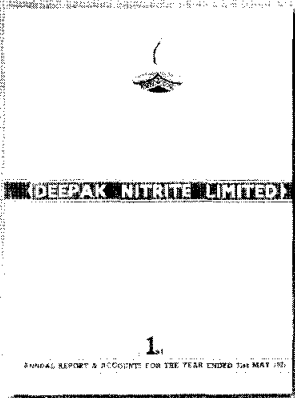
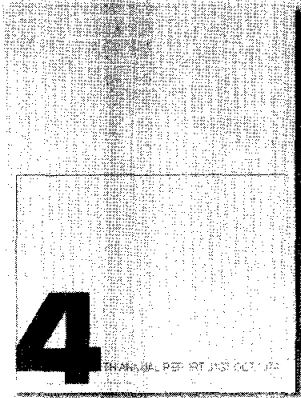


30th Annual Report 2000-2001

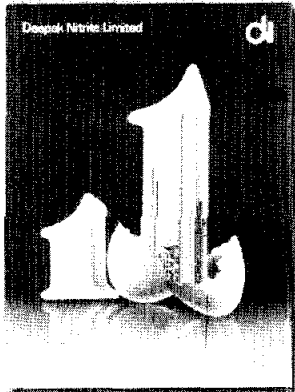
DEEPAK NITRITE LIMITED



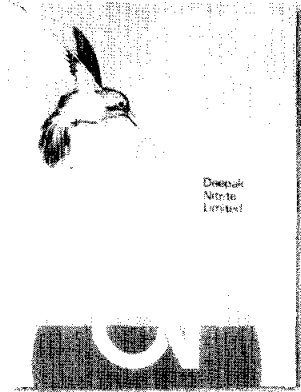
1970: Genesis of DNL



1974: Sir P.C. Ray Award for best chemical unit



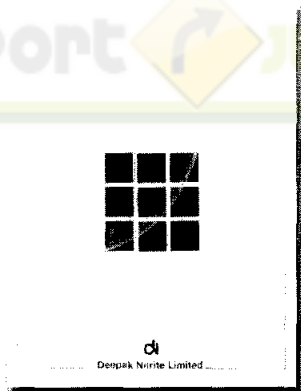
1982: Promotes Deepak Fertilisers - a Rs.625 million venture



1984: Acquired Sahyadri Dyestuffs & Chemicals



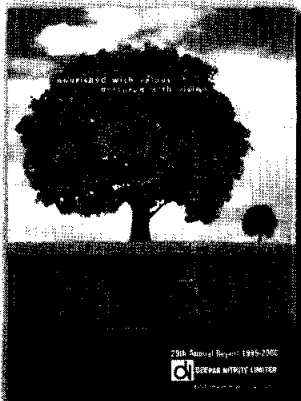
1989: Announcement of the Deepak Investors Welfare Scheme



1992: Quantum leap in exports- USA, Europe, etc.



1995: Hydrogenation plant at Talaja to add value



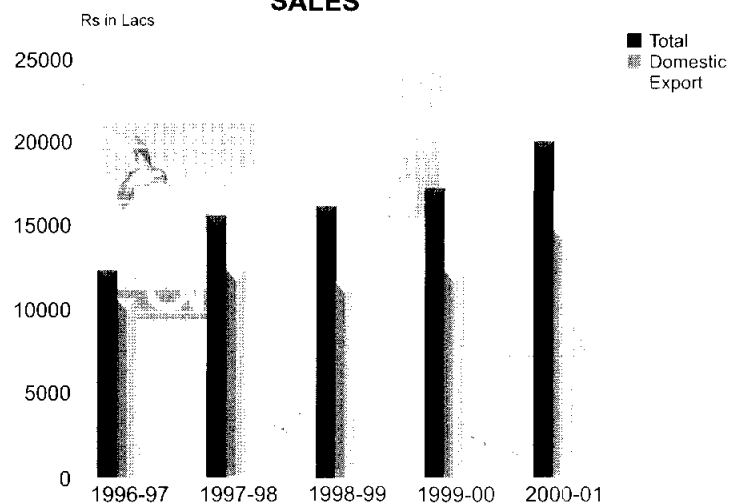
1999: Acquisition of Aryan Pesticides Limited

Three decades of bonding.

Of mutual trust & growth.

For you & us.

