RESPONSIBLE CARE®
OUR COMMITMENT TO SUSTAINABILITY

DEEPAK NITRITE

DNL/138/BSE/696/2021
July 7, 2021

To,
BSE Limited
Department of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Steet, Fort,
Mumbai-400 001

Dear Sir,

Scrip Code: 506401

Sub: 50th Annual Integrated Report and Notice of the 50th Annual General Meeting ("AGM") for the Financial Year ("FY") 2020-21

Pursuant to the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the 50th Annual Integrated Report of the Company for the FY 2020-21 alongwith Notice of the 50th AGM of the Company, which form part of the Annual Integrated Report.

The 50th Annual Integrated Report of the Company along with Notice convening 50th AGM and other relevant documents are also available on the website of the Company at www.godeepak.com.

Kindly take the same on your records.

Thanking you,

For **DEEPAK NITRITE LIMITED**

ARVIND BAJPAI
Company Secretary

DEEPAK NITRITE LIMITED VADODARA

Encl.: as above

DEEPAK NITRITE LIMITED
CIN: L24110GJ1970PLC001735
Registered & Corporate Office:
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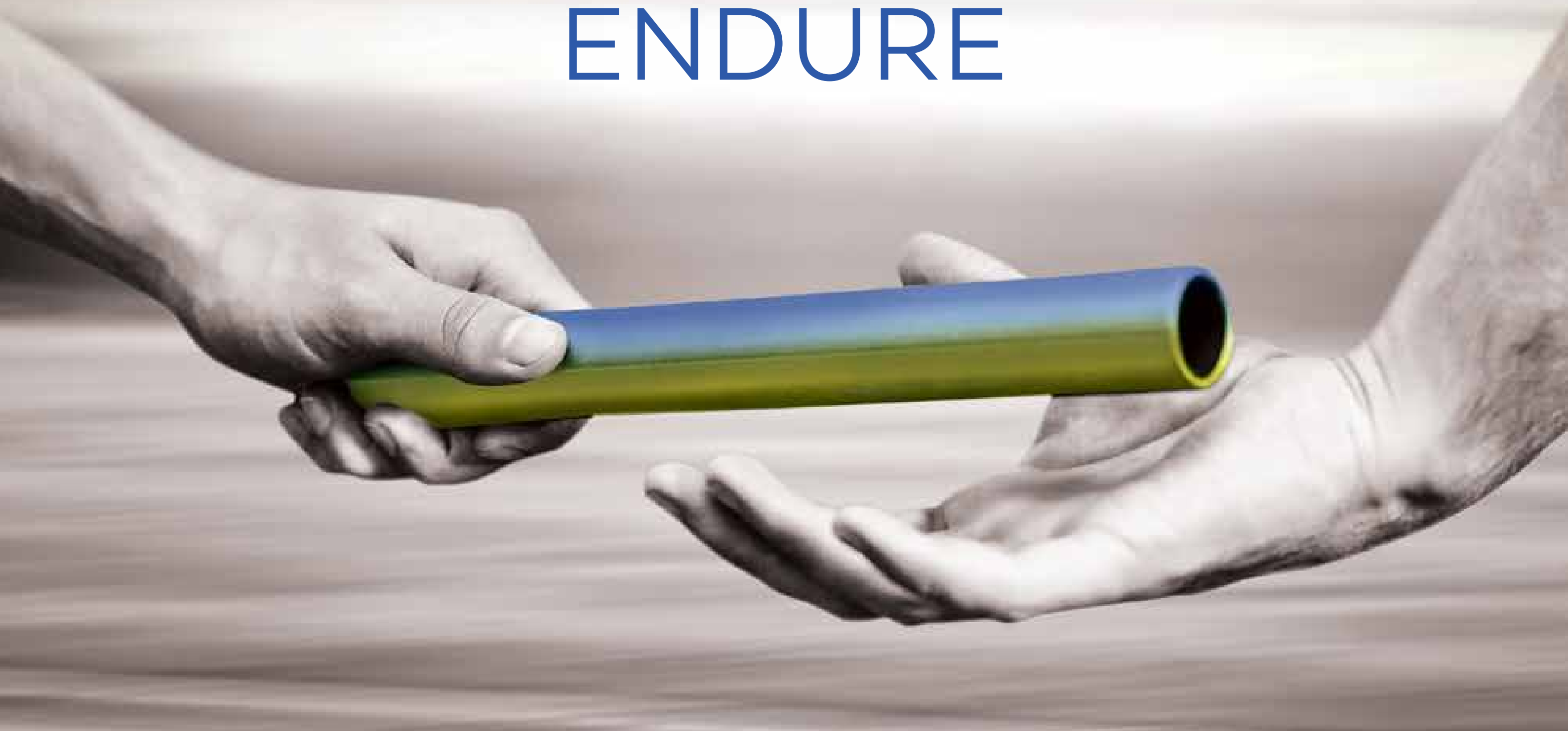
DEEPAK NITRITE

RESPONSIBLE CHEMISTRY

TRUST BUILDS
FAITH LASTS
VALUES ENDURE



50th Annual Integrated Report | **2020-21**

DEEPAK NITRITE LIMITED

Contents

Fiftieth Annual General Meeting

Day & Date : Friday, July 30, 2021
Time : 11:30 A.M.
Through Video Conferencing/Other Audio Visual Means

Access a digital copy of this Report at:
https://50thAnnualIntegratedReport.godeepak.com

Scan the above QR code to read this Report on your handheld device.

Forward-looking Statements

Certain statements in this Report relating to our business operations and prospects may be forward-looking statements. These statements can be identified by usage of words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

These forward-looking statements are dependent on assumptions, data or methods that may be incorrect or imprecise and hence may be incapable of being realised. Such statements do not guarantee future operating, financial and other results, but constitute our current expectations based on reasonable assumptions. The Company's actual results could materially differ from those projected in any forward-looking statements due to various future events, risks and uncertainties some of which are beyond our control. We do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Basis of Reporting

REPORTING PRINCIPLE

The Annual Report is prepared in line with the Companies Act, 2013 (and the Rules made thereunder), Indian Accounting Standards, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Secretarial Standards and IIRC's framework.

OUR APPROACH TO ADOPTION OF IR

The Integrated Report <IR> embraces the holistic reporting approach as suggested by the International Integrated Reporting Council (IIRC) and the Securities and Exchange Board of India's (SEBI) circular dated February 6, 2017. While <IR> is not yet statutorily mandated, we, at Deepak, have voluntarily commenced this journey as part of our constant endeavour towards transparency and disclosures beyond statutory norms. <IR> enhances and enriches reporting primarily due to its (i) wider focus on creating value for all stakeholders and (ii) utilisation and interlinkages of multiple capitals in the value creation process. This Report has been prepared in accordance with the guiding principles laid down in the <IR> framework to present the non-financial data in a manner that is concise, comparable and enhances the value of the Report for all the stakeholders.

REPORTING PERIOD AND SCOPE

The Report covers financial and non-financial information and activities of Deepak Nitrite Limited and our wholly-owned subsidiary Deepak Phenolics Limited for the period April 1, 2020 to March 31, 2021. Material events, if any, up to Board Meeting held on May 5, 2021 have been covered in this Report, where relevant, pursuant to the statutory and regulatory requirements.

OUR APPROACH TO MATERIALITY

The determination of material matters takes into consideration our operating context which includes the regulatory compliance requirements, industry trends and risk management. We have identified issues that may impact our value creation across financial, environmental and social dimensions. Our materiality matters are covered in detail on page no. 28.

INTRODUCTION TO THE SIX CAPITALS

Pg. 32-37

Financial Capital
represents the funds (equity, debt, reinvestment) that we deploy in our activities and operations to grow business and generate surplus funds.

Pg. 38-41

Manufactured Capital
represents our various plants and factories, machinery and equipment, warehouses and facilities as well as all physical assets that are used to produce chemical products and by-products.

Pg. 42-45

Human Capital
represents our motivated and committed employees whose skills, and knowledge help drive our businesses and create value for all our stakeholders.

Pg. 46-47

Intellectual Capital
represents our chemical knowledge, R&D and innovation capabilities and technology investments that enable value creation and provide us a competitive edge in the industry.

Pg. 48-53

Social and Relationship Capital
represents the lasting relationships with our customers, vendors, partners, business associates, dealers and distributors, others, supply chain partners and the community which provide us social licence to operate.

Pg. 54-55

Natural Capital
represents the renewable and non-renewable natural resources that we use and the environmental impact as a result of our operations.

Deepak:

An Organisation Trusted to Deliver

Deepak is one of India's leading and fastest-growing chemical intermediates manufacturing companies. During our five decades of existence, we have consistently delivered on the expectations of all stakeholders. We are a preferred partner for leading downstream companies across 30 countries in 6 continents, who trust us for our quality, supply reliability, environmentally sustainable operations and ability to meet their evolving needs.

Having presence in Basic Chemicals, Fine & Speciality, Performance Products and Phenolics (Phenol, Acetone & Iso-Propyl Alcohol), we play an important role in our customers' value chain. Our products find application in the manufacturing of downstream products for multiple sectors and play a crucial role in driving nation's development and meeting the needs of end consumers. We are building on this through continuous investment in research and development, modern technologies and new capacities.

Vision

To become the FASTEST GROWING Indian chemical intermediates company.

Our Differentiators

Brand equity

- Leading producer of Inorganic Salts, Xylidines, Cumidines, Toluidines, Phenolics, IPA etc.
- 50+ years of expertise
- Trusted supplier of choice for around 500+ customers
- Amongst Fortune Next 500 and 25 Top Wealth Creators as per Fortune India Magazine

World-class manufacturing facilities and product quality

- 6 state-of-the-art manufacturing facilities across Nandesari and Dahej in Gujarat, Roha and Taloja in Maharashtra, and Hyderabad in Telangana
- Products accredited by Responsible Care certification

Committed to ESG practices

- 12.85 million+ safe man hours
- Touching lives of 2 million people through meaningful CSR activities
- Operational alignment to Responsible Care, Together for Sustainability and Nicer Globe

Right to win

- Diversified and integrated portfolio of 100+ value-added intermediates
- High degree of competency, capabilities and reputation across each of them

Strong intellectual capital

- More than 46% of employees with advanced degrees
- 70+ scientists

Global presence

- Presence across 30 countries in 6 continents

Innovativeness

Driving not just product ideas but also innovation in terms of processes towards maximisation of growth.

Agility

Change is constant. This equips the organisation to respond rapidly to this dynamic world.

Responsiveness

Towards employees, customers and all other stakeholders.

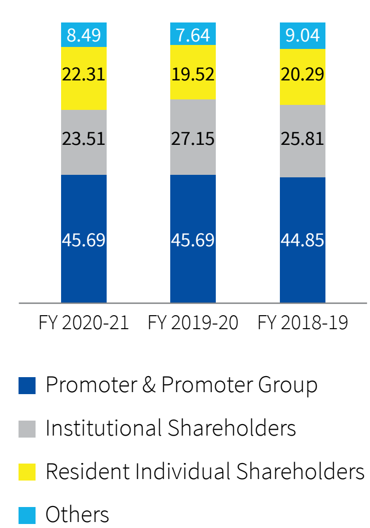
Outcome-driven

Rewarding performers across verticals, thereby setting examples for leadership.

Ownership

Where the vision becomes not just the company goal but the individual goal as well.

Ownership Structure (%)



Trusted across

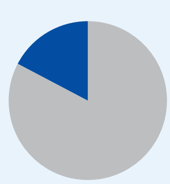
Diversified Business Operations

We offer a wide range of products across our diversified yet integrated business segments that meet the stringent quality and sustainability norms of marquee customers across various sectors. We are a leading player in each of these segments with multiple enablers which we leverage to strengthen our competitive positioning.

	Basic Chemicals	Fine & Speciality Chemicals
OVERVIEW	Standard products manufactured in bulk. high volume.	Specialised products customised to the client's specification.
PRODUCTS	Sodium Nitrite, Sodium Nitrate, Nitro Toluidines, Fuel Additives, Nitrosyl Sulphuric Acid	Xylidines, Oximes, Cumidines, Speciality Agrochemicals
APPLICATION DIVERSITY	Colourants, Petrochemicals, Rubber, Agrochemicals, Pharmaceuticals, Water Treatment, Glass Industries, Industrial Explosives and Fuel Additives	Agrochemicals, Colours & Pigments, Paper, Personal Care, Pharmaceuticals etc.
VALUE DRIVER	■ Cost leadership ■ Large scale production	■ Technical skills and technology competence to handle complex reactions ■ Ability to meet clients' specific needs ■ Niche area with limited competition

Basic Chemicals

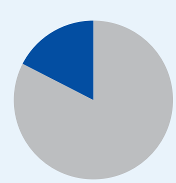
17.31%
Contribution to Total Revenue from Operations



16.46% **Contribution to EBIT**

Fine & Speciality Chemicals

17.45%
Contribution to Total Revenue from Operations



28.19% **Contribution to EBIT**

Performance Products

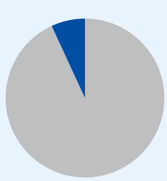
Products with stringent requirements in terms of performance in manufacturing process.

Optical Brightening Agent (OBA), DASDA

Paper, Detergents, Textiles, Coating Applications in Printing and Photographic, Paper

- Ability to manufacture products with stringent performance and technical requirements
- Leading fully integrated manufacturer of OBA (optical brightening agents)

6.93%
Contribution to Revenue from Operations



1.91% **Contribution to EBIT**

Phenolics

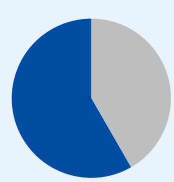
High volume import substitutes.

Phenol, Acetone, Cumene, Isopropyl Alcohol

Laminate & Plywood, Pharmaceuticals, Adhesives, Sanitisers, Rubber, Chemicals, Paints etc.

- Lowest thermal footprint among similar plants worldwide
- Among the most reliable players in the domestic market
- Strategic import substitutes

58.31%
Contribution to Revenue from Operations



53.44% **Contribution to EBIT**

Manufacturing Footprint

Manufacturing Plants

1 Nandesari, Gujarat	4 Roha, Maharashtra
2 Dahej, Gujarat	5 Taloja, Maharashtra
3 Dahej, Gujarat (DPL)	6 Hyderabad, Telangana

Our Extensive Network

We have extensive supply chain arrangement including structured warehousing and distribution system which enables timely delivery right at customer's site.

Responding with Grit in a Challenging Year

FY 2020-21 saw an unprecedented health crisis, huge economic disruption and repeated lockdowns around the globe. Our immediate priority was the safety of our people and being responsive to the needs of customers. We moved with agility to ensure business continuity. Employees were provided all necessary support to work from home and keep them engaged. Close collaboration was maintained with our customers for seamless business continuity and we kept a close eye on the safety of our employees. Providing the necessary aid to our communities was also one of the priorities.

LOOKING AFTER OUR PEOPLE

The safety and security of our employees and contractual workers has always been a foremost priority and has remained our key focus throughout COVID-19. All our locations have been operating with the highest attention to man and material safety. Stringent safety measures were introduced following the pandemic outbreak, including regular sanitisation and adequate physical distancing at our workplaces and transportation, providing protective gear to employees, regulating entry through the Aarogya Setu App and with SpO_2 and thermal screening, carrying out periodical testing for antibody and COVID-19 infections.

We have taken up the responsibility of vaccinating our employees and their spouses. We also expanded medical insurance coverage to include COVID-19 treatment, extended complimentary health check-up and provided essential medicines for all our employees.

Supporting our team practically and nurturing wellbeing have been the other important focus areas. For eligible employees across all locations, timely annual increments, and performance incentives, bonuses and special financial incentives were also paid out despite the economic slowdown in the country. During the initial period of the nationwide lockdown, in the backdrop of alternating shift patterns, phase-wise resumption of operations, transport restrictions, and many people working from home, our digital solutions and interventions kept our teams connected and their morale high. Wellness session series were held online for employees and their families, along with imparting of online training on a wide array of relevant subjects to help our employees cope up with the new normal.


▲ Temperature screening at entrance

6,000+
No. of COVID related tests conducted

175+
No. of vaccinations facilitated

▲ Focus on Quality: Digitalisation of processes

SUPPORTING OUR CUSTOMERS

Many of our customers manufacture essential materials. Our aim has been to demonstrate that we stand by them no matter what, making every effort possible to ensure that their orders are fulfilled. During FY 2020-21, despite the challenges in the operating environment and our plants being shut down for first 35 days, we ensured 100% fulfilment of all customer order obligations. This was achieved by operating all plants at high capacity during the rest of the year while following all government safety mandate and maintaining continuous engagement with our customers. Our comprehensive business continuity plan and rigorous protocols to keep our employees and operations safe played a pivotal part in delivering on our customer commitments throughout the crisis. Our efforts reinforce our positioning as a reliable supply partner to our customers.

We always endeavour to work in close partnership with our customers. To better understand their goals and needs, we continued to proactively engage with them via various communication channels, even during this difficult period. By paying close attention to what mattered to them and tackling the external challenges, we were able to respond with the right products and timely supplies.

100%
customer orders fulfilled even during a challenging operating environment

ZERO
Customers Lost

HELPING OUR COMMUNITIES

During the COVID-19 pandemic, many of our efforts have been directed towards supporting local communities. In partnership with Deepak Foundation, the Company has strengthened COVID care centres at three locations and supported in setting up 130 beds dedicated for COVID, purchased PSA-based oxygen plants, oxygen concentrators and ventilators at nearby facilities and has taken other appropriate measures.

130

dedicated COVID beds set up for local communities at three locations

MAINTAINING BUSINESS CONTINUITY

Deepak entered FY 2020-21 from a position of strength operationally, financially and strategically. Maintaining continuity of business operations throughout the COVID-19 crisis, while keeping our people safe, has also been a vital part of our response. This included managing our supply chain to enable continuity of product delivery to our customers; responding with alacrity to the high demand for certain products; and ensuring optimal capacity utilisation. Demonstrating our nimble-footedness, when domestic markets were down due to COVID-19, we resorted to aggressive export positioning to ensure maximum plant utilisation. Meanwhile, a rigorous focus on cost leadership and an improved capital structure helped to maintain strong liquidity and a healthy cash flow and balance sheet.

Our breadth and depth of products and process competency has been fundamental in ensuring our business resilience. We continue to invest in our R&D, growing our product range and operational excellence to drive continued strong performance.

Depend on Deepak

Our integrated vision for Deepak's stakeholders

Hard work and consistent effort has enabled us to create a robust organisation with efficient processes and systems to ensure seamless operations. When combined with deep capabilities, emphasis on transparency and a team of skilled and motivated people who are ready to take responsibility, delivering on the needs of our customers has became a habit.

Our Stakeholders appreciate that there exists great synergy between our values and theirs.

The result of these was reflected in our performance in FY 2020-21 despite a challanging macro environment.

We not only delivered a resounding performance, but also reinforced the trust that our stakeholders have placed on us while enduring our values.

We moved with agility and responsiveness to collaborate with our customers and ensure timely deliveries. We supported employees and business partners by taking care of their health and safety and ensuring timely payments.

Our goals are aligned with our stakeholders. This enabled us to work together even during the most challenging moments as we were driven to attain shared outcomes. Such collaboration positions us attractively within the industry resulting in more sustainable results.

Resounding Performance in FY 2020-21

27%
Growth in consolidated PAT

20%
Growth in consolidated EBITDA

0.15x
Net Debt : Equity

329%
Growth in market capitalisation

Deepak Nitrite is founded on five key attributes – agility, innovativeness, responsiveness, ownership and Outcomes-driven. They guide our strategy and actions towards delivery of long-term growth and help strengthen our reputation as a trusted and responsible company that is committed to its stakeholders. Our unflinching focus on these attributes in a world disrupted by COVID-19 ensured value creation and delivery to all stakeholders.

How we ensured the interests of key stakeholders around the five business attributes

Employees

Agility
- Nearby residential places were rented as COVID bubbles to ensure safety of critical manpower Innovativeness
- Cross-functional team to quickly disseminate and share learning on safe manufacturing practices across all locations

Innovativeness
- Use of digital solutions to keep teams connected
- Virtual training

Responsiveness
- Additional measures to address man material & process safety
- Responsibility for vaccinating employees and spouses
- Non-COVID related death has also been included Death in Harness policy for securing families of the employees
- Wellness sessions with specialists for stress and trauma counselling
- Various virtual courses created for upskilling of employees sharpness

Ownership
- Project and technical team rallied to commission IPA facility during nationwide lockdown
- Employees were given annual increments, performance incentives, bonuses and special financial incentives

Outcome-driven
- IPA plant was commissioned by in house team during lock down and without licensor support for start-up and stabilisation
- Brownfield projects were commissioned while managing regular plant operations safely

Customers

Agility
- Pre-emptively tied up logistic contracts and port storage facilities in anticipation of supply chain constraints

Innovativeness
- Use of virtual meetings to ensure constant engagement
- Swapped credit-based raw material purchase for discounted prices to improve net costs
- Vendor managed inventory to mitigate supply risks to key customers

Responsiveness
- Operated all plants as per government mandate to fulfill 100% order obligations
- Increased wallet share by offering bespoke options where possible
- Plan to increase R&D spent by about two times in ensuing period
- Reduce lead time to 48 hours to address customer queries
- Pre-emptive updates on supply chain issues beyond the Company's control

Ownership
- Collaboratively addressed customer schedules to ensure full supply pipeline
- Process before product focus in all plants
- Optimum Equipment Efficiency (OEE) and asset integrity studies conducted
- Enhancement of QA and QC in all plants
- Target TFS score of 90% and above at all plant locations by the end of FY 2021-22

Outcome-driven
- Meeting Customer requirements with top notch quality defying all kinds of challanges
- Develop medium-term anchor customers for key products

Investors

Agility
- Developed business continuity protocols for all products and plants to ensure optimum performance
- Strong focus on improving ROCE during a period of relative volatility in the industry

Innovativeness
- Enhanced transparency and reporting by developing micro-site versions of Annual Reports
- Committed ~₹ 300 Crores as a first tranche into new products for agrochemical and pharmaceutical intermediates
- Initiated building a world-class Technology Centre to support vision of strategic growth

Responsiveness
- Reduced debt to 357 Crores to arrive at net gearing ratio of 0.15x
- Fast-tracked capex to double IPA capacity which will help grow both topline and bottomline
- Brown field expansions that offer high IRR and low risks taken up for multiple products

Ownership
- Paying regular returns by way of dividend
- Insurance cover provided to Shareholders
- Focus on balanced financial prudence with a mix of new opportunities and resilience building using Deepak's Right to Win template

Outcome-driven
- Recommended a dividend of 275% including 50% special dividend on the occasion of Golden Jubilee Year
- Improved Long-Term and Short-Term credit rating from ICRA and CRISIL

For more details on how we engage with our stakeholders and respond to their legitimate needs, please refer to Stakeholder Engagement chapter on page 26-27

Chairman and Managing Director's Message

> Consistency is an invaluable resource in unpredictable economic environment. Our ability to foresee shifts and respond to them with agility ensures our consistency and distinguishes us as a great organisation.

