, five Board Meetings were held on May 4, 2012, August 4, 2012, November 1, 2012, December 27, 2012 and February 8, 2013. The maximum time gap between any two Board Meetings was not more than four calendar months as prescribed under the Listing Agreement with the Stock Exchanges.

Attendance of each Director at the Board Meetings, last Annual General Meeting and their directorship and membership of committees of other companies as on March 31, 2013, was 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 Directorship Held	No. of Committee position in other Public Companies [Member(M)/Chairman (C)]
Shri C. K. Mehta	5	5	YES	1	-
Shri D. C. Mehta	5	5	YES	2	2 (C)
Shri A. C. Mehta	5	5	YES	1	2 (C) & 1 (M)
Shri M. R. B. Punja	5	4	NO	4	1 (C) & 1 (M)
Shri A. K. Dasgupta	5	5	YES	-	-
Shri Nimesh Kampani	5	5	YES	6	2 (C) & 4 (M)
Shri Hasmukh Shah ¹	5	2	YES	-	-
Shri Sudhin Choksey	5	5	YES	2	1 (C) & 1 (M)
Shri Berjis Desai ²	5	1	NO	-	-
Dr. R. H. Rupp	5	1	YES	-	-
Shri Sudhir Mankad	5	4	YES	11	5 (M)
Shri S. K. Anand	5	5	YES	-	-

1. Shri Hasmukh Shah ceased to be a Director w.e.f. August 4, 2012.

2. Shri Berjis Desai ceased to be a Director w.e.f. October 25, 2012.

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:

The terms of reference of the Audit Committee are to oversee your 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 your Company's internal auditors and financial statements audited by the statutory auditors and also to review the 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 of 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

Four meetings of the Audit Committee were held during the year under review. The meetings of Audit Committee were held on May 3, 2012, August 4, 2012, October 31, 2012 and February 7, 2013.

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

Name of Member	No. of Audit Committee Meetings held	No. of Audit Committee Meetings attended
Shri M. R. B. Punja	4	3
Shri A. K. Dasgupta	4	4
Shri Sudhin Choksey	4	4
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 12 times during the year under review.

(iii) Investors' Grievance Committee:

The Company has a duly constituted Investors Grievance Committee. The Investors Grievance Committee comprises of 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 a Secretary to the Committee and he is also the Compliance Officer.

The Investors' Grievance Committee looks into the redressal of complaints like transfer of shares, non-receipt of dividends, non-receipt of Annual Report, etc, received from shareholders/investors and improve the efficiency in investors services, wherever possible. Continuous efforts are being made to ensure that grievances are more expeditiously redressed to the satisfaction of the investors.

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

The details of complaints received and resolved during the financial year ended March 31, 2013, are as follows.

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

(iv) Remuneration Committee:

A Remuneration Committee has been constituted by the Board and it meets on a specific-need basis. The Remuneration Committee is constituted inter alia to recommend to the Board specific remuneration packages by way of salary, perquisites, allowances, incentives and commission for Executive Directors including pension rights and any compensation payment.

The Non-Executive Directors of your Company are paid sitting fees for attending meetings of the Board or Committees thereof. Apart from the sitting fees, the Non-Executive Directors are also paid commission not exceeding 1% of the net profits of the Company for the year, calculated as per provisions of the Companies Act, 1956.

The Remuneration Committee comprises of the following Directors as on March 31, 2013:

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

During the financial year 2012-13, the Remuneration Committee met on May 4, 2012, and all the Members of the Committee were present at the said meeting.

The details of the Managing Directors' Remuneration during the financial year 2012-13 are as under:

(₹ in Lacs)

Name	Salary	Perquisites & Allowances	Retirement Benefit	Commission	Total
Shri D. C. Mehta	40.46	19.93	9.54	120.59	190.52
Shri A. C. Mehta	31.34	12.31	8.28	120.59	172.52

The details of remuneration paid/payable to Non-Executive Directors for the financial year 2012-2013 are as under:

Name	Sitting Fees ₹	Commission ₹	Total ₹
Shri C. K. Mehta	100,000	175,000	275,000
Shri M. R. B. Punja	125,000	350,000	475,000
Shri A. K. Dasgupta	219,000	350,000	569,000
Shri Nimesh Kampani	100,000	175,000	275,000
Shri Has Mukh Shah ¹	40,000	100,000	140,000
Shri Sudhin Choksey	160,000	350,000	510,000
Shri Berjis Desai ²	32,000	175,000	207,000
Dr. R. H. Rupp	35,000	125,000	160,000
Shri Sudhir Mankad	187,000	350,000	537,000
Shri S. K. Anand	135,000	350,000	485,000
Total	1,133,000	2,500,000	3,633,000

