

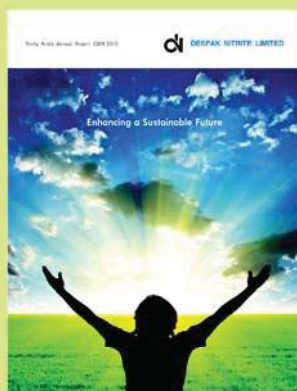


Enhancing a Sustainable Future



39th Annual General Meeting

Day & Date	: Saturday, 31st July, 2010
Time	: 11.00 a.m.
Venue	: Hotel Surya Palace, Opposite Parsi Agiyari, Sayajigunj, Vadodara - 390 005.



Enhancing a Sustainable Future

The key to be successful is to be sustainable. At Deepak Nitrite, we are focused on creating a secure and sustainable future by harnessing the latest technologies. Integrating processes, bringing in economies, mitigating wastes is our 'mantra'. Integrating best of logistics through piped raw materials, catalytic processes promising high yields and world-scale capacities for intermediates make the best ingredients for creating a competitive and sustainable business. At Deepak Nitrite, we don't just say 'we care', we initiate processes which enhance a sustainable future.

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Corporate Information

Senior Management Team :

- Shri Umesh Asaikar : Chief Executive Officer
- Shri Sanjay Upadhyay : Vice President (Finance) & Company Secretary
- Shri Singanallur Ramakrishnan : Vice President - Supply Chain
- Dr. Pramod Garg : Vice President - Operations
- Dr. Vishwanath Lele : Vice President - HR & IR
- Shri Vijay Tikekar : Vice President - Marketing

Vice President (Finance) & Company Secretary :

- Shri Sanjay Upadhyay

Bankers :

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

Auditors :

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

Registered Office :

9/10, Kunj Society, Alkapuri,
Vadodara 390 007
Tel : +91-265-235 1013, 233 4481/82
Fax : +91-265-233 0994
E-mail : investor@deepaknitrite.com
Website : www.deepaknitrite.com

Corporate Office :

Deepak Complex, National Games Road,
Yerawada, Pune - 411 006.
Tel : +91-20-6609 0200
Fax : +91-20-2668 5448

Plants :

■ Nitrite & Nitroaromatics Division

4-12, GIDC Chemical Complex,
Nandesari, Dist. Vadodara - 391 340.

■ Taloja Chemical Division

Plot Nos. K/9-10, MIDC Taloja,
Dist. Raigad - 410 208.

■ APL Division

Plot Nos. 1, 2, 26 & 27, MIDC Dhatav,
Roha, Dist. Raigad - 402 116.

