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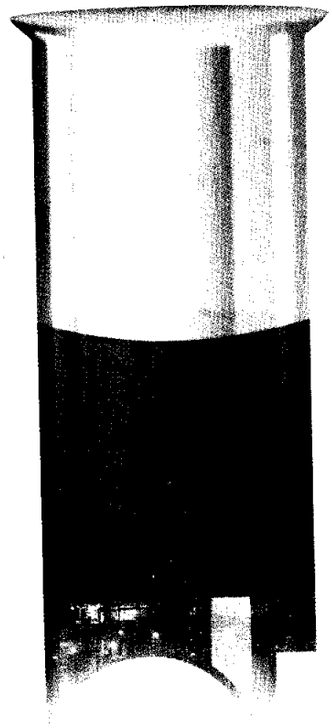

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31st Annual Report 2001-2002

DEEPAK NITRITE LI

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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 Bank Ltd.)*
K.N. Pujara ..... *(Nominee of UTI)*
A.K. Dasgupta

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
Udwadia, Udeshi & Berjis, Mumbai

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

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

HEAD OFFICE
Takshashila 1st. Floor, Madhavdas Pasta 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

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31st ANNUAL GENERAL MEETING

Day/Date	:	Saturday, 21st September, 2002
Time	:	10.30 a.m.
Venue	:	Hotel Surya Palace, Opposite Parsi Agiari, Sayajigunj, Baroda - 390 005

C O N T E N T S

	Page No.		Page No.
● Financial Highlights	Inside Cover	● Profit and Loss Account	19
● Board of Directors	1	● Schedules	20
● Notice	2	● Cash Flow Statement	32
● Directors' Report	6	● *Subsidiary Company* – Nova Synthetic Ltd.	34
● Management Discussion and Analysis	10	● Consolidated Financial Statements	37
● Report on Corporate Governance	12	● Attendance Slip and Proxy Form	43
● Auditors' Report	16	● Investors' Welfare Scheme	44
● Balance Sheet	18		

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NOTICE

NOTICE is hereby given that the Thirtyfirst Annual General Meeting of the Company will be held at Hotel Surya Palace, Opposite Parsi Agiari, Sayajigunj, Baroda - 390 005 on Saturday, the 21st September, 2002 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, 2002 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 Shrenik Kasturbhai Lalbhai who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri A. K. Dasgupta who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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.

SPECIAL BUSINESS :

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner :

(i)	*Directors may refuse to register transfers*	In Article 59, add the words "and 111A" in the first line after the words "Section 111".
(ii)	*Title to share of deceased Member*	Insert the following words at the beginning of Article 62 "Subject to the provisions of Section 109A of the Act".
(iii)	*Dematerialisation of Securities*	After Article 68 insert the following Articles as Article 68-A :
		68-A (1) – For the purpose of this Article :
	Definitions	'Beneficial Owner' means a person who opts to hold his securities with a Depository, and whose name is recorded as such with a Depository;
		'SEBI' means the Securities and Exchange Board of India; 'Depository' Means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and
		'Security' means such security as may be specified by SEBI from time to time.
	Dematerialisation of Securities	(2) The Company shall be entitled to dematerialise its existing Shares, Debentures and other Securities, rematerialise its Shares, Debentures and other Securities held in the Depository and/or offer its fresh Shares and Debentures and other Securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.
	Options for Investors	(3) Every person subscribing to the securities offered by the Company, and every Member or Debentureholder shall have the option to either hold the securities in the form of security certificates or to hold the securities with a Depository when permitted. Where any holder of securities surrenders his Certificate of securities held in the Company in accordance with Section 6 of the Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, the Company shall cancel the certificate and substitute in its records

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the name of the relevant Depository and inform the Depository accordingly. The Company shall maintain a record of certificates of securities that have been so dematerialised, cancelled and destroyed, such persons who hold their securities with a Depository can at any time opt out of the Depository, if so permitted by law, and the Company shall in such manner and within such time as may be prescribed by law, issue to such persons the requisite certificates of securities.

If a person opts to hold his security with a Depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.

Securities in depositories to be in fungible form

(4) All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

Right of Depositories

(5) (a) Notwithstanding anything to the contrary contained in the Act or this Article, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owners.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

(6) Notwithstanding anything in the Act or this Article to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be serviced by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Register and Indices of Beneficial owners

(7) For the purpose of this Article, the Registers and Indices of Members and Debentureholders shall be deemed to include the Registers and Indices of Beneficial Owners maintained under the Depositories Act, 1996 by every Depository in respect of securities issued by the Company.