SALES

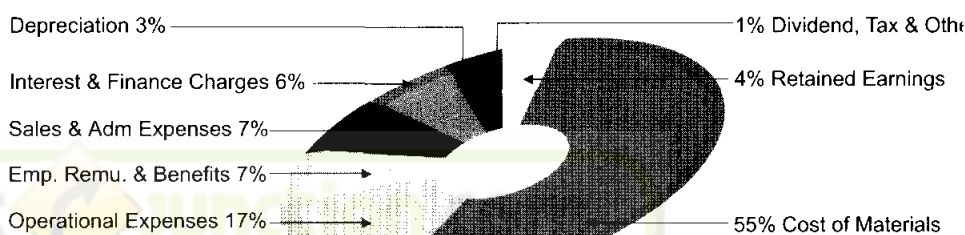


Financial Highlights

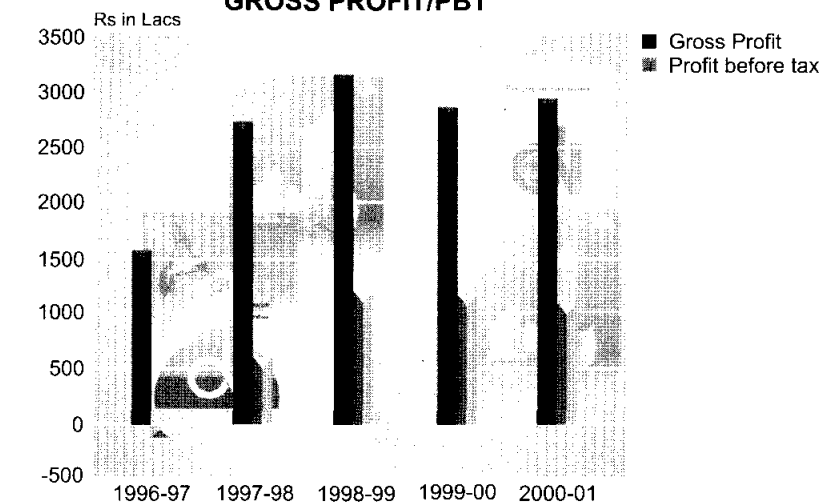
Rs in Lacs

Years	1996-97	1997-98	1998-99	1999-00	2000-01
Domestic	10829	12704	11235	13179	14014
Total	12518	15369	15985	17428	20018

RUPEE SPENT



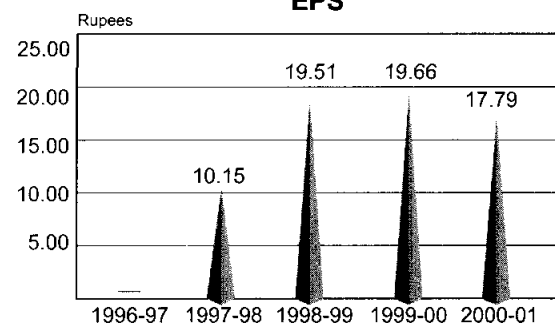
GROSS PROFIT/PBT



Rs in Lacs

Years	1996-97	1997-98	1998-99	1999-00	2000-01
Gross profit	1669	2654	3155	2848	2913
Profit before Tax	-323	642	1257	1263	1113

EPS



Rupees

Years	1996-97	1997-98	1998-99	1999-00	2000-01
EPS	—	10.15	19.51	19.66	17.79



DEEPAK NITRITE LIMITED

BOARD OF DIRECTORS

Chimanlal K. Mehta *Chairman*
 Deepak C. Mehta *Managing Director*
 Ajay C. Mehta *Managing Director*
 Shrenik Kasturbhai Lalbhai
 S.S. Aggarwal
 D.D. Udeshi
 M.R.B. Punja
 D.R. Mehta *(Nominee of ICICI)*
 K.N. Pujara *(Nominee of UTI)*
 A.K. Dasgupta
 Gurcharan Das

COMPANY SECRETARY AND CHIEF (LAW)

H.N. Shah

BANKERS

State Bank of India • Dena Bank
 Bank of Baroda • ICICI Bank Ltd. • UTI Bank Ltd.

