DEEPAK NITRITE LIMITED

Registered Office : 9/10, Kunj Society, Alkapuri, Vadodara 390 007
Website : www.deepaknitrite.com; Investors Relation Contact: investor@deepaknitrite.com
Corporate Identity Number: L24110GJ1970PLC001735
Tel: +91-265-233 4481/82 Fax: +91-265-233 0994

POSTAL BALLOT NOTICE

NOTICE TO SHAREHOLDERS PURSUANT TO PROVISIONS OF SECTION 110 OF COMPANIES ACT, 2013.

Dear Shareholders,

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014, that the resolutions appended below are proposed to be passed by postal ballot for the purpose of :

(i) Sub-division of each equity share of ₹ 10/- into 5 equity shares of ₹ 2/- each fully paid-up and consequent amendment to the Memorandum of Association of the Company;

(ii) Issuance of bonus shares by capitalization of Reserves / Securities Premium Account;

(iii) Authorizing Board of Director to borrow money in excess of aggregate paid-up share capital and free reserves of the Company; and

(iv) Creation of mortgage, charge, hypothecation, lien and other encumbrances.

The Company seeks the consent of the Members for the aforesaid proposals through Special or Ordinary Resolutions as specified herein below. A Statement explaining the reasons for passing of the said Resolutions is also annexed.

Accordingly, draft of the proposed Resolutions together with the said Statement setting out the material facts and reasons for the Resolution is being sent to you along with a Postal Ballot Form for your consideration.

The Company has appointed Shri Dinesh Joshi, a practicing Company Secretary of M/s. KANJ & Associates, Company Secretaries, as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Members are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed, in the attached self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before the close of working hours on **Monday, 9th June, 2014**.

E-Voting Option

We are pleased to offer e-voting facility also as an alternate for our Members which would enable you to cast your votes electronically, instead of physical Postal Ballot Form. E-voting is optional. Please carefully read and follow the instructions on e-voting printed in this Notice.

The Scrutinizer, after completion of the scrutiny, will submit his report to the Chairman or the Vice Chairman & Managing Director of the Company. The result of the voting by postal ballot will be declared in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014 on **Wednesday, 11th June, 2014** at the Registered Office of the Company. The results of postal ballot will be put up on the Company's website www.deepaknitrite.com and will be communicated to BSE Limited and National Stock Exchange of India Limited, where the equity shares of the Company are listed. The result of postal ballot shall also be announced through news paper advertisement.

ITEM NO. 1:

Sub-division of each equity share of ₹ 10/- into 5 equity shares of ₹ 2/- each.

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:-

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), and in accordance with Article 10 of the Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions, if any, required from any authority and subject to such conditions as may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall also include any Committee thereof), consent of the Members be and is hereby accorded to sub-divide each Equity Share of the Company having Face value of ₹ 10/- (Rupees Ten only) into 5(Five) Equity Shares of Face value of ₹ 2/- (Rupees Two only) each fully paid-up and consequently, the Authorized Share Capital of the Company of ₹ 50,00,00,000/- (Rupees Fifty Crores only) would comprise of 15,00,00,000 (Fifteen Crores only) Equity Shares of ₹ 2/- (Rupees Two only) each and 20,00,000 (Twenty Lacs) Preference Shares of ₹ 100/- (Rupees One Hundred only) each with effect from the "Record Date" to be determined by the Board for this purpose.

RESOLVED FURTHER THAT pursuant to the sub-division of the Equity Shares of the Company, each Equity Share of the Face value of ₹ 10/- (Rupees Ten only) as existing on the Record Date shall stand sub-divided into 5 (Five) Equity Shares of the Face value of ₹ 2/- (Rupees Two only) each fully paid-up, with effect from the Record Date.

RESOLVED FURTHER THAT on sub-division, the 5 (five) Equity Shares of the Face value of ₹ 2/- (Rupees Two only) each be issued in lieu of one Equity Share of ₹ 10/- (Rupees Ten only) each, subject to the terms of Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with and carry the same rights as the existing fully paid Equity Shares of ₹ 10/- (Rupees Ten only) each of the Company and shall be entitled to dividend(s) to be declared after the sub-division of equity shares.