Dear Stakeholders,

We are pleased to share our Fiftieth Annual Report for Fiscal Year (FY) 2020-21. On the back of marked success and excellence, we have achieved a milestone of 50 years supporting the Indian chemical industry. Our journey has been transformational from a small company in Vadodara with a handful of products and employees into an emerging conglomerate with over 4,700 employees and a comprehensive product portfolio catering to multiple industries globally. Having said that, our focus on import substitution throughout this period remains unaltered and we are proud to serve the nation. This in true sense is the fulfilment of 'Atmanirbhar Bharat'.

I am glad we are on the right course with the support and guidance of all our stakeholders, investors, and employees. This Golden Jubilee Year provided us a platform to demonstrate our capabilities and buoyancy amidst unprecedented challenges. We lived to our reputation and converted it into a landmark year, delivering strong operating efficiency which resulted in increased productivity and profitability. Alongside, we undertook calibrated expansion initiatives to set the foundation for future growth.

OUTLOOK ON THE WORLDWIDE ECONOMY

FY 2020-21 was largely dominated by the pandemic that hit economies globally. However, the vaccine rollout along with a reduced case load has spurred optimism of the pandemic's end and a rebound in global economy. Accommodative policies by major economies further improve the outlook.

The International Monetary Fund (IMF) forecasts the global economy to expand at 5.5% in CY 2021 and 4.2% in CY 2022, despite the high level of uncertainty.

Among the advanced economies, the US and Japan are expected to restore to end-CY 2019 activity levels by the second half of CY 2021, while Eurozone and the UK are expected to stay below end-CY 2019 levels into CY 2022. Among the Emerging economies, China has indicated a rapid rebound towards pre-pandemic levels of growth and economic activity. Its output is expected to grow 8.1% supported by effective containment policies with vigorous public investment response and liquidity measures from the central bank.

Several countries, particularly low-income developed economies, entered the crisis with high debt levels, that are projected to accelerate even further during the pandemic. The international community will need to keep working together to ensure that these countries have enough access to international liquidity.

For the Indian Economy, the growth projections for FY 2021-22, have been revised upwards to 11.5%, representing a 2.7 percentage point increase from the previous estimates, indicating a carryover from a stronger-than-expected rebound in FY 2020-21. As a result, India is the only major economy predicted to grow in double digits amidst the COVID-19 pandemic.

While the overall outlook remains positive, one cannot rule out recurrence of the pandemic through mutated variants, as we witnessed in India in April and May. This causes us to be cautiously optimistic on the prospects for a sharp rebound in economic growth and activity.

INDIA – A LUCRATIVE MARKET FOR THE CHEMICAL INDUSTRY

Despite the challenges, India is poised to become a hub for global chemical industry. Contributing 3% to global

> Over the years, we have significantly diversified our portfolio, while enhancing processes, strengthening relationships, and introducing sustainability strategies to create shared value for all stakeholders.

chemical industry, the country ranks 6th globally in terms of chemical sales, 14th in exports and 8th in imports. And this is excluding pharmaceutical products. Over 2 million people are employed in the Indian chemical industry and that serves as a key enabler, to achieve the estimated market size of USD 300 billion in Chemicals & Petrochemicals in India by 2025.

The industry valued at USD 178 billion in 2019, is projected to grow at a compounded 9.3% to USD 304 billion by 2025. Factors like growing disposable income, urbanisation and rural consumer penetration and demand are likely to drive this growth. Higher demand for Chemicals and Petrochemicals is mainly driven by shift in global supply chains towards Asia as well as increased domestic demand. It is estimated that chemical products worth USD 111 billion could be produced by 2023 for domestic requirements.

For India, a thriving R&D ecosystem, advantage of being a one-stop investment and an alternative chemical destination, production-linked incentive (PLI) scheme, and focus on sustainable chemistry and circular economy remain the key pillars of its chemical industry roadmap. The Government is also keen on enhancing the industry's competitiveness and its share in manufacturing. Its 2034 vision for the chemicals and petrochemicals sector focusses on exploring ways to increase domestic production, reduce imports and attract investments. It has also revamped the Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) policy to attract investments of ₹ 20 trillion by 2035.

EMBRACING LEGACY OF 50 YEARS – EXCELLENCE, EXPERTISE AND VALUE CREATION

Deepak is a well-known Indian player in the chemical industry due to its technical expertise, understanding of complex chemistries, efficient handling of technical processes, and a long-term commitment of building deep relationships with stakeholders. We have been one of the first adopters of the 'Make in India' ideology. Over the years, we have significantly diversified our portfolio, while enhancing processes, strengthening relationships, and introducing sustainability strategies to create shared value for all stakeholders.

We have prudently invested funds to improve growth prospects and steadily strengthen financial position while remaining committed to the core value and objectives of people, planet, and profit. With our robust manufacturing platform and capabilities, we look ahead with excitement towards the numerous opportunities that have emerged because of increased global attention on India's potential.

Furthermore, through planned introductions of newer products and ventures, we are laying the foundations for future development. We continue to experience uptick in demand from a myriad of end-user industries, and this trend is expected to continue, going forward.

TACKLING CHALLENGES

Years of experience and tactical acumen have equipped our teams to tackle challenges effectively. Despite the magnitude of second wave, we continued to maintain high efficiency levels across all manufacturing facilities while adhering to regulatory directives.

We prioritised man and material safety. Special financial incentives, expanded medical coverage to include COVID-19 care, free health check-ups, and supply of multivitamins under proper medical advice were some steps undertaken for welfare of employees and their families. We have already taken on the responsibility of vaccinating all employees and their spouses and continue to look for solutions to support the families that depend on us.

DNL FOR 'ATMANIRBHAR BHARAT' – LIMITING CHEMICAL IMPORTS

In the international arena, Government of India's effective vaccine diplomacy has enhanced the status and capability of Indian manufacturing sector. Its immediate effect has been an acceleration in chemical manufacturing shift from China to India. Emergence of the domestic market is the next-order impact. The Government is capitalising on this shift by incentivising India's manufacturing sector with the clarion call of Aatmanirbhar Bharat and the PLI scheme, the impact of which is evident in the rising manufacturing volumes across sectors. This, coupled with global majors' emphasis on India as an alternative supplier for their requirements, would enhance performance traction for India's leading chemical companies.

Deepak is a key domestic chemical manufacturer given our deep chemistry knowledge, diversified product mix, manufacturing experience, scale, backward integration and R&D capabilities. Over the past five decades, we have successfully implemented an import substitution strategy for a wide range of products, such as sodium nitrite, nitrotoluenes, fuel additives, DASDA, OBA and phenol. Our recent venture into the Isopropyl Alcohol, downstream of Acetone, manufacturing with commissioning of 30,000 MT plant is another step forward. With this product, we have met the needs of domestic industries who otherwise imported it as well as served the country when most needed as it is a key raw material used in sanitisers. It has also strengthened our margins and minimised commodity price volatility exposure while setting a foundation for expanding into downstream products. Doubling of the IPA plant to further reduce the country's dependence on imports has been taken up on a fast-track basis and should be ready in couple of months.

> We continued to operate at high utilisation levels at all facilities, especially the phenol plant which operated at around 115% capacity. Despite persistent interstate logistics challenges for raw materials and finished products, the team displayed exemplary resilience in ensuring material movement.

OUR TRIPLE BOTTOMLINE STRATEGY

PEOPLE

People are our most valuable asset. We recognise their contribution towards our transformation, preparedness for future growth and every aspect of corporate management. A 'People First' approach has enabled us to operate all plants at high efficiency while adhering to all Government mandates and regulations.

As a result, we maintain high priority on educating and training our employees, as well as improving their skills and encouraging employee engagement. Our best-in-class human resource strategies ensures their development, safety and welfare. Goals and outcomes are identified to not only foster healthy individual competitiveness, but also serve as a team-building initiative to drive productivity and efficiency. This makes us an employer of choice.

PLANET

We strongly believe in sustainable practices and has been honoured as a Responsible Corporate Citizen on a global scale. We are amongst the first Indian chemical companies to be awarded the 'Responsible Care' certification for our efforts to make the world a safer place. We are also a founding member of the Indian Chemical Council's 'Nicer Globe' and a key representative of 'Together for Sustainability'.

At Deepak, sustainability is one of the main factors contributing to our quality and environmentally friendly solutions. We are dedicated to ecologically sustainable chemistry, ensuring the safety of our employees and customers, as well as the well-being of the society. We are consistently innovating to meet the strategic demands of business, industry, community, and our planet.

PROFIT

India is on the path of steadily gaining market share in the global chemical industry, based on its manufacturing capabilities and track record. In FY 2020-21, Deepak delivered a profitable growth with gains across key product categories. Our consolidated revenue for the year was ₹ 4,382 Crores with EBITDA of ₹ 1,269 Crores. PBT and PAT increased at a faster rate to ₹ 1,042 Crores and ₹ 776 Crores respectively.

We continued to operate at high utilisation levels at all facilities, especially the phenol plant which operated at around 115% capacity. India is indeed a lucrative market for the chemical industry, and Deepak is an ideal candidate to capitalise on this trend, thanks to its diverse product offerings and decades of manufacturing experience.

VISION FOR A SUCCESSFUL FUTURE

Consistency is an invaluable resource in unpredictable economic environment. Our ability to foresee shifts and respond to them with agility ensures our consistency and distinguishes us as a great organisation.

Amidst the ongoing pandemic, we responded effectively to the new normal work environment and implemented all recommended health and safety protocols. We progressed towards becoming future-ready by investing in productive assets and adopting development strategies, established keeping in mind an in-depth and risk-averse approach to capital growth.

Our responsiveness is complemented by our integrated business model serving varied end-user industries and robust research and development capabilities. Together, these strengthen our competitiveness and remain relevant to future needs, which is critical to our long-term success.

DIVIDEND

Premised on Deepak's stellar performance during the fiscal, the Board of Directors recommended a final dividend of ₹ 4.50 per equity share, being 225% of the face value. Over and above the normal dividend, the Board has also recommended a special dividend of ₹ 1 per equity share, being 50%, to commemorate Golden Jubilee year of Deepak. Therefore, the total dividend recommended is ₹ 5.50 per equity share, being 275% of the face value for the year ended March 31, 2021 on 13,63,93,041 equity shares of face value of ₹ 2/- each.

VOTE OF THANKS

On behalf of the Board, I am pleased to state that Deepak has consistently delivered value to customers around the world, attributable to our productive and efficient workforce, together with the continuous encouragement and unwavering support of our dedicated shareholders. We value your continued trust in Deepak's resilience capabilities. We would also like to express our gratitude to all our employees for their diligent efforts in accomplishing our objectives and achieving our vision.

To conclude, I would like to take this opportunity to thank all stakeholders for being a part of our prosperous journey. Going forward, we are optimistic that we will soon become a diversified chemical conglomerate. We are also honoured to be associated with you as we embark on a path of long-term growth and value creation. While I am sure you all are taking requisite precaution, I take this opportunity to plead once again that, you exercise maximum precaution to remain in order to combat the pandemic together.

Best Regards,

Deepak C. Mehta

Chairman and Managing Director

CEO's Message

Looking forward, we would continue adhering to the three P's of sustainable growth – People, Planet, and Profit in that order – as we maintain focus on value creation for all stakeholders.

The ongoing challenges have put our business model to test, and so far, the results have been encouraging, and Deepak continues to be a supplier of choice in all industry segments.

Dear Stakeholders and Well-wishers,

Deepak, in its 50th year of operations, delivered a resilient performance amidst challenges of an unprecedented nature and scale. We placed utmost importance on the health and safety of our associates, their families and the communities in which we operate. Of equal priority was our commitment to customers and to the nation to deliver products, some of which assumed heightened importance during the pandemic.

Despite losing a month's production at the start of the fiscal year, we reported revenues of ₹ 4,382 Crores in FY 2020-21, growing 3% on a year-on-year basis. The growth was driven by strong performance in the Phenolics and Fine and Speciality Chemical businesses. Our wide portfolio of products helped mitigate lower sales in businesses whose demand was impacted by the pandemic or the oil crisis. We also delivered enhanced profitability, reporting a 29% growth in Profit before Tax to ₹ 1,042 Crores in FY 2020-21, and thus surpassing the milestone of ₹ 1,000 Crores. The financial performance has been accompanied by implementation of strategic initiatives and growth plans, positioning us to be able to set aspirational targets for the coming years.

Over the last five decades, our product portfolio and embedded process expertise have served as role model for addressing first domestic, and then global opportunities. Looking forward, we would continue adhering to the three P's of sustainable growth – People, Planet, and Profit in that order – as we maintain focus on value creation for all stakeholders.

FOCUSSING ON OUR PRIORITIES

The outbreak of the pandemic brought with it high uncertainty given the limited information on nature of the disease. We swiftly moved our teams to work from home to minimise risk. For those employees who were required to be on site to operate facilities, stringent processes and protocols were implemented which continued to be followed long after the official gradual unlock. Medical and COVID life coverage was expanded to cover all employees and workers. Keeping in mind the implicit hazard of chemical manufacturing, safety of man and material was given top priority.

Unfortunately, the country then witnessed a devastating second wave of the pandemic during which lockdowns were implemented at state and territory levels unlike the national lockdown earlier. Taking note of lessons learnt from the first wave, we responded with agility to sustain operations. We also partnered with our philanthropic arm to set up as well as strengthen 130 beds dedicated for Covid at three locations. Medium and large size oxygen PSA plants were purchased and deployed at nearby facilities. We have taken the responsibility of vaccinating all our employees and their families, have empanelled specialists for stress and trauma counselling and are doing our bit to help society through focus on healthcare and livelihood. Needless to say, we believe these are our basic responsibilities and all employees, their families and the communities in which we operate remain our priorities.

UNPARALLELED PERFORMANCE AND EXECUTION

In FY 2020-21, Deepak demonstrated robust year-over-year recovery, attributed to its capability of maintaining high level of plant efficiencies despite on-ground challenges relating to COVID-19. We effectively examined and identified prospects across domestic and export markets to facilitate this revival, both in terms of manufacturing and value sustainability.

Phenolics was able to maintain more than 100% capacity utilisation sustainably by building a bench strength of suppliers & customers. This allowed us to pivot effortlessly when one or more end segments were facing challanges.

Internal processes such as people management, supply chain management and logistics were all closely monitored, and efforts were made to maintain business continuity while improving the productivity levels as key employees were working virtually. Our team's relentless efforts and dedication in ensuring maximum capacity utilisation combined with apt raw material management ensured outstanding results. The ongoing challenges have put our business model to test, and so far, the results have been encouraging, and Deepak continues to be a supplier of choice in all industry segments.

Investments to widen our portfolio and strengthen our core business will fructify in the coming years, with a consistent focus on Deepak's 'Right to Win'. Increased investments in R&D, operational excellence, and the addition of new products will support our drive to improve customer dependability on Deepak.

DEPLOYING A CALIBRATED APPROACH

Deepak is poised for success through numerous strategic initiatives and as we return to pre-COVID levels, there is a clear preference from global customers who value our superior quality products and reliability. We also stand to benefit from global initiatives to de-risk supply chains from overdependence on China.

Based on the encouraging demand trajectory, we have initiated key capex projects during the fiscal. This includes land development at our newly acquired Dahej site, comprising 55 acres out of total 127 acres in the first phase. This facility will support capacity enhancement for key products in the standalone business. Brownfield expansion of IPA is also nearing completion which will double our IPA capacity to 60,000 MTPA, and other existing products are being expanded in line with market growth. Forward integration projects based on phenol and acetone are currently being finalised, and shall be launched soon.

In another important development, we will be investing around ₹ 300 Crores into new products based on environmentally friendly technologies for agrochemical and pharmaceutical intermediates. We are also in the process of building a world-class Technology Centre at Vadodara which will further strengthen our R&D and piloting capabilities. In terms of our technology platforms, we have further developed our competency in nitration, reduction and diazotisation – and also added new platforms like fluorination and photochlorination.

As a result of these planned developments, we are confident that the consolidated entity will see promising improvement across the length and breadth of the Group's verticals.

STEWARDSHIP TOWARDS SUSTAINABILITY

Deepak prioritises Environment, Health, and Safety (EHS) standards as a signatory to Responsible Care, Together for Sustainability (TFS), and Nicer Globe. We are committed to responsible chemistry and develop efficient processes. As a result, hazard studies, process safety studies, and environmental safety studies are all part of any new product development where we actively engage an internal team and comply with all necessary Government regulations and standards. We are also investing in furthering the move toward a circular economy, by introducing various programmes to minimise our thermal and water footprint, as well as developing value-added chemicals from by-products. I am pleased to share that DPL's facility at Dahej has the lowest thermal and water footprint for a phenol plant of comparable size anywhere in the world.

Our EHS team understands that a restrictive manufacturing environment can result in severe process lapses and storage oversights. With an objective of restricting such errors, we have increased focus on development and deployment of IoT-based automation and plant safety systems. Emphasis on quality, environmental standards, human resource practices and efficiency in hazardous and complex chemical processes makes us the natural choice for global customers who share our values.

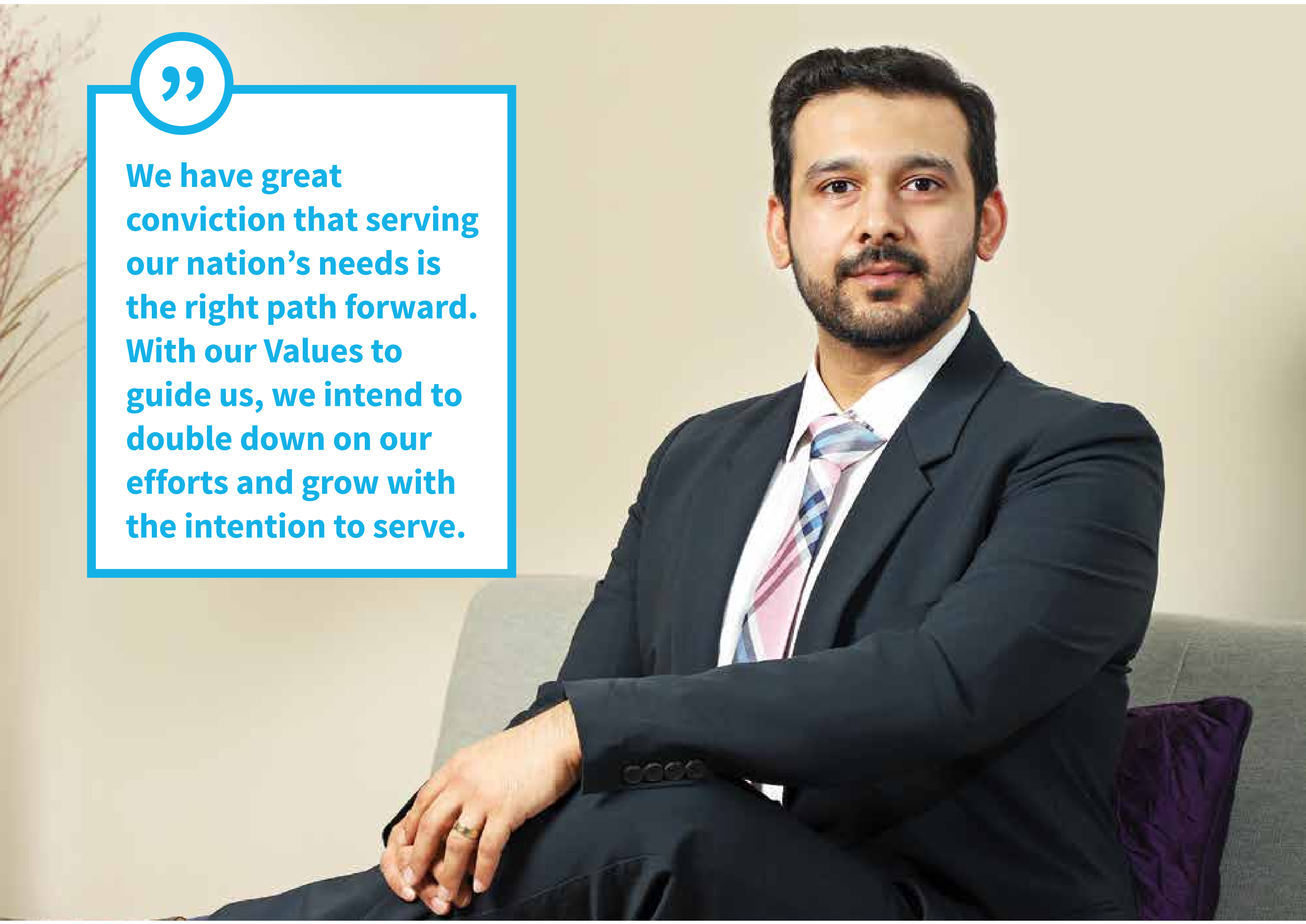
I would like to express my gratitude to all of our stakeholders for their unwavering support and encouragement.