SOLICITORS

Crawford Bayley & Co., Mumbai
 Udawadia, Udeshi & Berjis, Mumbai

AUDITORS

B.K. Khare & Co., *Chartered Accountants*, Mumbai

REGISTERED OFFICE

9/10, Kunj Society, Alkapuri, Baroda - 390 007

HEAD OFFICE

Mehta Mahal, 89, Dadasaheb Phalke Road,
 Dadar (E), Mumbai - 400 014

CORPORATE OFFICE

Deepak Complex, National Games Road,
 Yerawada, Pune - 411 006

PLANTS

- (1) 4-12, GIDC Chemical Complex,
 Nandesari - 391 340, Dist. Baroda
- (2) Sahyadri Dyestuffs & Chemicals,
 117, Parvati, Vithalwadi, Pune - 411 030
- (3) Taloja Chemical Division,
 Plots K/9-10, MIDC Taloja
 Dist. Raigad - 410 208

30th ANNUAL GENERAL MEETING

Date : Saturday, 11th August, 2001
 Time : 10.30 a.m.
 Venue : Hotel Surya Palace, Opposite Parsi Agiari,
 Sayajigunj, Baroda - 390 005

CONTENTS

	Page No.		Page No.
Financial Highlights	Inside Cover	Balance Sheet	16
Board of Directors	1	Profit and Loss Account	17
General Shareholder Information	2	Schedules	18
Notice	3	Balance Sheet Abstract & General Business Profile	31
Directors' Report	5	Cash Flow Statement	32
Annexure to the Directors' Report	10	Statement Pursuant to Sec. 212	33
Corporate Governance	12	Subsidiary Company	
Auditors' Report	14	- Nova Synthetic Ltd.	34

GENERAL SHAREHOLDER INFORMATION

Distribution of Shareholding as on 31st March, 2001

RANGE	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 500	9514	91.82	1273813	22.15
501 - 1000	509	4.91	355176	6.18
1001 - 2000	171	1.65	238691	4.15
2001 - 3000	53	0.51	131190	2.28
3001 - 4000	23	0.22	81879	1.42
4001 - 5000	12	0.12	59314	1.03
5001 - 10000	33	0.32	229753	4.00
10001 & Above	47	0.45	3380184	58.79
TOTAL	10362	100.00	5750000	100.00

Shareholding Pattern as on 31st March, 2001

Sr. No.	Particulars	Shareholding	%
1.	Banks/Financial Institutions	636122	11.07
2.	Domestic Companies	1781556	30.98
3.	Non-Residents	14000	0.24
4.	Individuals	3318322	57.71
	TOTAL	5750000	100.00

Financial Calendar : 1st April to 31st March

Dates of Books Closure : 26th July, 2001 to 11th August, 2001 (both days inclusive)

Listing on Stock Exchanges :

The Company's shares are listed on Mumbai and Vadodara Stock Exchanges.

Listing Fees for the year 2000-2001 and 2001-2002 have been paid to both the aforesaid Exchanges.

Dematerialisation of shares and liquidity :

28.06% of issued Equity Shares have been dematerialised upto 31st March, 2001. As per SEBI guidelines, dematerialisation of Company's shares is compulsory. The Company has already set up the requisite facilities for dematerialisation of its shares in accordance with the provisions of the Depository Act, 1996 with National Securities Depository Limited and Central Depository Services (India) Limited.

Physical Stock Code : 6401

Demat ISIN Number in NSDL and CDSL : "INE288B01011"

Shareholders Assistance :

The Company has an in-house Share Department which operates from the Registered Office of the Company at Baroda to provide prompt assistance to the shareholders in dealing with the Company.

web Site : www.deepaknitrite.com

**NOTICE**

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Company will be held at Hotel Surya Palace, Opposite Parsi Agiari, Sayajigunj, Baroda - 390 005 on Saturday, the 11th August, 2001 at 10.30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the audited Balance Sheet as at, and the Profit and Loss Account for the financial year ended 31st March, 2001 together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri C. K. Mehta who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. S. S. Aggarwal who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri M.R.B. Punja who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

Registered Office :
9/10, Kunj Society,
Alkapuri,
BARODA - 390 007
Dated : 30th May, 2001

By Order of the Board of Directors,

H. N. SHAH
Company Secretary &
Chief (Law)

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER.
2. A proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 26th July, 2001 to Saturday, the 11th August, 2001 (both days inclusive).
4. The dividend on Equity Shares as recommended by the Board of Directors of the Company, if declared at the Meeting, will be payable on or after 13th August, 2001 to those Members whose names stand on the Register of Members of the Company as on 11th August, 2001. In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
5. Members holding shares in electronic form may please note that their Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/deletion in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
6. Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividend upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Gujarat, at R.O.C. Bhavan, Opp. Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad - 380 061.
7. Members are requested to encash their Dividend Warrants immediately upon receipt, as Dividends remaining unclaimed for seven years are now required to be transferred to the 'Investor Education and Protection Fund' to be established by the Central Government under the amended provisions of the Companies Act, 1956 and Members shall not be able to claim any unpaid dividend from the said fund or from the Company thereafter.