(iv) *Deeds how executed* - The Existing Article 174 shall be deleted and the following Article be substituted therefor.

"174. Every deed or other instrument, to which the seal of the Company is required to be fixed, shall unless the same is executed by a duly constituted Attorney, be signed by any Two Directors of the Company OR any One Director of the Company and the Company Secretary or some other person appointed by the Board for the purpose, provided that in respect of the share certificate the seal shall be affixed in accordance with Article 20(a)."

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Registered Office :
9/10, Kunj Society,
Alkapuri,
BARODA - 390 007
Dated : 19th June, 2002

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.

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3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 11th September, 2002 to Saturday, the 21st September, 2002 (both days inclusive).

4. The dividend as recommended by the Board, if sanctioned at the meeting, will be paid on or after 23rd September,2002, subject to deduction of tax at source as applicable, to those members whose names appear on the Company's Register of Members on 21st September, 2002. 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. As per the provisions of Income Tax Act, 1961 (Act) amended by Finance Act, 2002, tax @ 10.50% is required to be deducted at source, if the gross amount of Dividend payable to resident individual shareholder during the financial year exceeds Rs. 1000/-.

   Resident Individual Shareholders who are likely to receive dividend amount more than Rs. 1000/- or such other amount as may be prescribed hereafter under the Act. During a financial year and their total estimated income from dividend and sources as provided in Section 197A (1B) of the Act during such financial year is not likely to exceed Rs. 50000/- can claim gross dividend without deduction of tax at source by submitting declaration in Form 15G (in duplicate) with the Company on or before 9th September, 2002. Please note that it would not be possible for the Company to act upon Form 15G declarations received thereafter.

   The members mentioned hereunder are requested to furnish their Permanent Account Number (PAN) allotted by Income Tax Authority for the purpose of quoting the same on their tax deduction certificate for tax deducted on dividend, if any.

   (i) Resident Individuals where dividend amount payable during the financial year is likely to exceed Rs. 1000/- or such other amount as may be prescribed hereafter under the Act.

   (ii) Members other than resident individuals.

6. 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 deletion of / change 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 in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.

7. 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.

8. Members are requested to encash their Dividend Warrants immediately upon receipt, as Dividends remaining unclaimed for seven years are required to be transferred to the 'Investor Education and Protection Fund' established by the Central Government in compliance with Sections 205A and 205C of the Companies Act, 1956. Thereafter, Members shall not be entitled to register their claim in respect of their unencashed dividends.

9. Members are requested to notify immediately to the Company at its Registered Office at 9/10, Kunj Society, Alkapuri, Baroda - 390 007 quoting reference of their Registered Folio Number :

   (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 is annexed to the Proxy Form. 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.

11. At the ensuing Annual General Meeting, Shri Shrenik Kasturbhai Lalbhai and Shri A. K. Dasgupta retire by rotation and being eligible offer themselves for reappointment. A brief profile of the Directors retiring by rotation and eligible for their reappointment, as required by Clause 49 VI A of the Listing Agreement with the Stock Exchange is given under :

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SHRI SHRENIK KASTURBHAI LALBHAI :

He is a well-known Industrialist and a 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 till 1998. He was associated with the Lalbhai group of Companies for past many years. His Directorship as on date are as follows :

Sr. No.	Names of the Companies	Nature of Interest
1.	Nirma Limited	Director
2.	Anukul Investments Limited	Director
3.	Abundance Investments Limited	Director
4.	Affection Investments Limited	Director

SHRI A. K. DASGUPTA :

He is a Science Graduate alongwith 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 and has presented many papers at various national and international seminars. He has been associated with the Company since 1978. His Directorship as on date is as follows :

Sr. No.	Names of the Company	Nature of Interest
1.	Nova Synthetic Limited	Director

ANNEXURE TO THE NOTICE :

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

Item No. 6

It is necessary to alter the relevant provisions of the Articles of Association of the Company, so as to bring them in consonance with some of the amended provisions of the Companies Act, 1956, and hence, these amendments are proposed in the Resolution as set out in item No. 6 (i), (ii) and (iii) of the accompanying Notice. The amendments are briefly explained at seriatim as under :

(i) Reference to Section-111A in Article 59 of the Articles of Association is made in view of the insertion thereof as well as amendment thereto in the Companies, Act, 1956.