Best Regards,

Maulik D. Mehta

Executive Director & CEO

Executive Director's Message



We have great conviction that serving our nation's needs is the right path forward. With our Values to guide us, we intend to double down on our efforts and grow with the intention to serve.

Dear Well-wishers,

FY 2020-21 has been an eye-opener for all that we have taken for granted. COVID-19 started of feeling like a distant threat but became all too real, too soon.

FY 2020-21 has also reaffirmed the strength of the human spirit. As we, at Deepak, adopted Work from Home, the lines between professional and personal were blurred and it brought out the best in us. As difficult as things got, a greater sense of empathy towards each other was the dominant and de facto behaviour displayed by all. The "can do, will do" attitude surfaced, and all teams came through with brilliant performance.

Deepak Phenolics was conceived with humble, yet ambitious targets; to establish a stable, domestic supply of a key ingredient for an underdeveloped and import-dependent market. The challenges were not only to set up a facility to be able to produce a product. It was to set up a world-scale facility, with record breaking performance and live up to Deepak's legacy as a dependable partner to the customers and a worthy investment to shareholders. Words do not convey the herculean effort put in by an energetic execution team with wise and experienced mentors, who, in FY 2018-19, delivered on that promise. We were producing on-spec material and fulfilling orders within mere months of start-up.

Taking advantage of the momentum, we applied ourselves in optimising the plant. Steadily debottlenecking and achieving greater throughput, we increased technical confidence and production volumes. We took calculated decisions to continue expanding our value chain and entered the IPA market. We came into production just as news of the pandemic broke and supply networks around the world had to call force majeure.

As awful as this pandemic has been, the timing of the IPA plant commissioning was a sign from destiny. We have great conviction that serving our nation's needs is the right path forward. With our Values to guide us, we intend to double down on our efforts and grow with the intention to serve.

On behalf of the Deepak Group, I wish to express my sincerest gratitude for the trust you have placed in us and look forward to surpassing expectations.

Stay safe!

Meghav Mehta
Executive Director
Deepak Phenolics Limited

Value Creation Model

INPUTS — VALUE CREATION — PROCESS — OUTCOMES

Inputs

CAPITAL

FINANCIAL CAPITAL
- Equity ₹ **27.28** Crores
- Reserves ₹ **2,319.37** Crores
- Total Capital Employed ₹ **3,007** Crores

Pg. 32-37

MANUFACTURED CAPITAL
- Property, plant and equipment ₹ **1,824.83** Crores
- No. of manufacturing facilities **6**
- Assets under construction ₹ **206.76** Crores
- Investments in operational excellence and health and safety

Pg. 38-41

HUMAN CAPITAL
- No. of employees on payroll **1,897**
- No. of contractual employees **2,820**
- Permanent women employees **47**
- Continuous investment in training and development and health and safety initiatives
- Total manhours of training **26,156**

Pg. 42-45

INTELLECTUAL CAPITAL
- Sustained investments in R&D
- Employees in R&D **73**
- Expenditure on digitalisation / technology / process improvement initiatives ₹ **17.39** Crores

Pg. 46-47

SOCIAL & RELATIONSHIP CAPITAL
- No. of customers **~500+**
- No. of distributors **25+**
- No. of suppliers **120+**
- CSR initiatives ₹ **8.45** Crores (₹ 3.59 Crores in FY 2019-20)

Pg. 48-53

NATURAL CAPITAL
- Investment in effluent plant and environment management system, environment / biodiversity conservation and rainwater harvesting
- Efficient use of natural resources
- Focus on reduce, reuse and recycle
- Green belt development

Pg. 54-55

Value Creation and Process

Research and Development (R&D)

Our team focusses on innovating new compounds / value-added products, improving process of existing products, recovery of products from effluents

Raw Material Procurement (RM)

RM is procured from suppliers and transported to plants via rail and road

Processing

We use various complex processes to manufacture products across basic chemicals, fine and speciality chemicals, performance products and Phenolics. The effluents generated during the manufacturing process are recovered to make by-products, where possible and rest are treated for disposal.

Read more on our products and its application on pages 4 and 5 of this report

Supply Chain Management

The products are sent to B2B customers across diverse sectors through sea, rail and road routes.

Pillars of Value Creation
- Strong governance practices
- Risk management
- Deep culture of innovation
- Skilled people
- Environmentally sustainable operations

Outcomes

Financial
- Revenue ₹ **4,381.27** Crores
- EBITDA ₹ **1,268.55** Crores
- PAT ₹ **775.81** Crores
- Cash and cash equivalents ₹ **8.89** Crores
- EPS ₹ **56.88**
- Dividend per share ₹ **5.5** (₹ 4.5 for FY 2019-20)
- Net Worth ₹ **2,346.65** Crores
- Market capitalisation ₹ **22,600.00** Crores as on March 31, 2021
- Net Debt : Equity **0.15** times

Manufactured
- Products adhering to all IS standard and certified by BIS/REACH registered
- World-class standards in operational excellence and HSE performance
- Improved plant availability and capacity utilisation to meet demand

Human
- High employee satisfaction and productivity
- Employee Engagement scores improved to **4.18** out of 5
- Incidents of labour unrest **Nil**
- Salaries and wages paid ₹ **247** Crores

Intellectual
- No. of internal processes digitalised **10**
- New products launched **02**
- No. of products under development nearing commercialisation **05**
- No. of cumulative patent applications filed **36**
- No. of patents in place **13**

Social & Relationship
- **~ 20,000** community COVID-19 cases were guided and counselled under CSR initiative
- **1,17,000+** beneficiaries of CSR initiatives
- Long-term stable customer base with high satisfaction
- Sustained confidence of shareholders and investor community
- Improved relations and trust among the communities
- No. of supplier engagements/ training programmes **6**

Natural
- Water reused and recycled **2,00,826** KL (equivalent to single day water requirement for 2 lakh households)
- Rainwater harvested **683** KL
- Environmental performance in line with regulatory requirement
- No serious environmental incidents
- No negative material impact on habitats or waterbodies

Strategic Priorities for Sustained Value Creation

We are a leading manufacturer of chemical intermediates serving domestic and global customers for over 5 decades. Our capacities and competencies provide us a robust platform while our people, partnerships and processes drive our operational excellence. We believe there are significant opportunities for growth and our strategic priorities are geared towards sustained value creation.

Our Strategic Priorities for FY 2022 to FY 2025

S1

Expand Capabilities

- Greenfield land development at Dahej and brownfield expansion at Nandesari, Roha and Taloja plants to enhance capacity of key products
- Brownfield expansion to double IPA capacity to 60,000 MTPA nearing completion
- Completion of captive power plant is nearing
- Setting up world-class Technology Centre to strengthen R&D

S2

Enhance Margins

- Optimise product mix with additional value-added products
- Continued process optimisation, productivity improvements and energy conservation initiatives to reduce costs
- Improve asset fungibility in line with customer's schedule for key intermediates

S3

Operational Excellence and Safety

- Asset integrity study & OEE across all locations to improve productivity and reduce effluents in existing plants
- Enhance use of narrow band technologies for manufacturing and automation
- Newly developed Technology Centre to have a specially designed intesification cell
- Ensuring better capacity utilisation and better process towards cost leadership

S4

Widen Product Portfolio

- Explore Integration opportunities across all business segments using Deepak's 'Right to Win' Template
- Meaningfully enhance core technology platforms including nitration, reduction and diazotisation; and build platforms including fluorination and photochlorination
- Investment towards manufacturing products that utilise core technology platforms for new agrochemical and pharmaceutical intermediates

S5

Sustainable Growth

- Sustained alignment to Responsible Care, Together for Sustainability (TfS), and Nicer Globe principle: Target is to achieve a TfS score of 90+ across all our plants
- Focus on value from waste initiatives. Conduct regular energy audit for all locations
- Promote a positive HSE culture and maintain safe operations
- Proactive compliance with all local & national regulatory requirements

Stakeholder Engagement

As a leading chemical intermediates manufacturing company, we are aware of our obligations to uphold sound and long-term relationships with our wide and varied stakeholders. To understand our stakeholders' needs, a review was conducted during the year. While this was not an exhaustive engagement, it has still given us greater insights into their material issues and concerns, which we stand committed to address.

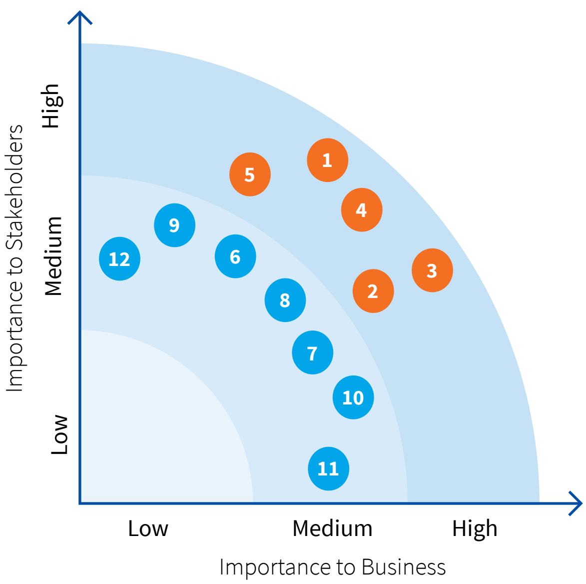
	Stakeholder Expectations	Engagement Method	Addressing their Needs by
SHAREHOLDERS AND INVESTORS	▪ Seek information on plans and strategies being deployed by the Company ▪ Expect growth on the back of consistent operating and financial performance ▪ Financial discipline with global best practices ▪ Adherence to high standards of governance and protection of minority interests ▪ Seek value creation through stock price appreciation and regular dividend payment ▪ Report on ESG initiatives	▪ Annual General Meeting ▪ Annual Report ▪ Quarterly earnings communication and earnings call ▪ Investor/analysts meet ▪ Media releases ▪ Company website	▪ Sharing information accurately and transparently in a timely manner to all ▪ Steady and sustainable performance driven by a focussed growth strategy ▪ Consistent Dividend payment and value creation through share price appreciation ▪ Bringing in an Integrated Report
CUSTOMERS	▪ Higher value proposition in terms of product quality and affordability ▪ Supply reliability ▪ Responsiveness to needs and technical queries ▪ Robust grievance mechanism	▪ Personal meeting ▪ Telephonic calls ▪ Email correspondence	▪ Meeting all contractual obligations ▪ Sustained communications and collaboration to meet their dynamically changing needs ▪ Customised product development ▪ Brownfield expansion in line with growing market demand ▪ Timely deliveries of quality Products

	Stakeholder Expectations	Engagement Method	Addressing their Needs by
SUPPLIERS	▪ Mutually beneficial, long-term relationships ▪ Transparency in selection ▪ Price negotiations ▪ Quantity and price confirmation ▪ Delivery schedules ▪ Timely payment	▪ Supplier meets ▪ Telephone calls, email and virtual meetings	▪ Ensuring order confirmation and delivery schedules based on demand, and expected/ anticipated marked prices ▪ Reverse auction to enhance transparency, initiated across various SKUs
EMPLOYEES	▪ Professional growth opportunities ▪ Engagement ▪ Training and development ▪ Mental & Physical Health and safety ▪ Fair remuneration and reward	▪ Senior leaders communication/talk ▪ Performance review/ appraisal meetings ▪ Union meetings ▪ Wellness initiatives ▪ Employee engagement survey ▪ Publications, newsletter, intranet, website	▪ Implement all health and safety protocols ▪ Expanding medical and life insurance coverage to COVID-19 ▪ Providing increments and special financial incentives ▪ Undertook wellness initiatives specially focussed on pandemic ▪ Higher Internal Mobility targets ▪ Succession Planning excercise ▪ Robust Learning & Development in place for employee growth
COMMUNITY	▪ Sensitive and Responsive to urgent community needs ▪ Equitable and inclusive development ▪ Compliance on health, safety, and environmental performance ▪ Job creation ▪ Community development activities ▪ CSR activities	▪ Regular community engagement / meetings / visits and various interactions through CSR initiatives and demographic survey	▪ Well-structured community development programmes and CSR projects are being carried out based on detailed need assessment ▪ The CSR projects focus on healthcare, education, skill building, livelihood and women empowerment ▪ Board engagement for project (with complete assessment) approval and impact analysis
GOVERNMENT AND REGULATORY BODIES	▪ Regulatory compliance ▪ Social development and generating employment	▪ Meetings with local/state/ national government and ministries ▪ Seminars, media releases and conferences ▪ Membership in industry bodies	▪ Timely dissemination of relevant information to stakeholders ▪ Robust governance through Board of Directors having expertise in relevant fields

Managing Material Matters

Material matters are those which impact, or could impact, our ability to create value over the short, medium and long term as we pursue our ambition to build a sustainable future. These material issues have been arrived at basis our regular stakeholder engagements, our risk management process and market monitoring. We continuously manage these issues to achieve our objectives.

Material Matters at Deepak



Highly critical areas

1 Sustainable chemistry
2 Product innovation
3 Health and safety
4 Climate change
5 Growth and profitability

Medium critical areas

6 Customer relationships
7 Governance and risk management
8 People strength and development
9 Fair remuneration and growth opportunities for employees
10 Digitalisation
11 Supply chain efficiency and logistics management
12 Community development

SUSTAINABLE CHEMISTRY

Issue: Growing awareness of our planet's vulnerability is driving the shift towards sustainable solutions. In our industry, customers are increasingly showing interest in partnering with suppliers, aligned with their commitment to reduce their own environmental footprint. If we are unable to embed sustainability in our operations and develop products that meet customers' sustainability and performance needs, it can impact our value creation.

Response: We are paying close attention in driving sustainability in our operations through multiple initiatives that reduce our carbon and water footprint. Our relentless focus on sustainable chemistry is also reflected in our product portfolio wherein circular-economy-compatible products are steadily gaining traction. These products are value-added chemicals manufactured from by-products, demonstrating our proactiveness in using resources with regard to the environment.

PRODUCT INNOVATION

Issue: Our chemical intermediates cater to various end-user industries such as petrochemicals, pharmaceuticals, agrochemicals, personal care, paper, textiles, among others. Our customers from these industries are constantly in need of niche and high-performing products that add value to their own operations. If we are unable to develop new products or improve existing products to meet growing needs, it can have a material effect in expanding our customer base or deepening our engagement with existing customers.

Response: By scouting for global trends, collaborating with customers, understanding their product preference and driving innovation through our R&D efforts, we are constantly enhancing our portfolio of novel chemistry solutions. We also continue to focus on ways to improve existing products. We remain focussed on investing in innovation irrespective of the market environment as we believe it is paramount for continued success.

HEALTH AND SAFETY

Issue: Due to the nature of our business, our employees are exposed to a variety of hazardous materials and operational hazards. Process safety gaps and occupational health and safety (OHS) incidents may cause physical harm to our employees and even result in loss of lives. Additionally, failure to ensure employee wellbeing and safety may impact the achievement of our production targets and also negatively impact our assets, environment and business reputation.

Response: Ensuring occupational health, safety, and the well-being of our employees is a continuous priority. At all sites, stringent safety measures are implemented, safety audits are conducted, and appropriate personal protective equipment is provided to employees. Safety awareness is driven through safety campaigns and training. To ensure the health and safety of employees during the ongoing pandemic, additional security and safety measures have been implemented.

CLIMATE CHANGE

Issue: Climate change is among the most pressing challenges our planet faces today. As chemical production is energy and water-intensive, our inability to reduce our environmental footprint can impact our standing in the industry and our relationships with our customers, investors and the society at large.

Response: We have embraced environmental consciousness by embedding sustainable manufacturing. This is reflected in our emphasis on utility reduction, recovery of 'value from waste', and adoption of cleaner technologies. We are relentlessly working towards improving our energy efficiency and are using solar power wherever feasible. Further, the effluents, emissions and wastes generated at our manufacturing facilities are within the permissible limits given by the respective Pollution Control Board.

GROWTH AND PROFITABILITY

Issue: Leading financial performance, both in terms of growth and profitability, ensures that our investors continue to stay invested in our Company. A strong and stable financial position also provides us opportunity to drive holistic value creation for all our stakeholders.

Response: We budget financial resources efficiently and follow best business practices and good governance to ensure a sustainable business for the long term. In addition to making investments within the strict and clear framework of discipline, we also follow a disciplined approach to cost management to maximise our financial performance.

CUSTOMER RELATIONSHIPS

Issue: In an increasingly competitive and fluid operating environment, the growth of our business is directly linked to our customer base. Strengthening our relationship with our customers is thus a material matter that can significantly impact our ability to create value.

Response: To retain and acquire customers, we are offering innovative and cost-effective products. We continue to focus on engaging with them and understanding their needs to strengthen the customer experience. Our customer-centric approach has helped to drive customer stickiness, which is today among our greatest strengths in driving our profitable growth.

GOVERNANCE AND RISK MANAGEMENT

Issue: In the evolving landscape of chemical industry marked by increasing macro-economic volatility, strong governance practices to ensure ethical and transparent business practices by meeting all regulatory compliance as well as managing risks are important.

Response: We have robust governance practices which is guided by reputed Board members having diverse skills and adequate independence to ensure interest of all stakeholders are taken into consideration. Most of the Board members also have deep experience in the chemical field and adequately guide the organisation in growth and managing risks. We also have robust risk management practices supported by a strong team.

PEOPLE STRENGTH AND DEVELOPMENT

Issue: Our talented team is at the core of our success. Our failure to ensure that we have the right people at all times can have a bearing on our ability to realise our business objectives.

Response: We are approaching talent attraction and management comprehensively. Continuous opportunities are being provided for capability building and to drive engagement. We also have in place a structured approach for succession planning and building a leadership pipeline.

FAIR REMUNERATION AND GROWTH OPPORTUNITIES FOR EMPLOYEES

Issue: Fair remuneration and growth opportunities are important to drive employee motivation and ensure smooth operations without any disruption or unrest as well as high retention ratio.

Response: We pay salaries and wages to all employees, in line with the industry standards. In addition to that, all employees are paid performance-based incentives. We undertake annual performance-based appraisal for all employees. Wages, increments of workers are as per agreement. Being a fast growing Company, we continue to prioritise adequate growth opportunities to employees.

DIGITALISATION

Issue: The COVID-19 pandemic has further accelerated the growing shift towards digitisation. Failure to adopt digital ways of working can have a material bearing on our customer relationships, product launches, employee satisfaction and operational efficiency.

Response: We are increasingly harnessing digital technologies to strengthen our infrastructure and our business operations at all sites. Our digital approach is making a difference to the performance of our core functions of innovation and manufacturing of chemical intermediates as well as to our enabling functions of logistics, HR, finance, administration, among others.

SUPPLY CHAIN EFFICIENCY AND LOGISTICS MANAGEMENT

Issue: Ensuring seamless supply of raw materials and timely delivery of customer orders is extremely important for any business to flourish in a challenging and competitive business environment. Any disruption in these activities can be of serious threat to our growth and profitability.

Response: We have a robust inbound and outbound logistics and distribution network. We use secure mode of transport with GPS tracking technology that enables us to monitor the transport of raw materials and finished goods on a real-time basis. We also have structured warehousing and distribution systems in place which enables timely delivery of customer orders.

COMMUNITY DEVELOPMENT

Issue: No business can thrive without the acceptance of the community in which it operates. Community development helps in positioning the business as an organisation that values causes outside of making money and, thus, cultivates trust in the company's operations.

Response: Through our CSR Wings – Deepak Foundation and Deepak Medical Foundation, we have so far touched the lives of over 2 million people through various programmes. For more details on our community engagement and development activities, please refer to pages 50 to 53 of this Report.

Managing Risks

Risk management is important to achieve our strategic goals and long-term sustainability. We are continually enhancing our risk management system to identify external and internal risks to develop right mitigation, especially in the current VUCA (Volatile, Uncertain, Complex and Ambiguous) operating context.

We recognise that effective risk management and robust governance structures are fundamental in increasing organisations and stakeholders' confidence in its ability to achieve its goals.

The infrastructure for risk and governance activities at the Company comprise the Enterprise Risk Management (ERM) framework. Our ERM is founded on sound organisation design principles. It helps in identifying, evaluating, managing, and reporting risks arising from our operations. It enables us to manage risks within acceptable limits by using risk mitigation techniques and allocating the necessary resources, thereby being resilient through volatile environments. Our ERM is designed to avoid incidents and maximise business outcomes by enabling the management to:

- Understand the risk environment and assess the potential exposure
- Manage overall potential exposure and determine risk mitigation strategies
- Monitor the effectiveness of the risk management
- Enhance controls and improve wherever necessary
- Report across the management chain all the way up to the Board on a periodic basis

Our ERM framework with its consistent and systematic approach for identifying and managing risk, both at the strategic and operational levels enabled the organisation to continue on its growth path. Deep culture of Risk Management that the organisation has achieved over the past years, based on clear accountabilities of risk and control, and backed by ongoing management processes including oversight by Board of Directors has

enabled us to mitigate risks including the risk triggered by COVID-19.

Over the past few years, our Company has matured its Risk Management Framework which identifies, manages, monitor and reports both, the key risks, and the newly emerged risks - that can impact achievement of its strategic objectives. It is customised for business segments and functions which enables effective management and governance of key risks and emerging risks. Risk management is reviewed based on the ever-changing external and internal environment to ensure decision-making is aligned with the organisation's business strategy, improving the resilience of the organisation to generate sustainable value.