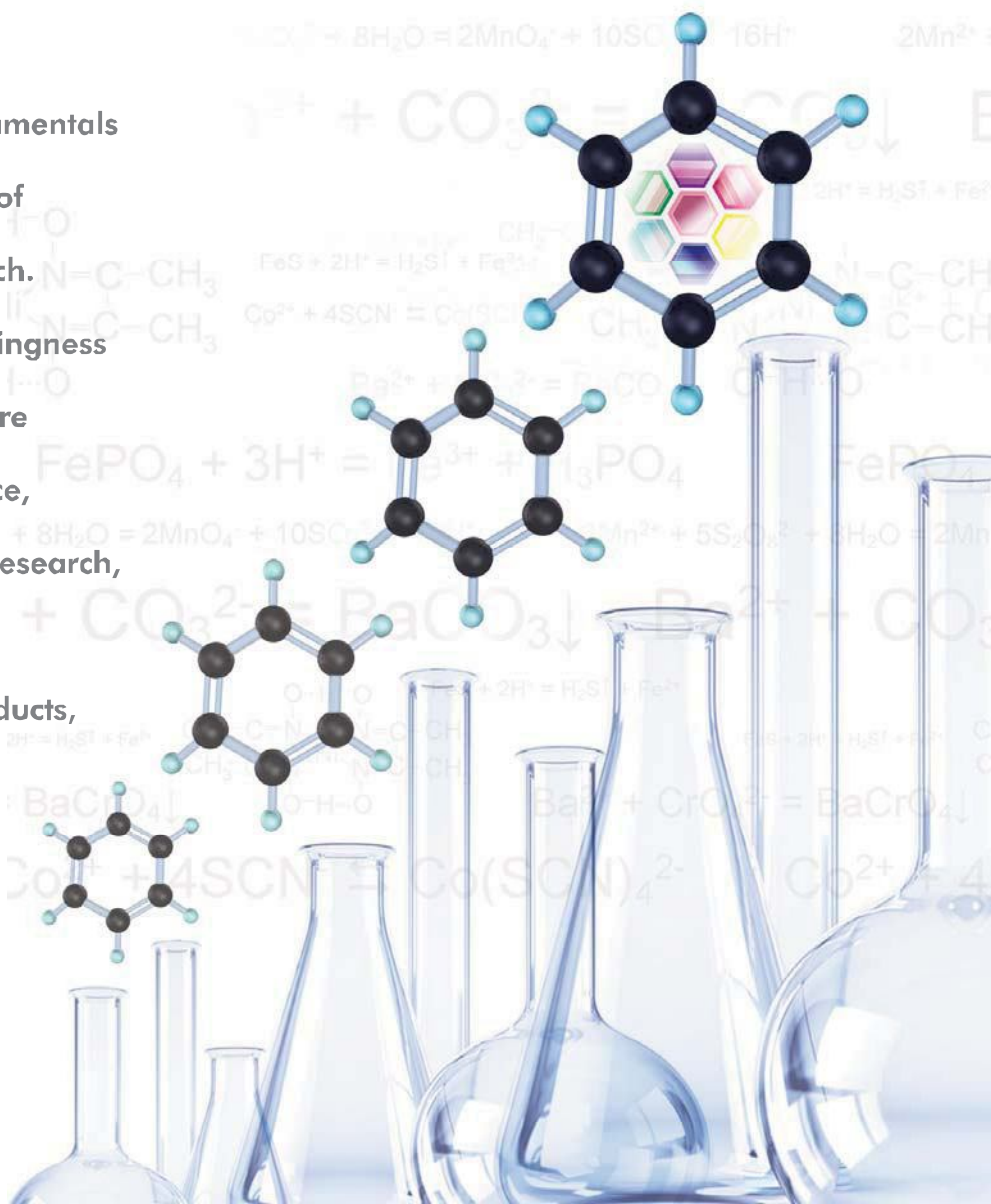
■ Hyderabad Specialities Division

Plot Nos. 90-F/70-A and B, Phase-II,
Industrial Development Area,
Jedimetla, Tal. Qutbullapur Madal,
Dist. Ranga Reddy, Hyderabad - 500 055.



CHEMISTRY OF GROWTH

Growth demands strong fundamentals followed by steady expansion of your capabilities and your reach. This assumes a company's willingness and vision to continually explore new pastures. Core competence, ably supported by innovative research, opens up the possibilities of manufacturing top quality products, resulting in a revenue graph that steadily climbs upward.



Deepak Nitrite Limited is a visionary Company that has taken important steps in the manufacture of organic and inorganic chemicals, as well as fine and speciality chemicals. A multi-division, multi-product Company with a diversified product portfolio and a diversified customer base, Deepak Nitrite is an acknowledged market leader in its chosen field, with end-user industries that include agro-chemicals, dyestuffs, paints, cosmetics, pigments, inks, rubbers, whiteners, pharmaceuticals and fuel additives. Renowned as the flagship of the Deepak Group of Industries, the Company has a glorious legacy of achievements.

ORGANIC GROWTH

- 1972 : Began manufacture of Sodium Nitrite and Sodium Nitrate at Vadodara (Gujarat).
- 1992 : Established multi-purpose Nitroaromatics plant.
- 1994 : Started Hydrogenation facility near Mumbai.

INORGANIC GROWTH

- 1984 : Acquisition of Sayadri Dyestuffs & Chemicals from the Mafatlal Group.
- 1999 : Acquisition of Aryan Pesticides Limited.
- 2006 : Acquisition of colour intermediate business from Vasant Chemicals Limited.

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- A company whose export component accounts for 47% of its total turnover.
 - One of the top 3 global suppliers for products like speciality amines.
 - India's largest producer of Sodium Nitrite and Sodium Nitrate.
 - Exports to China have more than doubled this year.
 - Significant inroads into the US agro-chemical market, securing business from a major American company.
 - Recognised as one of the leading global players in the colour intermediate business.
 - Low gearing; net debt equity ratio of 0.3:1.