1. Shri Has Mukh Shah ceased to be a Director w.e.f. August 4, 2012.

2. Shri Berjis Desai ceased to be a Director w.e.f. October 25, 2012.

Details of shares held by the Non-Executive Directors in your Company as on March 31, 2013, 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 Sudhin Choksey	Nil
6	Dr. R. H. Rupp	Nil
7	Shri Sudhir Mankad	Nil
8	Shri S. K. Anand	Nil

4. GENERAL BODY MEETINGS

Details of the last three Annual General Meetings held are as follows:

Meeting	Date	Time	Venue
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
41st AGM	August 4, 2012	10:30 A.M.	Hotel Surya Palace, Sayajigunj, Vadodara 390 005

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

During the year ended March 31, 2013, your Company has not passed any Special Resolution through Postal Ballot as per the provisions of the Companies Act, 1956 and the rules framed there under.

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 your Company which have the potential conflict with the interests of your Company at large. However, normal trade transactions were entered into by your 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 in Note No. 32 in the Notes to the Financial Statements for the year ended March 31, 2013.
- (ii) There is no non-compliance by your Company nor any penalty or stricture imposed on your Company by any Stock Exchanges, SEBI or any other statutory authority on any matter relating to capital markets during the last three years.
- (iii) Your Company has a comprehensive risk management policy and the same is periodically reviewed by the Board of Directors of your Company.
- (iv) Your Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement w.r.t. Corporate Governance. Your Company has not implemented the non-mandatory requirements enlisted by way of annexure to Clause 49 of the Listing Agreement except for the constitution of a Remuneration Committee.
- (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 of your Company are published in widely circulated national & local dailies such as The Economic Times (English & Gujarati). These are not sent individually to the Shareholders.

Your Company's results are displayed on your Company's website.

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

7. CODE OF CONDUCT

Your 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 members of the Board and Senior Management and the same is also posted on your Company's website at www.deepaknitrite.com.

All members of the Board and the Senior Management have affirmed compliance with the Code of Conduct as on March 31, 2013, 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 the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2012-13.

Place : Mumbai
Date : May 9, 2013

D. C. MEHTA
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 : Friday, August 2, 2013
 Time : 10: 30 a.m.
 Venue : Hotel Surya Palace, Opp. Parsi Agiyari, Sayajigunj, Vadodara 390 005.
 Date of Book Closure : Thursday, July 25, 2013 to Friday, August 2, 2013 (both days inclusive).
 Dividend payment date : On or after August 5, 2013, 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, 2013	On or before August 15, 2013
September 30, 2013	On or before November 15, 2013
December 31, 2013	On or before February 15, 2014
Audited Annual Accounts for the year ended March 31, 2014	On or before June 30, 2014

Listing on Stock Exchanges:

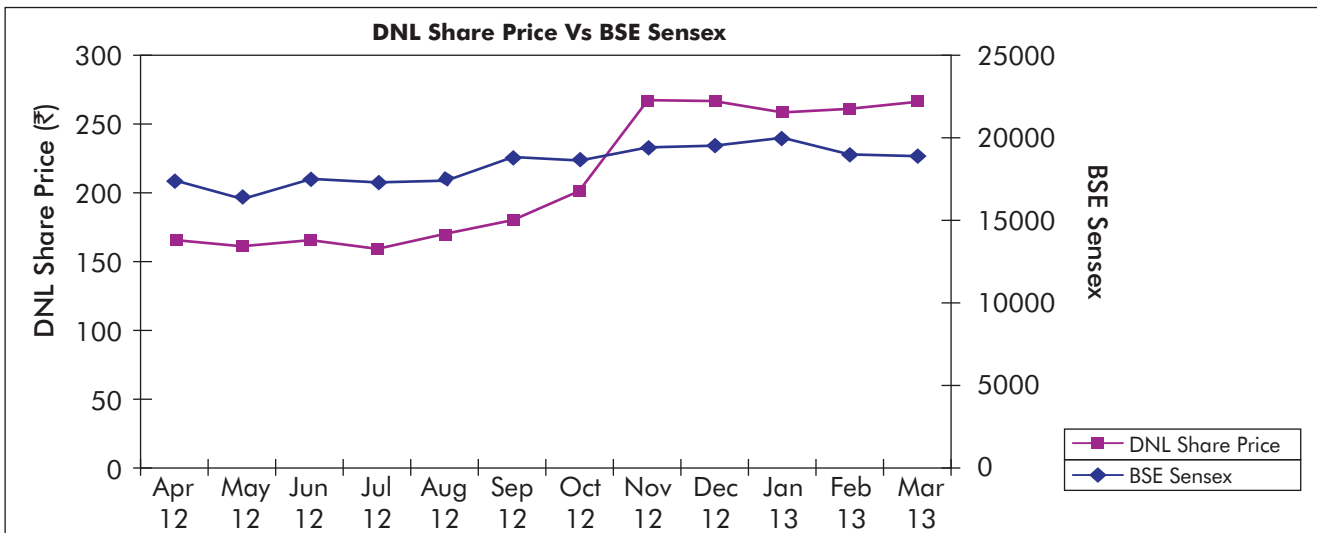
Your Company's Equity Shares are listed on the following Stock Exchanges:
 Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE).
 Listing fees for financial years 2012-13 and 2013-14 have been paid to both the exchanges.
 Stock Code for Equity Shares: 506401 (BSE) – DEEPAKNTN (NSE)
 ISIN Number for Equity Shares (NSDL & CDSL): INE288B01011