We leverage technological advancements to support the Risk Management Framework and it has significantly matured across all 4 major business segments. New businesses also adopt leading risk management technologies, processes, and the experience available in the Group to manage the risks better thus creating a common risk language to facilitate risk awareness across all in the organisation.

Key Risks Impacting our Business

EMPLOYEE HEALTH AND SAFETY RISKS

We are in a business where employees have to work with chemicals that may be hazardous. Their safety is essential to business continuity.

Mitigation actions:

- Presence of Central Safety Committee, comprising business heads and HSE professionals, to guide all safety-related aspects and conducts monthly HSE reviews
- Empowered Local Safety Committees across all locations
- Robust health and safety policies and procedures which are regularly reviewed and updated
- Digitalisation of major process to ensure better reporting and investigation of accidents
- HAZOP (hazard and operability) conducted across all plants
- Undertook regular sanitisation, changes in operations to ensure physical distance and regular screening of employees to ensure safety during pandemic

SUSTAINABILITY RISKS

Inability to ensure sustainable operations may result in severe damage to environment and lead to cancellation of licence to operate.

Mitigation actions:

- Our operations are aligned to Responsible Care, Together for Sustainability and Nicer Globe
- Dedicated policy for Employee Health, Safety, Environmental Protection and Quality
- Sustainable operations across all manufacturing facilities contributing to lower emissions and efficient energy and water management. Trees are also planted on yearly basis for a cleaner and greener environment
- Board and senior management level interventions on sustainability issues

PRODUCT QUALITY RISKS

Inability to manufacture products in line with customers specification may reduce demand for our products and business goodwill.

Mitigation actions:

- All our manufacturing facilities are ISO 9001 certified
- Presence of quality control team who check all customer supplies and ensure they are approved for Certificate of Analysis & Material Safety Data Sheet
- Enhanced QA and QC labs with upgraded equipments

BUSINESS RISKS

Low market demand for products and inability to secure new business due to capacity constraints may impact growth.

Mitigation actions:

- Our diversified operation with wide range of products catering to multiple sectors across 30+ countries ringfences against sectoral or geographical concentration risk
- We are continually making investments in new chemistries backed by deep market research and supported by our expert R&D team who focus on innovating to develop new and better products
- We are undertaking calibrated capacity expansions across multiple plants to meet the growing demand for our products
- We enjoy deep and long-standing relations with most of our customers who continue to do business with us because of better quality products, our system and processes, and ability to meet their needs
- We have focus on manufacturing new agrochemical and pharma intermediates, thus further diversifying our operations

OPERATIONAL RISKS

Inability to ensure operational efficiency and optimise cost may result in failure to meet business obligations as well as reduce our competitiveness.

Mitigation actions:

- Our state-of-the-art plants equipped with modern equipment and technologies enable us to achieve high level of productivity
- We have adopted best manufacturing practices at plant and continuously train our workforce
- We undertake process optimisation and productivity improvement initiatives on a continual basis

FUNDING RISKS

Failure to procure sufficient, cost effective funding and ensure disciplined capital allocation may impact our capital structure.

Mitigation actions:

- Strong focus on making decisions with long-term perspective
- All investments committed after deep research and by adopting a calibrated approach
- We ensure adequate liquidity at all times and maintain healthy gearing levels through our prudent treasury and cash flow management capabilities. Our cash and liquid investments stood at ₹ 220 Crores as on March 31, 2021
- We effectively use cash flows to finance expansion projects and to repay debts, resulting in a healthy Net Debt : Equity Ratio of 0.15x as on March 31, 2021
- We have improved our credit rating during the year strengthening our brand reputation

DIGITALISATION RISKS

Failure to implement digital technologies may reduce our business efficiency and thus impact our competitiveness.

Mitigation actions:

- Deployed digital tools along with process simulation software to expedite product innovation and ensure first time right scaling of new products
- Deployed automation technologies to drive efficiency
- Use of artificial intelligence and machine learning tools to make better use of data

RAW MATERIAL RISKS

Failure to procure adequate quantity of raw material at right prices may impact business continuity and profitability.

Mitigation actions:

- Strong relationship with many suppliers
- Long-term contracts with suppliers to ensure sustained raw material availability
- Practice demand forecasting to better plan production and secure raw materials

Financial Capital

Maximising Value Creation Sustainably

We aim to create value for all our stakeholders by managing our financial capital in an astute and diligent manner. Our prudent financial management has enabled us to deliver sound returns and uphold business viability and sustainability from a long-term perspective.

Efficient Financial Management

Our financial capital includes the equity investments of our shareholders; internal cash flows generated within the business; and debt raised from financial institutions.

We are not merely driving for short-term growth and goals but are mindful and agile to make our decisions from a long-term perspective. To ensure a sustainable top-line, due investments are made in our manufacturing and intellectual capital to bring to our customers the quality products that we are recognised for; human and social capital for the well-being and empowerment of our employees and our local communities; and natural capital for promoting environmentally responsible measures across our operations. These investments are made in a carefully balanced and calibrated manner to further achieve financial goals and objectives.

Complementing our top-line approach, we are focussed on managing our costs optimally. We are prudent in our treasury and cash flow management - ensuring adequate liquidity, reducing our cost of funds, and maintaining healthy gearing levels. We are also conscientious in applying effective risk management practices into our corporate decision-making process along with internal controls to bring the necessary checks and balances to our operations. This enables us to optimise value creation against a dynamic business landscape and strategically plan, scale-up and consolidate our businesses to deliver.

The Company enjoys a stable position on the balance sheet front. It has steadily reduced debt in recent quarters and has emerged stronger through the pandemic on the back of the improved financial position over the last 12 months.

CFO's Communique

Dear Stakeholders,

Over last five decades of the Company's operations, we have witnessed, various facades of socio-economic rigmarole – socialistic pattern of society including public sector industries, regime of the licences, India being signatory to the WTO, commencement of economic liberalisation followed by social liberalisation, augmentation of a new era when the country gradually started embracing capitalism amidst various global opportunity and debacle; probably the most amasing discovery witnessed by the World, the Internet. In this series of phenomenon, the country's socio-economic warp & weft yarns have witnessed transformational change.

Today's India is a new economic prowess in the World, has serious voice in global forums, at the backdrop where the Indian Corporations have been successful in their delivery helping the country's economic abilities. And, we saw pandemic caused by COVID-19, stalling all sorts of normal activities across the globe, posing serious threat to our country as well – to its citizens, to its economy and society at large.

At Deepak, the 50th year of operations has been memorable. The Company commenced the fiscal in the midst of the nationwide lockdown resulting in all plants being shut down, all employees working from home, finished goods and raw materials in transit and customers remaining uncertain about production schedules. We swiftly adapted to the new normal work environment and strictly imposed all necessary health and safety procedures in the face of a global pandemic.

RESILIENCE IN ADVERSITY

The Company prioritised its human capital to ensure safety first. The priority was employees and their families, suppliers and vendors as well as the millions of citizens who live around the plants and operations. It offered medical testing for employees and families, ensured prompt and timely payments, widened medical coverage and also distributed medicines and food where required. The focus on Health, Safety and Environmental parameters was prioritised since any oversight in process, storage or logistics of materials could have catastrophic consequences.

The Company was rewarded by its employees and business partners who remained committed to the operations and ensured a seamless recovery upon relaxation of the restrictions. Most importantly, project and technical teams were able to commission the IPA facility in the midst of the lockdown in April 2020. This helped the Company to offer an essential product in a time of immense need thereby serving the Nation.

Despite the pandemic's lingering effect on certain end-user segments, all teams have been proactive and agile thereby driving a steady revival in operational performance leading to return to pre-COVID levels of growth trajectory. This has enabled the Company to deliver a resilient performance during FY 2020-21, possibly the most disruptive year in living memory.

OPERATIONAL EXCELLENCE

In the face of multiple challenges including shutdown of plants for 35 days during the first quarter, increased volatility in prices of raw material, sustained forex volatility, the Company maintained high standards of operational excellence.

The Standalone business has witnessed initial demand shocks in end-user industries and sharp fall in realisations of some key products. This was taken in its stride as the Company overcame the odds of first half of the year with a strong performance in the second half to post year-on-year growth in revenues and profitability. In fact, the Company has steadily increased PBT in each successive quarter this fiscal.

On the other hand, phenol business delivered stellar performance showing excellent plant efficiencies, registering capacity utilisation level at around 115% which resulted in higher revenue and EBITDA margins.

By leveraging its integrated manufacturing model and displaying high tactical awareness, the Company has capitalised on opportunities across various end-user industries and geographies that it serves.

The performance of the Company has been indicative of inherent expertise and strength across key product categories. We were able to seize opportunities arising from the sharp rebound in India's overall economic activity following several months of lockdown - thanks to excellent teamwork, global-scale operations and robust marketing and distribution network.

UNWAVERING FOCUS ON GROWTH

During FY 2020-21, the Company undertook brownfield expansions to create headroom for growth. Further, Deepak Phenolics Ltd. commissioned its premium grade IPA plant with a capacity of 30,000 MTPA in April 2020 and delivered full utilisation within a month of launch. Efforts are underway to rapidly commission the second phase of IPA manufacturing which will double the capacity to 60,000 MTPA.

IPA is the first of a basket of downstream derivatives of phenol and acetone that will drive forward integration in the product portfolio of DPL. This will result in increased captive consumption of these commodity products and enable us to deliver value-added products to our customers.

The Company has commenced land development operations at the newly procured site in Dahej, and it is nearing completion on the 55-acre site, out of total 127 acres. With effect from October 9, 2020, the Company had also established a wholly-owned subsidiary 'Deepak Clean Tech Limited' ("DCTL"), to produce chemical and pharma intermediate products, interwoven with our existing products and process chemistry knowledge, also towards creating new platforms like fluorination and photochlorination.

EFFICIENT CAPITAL ALLOCATION

Deepak Nitrite apportions profits earned and cash generated during the year into three primary uses – reinvesting for growth, reduction of debt and returns to shareholders. As has been shared earlier, the Company is undertaking expansion across multiple business lines to reinvest for growth. Due to its increased scale, it is able to self-finance its calibrated growth plans.

The Company enjoys a stable position on the balance sheet front. It has steadily reduced debt in recent quarters and has emerged stronger through the pandemic on the back of the improved financial position over the last 12 months. Your

Company achieved debt-free status, on a standalone basis, during this fiscal. Deepak Phenolics which has just completed around 2.5 years of operations since commissioning of its mega project and has invested in capacity to manufacture IPA this fiscal, pre-paid substantial part of its borrowing apart from honouring committed repayments. Consequently, the consolidated net debt to equity ratio is comfortable at 0.15x. The Company enjoys a robust liquidity position with cash and liquid investments amounting to nearly ₹ 220 Crores on a consolidated basis as of March 31, 2021.

CREDIT RATING IMPROVEMENT

Deepak Nitrite has a strong reputation and is a market leader in several product categories. This has resulted in consistently improving financial performance. As a result, ICRA has upgraded long-term credit rating from "ICRA AA-" to "ICRA AA" of Deepak Nitrite. The outlook has been revised from Positive to Stable. Further, they have re-affirmed short-term credit rating at "ICRA A1+". CRISIL upgraded its long-term credit rating outlook, from "CRISIL AA-/Positive" to "CRISIL AA/Stable" and has re-affirmed short-term rating as "CRISIL A1+".

With respect to subsidiary, Deepak Phenolics Limited, ICRA has upgraded the long-term credit rating by two notches, from "ICRA A" to "ICRA AA-" and the short-term credit rating has also been upgraded from "ICRA A1" to "ICRA A1+", which is the highest in the category.

Revised ratings have been greatly influenced by Company's long-term business performance, economic sustainability across several product segments, diversified product offerings, continuous innovation and market efficiency.

DELIVERING VALUE TO SHAREHOLDERS

We firmly believe in creating shareholder value and in line with outstanding performance delivered by the Company. I am pleased to report that as a measure of recognition of the confidence reposed by our shareholders, the Board of Directors of the Company has recommended a dividend of 275% including a special dividend of 50% to commemorate Golden Jubilee.

Over the last five decades, Deepak Nitrite has wisely invested funds to improve its potential growth and continually enhance the financial health, all the while staying dedicated to the core values of people, planet, and profit. The Company has a robust platform in place and we are excited about the abundant opportunities that have emerged as a result of rising global emphasis on partnering with India.

On behalf of the Board of Directors & the management of the Company, I would like to thank all of you, our shareholders, for your trust and faith in the Company. We maintain a guarded optimism that Deepak will continue to offer long-term value to all its internal and external stakeholders.

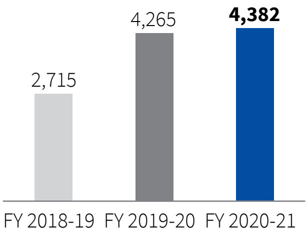
Wish you all the best, stay safe.

Best Regards,

Sanjay Upadhyay
Director - Finance & Chief Financial Officer

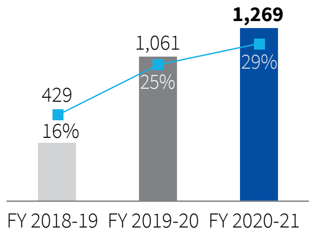
Major Financial Indicators

Revenue (₹ Crores)



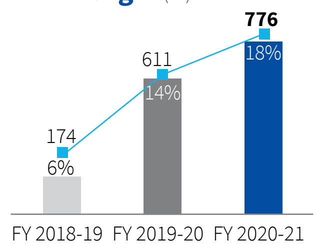
Revenue grew marginally by 3%. Revenue growth was benign owing to shutdown of operations due to nationwide lockdown caused by the Pandemic. However, SBUs like FSC and Phenolics exhibited strong performance.

EBITDA (₹ Crores) and EBITDA margin (%)



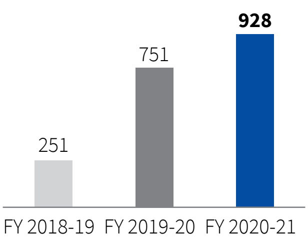
EBITDA grew strongly by 20% with a 400 basis points increase in margins. The growth was driven by strong performance exhibited by FSC and Phenolics segments.

PAT (₹ Crores) and PAT margin (%)



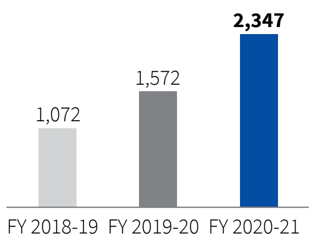
PAT grew by 27% led by higher revenues, efficient operations and lower interest costs.

Free Cash Flows (₹ Crores)



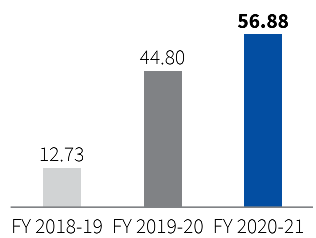
Free cash flows increased 24% supported by strong operating performance.

Net Worth (₹ Crores)



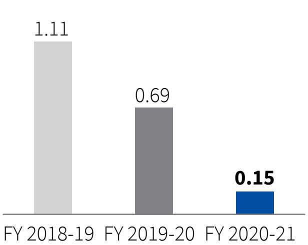
Net worth increased by 49%.

Earnings per Share (₹)



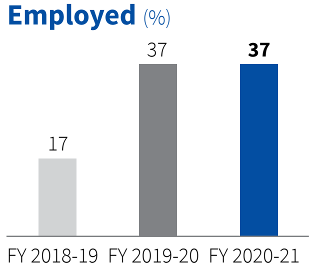
EPS increased 25% led by higher profits.

Net Debt : Equity



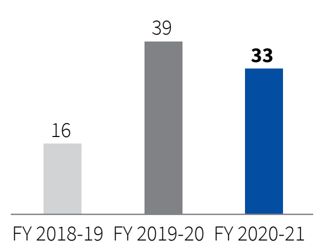
The Group has repaid its loan as per regular schedule and prepaid sizeable amount owing to strong cashflow. On top of it, consolidated cash invested amounts to ₹ 187 Crores.

Return on Capital Employed (%)



Strong performance from FSC and Phenolics segments helped increase RoCE.

Return on Equity (%)



Strong performance from FSC and Phenolics segments helped increase RoE.

Financial Highlights for the last Ten Years

			Ind-AS								Indian GAAP				
Sr. No.	**Particulars**	**UOM***	**Consolidated**			**Standalone**									
			2020-21	**2019-20**	**2018-19**	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
1	Total Income	₹ in Crores	4382	4265	2715	1823	2237	1795	1491	1324	1337	1329	1271	1030	792.73
	YoY Growth	%	2.73	57.08	60.80	(18.52)	24.67	20.38	12.56	(0.96)	0.61	4.55	23.42	29.94	17.02
2	EBITDA	₹ in Crores	1269	1061	429	550	804	308	214	152	168	140	114	81	58
3	Profit / (Loss) Before Taxation	₹ in Crores	1042	806	268	479	706	212	122	74	91	68	58	53	32
	Percentage to Total Income	%	23.78	18.91	9.87	26.28	31.56	11.84	8.19	5.58	6.83	5.10	4.57	5.10	3.98
4	Profit / (Loss) After Taxation	₹ in Crores	776	611	174	355	544	138	83	52	65	53	38	38	23
	Percentage to Total Income	%	17.71	14.33	6.40	19.47	24.32	7.69	5.60	3.92	4.87	4.02	3.01	3.67	2.91
5	Equity	₹ in Crores	27	27	27	27	27	27	27	26	23	21	10	10	10
6	Net Worth	₹ in Crores	2347	1572	1072	1845	1491	1058	944	732	476	347	308	281	253
7	Debt	₹ in Crores	578	1099	1187	-	208	328	462	574	495	545	505	335	171
8	Dividend on Equity Capital	₹ in Crores	75##	61**	27##	75##	61	27	18	1569	1395	1045	1045	837	628
	Percentage	%	275##	225**	100##	275##	225	100	65	60	60	50	100	80	60
9	EPS	₹	56.88	44.80	12.73	26.01	39.89	10.12	6.34	4.43	6.07	5.11	36.63	36.15	22.06
10	Book Value*#	₹	172	115	79	135	109	78	72	62	44	34	294	268	242
11	Net Debt : Equity Ratio	x	0.15	0.68	1.08	-	0.14	0.30	0.43	0.64	0.89	1.56	1.62	1.16	0.66

*UOM: Units of Measurement

**Interim Dividend

Excludes Exceptional Income

Proposed dividend is accounted as and when declared by the Company

*# In FY 2014-15, the Company has split its Equity share from face value of ₹ 10 each to ₹ 2 each and issued Bonus Shares in the ratio of 1:1. Hence, Book Value is not comparable.

Manufactured Capital

Ensuring Quality and Operational Efficiency

Our state-of-the-art plants are equipped with modern equipment and digital technologies enabling us to maintain quality and drive productivity. We strive to improve on these parameters to remain competitive and be a trusted partner for our customers.

Our Plants

We have a total of six fully integrated manufacturing plants across India spread across five locations in Gujarat, Telangana and Maharashtra. All our manufacturing units are compliant to ISO 9001 (quality), ISO 14001 (environmental) and ISO 45000 (health and safety) standards. We have conducted Together for Sustainability (TfS) Audit at Roha, Taloja and Nandesari units to facilitate the improvement of sustainability performance. Further, our plants are authorised to use Responsible Care logo certifying their sustainability contribution and strengthening organisation brand value.

DETAILS OF OUR MANUFACTURING FACILITIES

Nandesari, Gujarat

- Basic Chemicals, Fine & Speciality Chemicals
- The first and flagship manufacturing facility

Taloja, Maharashtra

- Synthetic Organic Chemicals, Fine and Speciality Chemicals
- Strategically connected to Nhava Sheva port

Roha, Maharashtra

- Intermediates for Agrochemicals, Dyes and Speciality Chemicals

Hyderabad, Telangana

- Performance Products

Dahej, Gujarat – DNL

- Basic Chemicals, Performance Products

Dahej, Gujarat – DPL

- Phenol, Acetone and IPA


P4002A

Operational Excellence

We have integrated operations with processes ranging from manufacturing basic chemical intermediates to niche and complex ones. This allows us flexibility to focus on manufacturing products that enjoy encouraging demand and offers better price. We leveraged this advantage to run the plant at optimum capacity utilisation to cater the rising demand.

We undertake initiatives like improving process efficiencies and training manpower on an ongoing basis to drive operational excellence. Our manufacturing is supported by robust inbound and outbound logistics and distribution network that ensures supply reliability. Secure mode of transport along with GPS technology is used for real-time monitoring to ensure transport in timely and safe manner.

Manufacturing Prowess

Strategically located plants

- 3 plants near CETP
- 5 plants in vicinity of customers
- 4 plants near ports

Top notch quality

- Culture of continuous improvement resulting in high customer stickiness
- All supplies as per customer specification which is tested by quality control team and approved for Certificate of Analysis & Material Safety Data Sheet

Prominent Domestic Customers:

Reliance Industries Limited

Dr.Reddy's

UPL

Prominent International Customers:

BASF

syngenta

Bayer CropScience

Integrated and diverse

- Process competency ranging for basic to niche and complex chemical intermediates

Safe movement

- Process in place to ensure all goods are transported in a secure manner
- Use of GPS tracking prevents any mishaps for all finished products and by-products

Operational Highlights FY 2020-21

COST OPTIMISATION

In a challenging external environment, we focussed internally to enhance our operational excellence. Multiple initiatives such as process optimisation, productivity improvements and energy conservation were implemented across our manufacturing facilities.

HEALTH AND SAFETY PERFORMANCE

Operating in chemical industry, involves significant hazards, but we continue to strengthen our health and safety standards every year. In FY 2020-21, we digitalised and updated all major processes (100% usage of HSE software for Incident Investigation) and conducted HAZOP (hazard and operability) study for all major products. We conducted several webinars on Process Safety and Workplace Safety elements to cover all major stakeholders. These have resulted in improvement in near-miss reporting, incident investigation and training on new incident investigation process.

