



# The Right Blend

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## FORTY FIFTH ANNUAL GENERAL MEETING

Day & Date : Friday, August 5, 2016  
Time : 10:30 a.m.  
Venue : Hotel Surya Palace,  
Opposite Parsi Agiyari,  
Sayajigunj, Vadodara 390007

### Cautionary Statement Regarding Forward-Looking Statement

This Report may contain certain forward-looking statements relating to the future business, development and economic performance. Such Statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressure; (2) legislative and regulatory developments; (3) global, macro-economic and political trends; (4) fluctuations in currency exchange rates and general market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigations; (8) adverse publicity and news coverage, which could cause actual developments and results to differ materially from the statements made in this Report. Deepak Nitrite Limited assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

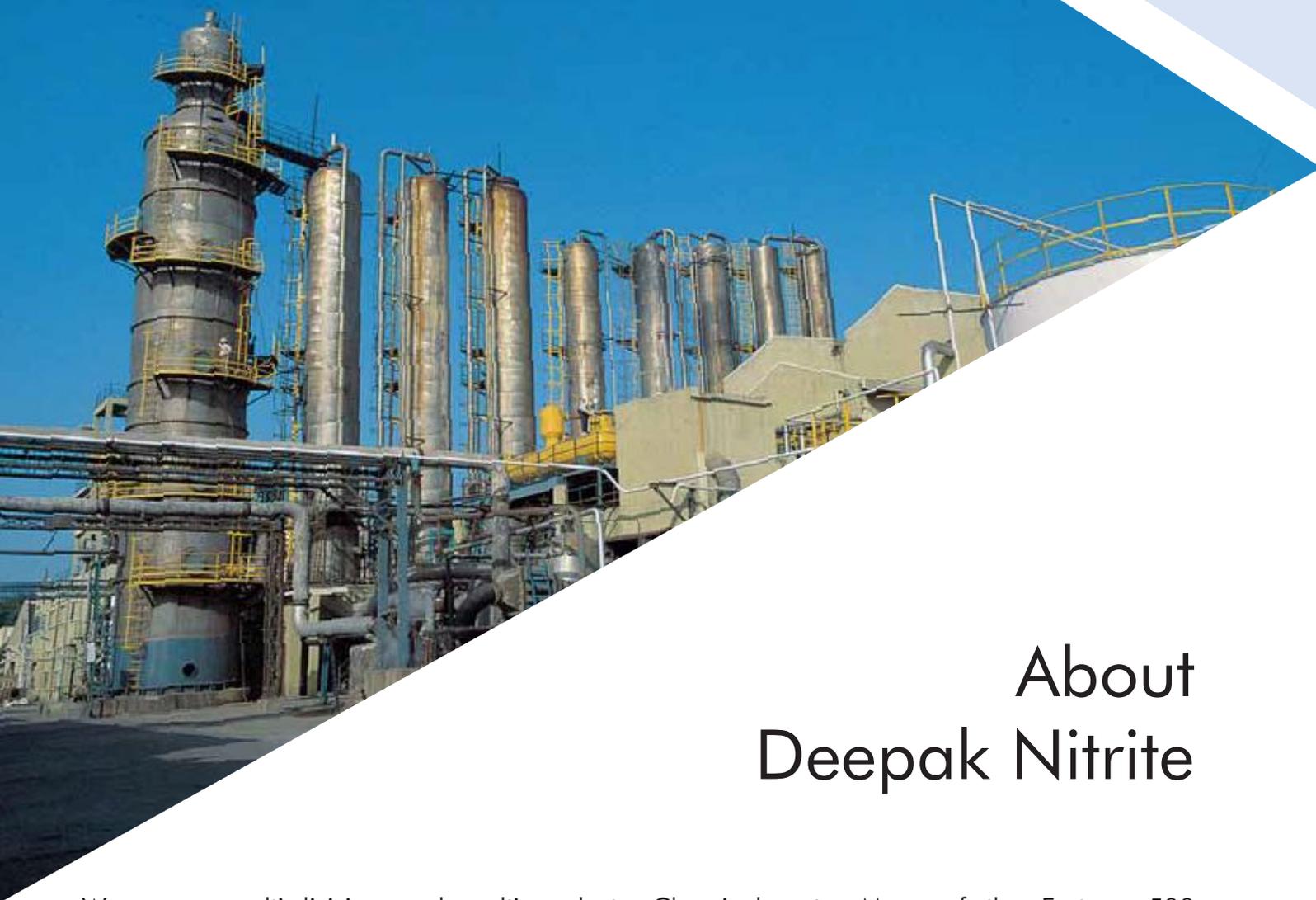


## The Right Blend

Masterpieces are created when colors start to blend. Our right blend of Vision, Strategy and Execution are the cornerstone of our successful and sustainable growth. Over the years, with a dynamically evolving global business environment, we have aptly diversified our three segments, namely, Bulk Chemicals and Commodities (BCC), Fine and Speciality Chemicals (FSC) and Fluorescent Whitening Agent (FWA), product-wise and geographically. As a result we have been steadily delivering value to all our stakeholders. We have blended the trio of Vision, Strategy and Execution in all our processes and have been seamlessly bridging the three to delight our customers, employees, shareholders and society at large.

With a vision to build a diversified organisation with market leadership position, we have been meticulously formulating strategies and flawlessly executing the same. With an impeccable synchronisation among the trio, we have been steadily moving along our growth trajectory by fortifying our business pillars and venturing into sunrise businesses.