From the Desk of the Vice Chairman & Managing Director



Dear Shareholders,

It gives me great pleasure to address all of you at the conclusion of a very eventful year at Deepak Nitrite Limited. The financial year 2009-10 has thrown up many challenges for your Company and it is very heartening to be able to report an encouraging performance when one looks back at the variety of operating conditions over the year. Financial Year 2009-10 started off on a pessimistic note as the effects of the global economic crisis were still fresh, but several events over the course of the year have signalled the return of economic buoyancy.

One of the most important lessons of the worldwide recession is that only those companies shall bounce back rapidly who anticipate market changes, identify new markets, diversify their product portfolio and optimise their capacities. I am happy to tell you that your Company took

several prudent steps that have helped to ensure a healthy performance despite the challenging market conditions that prevailed last year. Your Company is now embarked on a path that is directed towards enhancing a sound and sustainable future.

Winds of change are blowing through the international business scenario. Events of the last couple of years have forced some critical changes on leading multinational corporations. Faced with the grim prospects as their home markets bore the brunt of the slump, they were pushed into re-evaluating their business models. In an effort to make business operations leaner and more efficient, many have opted to retain core activities with themselves, thereby adding higher value, and partnering with corporations around the world to execute non-core activities, thereby optimising returns. This holds out interesting possibilities for us, because it implies a gradual shift of the global manufacturing epicenter from developed economies to developing economies.

One of the most important lessons of the worldwide recession is that only those companies shall bounce back rapidly who anticipate market changes, identify new markets, diversify their product portfolio and optimise their capacities.

As a result of this reallocation of manufacturing, many of our customers have undergone changes in inventory and production cycles. This provided opportunities to companies such as your Company to make their case to supply a greater proportion of intermediate products required by these customers. Our strong manufacturing capabilities and flexible operating cycles helped us to navigate these global challenges successfully and increase our production volumes significantly. Further, the healthy performance has been aided by perceptive financial policies of your Company which have helped to counteract the impact of currency fluctuation. We have optimised working capital through leaner inventories, accelerated deliveries, streamlining of our supply chain and improved realisations.

Your Company is well regarded in the chemical industry due to its competitiveness on price and quality, coupled with its strict adherence to environmental norms. This is also evident in the fact that it is catering to and partnering with some of the leading names in the fine and speciality chemicals industry, and has been able to enter into long-term contracts with both suppliers and customers, thereby enhancing the durability of its business model.

Our strong manufacturing capabilities and flexible operating cycles helped us to navigate these global challenges successfully and increase our production volumes significantly.

Further, your Company has consciously de-risked its business model as it caters to various industries and is not dependent on any single segment. For example, we took advantage of an increased demand due to an upswing in the agro-chemicals business cycle during recession, but just as the cycle began to dip, the resultant decline in demand was offset by increased demand in the colour segment.

Developing innovative products and bringing them to market at the right moment has been a cornerstone of your Company's expansion strategy. In

order to de-risk the business model further, your Company is focusing on enhancing its presence in more segments and is in the process of identifying an even greater number of products where it can be competitive by leveraging its strong process capabilities and Research and Development resources. The launch of products catering to the fuel additives sector during the last year is an ideal example of this. Fuel additives are compounds formulated to enhance the quality and efficiency of fuels. Your Company now aims to expand its offerings by developing high value products catering to niche markets in this sector. Demand for fuel additives is expected to rise over the next few years as nations around the world become more intent on environmental protection and better fuel management. Your Company is confident of developing many such breakthroughs in the years to come.

Lastly, your Company has undertaken de-bottlenecking initiatives during the year to optimise its current production capacity. Your Company is also planning to expand the capacity at its four existing plants in India as we seek to capture growth opportunities from a buoyant demand scenario, given the mix of strong demand in Asia and recovering demand in global markets. Our proposed capacity expansion at the Greenfield project at Dahej in Gujarat is on the anvil. The Dahej site is ideal for strategic reasons as it provides us opportunities to supply products to both Indian as well as international markets. Moreover, the site is within a chemical hub and will have the benefits of easy availability of raw materials, with several related industries located nearby. The presence of a port in close proximity makes our exports more competitive. The Dahej plant will incorporate the latest technologies and production methodologies to further increase our efficiency. Dahej has many significant and sustainable advantages and has the potential to double our business volumes with planned capacity additions.