Capex Programmes

We have committed around ₹ 300 Crores towards new products in the immediate future at newly acquired land at Dahej. In addition to this, another amount of around ₹ 100 Crores has been committed in various brownfield expansions of existing products. We are also doubling IPA capacity at our Dahej (DPL) plant.

Strategic Focus Area

Development of new process and product, operational excellence and HSE performance will remain a key focus area for us. We have multiple initiatives lined up to strengthen our manufactured capital. We continue to work towards cost optimisation through backward integration and recycling as well as maximising asset utilisation for enhancing return on investment. We are undertaking several ongoing capacity expansion Programmes for existing products and to build a pipeline of new products. Further, we focus on creating swing capacity, which will help us in operational flexibility regarding which product to manufacture based on market demand which will also improve plant utilisation.

Human Capital

Creating a Dependable and Agile Workforce

The talent and dedication of our people is the cornerstone of our success. Their proactive ownership and exceptional teamwork in an unprecedented year enabled us to deliver on our customer commitments. While our people ensure that we reinforce the trust reposed by our customers, as a Company we deeply value our people's contribution and focus on protecting their trust.

Fostering Continuous Learning

We maintained our focus on enhancing employee capabilities by building a learning organisation. Taking in stride the pandemic situation wherein extending in-person training was not feasible, we quickly responded by developing e-learning programmes including self-paced learning modules, webinars, and online courses in partnership with recognised institutes. To accentuate the learning experience and assessments were built in the programme. This was a refreshing experience for the employees and added to their engagement quotient. The programmes were made available on an in-house developed mobile app, thus facilitating learning anytime, anywhere.

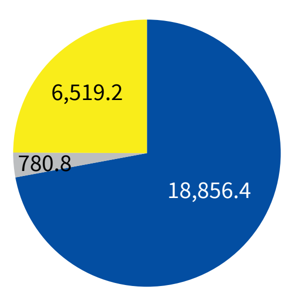
Capability building was also driven through internal mobility, role enhancement, structured assignments, additional responsibilities for developing potential and building strengths for higher-level roles. We extended customised learning opportunities through classroom training interventions, participation in seminars and external learning programmes.

Learning and Development in FY 2020-21

3,060

man-hours of e-learning/ online for campus trainees (induction and onboarding training)

Cadre-wise Training (in man-hours)



- Management **18,856.4**
- Workmen **780.8**
- Contract Labour **6,519.2**

Total **26,156.4**

Driving Engagement

Strong employee engagement drives pride, energy and ownership of our goal and strategy. Following the COVID-19 outbreak, several initiatives were undertaken to uplift employee morale and boost engagement. This included offering flexible working hours to help maintain a good work-life balance, special leaves to employees advised for isolation, timely disbursal of salaries, increments and incentives (including to contractual workmen) and honouring of union settlements. All locations ensured active participation between the management and employees. Through periodic meetings, grievances and concerns were discussed transparently and settled.

Recognising employees in a fair, open and meaningful way helps to drive employee engagement and attract and retain best talent.

This year, we held the first edition of the Deepak Group Rewards & Recognition Awards to recognise and celebrate noteworthy contributions by individuals and teams towards organisational growth as well as those who collaborated to successfully manage the COVID-19 emergency.

Understanding engagement status and initiating need-based actions to enhance engagement continues to be a focal area for the organisation. Employee engagement surveys are conducted through the globally accepted tool of Gallup Q12 Survey. For FY 2020-21, Deepak achieved an average engagement score of 4.09 out of 5.

▲ Senior Management of Deepak at the Golden Jubilee Year Celebrations

Employing Talent

As part of our capability building initiative, we recruit talent through the lateral hiring process and campus trainee programme. The talent acquisition team engages with candidates to ensure smooth onboarding and establish them in their functional roles. To facilitate the continual availability of required talent, the mapping of critical positions and resource identification activities are carried out on regular basis. As part of our talent acquisition strategy for other positions, we interview and assess additional resources basis organisational requirement. This database also serves as a backup in event of movement of personnel or new business initiatives. With the organisation on a growth trajectory and various initiatives undertaken to build robust employee experiences, much emphasis is put on the acclimatisation of new joinees through role-based job description, buddy programme, introduction to organisational framework, functional induction, and periodic learning.

Building a Leadership Pipeline

Tomorrow's leaders must be nurtured today to ensure business continuity and future readiness. We are doing this by building the leadership pipeline and creating a talent pool. We have mapped critical positions across businesses, identified potential successors and are gearing them for these key roles through initiatives like Individual Development Plan (IDP). This is further supported by knowledge-sharing sessions, 360-degree feedback for key positions, cross-functional assignments, and structured learning programmes. We continue to enhance the robustness of our processes for ensuring effective succession. Further, external resources are also evaluated to build the talent pool for key positions.

11%

of our managerial-level employees experienced diverse internal mobility opportunities, underpinning our efforts in building the leadership cadre for the future. Target for FY 2021-22 is 15%.

Ensuring Health, Safety and Well-Being

Keeping our people safe at work is our foremost priority. Our safety focus is spearheaded by Central Safety Committee, which conducts an organisation-wide monthly review on aspects related to health, safety and the environment (HSE). It also provides valuable inputs on these matters. Represented by all the Unit Heads, SBU Heads and HSE professionals across locations, the Committee serves to be a meaningful and participative interaction. Safety committees have also been set up at different locations to quickly identify and effectively address safety issues. We have Occupational Health Centres (OHCs) to address health-related hazards and compliances and carrying out various medical check-ups. Our Company has an exhaustive set of health and safety policies and procedures that are stringently followed at all locations, by all people.

The focus on health and safety protocols was further stepped up during the year in response to pandemic. Apart from following the government guidelines, we carried out regular sanitisation and ensured adequate physical distancing. We also swiftly introduced measures to periodically test employees and regulated entry through the Aarogya Setu App, oximeter and thermal screening. We also launched wellness programmes for employees and their families to help build resilience, manage change, and enhance their wellbeing during this extraordinary period.

Recognised Health and Safety Practices

- **Responsible Care company for past many years**
- **Highest score of 97 by TfS (Together for Sustainability) to Roha Unit+**

Key Performance Indicators

Employee Engagement Programmes in FY 2020-21
(Nos.)

65+

Employee Productivity in FY 2020-21
(PBT / employee)

₹ 22.08 Lakhs
per employee

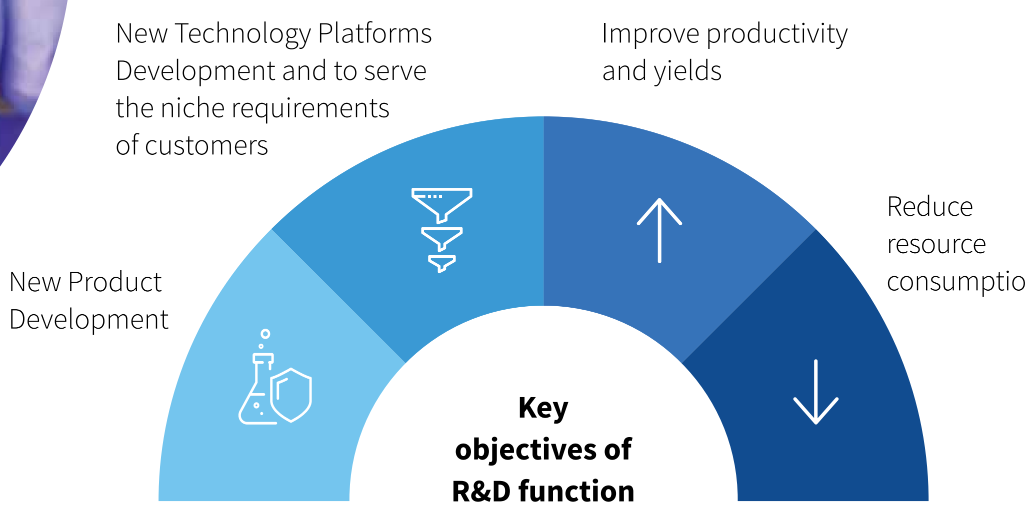
Incidents of Labour Unrest
(Nos.)

NIL

Intellectual Capital

Accelerating Innovation to Strengthen Competitive Edge

Our expertise in complex chemistry in combination with our sophisticated R&D infrastructure enables us to bring to our customers advanced intermediates that support sustainability. We are also developing new technology platforms and driving digitalisation to gain efficiency in operations and improve customer satisfaction.



Robust R&D infrastructure

Deepak Nitrite's innovation infrastructure consists of a centralised research facility at Nandesari, Gujarat. Recognised by the Department of Scientific & Industrial Research, Government of India, it is equipped with the latest instruments and equipment. A team of 70+ qualified and dedicated research scientists are driving innovation at the facility, enabling us to bring products and processes which are differentiated, economical and environment-friendly.

The R&D facility also houses state-of-the-art pilot plants, a safety laboratory and an environment laboratory. The pilot facility facilitates seamless scale-up from R&D trials to commercial production. The process safety lab has been established to support safer and faster commercialisation of new products. The environment laboratory is driving utility reduction and value from waste, aligned with our focus on sustainable chemistry.

In FY 2020-21, we set-up a new digitally-enabled analytical / process engineering laboratory (mini-plant) aligned to our business requirements.

Enhancing R&D Competencies

Our R&D strength is manifested in our wide-ranging expertise. We have strong capabilities across process research, development, and engineering. Our analytical team has significant expertise in developing batch process as well as continuous mode process for chemicals. Our competencies in the areas of process intensification, reaction engineering, separation science, continuous mode unit operations including purifications further give us an edge in driving value-added innovation.

We continue to focus on developing our core technology platforms that include nitration, reduction and diazotisation. Investments of around ₹ 300 Crores are being made into products that utilise our core platforms for new agrochemical and pharmaceutical intermediates. New technology platforms for fluorination and photochlorination have also been established. These new technologies will support the business over the long-term in a sustainable manner. Significant focus is also being given towards developing safer and throughput efficient processes.

Our R&D Strength

70+
R&D employee strength

13
PhDs

Accelerating the shift to Digitalisation

Digitalisation is redefining the chemical industry. At Deepak Nitrite, we are keeping pace with these developments by deploying disruptive digital tools. During the year, we exploited its potential in expediting product innovation. Digital tools were implemented in our stage-gate process of new product development. It is helping in better monitoring of the progress at each stage and evaluating large data to provide insights, thus making the product development process more efficient and effective. Further, a process simulation software was deployed to achieve first time right scale-up of new products.

We also took steps towards automation to drive operational efficiency. Electronic Lab Notebook software (ELN) was developed in-house for recording experimental data. This will facilitate faster data traceability and retrieval. Artificial intelligence and machine learning tools are enabling us to leverage the power of data science and gain valuable insights from our internal database. A robust roadmap has been developed for the implementation of proprietary data. For further advancing our digitalisation journey, we have identified IoT tools, the implementation of which is slated to happen in the current fiscal.

Strategic Focus Areas

As we move forward, our focus to enhance intellectual capital include the development of new platform technologies for strong technical support, introducing successful process intensification solutions that deliver savings and efficiencies, and continuous process development of new and existing molecules for strong product stewardship. We also aim to become a partner of choice for long-term contract manufacturing activities of multinational companies.

Key Performance Indicators

36
patent applications filed cumulatively

2.24%
R&D expenditure as a percentage of Profit After Tax in FY 2020-21

₹17.39 Crores
expenditure on R&D in FY 2020-21 (₹ 13.52 Crores in FY 2019-20)

Social and Relationship Capital

Building Long-Standing Relations with Customers

Our customers depend on us to manufacture their products. They expect quality products and supply reliability to ensure uninterrupted operations and constant engagement from us to meet their requirements. As a dependable, strategic partner to them, we are constantly improving our offerings and exploring ways to better serve them. Our intent is to create long-term and sustainable relationships for driving value creation.

Products delivered to customer's site

Contract pricing for maintaining transparency

Just-in-time availability

Best Quality product/as per Customer specification

Delivering High Quality Products

- Adhering to the IS standard globally. Certified by BIS/REACH registered
- Long-term contracts with key bulk customers and adhering to agreed contracts
- Ensuring timely and best quality of products as per customer needs on a consistent basis
- Robust pricing strategies ensuring a win-win situation

Value-added Services

- Customised packaging in bags/drum/ ISO tanks/Bulk vessel/tankers (tailormade packing as per customer requirements)
- Drumming facility at various locations
- The products are sent to B2B customers across diverse sectors through sea, rail, and road routes

Our Marquee Clientele

Reliance Industries Limited	Unilever	Bayer CropScience		BASF The Chemical Company	UPL
SUMITOMO BAKELITE CO., LTD.	Henkel	GOODYEAR	LUPIN	AUROBINDO	Dr.Reddy's
Biocon	Zydus Cadila	ADITYA BIRLA HINDALCO	MERCK	SUN PHARMA	ipca A dose of life
JUBILANT INGREVIA	Galaxy Global Supplier to Global Brands	INTERNATIONAL PAPER		CADILA PHARMACEUTICALS LIMITED	HETERO
Matrix Fine Chemicals	Divis Divis Laboratories Ltd.	PRASOL	Clean Science	CFS Camlin Fine Sciences	Greenlam LAMINATES
VIRGO LAMINATES	PI Inspired by Science	DORF KETAL	ITOCHU	LANXESS Energizing Chemistry	STYLAM
Oriental Aromatics	INEOS STYROLUTION	RAIN RAIN CARBON INC.	colourtex The Dyestuff Company	Atul	NecLife
AARTI INDUSTRIES LIMITED	IOL	UNICHEM LABORATORIES LTD.	MALLADI	syngenta	FINAR
Alembic	Aarti Drugs Ltd.	AVANTOR	NOCIL LIMITED	IndianOil	CABB

Corporate Social Responsibility

At Deepak, we are committed to create a socially inclusive and empowered society. Through our CSR Wings – Deepak Foundation and Deepak Medical Foundation, which were started way back in 1980s by Shri C. K. Mehta, our Chairman-Emeritus, we have so far touched lives of over 2 million people through multi-faceted programmes. Deepak Foundation has been partnering with various private and public entities to empower underprivileged communities. With its social footprints in many states in India, Deepak is steadily building an equitable social order.

▲ Supporting community through healthcare counselling

ENSURING HOLISTIC DEVELOPMENT OF COMMUNITIES

We are guided by the vision and philosophy of creating a socially inclusive and sustainable environment among the underprivileged communities. We are undertaking CSR initiatives through our CSR arms - Deepak Foundation and Deepak Medical Foundation, in the areas of healthcare, education, skills building and livelihood, women empowerment and disability and special needs to serve society. During FY 2020-21, alongside these activities, we undertook initiatives towards COVID-19 prevention and relief measures to support those impacted and support the government.

~20,000

Community COVID-19 cases were guided and counselled for treatment by our helpdesk

Supporting the fight against COVID-19 Pandemic

HELPDESKS IN GOVERNMENT HEALTH FACILITIES AT TERTIARY LEVEL

We set-up helpdesks in two district-level hospitals in Vadodara to improve accountability, transparency and communication for the poorest communities seeking treatment. It is linked with law enforcement agencies, childcare institutions, adoption centres, government helplines and legal aid services.

The helpdesk guided and counselled for treatment nearly 20,000 COVID-19 cases during the first wave in FY 2020-21. This included 12,597 patients at emergency ward of Sir Sayajirao General Hospital, Vadodara availing services like blood and blood products, vaccines, medicines and transport facilities; and 5,645 family members of patients seeking care at designated COVID care facility – Gujarat Medical and Education Research Society (GMERS) Hospital of Vadodara district in Gujarat. The helpdesks also served as a designated 24x7 COVID Control Room for recording morbidities and mortality.

PROMOTING COVID APPROPRIATE BEHAVIOURS THROUGH MOBILE HEALTH UNITS (MHUs)

We are supporting four MHUs in providing primary health services across 133 villages around Dahej and Dugdha in Gujarat and Taloja and Roha in Maharashtra benefiting around 66,700 people annually. These units helped in significant saving on out-of-pocket expenditure (OOPE) for the beneficiaries amounting to ₹ 42.4 Lakhs in Dahej, ₹ 23.8 Lakhs in Dugdha, ₹ 37.2 Lakhs in Roha and ₹ 13.9 Lakhs in Taloja. During the year, in addition to primary health care services, these MHUs promoted COVID-19 appropriate measures such as use of masks, hand washing, adequate social distancing and educating communities to seek timely treatment at dedicated health facilities.

SUPPLYING NECESSITIES

We provided one month's ration supplies to 250 families across three villages surrounding its plant in Dahej.

Improving Healthcare Ecosystem

SAVING MATERNAL AND NEWBORN LIVES

In a unique public-private partnership, we have partnered government towards improving health system. The initiative aims at providing Comprehensive Emergency Obstetric and Newborn Care (CEmONC) from a sub-district level health facility to a catchment area comprising 10,00,000 tribal populations in Bodeli taluka of Chhota Udepur district, Gujarat. In FY 2020-21, it conducted over 3,500 deliveries which helped the tribal beneficiaries save ₹ 6.8 Crores OOPE relating to deliveries and gynaecology surgeries and newborn care services.

STRENGTHENING HEALTH & WELLNESS CENTRES (H&WC)

We supported the district administration of Bharuch in strengthening two of its H&WC located in Ambetha and Bhensali, Vagra taluka, Dahej, Bharuch. We helped in establishing OPD services, non-communicable disease programme, Anaemia Control Program, counselling on family planning, screening for communicable diseases - TB, Malaria. The services reached out to 11,500 population living in 2,565 households across nine villages.

FACILITATING PATHOLOGY SERVICES

Considering the lack of quality diagnostic and occupation health services around Dahej, we established Deepak Pathology Laboratory & Diagnostic Center (DPLDC) as a comprehensive medical laboratory and diagnostic centre. It provides affordable, accessible and reliable diagnostic services to general population and employees of various industries to ensure their safety, well-being and early diagnosis of complications/diseases.


▲ Newborn Stabilisation Units functional at CEmONC

Its services include:

- Diagnostic and screening services for occupational services
- Medical laboratory services to employees and general population of Dahej PCPIR
- Biochemistry, haematology, medical microbiology and immunology tests, radiology and audiometry, spirometry, vision test and electrocardiogram (ECG) test

DE-ADDICTION AMONG SLUM DWELLERS

We are supporting de-addiction programme in urban slums of Hyderabad surrounding our plant in Jeedimetla area. Most of the slum dwellers get trapped into a vicious circle of poverty due to cheap locally available alcohol. The free-of-cost De-addiction Centre is helping 3,000 alcohol addicts with regular counselling along with their family members. It has successfully rehabilitated 98 addicts, motivating them to reduce alcohol consumption.

Efforts for de-addiction of tobacco has been initiated in catchment rural areas of our plant in Nandesari GIDC area, Vadodara. Over 1,100 tobacco addicts have been identified and 551 tobacco addicts have been enrolled for cessation programme that includes one-to-one counselling, family counselling, psychiatric treatment and follow-up support.

130

dedicated COVID beds set up for local communities at three locations


▲ Children collecting story books and reading materials from mobile library


▲ Self Help Group members showcasing the neem-based sanitiser

Education: Project Vivek Vidya

Most children studying in government schools in rural, tribal and urban communities lack access to libraries. Project Vivek Vidya, a unique mobile library programme run in Gujarat, Maharashtra and Telangana, aims at improving access to age-appropriate quality story books and reading materials to underprivileged children aged 6-16 years. This helps in improving reading, cognitive, behavioural and social competencies of the children which are mapped annually to assess the programme's impact. Over 4,000 children are members of the library, paying a membership fee of ₹ 10 per annum.

We also support remedial classes to children at secondary level needing extra guidance in English and Mathematics in Nandesari Vidyalaya, Gujarat to prevent school drop-out.

Promoting Women Empowerment

SKILL DEVELOPMENT AND ENTREPRENEURSHIP SUPPORT

We are supporting various entrepreneurial activities for 112 women in rural areas to improve their livelihood opportunities. The training and entrepreneurship support enabled a cumulative earning of over ₹ 15,000 per women. Even during the nationwide lockdown of two months (March-May 2020), these trained self-help group (SHG) women generated an income of ₹ 25,760 by making and selling over 3,000 masks.

PROJECT UDYOJIKA

Through the project, we promote small livestock rearing among poor tribal women by transferring low input technology and scientific practices. This has helped in strengthening women enterprises and collective bargaining power of the community. 95 women are engaged in the project with cumulative annual savings of ₹ 1,08,500.

PROJECT NEEM SATTVA

Deepak's Neem Sattva project skilled 30 SHG women in Suva village, Vagra taluka, Bharuch, Gujarat in product development and marketing of neem-based products to create a livelihood opportunity for them. The average income earned by women from sales of neem-based hand wash and soap was ₹ 2,056 (Jan'21-Mar'21).

Supporting Marginalised Farmers

We have set up a cold storage unit-cum-ripening chamber of 2.5 tonnes capacity in Naswadi, Chhota Udepur district. It has enabled storage of agri-products for longer duration, reducing losses of perishable products and thereby, improving profitability to the marginal farmers. To increase doorstep reach and boost sales, e-rickshaw and light utility vehicle was sanctioned for the logistic support.

We helped establish sales kiosk to promote sales of agri-produce and allied products of farmer producer groups of marginal women farmers. Farm produce of 834 women farmers were supported through marketing initiatives such as the sales kiosk and cold storage.

Integrated Child Development Services (ICDS)

We have partnered with Department of Women and Child Development, Government of Gujarat for providing supportive supervision to 67 Anganwadi Centres (AWCs) to strengthen the ICDS programme in villages surrounding the Nandesari GIDC.