RESOLVED FURTHER THAT upon sub-division of Equity Shares of the Company as aforesaid, the existing share certificate(s) in relation to the existing Equity Shares of Face value of ₹ 10/- (Rupees Ten only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date and that no letter of allotment shall be issued to the allottees of the new Equity Shares of ₹ 2/- (Rupees Two only) each on sub-division and the Company may, without requiring the surrender of existing share certificate(s), directly issue and dispatch the new share certificate(s) of the Company, in lieu of such existing share certificate(s),within the period prescribed or that may be prescribed in this behalf, from time to time and in the case of shares held in dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Shares before sub-division.

RESOLVED FURTHER THAT the Board be and is hereby authorized to fix a Record Date and to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things and to give, from time to time, such directions as may be necessary, proper and expedient or incidental for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any Committee thereof as it may deem appropriate in this regard.**"**

ITEM NO. 2:

Amendment to Clause V of the Memorandum of Association of the Company.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:-

"RESOLVED THAT pursuant to the provisions contained in Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s), amendment or re-enactment thereof), the existing Clause V of the Memorandum of Association of the Company be and is hereby amended by deletion of the existing Clause V and by substitution thereof by the following clause:

'V. The Authorized Shares Capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty crores only) divided into 15,00,00,000 (Fifteen crores) Equity Shares of ₹ 2/- (Rupees Two only) each, and 20,00,000 (Twenty lacs) Preference Shares of ₹ 100/- (Rupees One Hundred only) each with the rights, privileges and conditions attaching thereto as are provided by the Articles of Association of the Company for the time being with power to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being provided by the Articles of Association of the Company.'

RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company.**"**

ITEM NO. 3:

Issuance of Bonus Shares by capitalization of Reserves / Securities Premium Account

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:-

"RESOLVED THAT pursuant to the recommendation of Board of Directors and Article 189 of the Articles of Association of the Company, applicable provisions of Companies Act, 2013, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time and subject to such consents and approvals as may be required from the appropriate authorities, the consent of the members be and is hereby accorded to the Company to capitalize a sum of ₹10,45,38,190/- (Rupees Ten crores Forty Five lacs Thirty Eight thousand One hundred Ninety only) out of its Free Reserves / Securities Premium Account or such other Reserve Account, as may be decided by the Board of Directors, for distribution among the holders of existing fully paid equity shares of ₹ 2/- each of the Company (subsequent to the sub-division of each equity share of ₹ 10/- each into 5 equity shares of ₹ 2/- each) whose names will appear in the Register of Members / Beneficial Owners' position of the Company on a date (Record Date) to be decided by the Board of Directors (which expression shall also include a Committee thereof), as an increase of the amount of the share capital of the Company held by each such member, and not as income or in lieu of dividend, credited as 5,22,69,095 new fully paid equity shares of ₹ 2/- each (subsequent to the sub-division of each equity share of ₹ 10/- each into 5 equity shares of ₹ 2/- each) as bonus shares in the proportion of one (1) new equity share of ₹ 2/- each for every one (1) existing fully paid equity share of ₹ 2/- each held.

RESOLVED FURTHER THAT the new equity shares of ₹ 2/- each to be allotted as bonus shares shall be subject to the terms of Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with and carry the same rights as the existing fully paid equity shares of the Company and shall be entitled to dividend(s) to be declared after the bonus shares are allotted.

RESOLVED FURTHER THAT no letter of allotment shall be issued to the allottees of the new equity bonus shares and the share certificate(s) in respect of the new equity bonus shares shall be issued and dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, except that the new equity bonus shares will be credited to the demat account of the allottees, who are holding the existing equity shares in electronic form.

RESOLVED FURTHER THAT the allotment of the new equity bonus shares to the extent that they relate to non-resident members of the Company, shall be subject to such approval, if any, of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 as amended from time to time or rules made thereunder, as may be deemed necessary.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolutions, the Board / Committee of the Board be and is hereby authorized to do all such acts, deeds, matters and things whatsoever including settling any question, doubt or difficulties that may arise with regard to the issue or allotment of the bonus shares and to accept on behalf of the Company, any conditions, modifications, alterations, changes, variations in this regard as prescribed by the statutory authority(ies) and which the Board / Committee of the Board in its discretion thinks fit and proper.**"**

ITEM NO. 4:

Authorization for Borrowings under Section 180(1)(c) of the Companies Act, 2013.