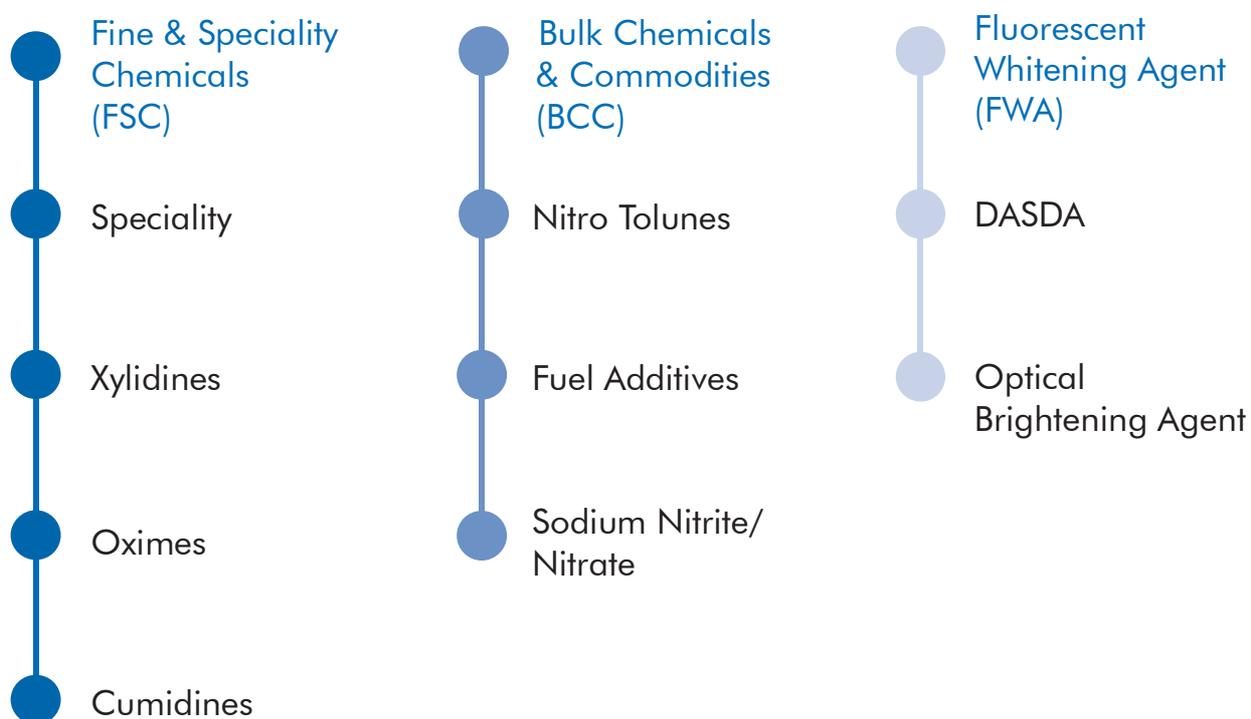


# About Deepak Nitrite

We are a multi-division and multi-product, India based chemical manufacturing Company with diversified business segments and product portfolios with a strong distribution network in over 30 countries. Our ISO certified manufacturing facilities are located at Nandesari, Dahej (Gujarat), Roha, Taloja (Maharashtra) and Hyderabad (Telangana) and our R & D facility at Nandesari (Gujarat). We are amongst the leading global players for several niche chemical products like Xylidines, Cumidines, Oximes and Colour Intermediates. Our products cater to several industries like Colorants, Petrochemicals, Agrochemicals, Rubber, Pharmaceuticals, Paper, Textile, Detergents, Fine & Speciality

Chemicals, etc. Many of the Fortune 500 companies are among our client list. We are accredited with "Responsible Care" certification - towards global environment, safety and health management. We have a rich heritage of consistently rewarding our shareholders with dividends and for creating wealth for them. As a part of our growth plans, we are foraying into a Greenfield plant at Dahej, Gujarat, for manufacturing phenol and acetone, through our subsidiary, Deepak Phenolics Limited.

## Business Segments



### Key Differentiators

Product profile with varied applications	Leading market position in most of its products	Consistent addition of new product lines
Diverse sales mix - Product & Geography wise	Customised product offerings for multinational companies	Long term customer relationships
Experienced Promoters and qualified & experienced management team	Consistent wealth creation for Investors	



## From the desk of Vice-Chairman & Managing Director

The implementation of initiatives, such as Inclusive Banking, Smart Cities, Urban Rejuvenation, Revamp of Power Distribution Companies and the thrust towards renewable energy, improved regional air connectivity, ease of doing business and the Swachh Bharat Abhiyaan are driving meaningful changes within the fabric of the country, while impacting business sentiment positively.