(ii) The provisions concerning to title to shares of deceased member contained in Article-62 are being made subject to clauses pertaining to the facility of Nomination provided to the Shareholders and Debentureholders.

(iii) Consequent upon passing of the Depositories Act, 1996, it has become necessary to alter the relevant provisions of Articles of Association of the Company in this behalf.

The Amendments as aforesaid, when passed shall be in consonance with the relevant amended provisions of the Companies Act, 1956 and the Depositories Act, 1996.

While, item No. 6(iv) of the accompanying Notice is proposed for the sake of simplifying the procedure of execution of deeds under the Common Seal of the Company. Accordingly the existing Article 174 of the Articles of Association of the Company is proposed to be substituted by the new Articles 174 contained in the accompanying Notice.

The Directors, therefore, recommend the passing of the Special Resolution as set out at item No. 6 of the accompanying Notice.

None of the Directors of the Company is, in any way concerned or interested in the said Resolution.

A copy of the Memorandum and Articles of Association of the Company, together with the proposed alterations is available for inspection by the Members at the Registered Office of the Company during the working hours on any working day of the Company upto and including the date of the Annual General Meeting.

By Order of the Board of Directors,

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

Registered Office :
9/10, Kunj Society,
Alkapuri,
BARODA - 390 007
Dated : 19th June, 2002

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirtyfirst Annual Report and Accounts for the financial year ended 31st March, 2002 together with the Auditors' Report thereon.

	Current Year Rs.	Previous Year Rs.
Sales and Other Income	217,58,40,873	212,01,35,477
FINANCIAL RESULTS :		
Gross Profit (before interest, depreciation and tax)	29,20,32,669	29,13,00,297
Less :		
(i) *Interest*	12,54,73,868	11,05,36,663
(ii) Depreciation	7,33,31,908	7,02,29,952
(iii) Provision for Tax		
– *Current*	61,00,000	90,00,000
– Deferred	87,22,964	—
Profit (after interest, depreciation and tax)	7,84,03,929	10,15,33,682
Add (Less) :		
Prior Years' adjustments	5,71,001	7,78,994
Net Profit after adjustments	7,89,74,930	10,23,12,676
Surplus in Profit & Loss Account Brought Forward	19,32,01,996	14,49,34,570
Add : Transfer from Investment Allowance Reserve	—	17,96,000
Add : Transfer from Debenture Redemption Reserve	11,79,82,695	—
Amount available for appropriation	39,01,59,621	24,90,43,246
Appropriation :		
Dividend :		
Directors recommend the Dividend of 30% (Previous year 25%) on 57,50,000 Equity Shares of Rs. 10/- each	1,72,50,000	1,43,75,000
Corporate Dividend Tax	—	14,66,250
General Reserve No. 1 (as required by Section 205 (2A) of the Companies Act, 1956)	15,79,82,695	4,00,00,000
Balance carried to Balance Sheet	21,49,26,926	19,32,01,996
	39,01,59,621	24,90,43,246

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PERFORMANCE :

The year in retrospect was a challenging one for the Indian Industry in general and the chemical industry in particular. A large number of events such as that of 11th September, 2001 incidence in USA and the recent disturbances in the state of Gujarat have had a dampening effect on the business sentiments. However, in this backdrop, the Company initiated a number of measures to improve its efficiency and productivitiy, reduced its costs and retained its customer base. As a result, the gross turnover during the year under review increased to Rs. 21157 lacs from Rs. 20018 lacs in the previous year.

Although the Company achieved a 6% increase in turnover for the year as compared to the previous year, the Company's strategy of shifting focus from bulk intermediates to fine chemicals has yielded positive results. This, coupled with beneficial raw material prices has enabled the Company to show a significant improvement in its operating profits for the year as compared to the previous year.

FUTURE PLANS :

Your Company continues to pursue its plans of shifting focus from low margin bulk intermediates to high margin fine chemicals based on its existing core expertise as well as upward integration of its existing products. Focus on R&D efforts continue in this direction so as to facilitate this strategic shift.