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a **SPECIAL RESOLUTION**:-

"RESOLVED THAT in supersession to the earlier resolution passed by the members of the Company at the 40th Annual General Meeting held on 5th August, 2011 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby given to the Board of Directors of the Company to borrow for and on behalf of the Company from time to time as they may consider fit, any sum or sums of money in any manner, and without prejudice to the generally thereof, by way of loans, advances, credits, acceptance of deposits in the form of either fund based or non-fund based facility or otherwise in Indian Rupees or any other foreign currency from any bank or banks or any financial institutions, Central Government or State Government, body corporate, firm, other person or persons, and the money to be borrowed together with the money, if any, already borrowed by the Company (apart from temporary loans and credit obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, i.e. reserves not set apart for any specific purpose, provided however that, the total amount so borrowed by the Board of Directors shall not at any time exceed ₹ 1500 crores (Rupees Fifteen Hundred crores only) or equivalent amount in foreign currency.

RESOLVED FURTHER THAT the Board of Directors may do all such acts, deeds and things as may be necessary or delegate the powers in respect thereof as permissible under applicable provisions of the Companies Act, 2013.**"**

ITEM NO. 5:

Creation of Security under Section 180(1)(a) of the Companies Act, 2013.

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a **SPECIAL RESOLUTION**:-

"RESOLVED THAT pursuant to Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of banks/financial institutions, other investing agencies and trustees for the holders of debentures/ bonds/other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/or securities linked to equity shares and/or rupee/ foreign currency convertible bonds and/or bonds with share warrants attached (hereinafter collectively referred to as "Loans") provided that the total amount of Loans , shall not, at any time exceed ₹ 1500 crores (Rupees Fifteen Hundred crores only).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or any Committee thereof be and is hereby authorized to finalize, settle and execute such documents /deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creation of mortgage / charge as aforesaid."

Place : Mumbai
Date : 2nd May, 2014

By Order of the Board of Directors
For DEEPAK NITRITE LIMITED

ARVIND BAJPAI
Company Secretary

NOTES

1. **Voting period commences on and from 10th May, 2014 and ends on close of working hours on 9th June, 2014.**

2. The Explanatory Statement for the proposed Special Resolution mentioned above pursuant to Section 102 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014 setting out material facts is annexed to the Notice.

3. The Notice is being sent to all the members by speed post (and also electronically by email to those members who have registered their email id with the Company), whose names appear in the Register of Members / Record of Depositories as on Tuesday, the 6th May, 2014.

4. The members whose name appear in the Register of Members / Record of Depositories as on Tuesday, the 6th May, 2014 will be considered for voting.

5. Resolutions passed by the members through Postal Ballot are deemed to have been passed as if the same has been passed in the General Meeting of the members.

6. The Board of Directors of the Company, at its Meeting held on 2nd May, 2014, has appointed Shri Dinesh Joshi, Partner of M/s KANJ & Associates, Company Secretaries as the Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner. The Postal Ballot Form and the Self-addressed postage prepaid envelope are enclosed for use by the members.

7. Members have the option either to vote through the e-voting process or through the Postal Ballot Form. Members who have received the Postal Ballot Notice by email and who wish to vote through Postal Ballot Form can download Postal Ballot Form from the Company's website www.deepaknitrite.com or seek duplicate Postal Ballot Form from Sharepro Services (India) Pvt. Ltd., 13 AB, Samhita Warehousing Complex 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072, fill in the requisite details and send the same to the Scrutinizer at Sharepro Services (I) Pvt. Ltd., Mr. Dinesh Joshi (Scrutinizer), Unit- Deepak Nitrite Limited, 912, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai - 400 021.

8. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed with the Assent (For) or Dissent (Against) in the attached postage prepaid envelope so as to reach the Scrutinizer on or before Monday, 9th June, 2014 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the member. Hence the members are requested to send the duly completed Postal Ballot Forms well before Monday, 9th June, 2014, being the last date for receipt of Postal Ballot Form by Scrutinizer, providing sufficient time for postal transit.

9. The results of the Postal Ballot will be announced on 11th June, 2014 and will also be informed to BSE Limited and the National Stock Exchange of India Limited and will also be posted on the Company's website www.deepaknitrite.com. The result of postal ballot shall also be announced through newspaper advertisement. The date of declaration of results of the Postal Ballot will be taken as the date of passing of the resolutions.