### Dear Stakeholders,

The Financial Year (FY) 2015-16 continued to throw up several challenges across the economic landscape. The pattern of heightened volatility and increased uncertainty from the last couple of years spilled over into the current fiscal as well. Amidst the uncertain global scenario, India remains relatively well placed to deliver improving growth, as economic fundamentals remain stronger than in other emerging market economies. Over the last three years, GDP growth is steadily gaining momentum and as per IMF, India is currently the brightest spot amongst the global economies. Where global GDP growth is stagnating around 3.0%, India in FY 2015-16 has achieved a GDP growth of 7.6%, surpassing China's GDP growth. The Central Government has unleashed a slew of initiatives that are directed at changing the landscape and ushering a steady economic revival. The implementation of initiatives, such as Inclusive Banking, Make-in-India, Smart Cities and urban rejuvenation, revamp of Power Distribution Companies and thrust towards renewable energy, ease of doing business and Swachh Bharat Abhiyaan are driving meaningful changes within the fabric of the country while impacting business sentiment positively.

The 'Make in India' campaign has been instrumental in bringing global recognition to the potential of India as a cost effective manufacturing hub. The response thus far has been highly encouraging and several giants of global industry have come forward, committing to set-up manufacturing units in India with some even creating India into a regional hub. The competitive advantage enjoyed by India due to its location, demographics and availability of requisite resources is being appropriately leveraged.

With over 40 years' presence in manufacturing, your Company has been one of the earliest adopters of the 'Make in India' philosophy. Increased globalisation has served to provide greater thrust to develop India as one of the leading manufacturing centers of the world and within that, the chemical industry has been a standout performer. We expect this movement to gain further traction in the backdrop of increased consolidation within the chemical industry. This would throw up plenty of opportunities for the Indian chemical players. As a result, the Indian chemical industry is expected to grow at 11% per annum to reach US\$ 224 billion by 2017.