DIVIDEND :

Your Directors are pleased to recommend the payment of dividend of 30% as against 25% paid in the previous year on 57,50,000 equity shares for the approval of the Shareholders. The dividend, if approved will absorb a sum of Rs. 172.50 lacs. The dividend for the financial year 2001-2002 shall be taxable in the hands of the members and shall also be subject to deduction of tax at source, wherever applicable.

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FINANCE :

(a) During the year under review the Company paid Rs. 920 lacs towards normal repayments of its installments 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.

FIXED DEPOSITS :

The total amount of Fixed Deposits received by the Company from the Shareholders and Public stood at Rs. 1893.97 lacs at the close of the financial year. The Company has no deposits, which are matured and claimed, but remained unpaid.

EXPORTS :

During the year under review, your Company achieved an improvement in the exports sales. Exports have increased from Rs. 5174 lacs to Rs. 5930 lacs, a growth of about 15% compared to previous year.

CORPORATE GOVERNANCE :

Your Company has always practiced good Corporate Governance since inception and takes the necessary actions at appropriate times for enhancing and meeting stakeholders expectations while continuing to comply with mandatory provisions of Corporate Governance. As prescribed under the Listing Agreement of the Stock Exchanges, a separate statement on Corporate Governance is annexed as part of the Annual Report.

INFORMATION TECHNOLOGY :

Year after year your Company improves its systems and thus continues to remain in line with benchmarks for use of information technology for the chemical industry. The Company has an adequate net work spanning all the locations and growing expertise among the employees to utilise the potential of expeditious communication and information flow.

RESEARCH AND DEVELOPMENT :

Allocation of reasonable resources in its R&D Center as well as Pilot Plant continues by the Company.

New value added products have been developed and based on marketing feedback, necessary up-scaling is being done on a continuous basis. Constant efforts are on for improvement of yields of various existing products.

DEPOSITORY SYSTEM :

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 41% 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.

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 divisions of the Company.

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

The Company continues to take various measures for conservation of energy by regularly monitoring of consumption and improved maintenance of systems alongwith adaption of new and developed technology available.

A statement under Section 217 (1) (e) of the Companies Act, 1956 read with the 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 interest 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.

COMMUNITY SERVICES :

During the current year Deepak Charitable Trust, which was promoted by your Company has been conferred with the "Environment Agriculture and Rural Development Award" by the Indian Merchants' Chamber Diamond Jubilee Endowment Trust in recognition of its contribution made in the field of rural development.

STATUS OF ACQUISITION OF ARYAN PESTICIDES LTD. :

Your Directors are happy to inform you that your Company has successfully completed a Public Offer to the Shareholders of Aryan Pesticides Limited (APL) as required under SEBI (Substantial Acquisition of Shares and

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Takeovers) Regulations, 1997 and subsequent amendments thereof and thereby acquired about 8% of the paid-up share capital of APL. With this as on 31st March, 2002 the Company holds 47% of APL's capital. The balance equity shares will be acquired from the promoters of APL during the current year. Your Company has taken adequate steps to improve the financial health of APL. In turn export of some of the APL's products make useful contribution in the performance of the Company.

SUBSIDIARY COMPANY :

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, 2002. The consolidated financial statements of your Company with those of its subsidiary as per AS21 issued by the Institute of Chartered Accountants of India is also annexed.

DIRECTORS :

Shri Gurucharan Das resigned from the directorship of the Company during the year. The Board records its appreciation for the valuable contribution made by him during his tenure as a Director of your Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Shrenik Kasturbhai Lalbhai and Shri A.K. Dasgupta retire by rotation and being eligible offer themselves for reappointment.

EMPLOYEE RELATIONS :

Your Company enjoys cordial relations with its employees. The Board wishes to place on record its appreciation of the contribution made by all the employees in ensuring high levels of performance and growth during the year.

AUDITORS :

At the Thirtieth 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 Thirtyfirst 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 continued 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, 2002, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

(2) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the profit of the Company for the period 1st April, 2001 to 31st March, 2002;

(3) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(4) the annual accounts have been prepared on a going concern basis.

OTHER INFORMATION :

Information on particulars of Employees' Remuneration as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 form part of this report. However, as per the provisions of section 219 (1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary & Chief (Law) at the Registered Office of the Company.

ACKNOWLEDGEMENTS :

The Company continues to receive excellent support and guidance from the Financial Institutions and Consortium of Banks and your Directors would like to place on record their sincere appreciation for the same.