10. Members who are holding shares in electronic form are requested to notify any correction / change in their name / address including PIN CODE number immediately to the Depository Participant. In the event of non- availability of Members' latest address either in Company's records or in Depository Participant's records, members are likely to miss notices and other valuable correspondence sent by the Company.

11. Members who hold shares in physical form are requested to notify any change in their particulars like change in address, bank particulars, etc., to our Registrars viz., M/s. Sharepro Services (India) Pvt. Ltd., 13 AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.

12. Members are requested to kindly mention their Folio Number / Client ID Number (in case of Demat shares) in all their correspondence with the Company's Registrar in order to reply to their queries promptly.

INSTRUCTIONS FOR VOTING

Voting in Physical Form:

1. A Shareholder desiring to exercise vote by Postal Ballot may complete the Postal Ballot Form and send it to the Scrutinizer in the attached self-addressed envelope. The self-addressed envelope bears the address of the Scrutinizer. Postage will be borne and paid by the Company. However, the envelope containing the Postal Ballot Form, if sent by courier at the expense of the shareholder, will also be accepted.

2. Duly completed Postal Ballot Form should reach directly to the Scrutinizer before close of working hours on **Monday**, **9th June, 2014**. Any Postal Ballot Form received after **9th June,2014** shall be treated as if reply from the member has not been received.

3. Assent or dissent to the proposed resolutions may be recorded by placing a tick mark (✓) in the appropriate column in the Postal Ballot Form.

4. Postal Ballot Form is to be completed and signed by the shareholder (as per signature registered with the Company). In case of joint holding, this Form should be completed and signed by the first-named shareholder and in his/her absence, by the next named shareholder. There will be only one Postal Ballot Form for every folio irrespective of the number of joint holder(s).

5. In case the Form is signed by the Power of Attorney holder for and on behalf of the shareholder, it must be accompanied by a certified true copy of the power of attorney. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the Board Resolution/Authority.

6. Unsigned or incomplete Postal Ballot Form shall be liable to be rejected.

7. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed envelope since all such envelopes will be sent to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.

8. The attached self-addressed envelope is only for the limited purpose of this postal ballot process and the same should not be used by the shareholders for sending any other correspondence to the Company.

Voting in Electronic Form (E-voting):

In compliance with provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and Clauses 35B of the Equity Listing Agreement with the Stock Exchanges, the Company is pleased to offer E-voting facility for the members to enable them to cast their votes electronically. Members have option to vote either through E-voting or through the Postal ballot Form. If a member has opted for E-voting, then he/she should not vote by Postal Ballot also and vice-versa. **However, in case members case their vote both via physical ballot and E-voting, then voting through physical ballot shall prevail and voting done by E-voting shall be treated as invalid.** For the purpose of E-voting, the Company has signed an agreement with the National Securities Depository Limited ("NSDL") for facilitating E-voting.

The instructions for members for voting electronically are as under:-

(A) In case of members receiving e-mail from NSDL:

1. Open the attached PDF file "**DNL E-voting.pdf**" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password. The said PDF file contains your "User ID" and "Password" for E-voting. Please note that the password is an initial password.

2. Open your web browser during the voting period and log on to the E-voting website **http://www.evoting.nsdl.com/**

3. Click on "Shareholders" tab to cast your vote.

4. Enter your User ID and password as initial password noted in step (1) above and Click Login.

5. Password Change menu appears. Change the initial password with new password of your choice. The new password has to be minimum eight digits / characters or combination thereof. Note new password. Kindly note that this password is to be used by the holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for E-voting through NSDL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

6. Home page of "E-voting" opens. Click on "E-voting": Active Voting Cycles.

7. Select "EVEN" of Deepak Nitrite Limited (i.e the Electronic Voting Event Number), from the drop down menu.

8. Now you are ready for "E-voting" as "Cast Vote" page opens.

9. Then cast your vote by selecting appropriate options and click on "SUBMIT" and also "CONFIRM" when prompted. Once you CONFIRM your vote on the resolution, you will not be allowed to modify your vote.