Your Company recorded a steady volume growth by tapping pockets of demand in key export markets of USA and Europe supported by some exciting initiatives in the domestic market. By religiously pursuing its vision backed by well crafted strategy and flawless execution, your Company today stands as a very strong global brand. Your Company supplies quality and value-added products to renowned multi-national companies across the globe. The supplier excellence award bestowed on your Company by Bayer CropScience this year is testament to the quality and excellence of your Company's products and reflects its exceptional

performance and track record in environmental health, safety and sustainability as a leading supplier of intermediates to the chemical industry.

Your Company reported consistently good performance during the year with balanced growth across domestic and export markets, led by strong demand in the end user industries. While topline growth was muted due to re-pricing of products that are linked to crude oil and related petrochemical intermediates, the positive momentum in business is better represented by the growth in volumes while margins improved. Overall, profitability improved during the year as a result of a favourable product-mix, combined with efficiency gains. On the back of stable performance, the Board of Directors has recommended a dividend of ₹ 1.20 per share of a face value of ₹ 2 on enhanced capital against ₹ 1 per share recommended in the previous year.

Your Company's export revenues stood at ₹ 525.75 crore, which contributed 40% to the total revenues for the year. Europe, USA and China continue to dominate the export revenues with contribution of 48%, 23% and 8% respectively. Your Company anticipates a firm momentum in the export markets led by better demand and customer acceptance for its products.

As you are aware, in order to intensify focus on individual businesses and to drive accelerated growth in both top and bottom line, your Company transformed its operations into Strategic Business Units (SBU) during the previous year. This enabled your Company to assemble products having synergies within a particular business unit for achieving superior end-to-end supply chain management having regard to nature of product and end use applications.

#### EXPANSION PLANS

Your Company sensed huge untapped opportunity to cater to domestic Phenol and Acetone deficit. Hence, it took investment decision for manufacturing Phenol and Acetone to match the shortfall in domestic market through its wholly owned subsidiary, Deepak Phenolics Limited. The capacity of the proposed Phenol Plant will be 200,000 MTPA and that of co-product Acetone will be 120,000 MTPA. The project aims to tap the entire domestic demand facilitating import substitution.

While the current business of your Company was built on the platform of Nitration and Hydrogenation, as a strategy, the Phenol and Acetone business will bring in new platform for growth. Phenol serves as a major building block for the infrastructure industry including housing, roads, construction as well as for wind mills, automobiles, etc. As the country increases its infrastructure investment and a larger number of smarter cities gets developed, the demand growth for Phenol and Acetone based derivatives would have significant benefits. While initially these products

would be filling imports gap as bulk commodities, in the long run they will support specialities for markets such as perfumeries, plastic additions and decorative laminates. A major contribution from phenol segment would be in offering a range of solvents for the pharma industry, thus strengthening its relationship with pharma industries in India.

Your Company is confident that this project shall take off well and lift your Company into different orbit along with its existing business and hence create higher shareholder value in the near future.

I am happy to highlight that we have tied up for long term debt to finance this project and also raised ₹ 83.31 crore through a Qualified Institutions Placement (QIP) from prominent domestic and foreign institutional investors. Additionally, we have also started seed marketing of phenol with an objective of developing working relationships with all major clients in India.

Your Company will continue to create a large base to outpace the industry and deliver sustained growth year-on-year on the back of its strengths, combined with cost leadership and value-added product offerings. As a strategy, your Company is in the process of creating separate building blocks which can be a strong platform for future growth. In view of creating a strong base due to Phenol and other products, your Company will be in its own league in coming years by creating value for its esteemed shareholders. Stability in the global crude oil prices and related petrochemical intermediates will further support this momentum. The steady economic growth momentum in the domestic economy would lead to growing business opportunities for your Company.

On behalf of the Board of Directors, I would like to take this opportunity to commend the entire team of Deepak Nitrite for their contribution and commitment. I would also like to thank all our business partners and associates. Finally, I would like to extend my sincere gratitude to each and every stakeholder for the unwavering confidence in your Company through the years and count on their support going forward.