Around 5,600 beneficiaries including children (0-6 years), adolescent girls and pregnant women and nursing mothers have benefited from various value-added programmes. In FY 2020-21, special door-to-door supply of nutrition supplements was carried out to ensure health and nutrition of pre-school children are not affected due to closure of AWCs during pandemic. Eight Model AWCs were also developed in FY 2020-21.

Skills Building Programme

We are supporting major skills building programmes affiliated to NSDC - Home Health Aide and combo course of Housekeeping & Cookery.

The Home Health Aide Programme aims to develop competent skilled workforce for providing healthcare services such as palliative care, childcare, geriatric services and bedside attendants. Despite the need for health care providers, due to the pandemic only 13 batches could be trained. During the year, around 362 beneficiaries enrolled of which 269 were trained and employed.

The Housekeeping & Cookery course was planned in view of the demand in the domestic sector and upcoming demand for home stays, holiday homes and home of senior citizens. During the year, around 70 trainees from BPL segment were trained, out of which 48 completed the course.

Vocational Training to Special Children

We support Samaj Suraksha Sankul, a boys child care institution, in providing skills training to visually impaired, physically challenged, and orphan residential children so that they can become independent and live a life of dignity. Vocational courses like diya making, canvas painting, rakhi making, paper bag making and skills enhancement such as computer training, home health aide, housekeeping, electrician, delivery boy are offered to around 60 residents' (over 18 years) based on their interest and seasonal demand.

Demographic Surveillance Survey (DSS)

The R&D unit of Deepak Foundation, recognised as a Scientific and Industrial Research Organisation (SIRO) under the Department of Science & Technology, undertakes DSS to evaluate impact of various programmes. This is done biannually to understand trend of key development indices and gain critical information for planning and implementing community interventions. Two rounds of DSS have been completed in Nandesari, Roha and Hyderabad sites covering 31,597, 33,597 and 37,901 households respectively.

Facilitating Utilisation of Government Schemes & Services

We are supporting Project Sangaath, a unique community-based intervention aimed at increasing convergence of eligible households under the government schemes and social safety net programmes. We aim at facilitating pre-requisite documentation of 100% eligible beneficiaries in four intervention villages in Nandesari covering 3,262 households and have helped link over 650 beneficiaries.

We are also undertaking this project in 24 villages across Bharuch, Gujarat (17 villages), Morbi, Gujarat (4 villages), and Yamunanagar, Haryana (3 villages). It aims at facilitating pre-requisite documents of 100% eligible beneficiaries and linkage of at least 80% of the eligible households. Under the project, we have established Jan Seva Kendras in Gram Panchayat office across these villages with the support from district administration. Local volunteers conduct door-to-door socio-economic survey to identify eligible households and the project functionaries assists in ensuring the availability of required documents. An in-house information technology innovation – Adhikaar Card is issued to each household seeded with essential pre-requisite documents for facilitating the application process.

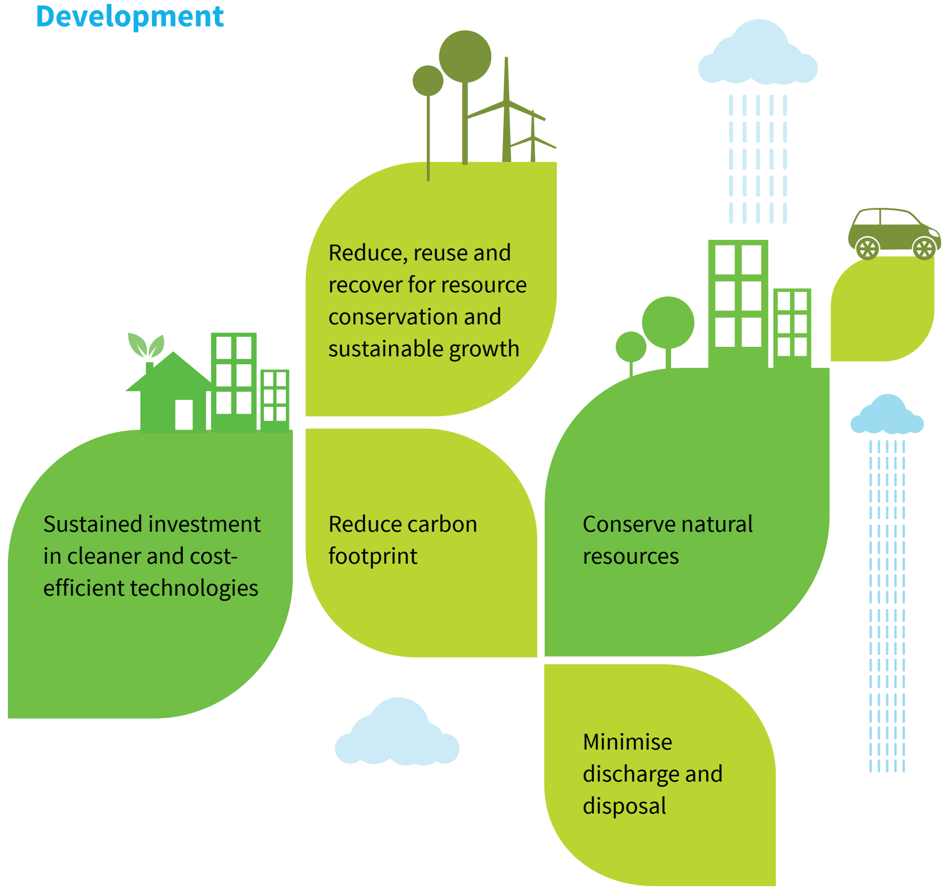
Natural Capital

Growing Sustainably

We have implemented Environment Management Systems across all our manufacturing facilities and stringently abide by them. We are continually focussed on improving our environmental performance by adopting best practices, sensitising employees and ensure evaluating environmental element across all our activities and capex projects.

At Deepak, we have a dedicated policy for Employee Health, Safety, Environmental Protection and Quality which are at the core of our business values. We continue to undertake initiatives and make investments to make our operations more efficient and sustainable. Our growth plans are aligned with our agenda of sustainable development. To achieve this, we have adopted the principles of Responsible Care®, Management System standards, Process Safety Management and Global principles of Sustainable Development.

Our Approach to Sustainable Development



Emission Management

Reducing our carbon footprint is an important focus area for us. We have installed a continuous monitoring system which helps in significantly controlling emissions and only emits traces of secondary pollutants such as PAN (Peroxyacetyl nitrate). During the year, we have undertaken measures like installation of electrostatic precipitator, bag filter and scrubber system in the boilers to reduce emissions. We have also replaced older inefficient Boilers with the newer ones which shall also have significantly lower air emmission. In our effort to offset carbon footprint, we have purchased ₹ 40.65 Lakhs of Renewable Energy Certificates (861 non-solar and 3,204 solar).

Energy Management

We are continually improving our manufacturing processes and replacing old equipment with efficient ones to reduce energy consumption.

Ensuring Clean Air

We have undertaken tree plantation drive across our plants and its nearby villages and forests to increase green cover. Together, our manufacturing facilities have planted and take care of ~50,000 trees either within the premises or near the forest land. In compliance with the Environment Clearance requirement of 33%, we also undertook tree plantation around the village of Nandesari GIDC and at a coal site in Hyderabad.

21,000 sq. mts

of green belt created to balance Deepak Nitrite's manufacturing activities at Dahej

2,00,826 KL

of water reused and recycled - equivalent to daily water requirement for approx. 2 lakh households

Effectively Managing Water and Effluent

All our manufacturing facilities are cognisant of the important of saving water resource and effectively managing waste water and effluent. Over the years, we have made significant progress in these areas. We ensure our facilities recycle and reuses treated effluents at their nitration plant. We undertake to use treated wastewater in areas like cooling tower make up purpose and for gardening purposes.

During FY 2020-21, some of the key measures undertaken include:

- Installation of MVR for RO treatment and Flocculation unit before Primary Clarifier
- Replacement of RO membranes of Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP)
- Upgradation of aeration system of bioreactor with new blower and ETP
- Installation of STPs in two plants
- Installation of Multi-Effect Evaporator (MEE) plant for OBA effluent treatment and stripper for H2N Effluent treatment, sludge drying bead and RO Plant for the MEE Condensate treatment
- Installation of MBR for Industrial wastewater and domestic sewage treatment and a carbon filter for better quality of treated wastewater at final discharge norms
- Initiation of new project on inline with MEE plant at two plants

Internationally recognised as a responsible corporate citizen

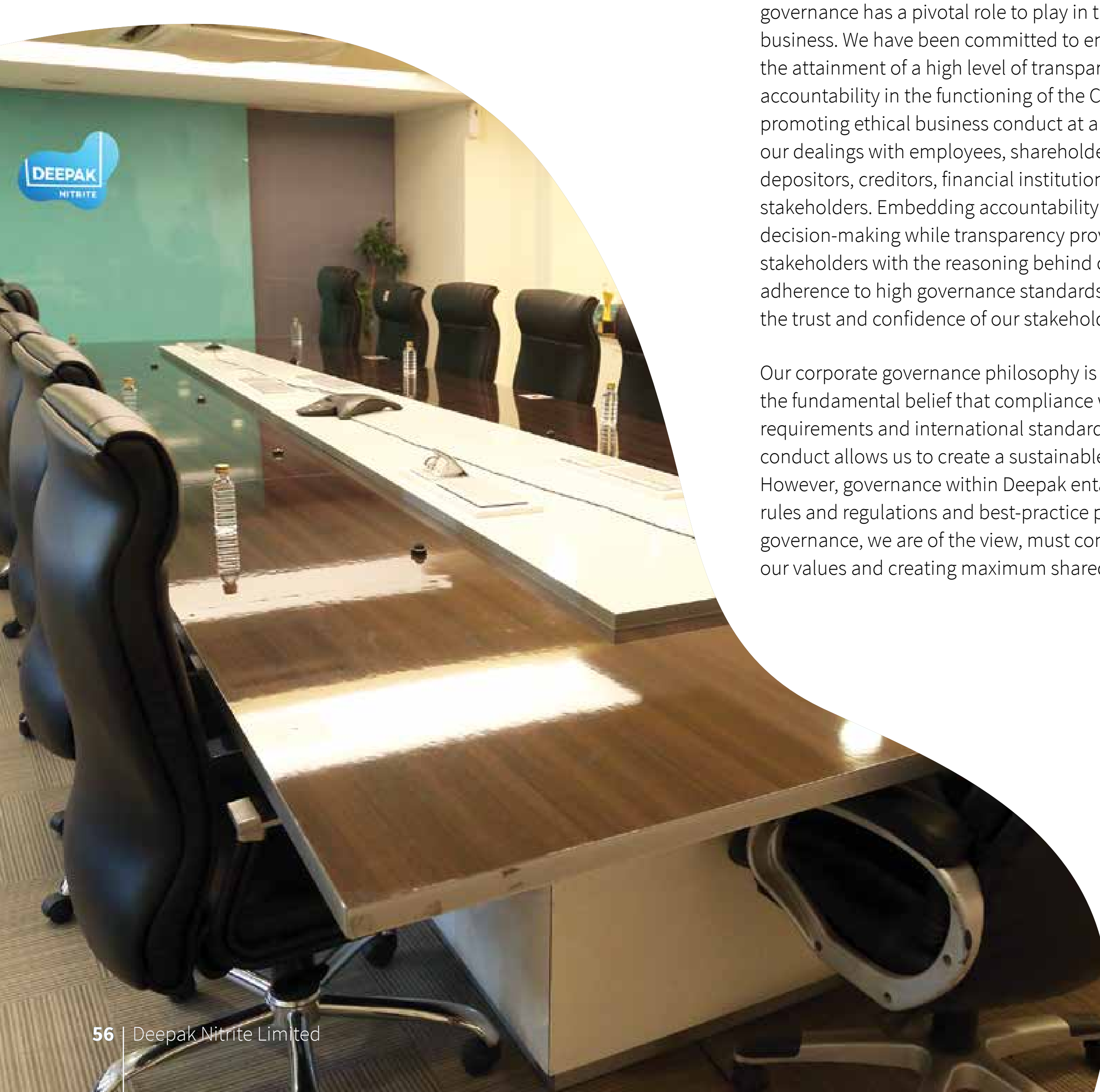
One of the 40 companies in India certified with **Responsible Care**

Together for Sustainability

A founder member of the Indian Chemical Council's **Nicer Globe**

Building Trust and Driving Value Creation with Strong Governance

Deepak is committed to the highest standards of governance, integrity and ethical business practices. We have embraced world-class practices as well as robust governance and risk frameworks to achieve this. This is supported by an experienced and diverse Board having adequate independence to not only drive value creation, but also protect the interests of all stakeholders.



Corporate Governance Philosophy

At Deepak, we have always upheld the belief that good governance has a pivotal role to play in the success of our business. We have been committed to ensuring the attainment of a high level of transparency and accountability in the functioning of the Company and promoting ethical business conduct at all levels and in our dealings with employees, shareholders, customers, depositors, creditors, financial institutions and other stakeholders. Embedding accountability supports effective decision-making while transparency provides all our stakeholders with the reasoning behind our decisions. This adherence to high governance standards allows us to retain the trust and confidence of our stakeholders.

Our corporate governance philosophy is also enshrined in the fundamental belief that compliance with regulatory requirements and international standards of corporate conduct allows us to create a sustainable enterprise. However, governance within Deepak entails far more than rules and regulations and best-practice principles. Good governance, we are of the view, must contribute to living our values and creating maximum shared value.

Ethics and Transparent Practices

Corporate governance is the basis for the management of our business on a day-to-day basis. With good governance an important pillar of our operations, your Company has always sought to elevate the level of transparency and ensure that integrity, accountability, and fairness are hallmarks of its dealings with shareholders, customers, investors, and other stakeholders. Our Board appreciates the importance of ethics and its contribution to value creation and is committed to instilling ethical values and transparent practices throughout the Company.

Code of Conduct

Our values and culture continue to be the cornerstone of governance across our Company. We are of the view that the correct institutional culture must flow from the top as there is no substitute for ethical leadership. We have framed and adopted a Code of Conduct ('the Code') for the members of the Board and the Senior Management in terms of requirements of the Listing Regulations. Our Code is integral to the way we operate, laying the general principles designed to guide all Directors and Senior Management for the ethical conduct of business and compliance of laws. Our Directors, Committees and Management have affirmed their responsibility for embedding good governance practices into our business in consistence with the provisions of the Code.

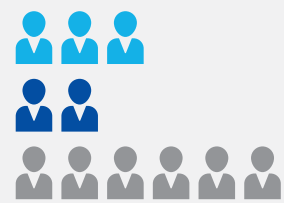
Board Diversity

There is sufficient diversity in thinking across our Board of Directors, characterised by a combination of knowledge, experience, and expertise to provide leadership and guidance to the management. There is also an appropriate mix of non-executive and executive directors, including an independent woman director.

The complex interplay of opportunities and challenges in our operating environment needs to be closely monitored and demands strategic response for ensuring a strong and stable market position. Thus, formal and informal evaluation of the environment is an everyday executive responsibility. The Board is regularly apprised of developments that could have a bearing on the performance and sustainability of the Company. The high degree of diversity by education/qualifications, professional background, sector expertise, technical knowledge and special skills at the Board level provides active management oversight. Deepak remains committed to promoting Board diversity to achieve better holistic performance.

Board Diversity at DNL

Board independence



3 - Executive Directors
2 - Non-Executive Directors
6 - Independent Directors

Board experience

10-15 years
20+ years

BOD Profiles

Shri Deepak C. Mehta

Chairman & Managing Director

Shri Deepak C. Mehta is a Science Graduate from the University of Mumbai and is at the helm of affair of Deepak Nitrite Limited for the last 49 years. His business acumen, leadership skills and dynamism have enabled the Company to take swift strides forward and achieve many milestones year-on-year.

An active participant at industry forums, he is the Chairman of Gujarat State Council – The Federation of Indian Chambers of Commerce and Industry ('FICCI'). He is also the Chairman of National Chemicals Committee at FICCI. He has been the past President of Indian Chemicals Council ('ICC') and was also the Chairman of various Committees including Trade & Business Development Committee of ICC. Shri Mehta adorned the position of member of 'Task Force on Chemical Industry' constituted by the Government of India with an objective to put forward a strategy for increasing competitiveness for the Indian Chemical Industry.

He is also Trustee on Deepak Foundation, the CSR arm of the Group as well as BAIF Development Research Foundation, a voluntary organisation dedicated to Rural Development, and Vadodara Society for Prevention of Cruelty to Animals (VSPCA).

He is a Member on the Board of GSFC University and the past Chairman of Society for Village Development in Petrochemicals Area (SVADES).

Shri Maulik D. Mehta

Executive Director & CEO

Shri Maulik D. Mehta is a Bachelor of Business Administration from the University of Liverpool, UK. He holds a Masters in Industrial and Organisational Psychology from Columbia University, USA. Further, he was a part of Harvard Business School's prestigious Owner & President Management Program.

Shri Maulik D. Mehta has held important positions in the Company and has been on the Board as Whole-time Director of the Company since May 9, 2016. He has around 13 years of experience in the areas of Business Development and has been responsible for the day-to-day business of all the verticals of the Company along with Group Strategy.

Shri Sanjay Upadhyay

Director-Finance & CFO

Shri Sanjay Upadhyay is an Associate Member of The Institute of Cost Accountants of India. He is also a Fellow Member of The Institute of Company Secretaries of India. He has completed an Advanced Management Programme from Wharton, USA. He has vast experience in the areas of Finance, Accounts, Commercial and Secretarial Functions. He is associated with the Company since 1994.

During the span of his career, he has held important positions in the Company prior to his joining the Board, as Director-Finance & CFO in the year 2017.

Shri Ajay C. Mehta

Non-Executive Director

Shri Ajay C. Mehta has a Bachelor's degree in Science from the University of Mumbai and a Master's degree in Chemical Engineering from the University of Texas.

He has over 35 years of experience with chemical, petrochemical, fertiliser, manufacturing and investment companies. He has been actively associated with Deepak Nitrite Limited since 1984 and was the Managing Director of the Company from December 1, 1989 till December 1, 2017. With extensive experience, a comprehensive approach and industry foresight, Shri Ajay C. Mehta has paved the way for innovation and excellence at Deepak Nitrite Limited.

He is presently a Non-Executive Director in Deepak Nitrite Limited and a Managing Director of Deepak Novochem Technologies Limited. He is a member of the Executive Committee of Mahratta Chamber of Commerce, Industries and Agriculture and various other developmental institutions and social organisations.

Shri Sudhir Mankad

Independent Director

Shri Sudhir Mankad, IAS (Retd.) has served in senior positions, both with the Government of India and Government of Gujarat.

He holds a Master's degree in History from the University of Delhi.

His last assignment was as Chief Secretary, Government of Gujarat. Additionally, he has served as a Director/ Chairman on the Board of several cement, power, fertiliser and finance companies.

He is associated with several educational institutions and NGOs.

He served as a Director on the Central Board of Reserve Bank of India from 2016-2020.

Board Committee memberships

- Audit Committee
- Stakeholder's Relationship & Investors Grievance Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

Dr. Richard H Rupp

Independent Director

Dr. Richard H. Rupp has held various top level positions in leading multinational companies such as Hoechst AG (Germany), Lonza (Switzerland) and Allessachemie (Germany). His experience encompasses a mix of scientific, technical as well as managerial roles. He is well-acquainted with the USA, European, Asian and Indian subcontinent markets.

Dr. Rupp holds a Ph.D in Chemistry from the University of Karlsruhe, Germany, and has completed a programme for Executive Development from IMD at Lausanne, Switzerland.

Shri Sandesh Kumar Anand

Non-Executive Director

Shri Sandesh Kumar Anand has a rich experience of 50 years in the field of Project Management, Operations, Corporate Planning, Quality Management, Health, Safety and Environment Management, Energy Management and Strategic Planning in petrochemicals, refining and other allied Industries.

He is a Bachelor of Engineering (Chemical) from Delhi University and has done a Petrochemical Course from I.I.P., Dehradun.

He has also done an Advanced Management course from IIM Ahmedabad. He is also Member of various committees of state and central government and also advisor of government on chemical weapons convention.

Dr. Swaminathan Sivaram

Independent Director

Dr. Swaminathan Sivaram is a polymer chemist by profession and a mentor as well as a science administrator of distinction. He is a former Director of the CSIR – National Chemical Laboratory, Pune, Shanti Swarup Bhatnagar Fellow of CSIR and J. C. Bose Fellow of the Department of Science and Technology. Currently, he is an Honorary Professor and INSA Senior Scientist of the Indian Institute of Science Education and Research (IISER), Pune.

He has authored over two hundred and forty papers in peer reviewed journals, edited two books and authored one book. He has fifty-one issued US and European patents and fifty-two Indian patents to his credit. Dr. Sivaram is a highly decorated scientist / technologist with numerous awards and honours to his credit. He was conferred Padma Shri by the President of India in 2006.

Dr. Sivaram is a distinguished alumnus of IIT-Kanpur. He earned a Ph.D in Chemistry and D.Sc (h.c) from Purdue University, W. Lafayette, Indiana, USA. He is an elected Fellow of all the learned academies of Science and Engineering in India.

Smt. Purvi Sheth

Independent Director

Smt. Purvi Sheth is B.A., Economics & Political Science from St. Xavier's College, Mumbai University and a CPD Holder in Business Strategy & Leadership from Wharton Business School, USA.

As CEO of Shilputsi Consultants, Smt. Sheth is an expert consultant and advisor to some of the most prestigious Indian and multinational companies, boards and CEOs. Her offering have proven value in developing large scale engagements, leading client teams in executing complex strategic engagements, and repeatedly contributing to intellectual capital. She helps organisations create business opportunities and competitive advantage via Strategic HR management. Effective in boosting and impacting business performance and productivity, Smt. Sheth has successfully elevated several businesses through advanced leadership processes and implementation.