10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at **dinesh.joshi@kanjcs.com** with a copy marked to **evoting@nsdl.co.in.**

(B) In case of members receiving Postal Ballot Form by Post:

i) User ID and Initial password is provided at the bottom of Postal Ballot Form

ii) Please follow all steps from Sl no. (2) to Sl no. (10) above, to cast vote.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evoting.nsdl.com under help section or write an email to evoting@nsdl.co.in

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 102 of the Companies Act, 2013 and Explanation about reasons for the passing of the resolutions as required under Rule 22(1) of Companies (Management and Administration) Rules, 2014

ITEM NO. 1 & 2

The Equity Shares of the Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). With a view to broad base the investor base by encouraging the participation of the small investors and also to increase the liquidity of equity shares of the Company, the Board of Directors at its meeting held on 2nd May, 2014 have approved the sub-division of each equity share of face value of ₹ 10/- (Rupees Ten only) of the Company into 5 (five) equity shares of face value ₹ 2/- (Rupees Two only) each, subject to approval of members. The Company is seeking approval of the members through Postal Ballot for sub-division of each of the existing equity shares of the Company.

Accordingly, each issued equity share of nominal value ₹ 10/- (Rupees Ten only) of the Company existing on the Record Date shall stand sub-divided into 5 (Five) equity shares of nominal value ₹ 2/- (Rupees Two only) each.

The Record Date for the aforesaid sub-division of the equity shares will be fixed by the Board of Directors or Committee thereof after the approval of the shareholders is obtained, pursuant to this Postal Ballot.

At present, the Authorized Share Capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty Crores only) divided into 3,00,00,000 (Three Crore) Equity Shares of ₹ 10/-(Rupees Ten only) each and 20,00,000 (Twenty lacs) Preference Shares of ₹ 100/- (Rupees One hundred only) each. The Issued, Subscribed and Paid-up Share Capital of the Company is divided into 1,04,53,819 (One Crore Four Lacs Fifty Three Thousand Eight Hundred Nineteen) Equity Shares of ₹ 10/- (Rupees Ten only) each amounting to ₹ 10,45,38,190/- (Rupees Ten crores Forty Five lacs Thirty Eight thousand One hundred Ninety only).

The proposed sub-division of equity shares of the Company from ₹ 10/- (Rupees Ten only) per equity share to ₹ 2/- (Rupees Two only) per equity share, requires amendment to the Memorandum of Association of the Company. Accordingly, Clause V of the Memorandum of Association is proposed to be altered in the manner set out in Resolution at Item No. 2, to reflect the alteration in the authorized share capital of the Company, i.e. from ₹ 50,00,00,000/- (Rupees Fifty crore only) divided into 3,00,00,000 (Three crore) Equity Shares of ₹ 10/- (Rupees Ten only) each, and 20,00,000 (Twenty lacs) Preference Shares of ₹ 100/- (Rupees One hundred only) each to 15,00,00,000 (Fifteen crores) Equity Shares of ₹ 2/- (Rupees Two only) each, and 20,00,000 (Twenty lacs) Preference Shares of ₹ 100/- (Rupees One hundred only) each.

The resolution as set out in Item No. 2 of the notice for altering Clause V of the Memorandum of Association of the Company to reflect the corresponding changes in the Capital Clause of the Memorandum of Association of the Company, consequent to the proposed Sub-Division of each existing Equity Share of ₹ 10/- (Rupees Ten only) into 5 (five) Equity Shares of ₹ 2/- (Rupees Two only) each.

Accordingly, the Board seeks approval of the Members for Resolutions at Item Nos. 1 and 2 for the proposed sub-division of each Equity Share of nominal value of ₹ 10/- (Rupees Ten only) of the Company into 5 (five) Equity Shares of ₹ 2/- (Rupees Two only) each and the consequent amendments to Clause V of the Memorandum of Association of the Company.

The Board is of the opinion that the aforesaid sub-division of the nominal value of equity shares is in the best interest of the members and hence commends passing of the Resolutions at Items Nos. 1 and 2 through Postal Ballot.

A copy of the Memorandum of Association of the Company along with the proposed amendments is available for inspection by the members at the Registered Office of the Company during working hours between 11.00 a.m. to 1.00 p.m. on all days except Saturdays, Sundays and Public Holidays till the conclusion of the Postal Ballot.

The Directors, the Chief Financial Officer and Company Secretary, being the Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested in the resolutions at Item Nos. 1 and 2 only to the extent of shares held by them, if any, in the Company. The proposed Resolutions do not relate to or affect any other Company.

Your approval is sought by voting through Postal Ballot or through e-voting, as the case may be, pursuant to the provisions of Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 for passing the Resolution under Item No. 1 and 2 as set out in this Notice.