8. Re-appointment of Directors :

At the ensuing Annual General Meeting, Shri C.K. Mehta, Dr. S. S. Aggarwal and Shri M.R.B. Punja retire by rotation and being eligible offer themselves for re-appointment. The information to be provided about the aforesaid Directors under Corporate Governance Code is given hereunder :

Shri C. K. Mehta : He is the founder of the Company and is associated with it since 2nd May, 1970, the date of inception of the Company. He is a well known Industrialist, having 46 years of versatile experience in the Chemical Trade and Industry and is also founder of Deepak Fertilisers and Petrochemicals Corporation Limited. He is the Chairman of both the Companies.

Other Directorship :

Deepak Fertilisers and Petrochemicals Corporation Ltd. – Chairman.
Hindustan Oil Exploration Company Ltd., Priyank Mercantile Ltd.,
Sandhya Commercial Ltd.

Dr. S. S. Aggarwal : He is associated with the Company as a Director right from the inception viz. 2nd May, 1970. He is M. Tech. from I.I.T., Bombay and is doctorate in Chemistry. He is also a Member of Institute of Standard Engineers and Institute of Foundry Men. He has done specialisation as a Chemical Technologist from U.S.S.R. He is an expert in the field of chemical industry and has developed many technologies in India.

Other Directorship :

Soft Touch Exports Ltd.

Shri M. R. B. Punja : He is a Director of the Company, since 28th January, 1988. He is ex-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.

Other Directorship :

Andhra Petrochemicals Ltd., LML Ltd., Suprajit Engineering Ltd., Adeep Roloforms Ltd., Adeep Locks Ltd., Hindoostan Spinning & Weaving Mills Ltd., Tamil Nadu Petroproducts Ltd., Apollo Tyres Ltd., Gujarat Fluorochemicals Ltd., Chowgule Steamships Ltd., Polychem Ltd., Shshruta Medical Aid & Research Hospital Ltd., Seshasayee Paper & Boards Ltd.

Membership of Committees :

(a) Audit Committee

Deepak Nitrite Limited,
LML Ltd.,

Hindoostan Spg. & Weaving Mills Ltd.

(b) Share Transfer Committee / Shareholders Redressal Committee

Suprajit Engineering Ltd.

LML Ltd.

9. Members are requested to notify immediately to the Company's Registered Office at 9/10, Kunj Society, Alkapuri, Baroda - 390 007 :

(i) the change of address, if any and

(ii) the details of their Bank Account / Change in Bank Account, if any, to enable the Company to print the details on the Dividend Warrants.

10. For the convenience of Members, Attendance Slip and the Proxy Form are attached to this Annual Report. Members are requested to affix their signatures (as per the specimen registered with the Company) at the space provided thereof and hand over the Attendance Slip at the entrance to the place of the Meeting. Proxy/ Representative of a Member should mark on the Attendance slip as "Proxy" or "Representative" as the case may be.



DIRECTORS' REPORT

Your Directors hereby present the Thirtieth Annual Report and Accounts for the financial year ended 31st March, 2001 together with the Auditors' Report thereon.