The Directors also wish to thank the Shareholders, Debentureholders, Depositholders and all other business associates for the confidence reposed by them in the Company.

For and on behalf of the Board,

C. K. MEHTA
Chairman

Mumbai,
Dated : 19th June, 2002

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ANNEXURE - A TO DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.
Section 217 (1) (e) of the Companies Act, 1956.
The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A - CONSERVATION OF ENERGY
FORM - A

Disclosure of particulars with respect to Conservation of Energy (to the extent applicable)

(a) POWER AND FUEL CONSUMPTION

		2001-2002				2000-2001			
		Nitrite	N.A.Divn.	T.C.D.	SDC	Nitrite	N.A. Divn.	T.C.D.	SDC
		(Nandesari)		(Taloja)	(Pune)	(Nandesari)		(Taloja)	(Pune)
1. Electricity :									
(a) Purchased									
Unit	KWH	10972730	7677950	1482296	3997109	10978360	8057750	1621740	4098887
Total Amount	Rs.	59727470	41732089	5969013	15573723	60456144	44389441	6582388	16227236
Rate/Unit	Rs.	5.44	5.44	4.03	3.90	5.51	5.51	4.06	3.96
(b) Own Generation									
(i) Through Own Diesel Generator									
Unit	KWH	4245	6765	7470	62682	2480	2490	8923	74078
Unit per ltr. of Diesel Oil	KWH	2.28	3.32	1.868	2.30	1.768	2.02	3.73	5.29
Cost /Unit	Rs.	8.40	5.77	11.37	8.83	7.95	8.46	7.46	3.50
(ii) Through Steam Turbine/ Generator	Rs.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2.Coal Rs.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
3.Furnace Oil									
Quantity	KL	3621	4519	1128	1451	3617	NIL	1155	1669
Total Amount	Rs.	30701751	37292141	9090146	12667947	34267292	NIL	10357530	16953633
Average Rate/KL	Rs.	8479	8253	8059	8729	9475	NIL	8964	10158
4. L.S.H.S./L.D.O.									
Quantity	KL	250	140	–	823	248	4808	–	702
Total Amount	Rs.	3243966	1904728	–	11235921	3021930	47425555	–	9056918
Average Rate/KL	Rs.	12988	13605	–	13652	12169	9864	–	12896
5.Others									
By Product Steam in tons (Nandesari)	MT	25492	–	–	–	25277	–	–	–
L.P. Gas Pune									
Quantity	MT	–	–	–	–	–	–	–	–
Total Amount	Rs.	–	–	–	–	–	–	–	–
Average Rate/MT	Rs.	–	–	–	–	–	–	–	–

(b) CONSUMPTION PER UNIT OF PRODUCTION (NANDESARI UNITS)

	2001-2002		2000-2001	
	Electricity KWH	Furnace Oil Ltr.	Electricity KWH	Furnace Oil Ltr.
Inorganic Salts	297	104	286	105
DNPT	1636	302	1482	134
Nitro Aromatics	385	233	394	233
Dyes	8575	16281	11959	5810
Dye Intermediates	3241	1224	3318	1135
Aromatics Amines	271	209	380	270

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B - TECHNOLOGY ABSORPTION
FORM - B

Disclosure of Particulars with respect to Technology Absorption (to the extent applicable)

(a) RESEARCH & DEVELOPMENT (R & D)

1. The special focus of R & D for the year under review was development of value added fine chemicals. Based on synergy with our core expertise certain new products were developed.
2. Benefits derived as a result of the above R & D :
   Improvement in terms of quality, energy, efficiency as well as development of ecofriendly processes continued. This helped the Company's products to be competitive in the world market.
3. Expenditure on R & D :

	Rs. in lacs 2001-02	2000-01
(a) Capital	1.27	42.38
(b) Recurring	196.26	166.96
(c) Total	197.53	209.34
(d) Total R & D expenditure as a percentage of total turnover	0.93	1.05

(b) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION
Well equipped R & D facility as well as the pilot plant enables rapid adaption of innovative processes being developed for new products.

(c) FOREIGN EXCHANGE EARNINGS AND OUTGO
The information is contained in items No. 12 (c), (d) and (e) of Schedule 20 (Notes forming part of the Accounts) of the Annual Report.

For and on behalf of the Board,
C. K. MEHTA
Chairman

Mumbai,
Dated : 19th June, 2002

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