

Reaching Out...
Ahead, Above and Beyond!



Thirty Eighth Annual Report 2008-2009

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38th ANNUAL GENERAL MEETING

Day/Date : Thursday, 30th July, 2009
Time : 10:30 a.m.
Venue : Hotel Surya Palace, Opposite Parsi Agiari,
Sayajigunj, Vadodara – 390 005



The last year has been a truly momentous one for us. Despite the worldwide meltdown and turbulence in global markets we have successfully reached out, ahead, above and beyond.

Exports, for the first time, have contributed more than half the Company's turnover; strong R&D initiatives have led to the development of high value speciality products; our strategic acquisitions have paid off.

In our efforts to improve the quality of life of our fellow citizens, add value to our stakeholders and set ourselves sustainable goals, the sky is truly not the limit.

Our Core Purpose

"Improve Life Through Innovative Science"

Our Mission

The purpose of all human activity is to make life better. Deepak Nitrite Limited (DNL) believes in improving life through innovative science. Through innovations, we constantly endeavour to develop better products and processes that deliver greater value to society.

Our Vision

- We are a role model enterprise, respected globally for excellence in quality and innovation.
- We enhance stakeholder value while adhering to the code of responsible care and ethical values.
- We are an employer of choice and preferred business partner worldwide.

Our Core Values

Integrity - We are open, honest, transparent and uncompromising in our work.

Decisiveness - Set a goal, analyze the facts and work on alternatives and conclude them in a fixed time frame.

Team Spirit - We encourage group interaction and working together. United and collective drive achieves the desired goal.

Commitment - We honour all promises made within and outside the company.

Caring - We are concerned for our environment, society and employees and work for their betterment

Excellence - We are a role model and benchmark company for our products, services and business processes.

Innovation - We nurture creativity and encourage application of knowledge and ideas in all facets of our business.

Customer Orientation - Customer is uppermost in our mind. We work to exceed his expectations.



Spreading out,
growing on firm roots

Board of Directors



Shri Deepak C. Mehta
Vice Chairman & Managing Director



Shri C. K. Mehta
Chairman



Shri Ajay C. Mehta
Managing Director



Shri Shrenik Kasturbhai Lalbhai



Shri M. R. B. Punja



Shri A.K. Dasgupta



Shri Hasmukh Shah



Shri Nimesh Kampani



Shri Sudhin Choksey



Shri Berjis Desai



Dr. Richard H. Rupp



Shri Sudhir Mankad

Board of Directors, brief profiles

Shri C. K. Mehta,
Chairman

He is the promoter of the Company and is associated with it since 1970, right from the date of inception of the Company. He is a well known industrialist, having 54 years of versatile experience in the Chemical Trade and Industry and is also co-promoter of Deepak Fertilisers and Petrochemicals Corporation Limited. He is the Chairman of both the Companies.

Shri Deepak C. Mehta,
Vice Chairman & Managing Director

He is a Science Graduate closely associated with the Company for the last 30 years. He is Vice Chairman and Managing Director of the Company and has been successfully looking after day to day affairs of the Company.

Shri Ajay C. Mehta,
Managing Director

He is a Science Graduate with Honours and Master of Science (Chemical Engineering) from the University of Texas, USA. He has been actively associated with the Company since 1984.

Shri Shrenik Kasturbhai Lalbhai

He is a well known Industrialist and an MBA from Harvard University. He is a financial expert and a person upholding the highest virtues. He provided exemplary leadership as the Chairman of the Company for a period of 27 years from the Company's inception until 1998. He has been associated with the Lalbhai group of Companies for past many years.

Shri M. R. B. Punja

Former Chairman and Managing Director of the Industrial Development Bank of India (IDBI), a premier financial institution of the Country, he possesses rich experience in the field of Finance and Management.

Shri A.K. Dasgupta

He is a Science Graduate along with Bachelor of Chemical Engineering having rich experience in the field of Chemicals and is responsible for producing various resins and chemicals for the first time in India. He is associated with many professional Bodies at various levels.

Shri Hasmukh Shah

He is Ex-Chairman and Managing Director of Indian Petrochemicals Corporation Limited. He has also held various important positions like Joint Secretary to the Prime Minister of India, Chairman of Gujarat Industrial Investment Corporation, Chairman of Gujarat Ecology Commission. Shri Shah has made significant contribution in social, cultural and rural development activities. He has also contributed significantly in the academic and research areas.

Shri Nimesh Kampani

He is a Chartered Accountant. He has built up over 25 years a strong domestic franchise for the JM Financial Group in India. He has served on various committees of Securities and Exchange Board of India (SEBI) and was a member of the Bhagwati Committee on SEBI regulation for Substantial Acquisition of Shares and Takeovers. He has also served as a Chairman and member of the Financial Services Committee and National Council of the Confederation of Indian Industry (CII).

Shri Sudhin Choksey

Shri Sudhin Choksey is the Managing Director of GRUH Finance Limited. He is having vast experience of handling functional areas of finance, commercial and general management, both in India and abroad.

Shri Berjis Desai

Shri Berjis Desai is a Solicitor and a Managing Partner of M/s. J. Sagar & Associates, a renowned firm of Solicitors & Advocates. He has extensive experience as an arbitrator and counsel in the field of Corporate Laws and also in international commercial & domestic arbitration.

Shri Desai is a member of American Arbitration Association, The Bombay Incorporated Law Society and an Arbitrator at The London Court of International Arbitration.