With best wishes,

**D.C. MEHTA**  
Vice-Chairman & Managing Director

# Board of Directors



**SHRI C. K. MEHTA** - Chairman

Shri C. K. Mehta, the founder of Deepak Nitrite, is a pioneer, visionary and first generation entrepreneur. Supported by an able Board, he is credited with laying the foundation of a strong, professionally-driven organisation, rooted in values and the commitment to excel always. Shri C. K. Mehta has over five decades of versatile experience in the Chemicals Trade and Industry.

He provides the overall strategic business direction to the Company. It is his aspiration to usher social change that has enabled the Company to look beyond business needs. He has been instrumental in initiating many of the CSR initiatives in and around the communities, and the setting up of the Deepak Foundation.



**SHRI D. C. MEHTA** - Vice Chairman & Managing Director

Shri D. C. Mehta is a dynamic personality whose business acumen has enabled the Company to take swift strides forward and achieve new laurels, year after year. At the helm of affairs at Deepak Nitrite for the last 38 years, he is currently the Vice Chairman & Managing Director of the Company. An active participant at industry forums, Shri D. C. Mehta has been the Chairman of the National Chemicals Committee at FICCI. He is a Science Graduate from the University of Bombay.



**SHRI A. C. MEHTA** - Managing Director

Shri A. C. Mehta has been actively associated with the Company since 1984. With extensive experience, a comprehensive approach and possessing strong industry foresight, he has paved the way for innovation and excellence in the Company. An active participant at industry forums, he is the Member of Maharashtra Chamber of Commerce and World Presidents' Organisation. Shri A. C. Mehta is a Science Graduate with Honours and a Masters of Science (Chemical Engineering) from the University of Texas, USA.



**SHRI UMESH ASAIKAR** - Executive Director & Chief Executive Officer

Shri Umesh Asaikar has been associated with the Company since September 2008. He has around 37 years of varied experience in the areas of Sales and Marketing, Manufacturing, Commercial and Business Management across industries including pharmaceuticals, vitamins and fine chemicals, glass flaconage, etc. During the span of his career, he has held various leadership positions in companies such as Parke Davis, Nicholas Piramal, Piramal Glass, etc. He holds a Bachelor's degree in Mechanical Engineering from the Indian Institute of Technology, Mumbai, and Master's degree in Management Science from Jamnalal Bajaj Institute of Management Studies. He is also a member of the Institute of Cost Accountants of India.

**SHRI MAULIK MEHTA** - Additional Director & Whole-Time Director

Shri Maulik D. Mehta holds a Bachelors degree in Business Administration from University of Liverpool, UK. He has also done Masters in Industrial and Organizational Psychology from Columbia University, USA. Shri Maulik D. Mehta has around 8 years of experience in the areas of Business Development. During the span of his career, he has held important positions including Product Head in the Company.



**SHRI NIMESH KAMPANI** - Independent Director

Shri Nimesh Kampani is the Founder and Chairman of the JM Financial Group, one of India's leading financial services group. In a career spanning four decades, he has made invaluable contributions to the development of Indian capital market. He has advised several corporates on their strategic and financial needs, especially capital raising and mergers & acquisitions. He has served on various committees constituted by BSE, NSE, SEBI and ICAI. He is a Commerce Graduate from Sydenham College and a Chartered Accountant.



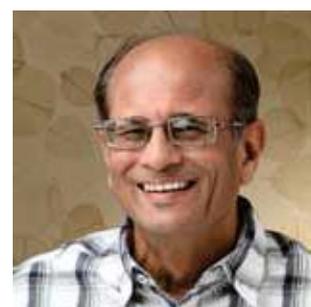
**SHRI SUDHIN CHOKSEY** - Independent Director

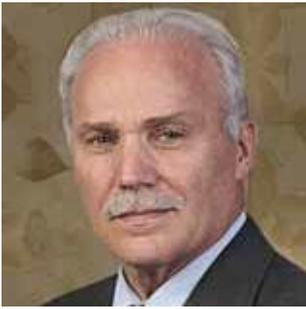
Shri Sudhin Choksey has extensive experience in handling functional areas of finance, commerce and general management, both in India and abroad. He is the Managing Director of GRUH Finance Ltd. He is a Fellow Member of the Institute of Chartered Accountants of India. Shri Choksey is a Director on the Board of Gujarat Ambuja Exports Ltd., Credila Financial Services Pvt. Ltd. & Light Microfinance Pvt. Ltd.