Market Price Data of Equity Shares:

Market Price Data – monthly high & low during the year 2012-2013 at BSE:

Month	High ()	Low ()	Month	High ()	Low ()
April, 2012	165.50	144.60	October, 2012	203.35	178.25
May, 2012	163.90	147.00	November, 2012	267.95	194.00
June, 2012	174.90	141.00	December, 2012	325.00	258.00
July, 2012	178.00	157.50	January, 2013	278.00	248.85
August, 2012	174.40	160.00	February, 2013	275.00	245.00
September, 2012	182.00	165.25	March, 2013	280.95	250.00

Source: www.bseindia.com



Distribution of Shareholding as on March 31, 2013:

Range	No. of Holders	%	No. of Shares	%
1 – 500	7380	87.36	920000	8.80
501 – 1000	607	7.18	433035	4.14
1001 – 5000	368	4.36	760624	7.28
5001 – 10000	44	0.52	298703	2.86
10001 & above	49	0.58	8041457	76.92
TOTAL	8448	100.00	10453819	100.00

Shareholding Pattern as on March 31, 2013:

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	303902	2.90
Foreign Institutional Investors	625000	5.98
Bodies Corporate	850294	8.13
Non-Resident Individuals	56040	0.54
Resident Individuals & Trust	2769606	26.50
TOTAL	10453819	100.00

Your Company has not issued any GDRs/ADRs.

Dematerialisation of Equity Shares:

Electronic holding by members comprises 96.93% of the paid-up equity capital of your Company as on March 31, 2013, 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 your Company. Pursuant to the 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 your Company on a quarterly basis.

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

13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange Andheri – Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.

Telephone Numbers: (022) 67720300, 67720400

Fax Number: (022) 28591568, 28508927

E-mail: sharepro@shareproservices.com

Investor Relation Centre:

912, Raheja Centre,
Free Press Journal Road,
Nariman Point, Mumbai – 400 021

Telephone Numbers:
(022) 2282 5163, 22881569,
(022) 66134700,

Fax Number: (022) 22825484

E-mail: sharepro@shareproservices.com

Address for Correspondence and Investor Assistance:

Deepak Nitrite Limited

9/10, Kunj Society,

Alkapuri,

Vadodara – 390 007

Contact Person: Mr. Shailesh Vaidya

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 the 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, your 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 your Company:

Financial Year	Dividend Payment Date	Proposed Date for transfer to IEPF*
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
2011-2012	August 9, 2012	August 8, 2019

* Indicative dates, actual date may vary.

Plant Locations:

<p>1. Nitrite & Nitroaromatics Division 4/12 GIDC Chemical Complex Nandesari - 391 340, Dist. Vadodara</p>	<p>3. APL Division Plot Nos. 1, 2, 26 & 27, MIDC Dhatav, Roha - 402 116, Dist. Raigad</p>
<p>2. Talaja Chemical Division Plot Nos. K/9-10, MIDC Talaja, Dist. Raigad - 410 208</p>	<p>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</p>
<p>5. Dahej Division: 12/B, GIDC, Dahej, Dist. Bharuch, Gujarat - 392130</p>	

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, 2013 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
FRN: 105102 W

Prasad Paranjape

Partner

M. No. 47296

Place: Mumbai
Date: May 9, 2013