Shri Sanjay Asher

Independent Director

Shri Sanjay Asher has a Bachelor's degree in Commerce and a Bachelor's degree in Law from the University of Bombay. He has been a practising Advocate since 1991 and was admitted as a Solicitor in 1993. He is also a qualified Chartered Accountant.

He has over thirty years of experience in the field of law and corporate matters.

He is presently a Senior Partner with Crawford Bayley & Co. which is India's oldest law firm, established in 1830.

He specialises in the fields of corporate law and commercial law, cross-border mergers and acquisitions, joint ventures, mergers and acquisitions and capitals markets.

Shri Dileep Choksi

Independent Director

Shri Dileep C. Choksi is a Chartered Accountant by profession and has been in practice for over 36 years and a Fellow Member of The Institute of Chartered Accountants of India, Bachelor of Law, Member of The Institute of Cost Accountants of India.

Shri Choksi was the former Joint Managing Partner of Deloitte in India till 2008, before he set up C.C. Choksi Advisors Private Limited of which he is the Chief Mentor. He has been a speaker at various seminars and conferences of professional interests organised by the Reserve Bank of India, The Institute of Chartered Accountants, Bombay Chartered Accountants Society, etc.

Board Committee memberships

- Audit Committee
- Stakeholder's Relationship & Investors Grievance Committee
- Nomination & Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

Awards & Accolades

Shri Deepak C. Mehta won the EY Entrepreneur of the Year 2020 Award, under the Manufacturing category. The event was judged by an eminent panel of industrialists and CXO executives.

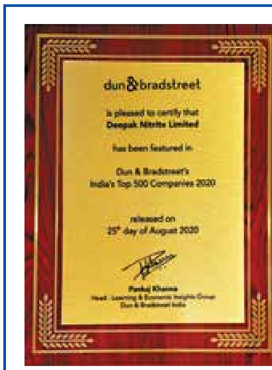
Shri Deepak C. Mehta was also awarded as India's Best CEO in the Chemical Sector for 2020 at an event organised by Business Today.

Deepak Nitrite was conferred with 'Forbes Asia Best Under a Billion Award' for its superior ROE and consistent financial performance. Only 200 small and mid-sized companies were selected out of 18,000, based on a composite score that incorporated their overall track record.

Shri Sanjay Upadhyay, Director Finance & CFO has been awarded as 'Best CFO Award of the Year 2020' in Chemicals in Mid Cap segment by Dalal Street Investment Journal.

He has also been awarded as Best CFO in two categories 'Best CFO-Excellence in Sustained Wealth Creation' and 'Best CFO-with Exemplary All Round Performance' by The World Leadership Congress & Awards.

DNL has been recognised as the Best Growth Performance company in the Chemicals Sector by Dun & Bradstreet at the D&B Corporate Awards 2021.



Corporate Information

CHAIRMAN EMERITUS

Shri C. K. Mehta

BOARD OF DIRECTORS

Shri Deepak C. Mehta
Chairman & Managing Director

Shri Maulik D. Mehta
Executive Director &
Chief Executive Officer

Shri Sanjay Upadhyay
Director-Finance &
Chief Financial Officer

Shri Ajay C. Mehta
Non-Executive Director

Dr. Richard H. Rupp
Independent Director

Shri Sudhir Mankad
Independent Director

Shri Sandesh Kumar Anand
Non-Executive &
Non- Independent Director

Dr. Swaminathan Sivaram
Independent Director

Shri Sanjay Asher
Independent Director

Smt. Purvi Sheth
Independent Director

Shri Dileep Choksi
Independent Director

AUDIT COMMITTEE

Shri Dileep Choksi
Chairman

Shri Sudhir Mankad
Member

Shri Sandesh Kumar Anand
Member

Shri Sanjay Asher
Member

STAKEHOLDER'S RELATIONSHIP & INVESTORS GRIEVANCES COMMITTEE

Shri Ajay C. Mehta
Chairman

Shri Sanjay Asher
Member

Shri Sanjay Upadhyay
Member

NOMINATION & REMUNERATION COMMITTEE

Shri Sudhir Mankad
Chairman

Shri Sandesh Kumar Anand
Member

Smt. Purvi Sheth
Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Shri Sudhir Mankad
Chairman

Dr. Swaminathan Sivaram
Member

Shri Deepak C. Mehta
Member

Shri Sanjay Upadhyay
Member

RISK MANAGEMENT COMMITTEE

Shri Deepak C. Mehta
Chairman

Shri Sandesh Kumar Anand
Member

Shri Sanjay Upadhyay
Member

Shri Maulik D. Mehta
Member

Dr. Swaminathan Sivaram
Member

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Arvind Bajpai

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited
C-101, 247 Park, L.B.S Marg,
Vikhroli (W),
Mumbai – 400 083.

BANKERS

State Bank of India
Bank of Baroda
Axis Bank Limited
ICICI Bank Limited
Standard Chartered Bank
DBS Bank India Limited
The Hongkong and
Shanghai Banking Corporation Limited

AUDITORS

Deloitte Haskins & Sells, LLP
Chartered Accountants

SECRETARIAL AUDITORS

KANJ & Co. LLP
Company Secretaries

COST AUDITORS

B.M. Sharma & Co.,
Cost Accountants

INTERNAL AUDITORS

Sharp & Tannan Associates,
Chartered Accountants

CORPORATE IDENTITY NUMBER

L24110GJ1970PLC001735

CORPORATE & REGISTERED OFFICE

Aaditya-I, Chhani Road,
Vadodara – 390 024, Gujarat
Tel: +91-265-2765200/3960200
Fax: +91-265-233 0994
Email:investor@godeepak.com
Website:www.godeepak.com

PLANTS

Nitrite & Nitroaromatics Division
4-12, GIDC Chemical Complex,
Dist. Nandesari, Vadodara – 391 340, Gujarat

Taloja Chemicals Division
Plot Nos. K/9-10, MIDC Taloja,
Dist. Raigad – 410 208, Maharashtra

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

Hyderabad Specialities Division
Plot Nos. 70-A & B, 90-F/70-A and 22, Phase I,
Industrial Development Area, Jeedimetla,
Tal.Quthbullapur Madal, Dist. Ranga Reddy,
Hyderabad – 500 055, Telangana

Dahej Division
Plot No. 12/B-2 GIDC, Dahej,
Dist. Bharuch, Gujarat – 392 130

Deepak Phenolics Limited
Phenol, Acetone & IPA
Plot No.12/B/1, GIDC, Dahej,
Dist. Bharuch,
Gujarat – 392 130

Management Discussion and Analysis

GLOBAL ECONOMIC SCENARIO

Global economic growth is expected to rise to 6% in CY2021 and stay at 4.4% in CY2022 (Source: IMF World Economic Outlook March 2021 https://www.imf.org/en/Publications/WEO) after witnessing a severe contraction in CY2020 due to the COVID-19 pandemic. The global recovery has been repeatedly interrupted by new waves of the infection, with new virus strains impacting several nations, forcing them to defer a full reopening or to reinstate partial lockdowns to protect susceptible populations. While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels remains prone to setbacks.

Growth is being supported by fiscal stimulus in a few large economies and by increased digitalisation to counter the limited mobility of man and material. While vaccine rollouts in several countries have raised hopes, the new variants of the novel coronavirus and the uneven vaccine availability across the world remain major hurdles.

Overall, the economic impact of the pandemic is being assessed as less adverse than originally feared. The growth contraction in CY2020 is estimated to be -3.5%, which is 0.9% lower than the previous forecast, reflecting stronger-than-expected momentum in the second half of the year. Among leading global economies, the United States outlook for CY2021 has been boosted by 2% over the previous estimate. Japan's CY2021 outlook was revised up by 0.8% points owing to the additional support from fiscal policies enacted at the end of CY2020. Activity in the Eurozone and the United Kingdom is expected to remain below end-2019 levels through CY2022. Asia has been impacted fairly severely by the pandemic, leaving aside China, which has posted a remarkable recovery in the latter half of CY2020 after facing a severe disruption at start of the pandemic.

ASIA: CHARTING A STEADY RECOVERY COURSE

Due to the pandemic, the Asia-Pacific (APAC) region suffered a significant recession in CY2020, with APAC GDP contracting by an estimated 1.5% Y-o-Y. In CY2021, APAC GDP growth is estimated to be 5.7% Y-o-Y, based on expectations that progressive introduction of COVID-19 vaccines in CY2021 would aid economic activity. China, the only country in the world to have registered positive growth in CY2020, is expected to accelerate its gains.

The Chinese economy is expected to grow by 8.1% and 5.6% in CY2021 and CY2022, respectively. The country achieved its return to positive growth through effective containment measures, a forceful public investment response, and central bank's liquidity support. The country is likely to hold its commitment of not making any drastic monetary policy adjustments.

The International Monetary Fund (IMF) revised its CY2021 growth projections for Emerging and Developing Asia from 8.0% to 8.3% after improving India's economic outlook for the year. ASEAN's economic growth was lowered to 5.2% in CY2021 from the previous projection of 6.2%. Further incidents of COVID-19 outbreaks and containment measures continue to put pressure on Southeast Asia's economic growth, especially in Indonesia, Malaysia, and the Philippines.

Indian Economic Scenario

India is expected to become one of the world's top three economies over the next decade, attributable to its strong democracy and strategic alliances. Based on recent forecasts, India is set to reclaim the title of the fastest-growing economy in the world. The IMF World Economic Outlook of April 2021 (World Economic Outlook, April 2021: Managing Divergent Recoveries (imf.org)) has pegged the Indian economic rebound to 12.5% in CY2021, from a contraction of -8.0% in CY2020, and the growth rate is expected to be 6.9% in CY2022. India has, however, been hit by a second wave of COVID-19, disrupting economic activities in several metro cities, and management of this will be crucial for recovery.

In domestic assessment, both the Union Budget and the Reserve Bank of India's (RBI) first Monetary Policy Committee (MPC) meeting in 2021 have predicted a strong recovery, with GDP growth in double digits in FY 2021-22. While the MPC forecasts 10.5% real GDP growth in FY 2021-22, the Budget assumes nominal growth of 14.4%.

The Government of India announced a US$ 36 billion stimulus package in November 2020 to create jobs and provide liquidity support to various sectors, including tourism, aviation, construction, and housing. In addition, the Union Cabinet approved production-linked incentives (PLI) schemes for various sectors, which will provide US$ 27 billion over five years to help the country build jobs and boost production. By CY2025, the Government of India plans to increase public health investment to 2.5% of GDP.

Furthermore, numerous international companies are establishing facilities in India as a result of Government initiatives such as 'Make in India' and 'Digital India'. Under the 'Make in India' initiative, the Government is looking to elevate the manufacturing sector's contribution to GDP from its current level of 17% to 25%. The 'Digital India' initiative focuses on three main components: building digital infrastructure, providing services online, and increasing digital literacy. Policymaking is strongly influenced by the vision of new India - the 'Atmanirbhar Bharat Abhiyaan' or 'Self-Reliant India campaign' has the objective of making the nation and its citizens self-sufficient in every aspect.

Towards the end of the fiscal year, the re-emergence of COVID-19 threatened to derail recovery. Rapid response from the Government of India to ramp up medical infrastructure, opening vaccination to more categories and age groups, and co-ordination between Indian Railways, Indian Air Force, and various states helped to counter the significant challenges, in addition to global support. The second wave witnessed some regional lockdowns in Q1 2021 that had a smaller impact on economic activity than the nationwide lockdown of CY2020.

On the back of digitalisation, globalisation, favourable demographics, and reforms, India's GDP is projected to cross US$ 5 trillion by FY 2024-25, putting the nation in the upper-middle income category. The Budget 2021 was well received and marked an inflection point in the approach towards public investment and growth financing. This has kickstarted some essential reforms and the Indian economy appears to be well set on the path to recover its globally leading growth rates.

Industry Structure and Developments

According to the American Chemistry Council (ACC), the global chemical output volume is expected to increase by 3.9% in CY2021, following a decline of 2.6% in CY2020, the highest decline in the past 40 years. Chemical production is anticipated to expand by 4.4% in Asia, followed by 4.1% in North America, and 4.6% in Latin America, during CY2021.

In CY2021, China's global chemical output is estimated to grow at 5.4%. The COVID-19 outbreak exposed structural flaws in the global supply chain, with overdependence on China. Japan and the United States confirmed their intention to pivot their supply chains away from China. Thus, given the amount of dependence on China, the only alternative country with the scale, the skills, and the space to service Western demand effectively is India. As part of their efforts to diversify chemical sourcing, global manufacturers shifted a portion of their supply chains away from China to India, further strengthening its position as an emerging manufacturing hub for the global chemical industry.

STRUCTURE OF CHEMICAL INDUSTRY IN INDIA

The Indian chemical industry is one of the fastest-growing in the world. It encompasses over 80,000 commercial products, is widely diversified, and can be categorised into bulk chemicals, speciality chemicals, agrochemicals, petrochemicals, polymers, and fertilisers. India is the world's 6th largest producer of chemicals and contributes 3% to the global chemical industry. It is the 3rd largest producer in Asia. It is also the world's 3rd largest consumer of polymers and 4th largest producer of agrochemicals. The Indian chemical industry was valued at US$ 178 billion in CY2019 and is expected to grow at a 9.3% CAGR to US$ 304 billion by CY2025. In India, speciality chemicals account for 22% of the total chemicals and petrochemicals market.

During the period under review, crude prices, a global benchmark for petroleum prices, plummeted to their lowest rate in over two decades. FY 2020-21 was among the most volatile years for international crude oil prices. This coincided with global supply shocks due to the pandemic and related lockdowns, resulting in a backdrop of sharp volatility for petrochemical-based intermediates.

Looking ahead, for the period FY 2020-25, demand for chemical products is anticipated to improve at a rate of about 9% annually. This will be led by demand for speciality chemicals and supported by demand for petrochemicals and polymers. Therefore, Indian chemical companies have raised their capital expenditure commitments substantially in the past couple of years. Capacity expansion will be undertaken across the domestic industry and this is expected to translate into strong business performance. By CY2025, the Indian chemical industry will have contributed around US$ 300 billion to the country's GDP, aiding India's journey towards a US$ 5 trillion economy. The agrochemicals market is expected to grow at an annual rate of 8%, reaching US$ 3.7 billion in FY 2021-22 and US$ 4.7 billion in FY 2024-25.

Moreover, the chemical industry has been amongst the least affected by pandemic-related lockdowns, owing to its significance across the key end-user industries, including pharmaceuticals. As a result, it is anticipated to outperform the country's GDP growth, going forward. The Government of India identifies the chemical industry as an important growth driver; it is expected to account for 25% of the manufacturing sector's GDP by CY2025. In fact, India's per capita chemical consumption is low while compared to other developed countries, making India a desirable investment and growth destination.

The growth of the chemical industry in India can be attributed to the following pillars of progress:

Establishing an alternative sourcing destination: Over the past two decades, there has been overdependence on China as the key source for several building blocks in the global supply chain. While there has been awareness among global customers of the competence of Indian players, based on parameters such as quality, costs, consistency, and environment management, the shift in market share up to the last decade was gradual. This structural imbalance was sharply exposed during the pandemic,

and now leading global players are seeking alternative sources for raw materials and intermediates in an accelerated manner, presenting strong prospects for Indian chemical majors to leverage this opportunity.

Enhanced focus on R&D: The Indian chemical industry has been expanding its R&D footprint. As it strives to enhance its global market share, leading players are deploying strategies that offer more than just cost competitiveness. In order to increase wallet share, the focus has shifted to value addition, and this has sharpened the focus on R&D. The drive is now to develop products in an innovative manner in order to emerge as a global hub for speciality chemicals.

Improved infrastructure: There has been a prioritisation of infrastructure development in India in recent years. Apart from improvement in ports, airports, highways, inland waterways, storage infrastructure, and logistics, the drive to establish focused industrial parks and zones is accelerating the development of local industry. Setting up of PCPIRs (Petroleum, Chemicals, and Petrochemicals Investment Regions) with single-window clearances and improved all-round facilities is beneficial for the Indian chemical industry.

Deeper integration of processes and operations: During the 1990s-2010s, the Indian chemical industry was trailing its regional peers in order of preference from global customers. This forced several Indian players to innovate and explore pockets of opportunity that were too nascent for competitors. As the industry has matured and leading players have grown, they have steadily enhanced capabilities and pursued value addition in product mix. This has allowed them to build their process expertise to drive deeper integration in operations and move beyond basic building blocks to products of higher complexity.

Increased base of manufacturing in India: The growth of Indian manufacturing has resulted in manifold increase in size and requirements of the domestic market. Across industries, several products that were hitherto being imported are now being manufactured locally, as critical mass has been achieved in local demand. This has led to a sharp rise in the domestic customer base for both basic and advanced chemicals. Policies such as 'Make in India', 'Aatmanirbhar Bharat' and Production-Linked Incentives (PLI) coincide with the emergence of attractive sub-markets of local demand along with fairly reasonable access to resources such as capital, technology, labour, and infrastructure. For 'Make in India' to succeed, base industries such as chemicals must be at the forefront of the strategy.

Technological innovation: Digitalisation is a critical lever to enhance efficiency and productivity. Implementing digital initiatives such as the Internet of Things (IoT), Machine Learning (ML), and Artificial Intelligence (AI) has enabled chemical companies to make faster and better decisions. These companies have shortened the amount of time it takes to transform ideas into action by analysing large amounts of data quickly, thereby accelerating the pace of change across the industry.

The chemical industry in India has come of age and has been able to further elevate its position in the global marketplace since the outbreak of the COVID-19 pandemic. Despite the significant growth in recent years, it is fair to say that its potential is only beginning to be revealed. The growth drivers are in place and the coming years and decades will reap the benefits.

Performance of the Company

The Financial Year ('FY') 2020-21 marks the 50th year of operations and excellence for Deepak Nitrite Limited ('DNL' or 'the Company'). Established five decades ago, DNL has developed a diverse product portfolio, with solid process expertise to provide solutions to global majors. During the pandemic, the Company shifted its focus from financial performance to employee health and safety. Petrochemical volatility, Cyclone Nisarg, and various constraints on account of COVID-19 made the Company more agile, while it remained committed to the 3Ps of growth: People, Planet, and Profit. In an uncertain macro-environment, the Company delivered a resilient performance during FY 2020-21. DNL closely monitored the easing of China's lockdown and took numerous pre-emptivey steps to streamline its logistics and supply chain.

In FY 2020-21, the Company delivered a remarkable overall performance. This progress was aided by growth across the Company's strategic business units (SBUs). Revenue from operations, including other income, stood at ₹ 4,381 Crores, higher by 3% compared to last year. EBITDA registered 20% gains over the previous year, and stood at ₹ 1,269 Crores. EBITDA margins came in at 29%, higher by 400 basis points (bps) year-on-year. The Company undertook several enhancements in the product mix, improved realisations and cost-reduction efforts that helped deliver better margins. Profit before Tax (PBT) came in at ₹ 1,042 Crores, up by 29% from last year. Profit after Tax (PAT) stood at ₹ 776 Crores, delivering a growth of 27% compared to the previous financial year.

Revenue contribution from the domestic market stood at 71% while 29% came in from exports. The Company witnessed robust demand from key end-user industries. Steady demand in key export geographies resulted higher export revenues.

Revenue from operations, including other income, stood at ₹ 4,381 Crores, higher by 3% compared to last year. EBITDA registered 20% gains over the previous year, and stood at ₹ 1,269 Crores. EBITDA margins came in at 29%, higher by 400 basis points (bps) year-on-year.

Resilient realisation gains and healthy volume growth aided the financial performance. During the year, the Company's efforts to add innovative products to its portfolio complemented its growth trajectory. End-user demand remained strong, and DNL capitalised on this opportunity by demonstrating agility throughout its operations. Furthermore, it was able to quickly shift production to key products with higher demand.

In FY 2020-21, Deepak Phenolics Limited ('DPL'), wholly-owned subsidiary of the Company, successfully commissioned its IPA plant in Dahej in April 2020, during the peak of the nationwide lockdown, while adhering to all the safety guidelines. DPL demonstrated swiftness in movement of materials despite facing a volatile macro-environment. Newly launched products such as IPA enabled the Company to deliver better profitability. The brownfield expansion of IPA is progressing as per schedule and is expected to be completed soon.

During the Financial Year under review, DNL commenced land development at its newly procured site in Dahej, which is approximately 127 acres. This site will house capacity augmentation of our growth plan, which will take place in a phased manner.

The Company has formed a new subsidiary named Deepak Clean Tech Limited to pursue its ambition of developing value-added downstream derivatives and thus deepening its core business. This subsidiary will house new and upcoming products that will expand the overall product offerings of the Company.

The Board of Directors of the Company has recommended final dividend of ₹ 4.50 (Rupees Four and Paise Fifty only), being 225%, and a special dividend of ₹ 1.00 (Rupee One only), being 50% of the equity share of ₹ 2 each. Accordingly, the total dividend for FY 2020-21, if declared by the Members, will be ₹ 5.50 (Rupees Five and Paise Fifty only), being 275%, per equity share of a face value of ₹ 2 (Rupees Two only) per share, amounting to ₹ 75.02 Crores.

Performance of Business Units

DNL is a leading chemical manufacturer headquartered in Vadodara, Gujarat. The product offerings are classified under key Strategic Business Units (SBUs), namely Basic Chemicals (BC), Fine and Speciality Chemicals (FSC), Performance Products (PP), and the newly added Phenol & Acetone segment. The Company has a wide portfolio of chemical intermediates that serves end-user industries in India and worldwide, ranging from dyes and pigments, agrochemicals, pharmaceuticals, plastics, textiles, paper, home and personal care, petro-derivates intermediates-phenolics, acetone, IPA, and a plethora of other business sectors. Certified by Responsible Care, its products are manufactured across six key locations. They are strategically situated at Nandesari, Dahej (Gujarat), Roha, Taloja (Maharashtra), and Hyderabad (Telangana), and its R&D facility is located at Nandesari (Gujarat).