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To conclude, I would like to emphasise that with an objective to reduce the per capita resource input in all its products, your Company will continue to remain innovative and develop new technologies that will help to realise tangible savings through reduction in energy consumption, water conservation and resource optimisation, as we seek to enhance the sustainability of our future.

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

Best Wishes,

D. C. Mehta

Vice Chairman & Managing Director

OPENING DOORS TO FUTURE POTENTIAL

To keep its competitive edge,
every company must gauge the
current trend and what it implies
for the future.

This means staying alert to
market movements.

Understanding changing markets
and business climates is the
essence of good management
and planned growth,
because that is what opens
the doors to future potential.



A significant change has enveloped global business over the last two years. Worldwide recession has forced leading multinational corporations to re-evaluate their business models and make their operations leaner. A notable fallout of this trend is the substantial shift in business from developed to developing countries. This opens new windows of opportunity for enterprising companies in Asia, Latin America and Africa.

Deepak Nitrite is ideally positioned to capitalise on this future potential. The Company has already established a global footprint.

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- Deepak Nitrite crossed the Rs. 100 crore export mark in 2004 and notched Rs. 250 crores in 2010.
 - The Company is poised to emerge as a formidable player in the Asia-Pacific region.
 - Has the potential to become a preferred supplier for leading companies in India, USA, Europe and the Far East, across a spectrum of industries.
 - The customer base includes global giants in speciality chemicals, agro-chemicals and pharmaceuticals.
 - In-house availability of necessary building blocks, combined with expertise in undertaking complex manufacturing processes, places Deepak Nitrite in a perfect position to gain from competitive advantage.
 - The Company's state-of-the-art pilot plant facility acts as a catalyst between Research & Development trials and commercial production.

Directors' Profile



Shri C. K. Mehta
Chairman

He is the promoter of the Company and is associated with it since 1970, right from the inception of the Company. He is a well-known industrialist having more than five decades of versatile experience in the Chemical Trade and Industry, and is also the founder of Deepak Fertilisers And Petrochemicals Corporation Limited. He is the Chairman of both the companies.



Shri D. C. Mehta
Vice Chairman & Managing Director

He is a Science Graduate from the University of Bombay. He is at the helm of affairs at Deepak Nitrite Limited for the last 31 years as its Managing Director and is presently the Vice Chairman and Managing Director of the Company.

Shri D. C. Mehta is the immediate past Chairman of the National Chemicals Committee of FICCI. He is a Member of the 'National Committee on Chemicals, Petrochemicals and Fertilisers' of the Confederation of Indian Industry (CII).



Shri A. C. Mehta
Managing Director

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



Shri Shrenik K. Lalbhai
Director

He is a well-known industrialist and an MBA from Harvard University. He is a financial expert and a person who upholds the highest values. He provided exemplary leadership as the Chairman of the Company

for a period of 27 years, from the Company's inception till 1998. He has been associated with the Lalbhai Group of Companies for the past many years.



Shri M. R. B. Punja
Director

He has been the former Chairman and Managing Director of the Industrial Development Bank of India (IDBI), a premier financial institution in the country.

He possesses rich experience in the field of Finance and Management.



Shri A. K. Dasgupta
Director

He is a Science Graduate and a Bachelor of Chemical Engineering. He has rich experience in the field of design, erection, operation of chemical, petrochemical and fertiliser plants. He is associated with a number of medium and large scale chemical industries in India and abroad, and is also responsible for producing various resins and chemicals for the first time in India.

He is associated with many professional bodies like FICCI, IChE at various levels. He was also one of the member of the Board of Studies at Faculty of Technology, DDU, Nadiad. He has been associated with the Company since 1972.



Shri Hasmukh Shah
Director

He is the former Chairman and Managing Director of Indian Petrochemicals Corporation Ltd. He has also held various important positions like the Joint Secretary to the Prime Minister of India, Chairman of Gujarat Industrial Investment Corporation, Chairman of Gujarat Ecology Commission, Joint Director of Bureau of Public Enterprise, Government of India and Chairman of National Institute of Design. He has made significant