ITEM NO. 3

The present Authorized Share Capital of the Company is ₹ 50 crores, Paid-up share capital is ₹ 10.45 crores and the Reserves as per the audited accounts as on 31st March, 2014 is ₹ 295.73 crores. The Board of Directors at their meeting held on 2nd May, 2014 have recommended the issue of bonus shares in the proportion of 1 (one) new equity share of ₹ 2/- (Rupees Two only) each fully paid-up for every 1 (one) existing equity share of ₹ 2/- (Rupees Two only) each of the Company (post-sub-division of the equity share capital of the Company) held by the members on a date (Record Date) to be hereafter fixed by the Board / Committee of the Board by capitalization of a sum of ₹ 10,45,38,190/- (Rupees Ten crores Forty Five lacs Thirty Eight thousand One hundred Ninety only) from the Free Reserves / Securities Premium Account or such other reserves accounts, as may be decided by the Board of Directors of the Company. The same is proposed to be utilized in full by issuing at par 5,22,69,095 new fully paid-up equity shares of ₹ 2/- (Rupees Two only) each as bonus shares.

The proposed issue of bonus shares will be made in accordance with the provisions of Companies Act, 2013 and guidelines issued by the Securities Exchange Board of India from time to time and subject to such approvals, if required, from the statutory authorities.

Further, it is necessary to authorize the Board of Directors / Committee of the Board to complete all the regulatory formalities prescribed by SEBI, Stock Exchanges on which the shares of the Company are listed and / or any other regulatory or statutory authority in connection with the issue of bonus shares.

The Directors, the Chief Financial Officer and Company Secretary, being the Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested in the resolution at Item No. 3 only to the extent of shares held, if any, by them in the Company. The proposed Resolution does not relate to or affect any other Company.

Your approval is sought by voting through Postal Ballot or through e-voting, as the case may be pursuant to the provisions of Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 for passing the Resolution under Item No. 3 as set out in this Notice.

ITEM NO. 4 & 5

The Company had earlier passed the Ordinary Resolutions under Section 293(1)(d) and 293(1)(a) of the Companies Act, 1956 for borrowing money from any bank or banks or any financial institutions, Central Government or State Government, body corporate, firm, other person or persons in excess of the aggregate of paid-up share capital of the Company and its free reserves and for creation of mortgage, charge, hypothecation, lien and other encumbrances, if any, by the Company, as the Board may deem fit, on the assets of the Company, both present and future, for securing the sum or sums of moneys aggregating to ₹ 1500 crores (Rupees Fifteen Hundred crores only). With the enactment of Companies Act, 2013 and rules framed thereunder and as per provisions of the Sections 180(1)(a) and 180(1)(c) of the Companies Act, 2013 (corresponding to Section 293(1)(a) and 293(1)(d) of the Companies Act, 1956) with respect to creation of mortgage, charge, hypothecation, lien and other encumbrances, if any, or disposal of assets of the Company in any manner by the Company and to borrow money in excess of the aggregate of the paid-up share capital of the Company and its free reserves respectively, approval of the shareholders need to be obtained by way of Special Resolution.

The members had approved borrowing limit and authority to create charge, mortgage on the assets of the Company at the 40th Annual General Meeting of the Company held on 5th August, 2011 by way of Ordinary Resolution. However, the resolutions as required under Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013 are required to be passed by the members as a Special Resolution.

Accordingly, the approval of the members by way of Special Resolutions is sought under Sections 180(1)(c) and 180(1)(a) of the Companies Act, 2013 to enable the Board of Directors to borrow moneys and for securing the sum or sums of moneys borrowed to the extent of ₹ 1500 crores (Rupees Fifteen Hundred crores only).

Your Directors recommend the resolutions as set out under Item Nos. 4 and 5 in this Notice for your approval. None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way concerned or interested in the said resolutions. The proposed Resolutions does not relate to or affect any other company.

Your approval is sought by voting through Postal Ballot or through e-voting as the case may be, pursuant to the provision of Section 110 of the Companies Act, 2013 read with Companies (Management and Administrations) Rules, 2014 for passing the Resolution under Item No. 4 and 5 as set in this Notice.

Place : Mumbai
Date : 2nd Ma y, 2014

By Order of the Board of Directors
For DEEPAK NITRITE LIMITED

ARVIND BAJPAI
Company Secretary