	Current Year Rs.	Previous Year Rs.
Sales and Other Income	212,01,35,477	177,67,62,610
FINANCIAL RESULTS :		
Gross Profit (before interest, depreciation and tax)	29,13,00,297	28,48,28,822
Less :		
(i) Interest	11,05,36,663	9,77,77,624
(ii) Depreciation	7,02,29,952	6,11,30,667
(iii) Provision for Tax	90,00,000	1,32,50,000
Profit (after interest, depreciation and tax)	10,15,33,682	11,26,70,531
Add (Less) :		
Prior Years' adjustments	7,78,994	3,63,299
Net Profit after adjustments	10,23,12,676	11,30,33,830
Surplus in Profit & Loss Account Brought Forward	14,49,34,570	8,36,65,740
Add :		
Transfer from Investment Allowance Reserve	17,96,000	44,50,000
Amount available for appropriation	24,90,43,246	20,11,49,570
Appropriation :		
Dividend :		
(a) Interim Dividend (Previous year @ 25%)	—	1,43,75,000
(b) Proposed Final Dividend @ 25% on 57,50,000 Equity Shares of Rs. 10/- each (Previous year Rs. Nil)	1,43,75,000	—
Corporate Dividend Tax	14,66,250	18,40,000
General Reserve No. 1	4,00,00,000	4,00,00,000
(as required by Section 205 (2A) of the Companies Act, 1956)		
Balance carried to Balance Sheet	19,32,01,996	14,49,34,570

PERFORMANCE :

Despite a sluggish economy and increasingly adverse market conditions, your Company was able to grow its sales (excluding excise) from Rs. 174.28 crores to Rs. 200.18 crores. This increase was fuelled primarily by export sales which rose by 22%. However, margins are under severe pressure, due to substantial increase in the prices of major raw materials and furnace oil. On account of competition from cheaper imports, as well as, sluggish growth in demand, the Company was only able to partially pass on this increase in input costs to the customers and as a result, there has been steep erosion in its margins. Consequently there is a considerable drop in the operating profit for the year. However, the sale of the Company's commercial premises at Mumbai has resulted in a profit of Rs. 746.46 lacs. Thus, there is a marginal fall in the Net Profit after tax as compared to last year.

Nitrite Division :

Margins of this division are under pressure because of substantial increase in the prices of Ammonia and Caustic Lye as also the increase in energy cost. During the year under review, Government of India has



imposed anti-dumping duties on two main products of this division, viz. Sodium Nitrite and Hydroxyl Amine Sulphate. It is hoped that, adverse impact due to dumping of cheaper imports will be curtailed resulting in a level playing field in domestic market of our products. The division is focusing on export market and introducing new high value products.

Nitroaromatics Division :

Although the division continued to achieve higher production levels, the margins remained under pressure due to substantial increase in the prices of Benzene, Chlorine and Toluene.

Taloja Chemical Division :

The turnover of this division registered a substantial growth both in domestic and export markets. The division successfully commissioned the 2nd stream of hydrogenation thereby giving an additional capacity and flexibility to handle multiple product campaigns simultaneously, the benefits of which are likely to accrue in the coming years as the products are in the process of being established in the market.

Sahyadri Dyestuffs and Chemicals Division :

The margins of this division suffered due to suppressed demand in the international markets for two of its products. Several new products were developed and test marketed during the year. This shift to higher value added products is likely to give benefits to the division in the coming years.

FUTURE PLANS :

Your Company plans to introduce new products, based on its existing core expertise, as well as upward integration of its existing products. Efforts are continuing with some of the overseas customers for exclusive products developed in our R&D and pilot plant, resulting in substantial new business in coming years.

DIVIDEND :

Your Directors recommend to maintain the payment of dividend of 25% on 57,50,000 Equity Shares, aggregating to Rs. 143.75 lacs for the approval of the Shareholders. The Corporate Dividend Tax borne by the Company on this year's dividend is Rs. 14.66 lacs.

FINANCE :

- (a) During the year under review the Company paid Rs. 545 lacs towards normal repayments of its instalments of term loans and debentures.
- (b) Funds raised from issues of various debentures have been utilised for the purposes for which they have been raised.
- (c) During the current year the Company has fully redeemed Non-Convertible Part-B of 29,16,000 – 12.50% Secured Redeemable Partly Convertible Debentures (PCDs) aggregating to Rs. 874.80 lacs alongwith interest due thereon.

FIXED DEPOSITS :

The total amount of Fixed Deposits received by the Company from the Shareholders and Public stood at Rs. 1186.70 lacs at the close of the financial year. The Company has no deposits, which are matured and claimed, but remained unpaid.

EXPORTS :

Exports have increased from Rs. 4249 lacs to Rs. 5174 lacs during the year, a growth of about 22%, compared to last year. Your Directors are happy to inform you that this consistent growth in export performance was recognised by Indian Chemical Manufacturers' Association (ICMA), through an award of merit certificate to the Company, in the category of export of chemical products. The Company has been awarded with this certificate for the second year in succession.