**SHRI SUDHIR MANKAD** - Independent Director

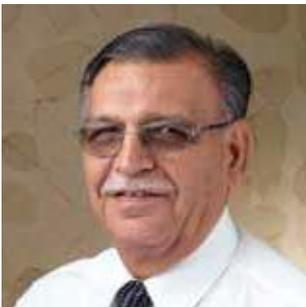
Shri Sudhir Mankad, IAS (Retd.), has served in senior positions, both with the Government of India and the Government of Gujarat. His last assignment was Chief Secretary, Government of Gujarat. He has served as a Director/Chairman on the Board of several cement, power, fertiliser and finance companies. He is associated with several educational institutions and NGOs. He holds a Masters degree in History from the University of Delhi.





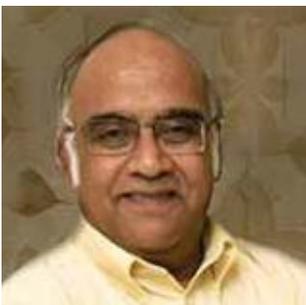
**DR. RICHARD H. RUPP** - Independent Director

Dr. Rupp has held various top level positions in leading multinational companies such as Hoechst AG (Germany), Lonza (Switzerland) and Allessachemie (Germany). His focus is in the field of pharmaceuticals and fine chemicals. Dr. Rupp's experience encompasses a mix of scientific, technical as well as managerial roles. He is well acquainted with USA, European and Asian markets, especially the Indian subcontinent. He holds a Ph.D. in Chemistry from the University of Karlsruhe, Germany, and has completed a programme for Executive Development, IMD at Lausanne, Switzerland.



**SHRI S. K. ANAND** - Independent Director

Shri S. K. Anand has a rich experience of around 44 years in the field of Project Management, Operations, Corporate Planning, Quality Management, Health, Safety and Environment Management, Energy Management and Strategic Planning in petrochemicals, refining and other allied industries. He has received his Bachelor of Engineering (Chemical) degree from the University of Delhi and has done a Petrochemical Course at I.I.P., Dehradun. He has also done an Advanced Course in Management at the Indian Institute of Management, Ahmedabad.



**DR. S. SIVARAM** - Independent Director

Dr. Sivaram is a scientist of distinction, having held leadership positions in R&D, in both industry and academia. He has done his M.Sc. from the Indian Institute of Technology, Kanpur, and Ph.D. from Purdue University, W. Lafayette, Indiana, USA. He was a Research Associate at the Institute of Polymer Science, University of Akron, USA before returning to India to pursue his professional career. He is widely recognized for his contributions to polymer science, technology development, institution building and management of innovation in publicly funded organizations. The President of India honoured Dr. Sivaram with the coveted civilian award, Padma Shri, in 2006. He has to his credit over 210 publications in peer reviewed scientific journals and is cited as an inventor in over ninety two patent applications and forty nine US patents.



**PROF. INDIRA PARIKH** - Independent Director

Prof. Indira Parikh is the Founder President of FLAME (Foundation for Liberal and Management Education). She holds a Ph.D. from the Gujarat University, Ahmedabad and MA from the University of Rochester. She was a faculty member at IIM, Ahmedabad, for over 30 years and the Dean from 2002 to 2005. She has specialised in Organisation Development and Design, and Institution Building. She has designed and offered management development programmes for managerial role effectiveness, training for trainers, issues of roles and identity, and stress and self-renewal for men and women in organisations. She has been a Consultant to various national and international organizations, both in the private and public sectors.