Dr. Richard H. Rupp

Dr. Rupp is Ph. D. Chemistry (with distinction) from University of Karlsruhe, Germany and has done his program for Executive Development, IMD at Lausanne, Switzerland. Dr. Rupp has held various top level positions in leading multinational companies such as Hoechst AG, Germany, Lonza, Switzerland and Allessachemie, Germany. He is well acquainted with the US, European and Asian markets, especially the Indian sub-continent.

Shri Sudhir Mankad

Shri Sudhir Mankad has done MA in History from Delhi University and Diploma in Development Studies from Cambridge University. He is a retired Civil Servant who has held various important positions in Government of India and Government of Gujarat.

Presently, he is Chairman of Gujarat Institute of Desert Ecology and a Member of High Power Expert Committee on Urban Development, Government of India.

Senior Management Team

Shri Umesh Asaikar
Shri Sanjay Upadhyay
Shri Singanallur Ramakrishnan
Dr. Pramod Garg
Dr. Vishwanath Lele
Shri Vijay Tikekar

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Vadodara – 390007
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Fax No. : (0265) 233 0994
E-mail : investor@deepaknitrite.com
Website : www.deepaknitrite.com

Vice President (Finance) and Company Secretary :

Shri Sanjay Upadhyay

Corporate Office:

Deepak Complex, National Games Road,
Yerwada, Pune – 411006
Tel : +91-20-6609 0200 Fax : +91-20-2668 5448

Bankers:

State Bank of India
Dena Bank
Bank of Baroda
ICICI Bank Ltd.
AXIS Bank Ltd.
ING Vysya Bank
Standard Chartered Bank

Plants :

- (1) Nitrite & Nitroaromatics Division
4-12, GIDC Chemical Complex,
Nandesari – Dist. Vadodara - 391 340
- (2) Taloja Chemical Division,
Plot Nos. K/9-10, MIDC Taloja,
Dist. Raigad – 410 208
- (3) APL Division, Plot Nos. 1,2,26 and 27,
MIDC Dhataw, Roha, Dist. Raigad – 402 116
- (4) Hyderabad Specialities Division,
Plot Nos. 90-F/70-A and B, Phase II,
Industrial Development Area, Jedimetla,
Tal. Qutbullapur Madal, Dist. Ranga Reddy,
Hyderabad- 500 055



From the Desk of the Vice Chairman & Managing Director

Dear Shareholders,

The Financial Year 2008-09 has been one of the most tumultuous years in the recent past. What started out as mild tremors in the American sub-prime lending markets snowballed into a global recession with far reaching consequences on many industrial verticals and economies.

The year also showed a major decrease in the supply of chemicals from China, due to the Chinese Government's insistence on their manufacturers' adherence to stringent pollution control norms, in view of world-wide attention on China before and during the Olympics Games. Your Company's ability to meet the resultant surge in demand helped benefit both the Company and its Customers. This also led to a major shift in procurement policy of chemical companies world wide, to place increased reliance on Indian producers.

However, even though the economic meltdown that followed thereafter did not allow the benefits of this shift in policy to flow immediately to Indian Companies, I am sure that in the long run, India will reap the benefit.

It is a matter of great pride that your Company has not only successfully weathered this storm, but has posted its best ever results. This is largely on account of your Company's in-built agility which enabled it to react to the roller coaster market conditions, and re-orient its manufacturing schedules, to satisfy changing demands, both in India and overseas.

Your Company's growing stature in our industry is best exemplified in an award it has received from Syngenta Crop Protection A G, Basel, Switzerland headquartered agro-chemicals company, a global leader in its field. Syngenta, one of our major customers, has recognised your Company

as an esteemed supplier, who contributed through special supply flexibility and agility to the growth of Syngenta.

Your Company's prudent financial policies have also been a major contributor to our healthy position, in spite of the fluctuations of the Rupee. We have streamlined our supply chain, optimized inventories, accelerated deliveries and improved realizations.

Your Company has also initiated processes to develop high value products catering to niche markets; our in-house Research & Development capabilities are our major strengths in these efforts, vindicating our on-going investments in manpower, technologies and equipment in this critical activity.

Your Company is also a signatory to the Responsible Care initiative. Responsible Care is the chemical industry's global voluntary initiative under which companies, through their national associations, work together to continuously improve their health, safety and environmental performance.

I am grateful for the support of the Government; I also greatly appreciate the commitment and dedication of our employees, and the support of our stakeholders, which has contributed to our rapid progress, and I am confident they will continue to play a major role in the Company's growth.

With Best Wishes

D. C. Mehta

Vice Chairman & Managing Director

Accolades from a delighted customer



Our Vice Chairman & Managing Director Shri Deepak Mehta (second from left) receiving the Award.

Syngenta Crop Protection A G, Basel, Switzerland headquartered agro-chemicals company, a global leader in its field, recently bestowed on us their Global Recognition Award.



A Year of Several Highs

Revenues at their highest ever

Rs. 580 Crores

up by **22%**

Net operating Profit at its highest ever

Rs. 43 Crores

up by **6 times**

Export Turnover highest ever

Rs. 304 Crores

up by **49%**

3 Year CAGR

Domestic Sales : **15 %**

Export Sales : **23%**

Total Debt / Equity

0.47:1

Return on Average Capital Employed

19.76%

Highest ever Dividend recommended

50 %

EPS

Up by 4 times

ICRA Ratings

A1 for short term debt, A for long term debt