**DEMAT :**

Trading in equity shares of your Company is compulsory for all shareholders in the dematerialised form, with effect from 26th June, 2000 in terms of the notification issued by the Securities and Exchange Board of India (SEBI). Your Company has achieved a reasonable level of dematerialisation with over 28% of the total number of equity shares being held in the electronic mode with both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL). In view of the numerous advantages offered by the Depository System, members are requested to avail of the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.

CORPORATE GOVERNANCE :

Securities and Exchange Board of India (SEBI) has introduced the Corporate Governance Code which has subsequently been incorporated in the Stock Exchange Listing Agreements. For listed Companies, the dates of implementation of the Code are prescribed. As per the schedule of implementation mentioned in clause 49 of the Listing Agreement, your Company has to fully implement the Corporate Governance Code not later than 31st March, 2002.

The spirit of Corporate Governance has prevailed in the Company and has influenced its decisions and policies long before the guidelines became mandatory. The Company firmly believes in the values of transparency, professionalism and accountability in its dealings with its customers, dealers, employees, shareholders and with every individual who comes in contact with the Company.

Several steps taken by the Company in this direction are attached to this report.

INFORMATION TECHNOLOGY :

Your Company continues to be in line with the chemical Industry's benchmarks for use of Information Technology. It has a network, spanning all the locations and growing awareness and expertise among employees to utilise the potential of speedy communication and information flow. This enables the Company to improve its operation internally, as well as to respond to external market expectations in an effective manner.

RESEARCH AND DEVELOPMENT :

The Company continues to allocate substantial resources in its R&D centre, as well as Pilot Plant. Several new products were developed in the R&D laboratory and test marketed during the year under review.

ENVIRONMENT & SAFETY :

Your Company recognises its role in safety, as well as its responsibility towards environment and society. Safety and environment control continues to be top priority, resulting in maintenance of high standards at all the Company's divisions.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Areas of possible energy conservation were identified during the year and necessary measures were taken so as to improve energy efficiency in all divisions.

A statement under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed, which forms an integral part of this Report as Annexure-A.

INSURANCE :

All properties and insurable interests of the Company including buildings, plant and machineries, stores and spares have been adequately insured.



INVESTORS WELFARE INSURANCE SCHEME :

The Company continued the Personal Accident insurance Scheme for the benefit of all the Shareholders. The scheme covers the risk of death and permanent disability (total/partial) sustained due to an accident by first-named investor of the Company solely and directly from external, violent and visible means. Your Company made special efforts to convey the message of insurance cover to the Kith and Kin of the Shareholders located in the State of Gujarat, particularly in the area which were ravaged by earthquake during January, 2001.

SUBSIDIARY COMPANIES :

A statement pursuant to Section 212 of the Companies Act, 1956 in respect of Nova Synthetic Limited, a subsidiary of your Company is annexed hereto alongwith its Audited Statements of Accounts and the Report of the Board of Directors and Auditors' Report for the year ended 31st March, 2001. Deepak Refineries Limited has ceased to be a subsidiary of your Company.

DIRECTORS :

Shri D. C. Mehta, the Managing Director of the Company has been appointed as the Managing Director of Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL) with effect from 1st July, 2000. Consequently, his remuneration is restricted to the amount reimbursed to DFPCL in this behalf.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri C. K. Mehta, Dr. S. S. Aggarwal and Shri M.R.B. Punja retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

EMPLOYEE RELATIONS :

Your Company enjoys cordial relations with its employees. The Board wishes to place on record its appreciation of the contributions made by all the employees in this difficult year.

Your directors are happy to inform you that long term wage settlement for Sahyadri Dyestuffs and Chemicals Division has been signed during the year under review, while that for Taloja Chemical Division and Nitrite Division have been signed during the current year.

AUDITORS :

At the Twentyninth Annual General Meeting, Messrs. B.K. Khare & Company, Chartered Accountants, Mumbai, were re-appointed as Auditors of the Company to hold Office until the conclusion of the Thirtieth Annual General Meeting. Accordingly, the said Auditors retire at the conclusion of the ensuing Annual General Meeting but, being eligible offer themselves for re-appointment. The Auditors have furnished to the Company the requisite certificate under Section 224 (1) of the Companies Act, 1956.

COST AUDITORS :

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors appointed by the Company continues to conduct cost audit relating to several products.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Board of Directors confirms that :

- (1) in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;