The Company has become a global chemical company with growing market share in essentially all of its key products. It has substantially expanded its global presence in the key geographies of Europe, the United States, Japan, Latin America, the Middle East, and the Far East over the years. In all, it exports to over 30 countries. It has been an undisputed leader in terms of cost leadership across key products. DNL's aim is to broaden its footprint in high-value intermediates, and it is on the path to do so, through a multitude of initiatives and growth strategies.

During FY 2020-21, the Company delivered a phenomenal performance in the backdrop of a challenging macro-economic environment, despite losing one month of production during the year due to nationwide lockdown. The excellent performance by Deepak Phenolics Limited, a wholly-owned subsidiary of DNL, has more than offset the COVID-19 impact felt in certain businesses like paper, textile and oil enabling the Company to report strong growth on a y-o-y basis.

BASIC CHEMICALS

Within Basic Chemicals (BC), DNL manufactures nitrites, nitrogen toluidines and fuel additives. As most of these chemicals are manufactured and sold in high volumes with a higher price sensitivity, cost leadership plays a pivotal role in gaining competitive advantages, which is required to drive growth and profitability. Primarily manufactured to standard requirements, these chemicals are dependent on raw material availability and affordability.

User industries for BC:

- Colourants
- Rubber chemicals
- Explosives
- Dyes
- Pigments
- Food colours
- Pharmaceuticals
- Petrol & diesel blending
- Agrochemicals

In FY 2020-21, this segment generated total revenues of ₹ 760 Crores, a decrease of 19% over the previous year. Due to lost production caused due to nationwide lockdown and lower demand for diesel, the fuel additives segment experienced a demand drop in the beginning of the fiscal. Although the oil and dye industries are still reeling from the pandemic's impact, other end-user segments fared well. EBIT stood at ₹ 195 Crores, down 7% from the previous year.

FINE & SPECIALITY CHEMICALS

DNL manufactures niche and specialised products under its Fine & Speciality Chemicals segment (FSC). These are developed in-house, using the Company's expertise in process engineering and technical knowhow. Among other things, it produces speciality chemicals such as Xylidines, Oximes, and Cumidines. These products are specially tailored to the client's specifications and are typically manufactured in lower volumes, but command higher value. Quality of the product, deep connections, stable and efficient processes, as well as compliance with global standards are all essential for these products.

User industries for FSC:

- Agrochemicals
- Colourants
- Pigment
- Pharmaceuticals and personal wellness

The FSC segment revenue grew by 31% to ₹ 767 Crores in FY 2020-21. EBIT for this segment grew by 90%. The segment continued to witness healthy performance traction, based on encouraging demand across multiple end-user industries, especially agrochemical and personal care. Efforts towards cost optimisation and adding new products for the pharma segment increased the momentum. The FSC segment is constantly supported by a strong order book position and solid capacity utilisation levels.

PERFORMANCE PRODUCTS

The Performance Products (PP) segment of the Company has two key products at present: Optical Brightening Agents (OBA) and DASDA. These products have specific attributes and serve to enable particular characteristics to the end-product. DNL is differentiated as a fully integrated manufacturer of OBA, with operations commencing from conversion of basic input toluene into PNT and thereafter into DASDA and further into OBA. These products must meet stringent performance criteria and technical specifications as specified by global clients. Given its expertise and technical knowhow, DNL has been able to establish itself as a preferred supplier and has also strategically diversified its clientele across geographies and end-user industries.

User industries for PP:

- Paper
- Detergents
- Textiles

During the period under review, the PP segment witnessed a decline in revenues to ₹ 304 Crores because of resultant effect caused by COVID-19 in end user industries. Due to this, EBIT also declined to a level of ₹ 23 Crores. With the unlocking of economy after the first phase, there was gradual demand pickup across the key end-user industries and DNL has witnessed a recovery in volumes. Due to the onset of second wave and re-imposing of restrictions, there was some impact on performance but at significantly lesser magnitude than the first wave. DNL is well placed to capitalise on recovery in demand from end-user industries going ahead.

DEEPAK PHENOLICS LIMITED

DPL has already established itself as the most trusted player in the domestic market for phenol and acetone, with a market share of much above 50%. DPL implemented initiatives to improve plant performance, which resulted in consistent capacity utilisation of around 115%. Forward integration into value-added derivatives such as IPA has resulted in increased contribution. Projected doubling of the IPA plant will enable your Company to further reduce India's reliance on imports.

User industries for Phenol, Acetone and IPA

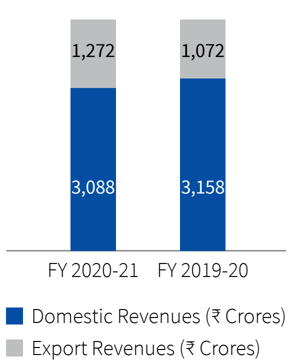
- **Phenol:** ply, laminates, foundry, paints, rubber, surfactants, pharmaceuticals, agro-chemicals
- **Acetone & IPA:** pharmaceuticals, paints, adhesives, thinners

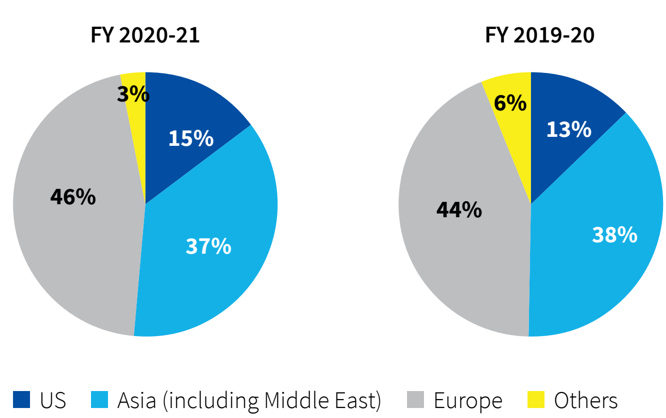
During FY 2020-21, DPL reported ₹ 2,563 Crores of revenues with ₹ 421 Crores Profit After Tax. Despite significant challenges faced during the year due to pandemic-led disruptions, the team showed impressive resilience in driving volumes and maintaining the business momentum.

Geographical Performance

Domestic Revenues for FY 2020-21 stood at ₹ 3,088 Crores, compared to ₹ 3,158 Crores in FY 2019-20. Revenue contribution from Exports stood at ₹ 1,272 Crores, up by 19% compared to ₹ 1,072 Crores in the previous financial year. The Company was swift to target key export geographies that were on the path of quick post-pandemic recovery. Steady revival in economic activity, combined with cost excellence initiatives undertaken by the Company, helped increase market share in the domestic markets.

Exports delivered a growth of 19% in the period under review, as a result of deepening customer engagements in key geographical regions and the global supply chain's China+1 strategy. This momentum was further supported by the Company's efforts to run plants at optimum utilisation levels. During the year, Europe contributed 46%, compared to 44% in the previous financial year. Contribution from Asia (including Middle East) is 37%, while the US contributed 15%. On a consolidated basis, mix of Domestic Sales versus Exports has been 71:29.





DNL has maintained its position as a supplier of choice for key domestic customers with cost leadership. Production efficiencies as well as a favourable product mix resulted in robust volume growth for select products.

Swot Analysis

STRENGTHS

Wide range of products with diverse application: Over the years, DNL has realigned and strengthened its product offerings by optimising its manufacturing expertise and knowledge on complex chemistries to create a differentiated portfolio, catering to a broad array of applications. This insulates the Company from any risks arising out of obsolescence of a particular product or category and de-risks its business operations. DNL's products are used in a wide assortment of application areas, namely agrochemicals, rubber, pharmaceuticals, colourants, and textiles, etc. Hence, when certain segments like paper, textile, oil felt the brunt of COVID-19, other segments like agrochemicals, personal care products performed well.

International presence & deep-rooted relationships: Besides India, DNL has developed a strong presence in key geographies, including the United States, Europe, and China. In addition to relationships across 30 export markets, the Company is well placed to seek market share gains by tactical expansion in newer geographies. Its customer-centric strategy, with long-term collaborations, have enabled it to build and maintain strong relationships with most of India's and world's major customers. Client loyalty is a key strength for DNL.

Sustainable approach: DNL customers have recognised its commitment to business sustainability as one of the primary focus areas. As a responsible Corporate Citizen, it has been working tirelessly to minimise its carbon emissions and will continue to do this. DNL has been at the forefront of supporting key sustainability initiatives and has set a precedent for many other businesses as a pioneer of 'Responsible Care' and 'Together for Sustainability'.

Strong supply chain efficiency and logistics management: Nearly 50 years of manufacturing experience in the chemical industry has made the Company very proficient in managing logistics and supply chain with large volumes. DNL's pan-India distribution network maintains close relationships with the vendors and customers, ensuring quality service and in-market execution through use of technology. DPL is a perfect example of a global-scale facility, where huge volumes of both raw material and finished goods are transported in the most efficient and timely manner.

Solid technical knowhow: Based on robust technical expertise and understanding of hazardous chemical processes, the Company has developed a niche by adding newer and innovative products to its portfolio of offerings. The idea is to leverage the expertise in sustainable chemistry while tapping the opportunity size. DNL's focus on emerging technologies, innovation, and operational performance ensures that it offers diverse range of products, from a few kilos to several tonnes, that are both sustainable and competitive.

Competent management team: Several eminent people with deep domain experience and understanding of market intricacies form DNL's core management team. The current team has been with the Company for decades and has made a significant contribution to its current leadership role. The management places high emphasis on the Code of Responsible Care and Ethical Principles.

WEAKNESSES

Volatility in raw material costs: Demand and supply, general economic and political conditions, transportation and labour costs, natural disasters, pandemics, and competition are all factors that can affect raw material supply and costs, and there are uncertainties in forecasting such variables, regardless of the methodologies and assumptions that are adopted. As a policy, DNL has proper pass-through clauses in place to mitigate such adverse possibilities.

Scarcity of sustainable energy sources: Manufacturing processes demand an uninterrupted supply of power due to the growing size and complexity of reactions within multiple chemistries. Since non-traditional energy is currently unfeasible and other alternative sources have their own drawbacks, DNL primarily relies on conventional fuels such as coal and furnace oil for power generation. DNL continues to assess and adopt several approaches to extend its ecological efforts as a responsible Company. It also acknowledges that improving energy efficiency is one way to reduce greenhouse gas emissions.

Adverse movement in foreign exchange: Volatility in exchange rates is an operational risk for all exporting companies, and mitigation is essential. The degree of uncertainty has increased in recent years, and the Company has taken steps to protect itself from unexpected and adverse fluctuations. Owing to its increased exports, DNL is exposed to some exchange rate risk, but this risk is mitigated by hedging.

OPPORTUNITIES

Substitution of imports: Import substitution has always been an integral aspect of the Company's business strategy. DNL has successfully substituted imports of key products such as phenol and acetone, and thereby saved millions of dollars of foreign exchange and ensured self-sufficiency. It has established a new benchmark for other chemical companies. To take advantage of the positive demand landscape, the Company will continue to introduce value-added downstream products that can replace imports.

Government support & initiatives: Many companies have been encouraged to make their products in India as a result of the Government's 'Make in India' initiative. This, along with the recently announced 'Atmanirbhar Bharat' campaign and various PLI schemes will place India on a firm trajectory. Not only will this help the companies to obtain regulatory clearances in a simplified manner, but will also open up a multitude of prospects for international collaborations. DNL will make the best use of all these initiatives and support to realise its growth aspirations.

Encouraging prospects for Indian exporters: The intention of global majors to minimise the reliance on China gives existing chemical intermediate players in India new opportunities to demonstrate their capabilities on a global level. The lucrative demand landscape has prompted Indian chemical exporters to strengthen their operations on a larger scale, allowing them to reinvest in R&D to improve manufacturing competence.

THREATS

Risk of obsolescence: Attributable to implementation of newer technologies and procedures, existing products are often at risk of becoming redundant. More efficient tech may lead to novel chemical products that jeopardise the feasibility of certain existing product lines. This may lead to reduced demand for older products or replacement of existing processes where firm expertise has been developed over time. DNL is insulated to some degree from such threats, given its leadership position across many product categories. It also reviews and updates its processes on a regular basis, as required, through technological advancements.

Limited trained manpower: Chemical reactions and processes need specialised knowledge; obtaining qualified employees with this expertise can be daunting, at times. Furthermore, there is occasionally a scarcity of technically trained labourers in India. The Company takes steps to impart rigorous training for professional growth and adherence to global best practices in order to maintain the current talent pool as well as to further expand their capabilities.

OUTLOOK

DNL, as part of a strong chemical industry, has a vital role to play in India's move towards becoming a US$ 5 trillion economy, and then to further benefit from that growth. Despite the pandemic hurdles in the short to medium term, the Company is in a business that can only grow in the long term, especially with policy focus on general manufacturing, agricultural, and pharmaceuticals. The domestic market of India is huge and has tremendous potential to grow; alongside, the Company has an established presence in international markets, too. This is an advantageous spread that helps the Company identify opportunities anywhere as soon as they begin to emerge. The Company has the agility, product portfolio, manufacturing excellence, and sustainability focus to seize opportunities arising in any of the geographies where it is present or may enter in future, as its operations are aligned with the latest norms. Its speciality solutions offer precision and optimal efficacy to customers who demand international standards. As global companies look to diversify sourcing, the China+1 focus is set to be a major growth driver for the Company.

Phenol is contributing to the concept of a self-reliant India, as the Phenol and Acetone segment clocked record turnover and solid margins. The wholly-owned subsidiary showed extreme resilience during the pandemic in ensuring material movement, and plant capacity utilisation was consistently outstanding. During the most difficult times, DPL commissioned its IPA plant and met the domestic demand for sanitisers; IPA capacity is now being doubled to 60,000 MTPA. This performance has proved the Company's capabilities, and the main aim of this business vertical would remain import substitution (for IPA products from China, Korea, and Taiwan) and introduction of more value-added products.

Risk Management

As a major player in the chemical industry with global scale operations, the Company is exposed to a wide range of risks. Risk management is implemented using a systematic structure-based approach. The risk management and prevention frameworks ringfence the Company's operational capabilities by leveraging a portfolio of best-in-class products that serve a wide range of end-user industries.

The Company persists in focusing on developing integrated leadership and succession planning processes, as well as evaluating solutions to strengthen institutional efficiency. As a result, risk management has always been an integral aspect of its operations. Efficient internal control systems, the risk management framework, and strategies that have been implemented aid the functions and responsibilities of various business segments of risk management. Such functions also serve as a strong foundation for independent supervision, internal audit reporting, and the corporate management community.

DNL has put in place appropriate mechanisms to monitor and manage inherent business risks in a constructive manner. At the organisational level, a transparent and impartial internal audit position carries out risk-focused audits across all product categories, with points identified and consistently reiterated. As a result, the professional and experienced team efficiently addresses the complexities of raw material costs, commodity risks, and currency fluctuations. Management has implemented suitable regulations and is working to minimise the negative effect of these uncertainties on its operational activities.

Significant Changes in Key Financial Ratios (Standalone)

Key Financial Ratios	FY 2020-21	FY 2019-20	Change (%)	Reason
Debtors Turnover Ratio	5.07	6.30	-20	During the year, turnover has reduced as compared to previous year on account of normalised DASDA realisation. Also, during the year, turnover has reduced due to lockdown imposed in the month of April and May 2020.
Inventory Turnover Ratio	4.09	4.44	-8	During the year, consumption has reduced due to lockdown imposed in the month of April and May 2020.
Interest Coverage Ratio	173.71	41.84	315	Significant improvement due to repayment of borrowings and resultant lower interest cost.
Current Ratio	2.95	1.45	104	Early payments to select creditors to avail cash discounts ranging from 10% to 12%. Also, Current investment of ₹ 125 Crores forms part of Current Assets.
Debt Equity Ratio	-	0.14	-100	The Company is Debt-free as on the Balance Sheet date.
Return on Net Worth (%)	19.23	36.48	-47	During the year, Profit margins has reduced as compared to previous year on account of normalised DASDA realisation.
Operating Profit Margin (%) (EBIT)	26.50	32.50	-6	
Net Profit Margin (%) (PBT)	26.30	31.60	-5	

Internal Control Framework

DNL has a Corporate Governance framework in place that controls its operations, and the management team adheres to financial and accounting policies, as well as processes and systems. The Risk Management Framework and the Planning & Review Processes of the Company provide the necessary basis for internal financial controls on its financial statements. The planning is focused on key accounting policies that have been consciously chosen by the Management and approved by the Audit Committee and the Board. These policies are periodically reviewed and modified. These processes, Standard Operating Procedures, and controls are reviewed by key management and audited by an Internal Audit Team, whose findings and recommendations are reviewed by the Audit Committee and followed through to implementation. In terms of financial statements, the Company has effective internal financial controls in place. These controls were evaluated during the year, considering the most important aspects of internal controls. No reportable material deficiency or major weaknesses in the execution of internal financial controls were discovered, based on the findings of such an evaluation conducted by the key management. Regular audit and evaluation procedures are used by the Company to reinforce the programmes on a continuous basis.

Human Resource Development

Your Company had 1,532 permanent employees as of March 31, 2021. The key principles of relevance, continuity, and fairness govern the Company's Human Resource Development practices. Several measures across segments are being implemented to improve talent management, skill development, and efficiency. All of this has had a huge positive effect on talent attraction, retention, and commitment. HR continues to align its strategic interventions and processes with a long-term vision in order to create and develop value for the Indian chemical industry and its stakeholders. This is one of the most important factors in boosting business results. The assurance of talent management helps attract and retain talent. Individual and team performances are also correlated with the organisation's broader strategic goals through performance management.

DISCLAIMER: This Report contains forward-looking statements that involve risks and uncertainties. When used in this Report, the words 'anticipate,' 'belief,' 'estimate,' 'expect,' 'intend,' 'will' and other similar expressions as they relate to the Company and its Businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements publicly, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes to it.

Notice

NOTICE is hereby given that the Fiftieth Annual General Meeting of **DEEPAK NITRITE LIMITED** will be held on **Friday**, **July 30, 2021** at **11:30 A.M.**, through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS:

1) To receive, consider, approve and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2021, together with the Reports of the Board of Directors and the Auditors thereon;

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

"RESOLVED THAT the Audited Financial Statements of the Company including Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the Financial Year ended March 31, 2021 along with the Directors' Report and the Auditor's Report thereon be and are hereby received, considered, approved and adopted.**"**

2) To receive, consider, approve and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021, together with Report of the Auditors thereon.

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

"RESOLVED THAT the Audited Consolidated Financial Statements of the Company including Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity for the Financial Year ended March 31, 2021 along with the Auditor's Report thereon be and are hereby received, considered, approved and adopted.**"**

3) To declare a final dividend of ₹ 4.50 (Rupees Four and Paise Fifty only), being 225%, per equity share of face value of ₹ 2.00 (Rupees Two only) each and a special dividend of ₹ 1.00 (Rupee One only), being 50%, per equity share of face value of ₹ 2.00 (Rupees Two only) each to commemorate Golden Jubilee year of the Company. Accordingly, the total dividend for the year ended March 31, 2021 is ₹ 5.50 (Rupees Five and Paise Fifty only), being 275%, per equity share of face value of ₹ 2.00 (Rupees Two only) each.

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

"RESOLVED THAT the final dividend of ₹ 4.50 (Rupees Four and Paisa Fifty only) per equity share of ₹ 2.00 (Rupees Two only) each fully paid up for the Financial Year ended March 31, 2021 and a one time special dividend of ₹ 1.00 (Rupee One only) per equity share of ₹ 2.00 (Rupees Two only) each fully paid up to commemorate Golden Jubilee year of the Company, aggregating ₹ 5.50 (Rupees Five and Paisa Fifty only) amounting to ₹ 75,01,61,725.50 (i.e. 275% on the paid-up equity share capital of the Company) for the Financial Year ended March 31, 2021, as recommended by the Board of Directors of the Company, be and is hereby declared.**"**

4) To appoint a Director in place of Shri Maulik D. Mehta (DIN: 05227290), who retires by rotation at this Annual General Meeting, in terms of Section 152(6) of the Companies Act, 2013 and being eligible, has offered himself for re-appointment.

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

"RESOLVED THAT Shri Maulik D. Mehta (DIN: 05227290), who retires by rotation at this Annual General Meeting, in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment, be and is hereby re-appointed as Director of the Company, liable to retire by rotation.**"**

SPECIAL BUSINESS:

5) **Re-appointment of Shri Maulik D. Mehta (DIN: 05227290) as Executive Director & Chief Executive Officer of the Company.**

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the Company be and is hereby accorded for the re-appointment of Shri Maulik D. Mehta (DIN: 05227290) as the Executive Director & Chief Executive Officer of the Company from May 9, 2021 to May 8, 2026, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) be and is hereby authorized to alter and/or vary the terms and conditions of the said re-appointment including remuneration within the overall limits prescribed under Section 197 read with Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT where in any Financial Year during the tenure of Shri Maulik D. Mehta, the Company incurs a loss or its profits are inadequate, the Company shall continue to pay to Shri Maulik D. Mehta, the remuneration as set out in the Explanatory Statement, by way of salary, perquisites, incentives and other allowances, as a "minimum remuneration" subject to the limits and conditions specified in Schedule V of the Companies Act, 2013 and rules made thereunder or such other limits as may be prescribed by the Central Government from time to time and approval of Members and/or Central Government, if so required.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as it may deem necessary and authorise executives of the Company for the purpose of giving effect to this Resolution.**"**

6) Ratification of remuneration of the Cost Auditor for the Financial Year 2021-22.

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 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 8,00,000/- (Rupees Eight Lakhs only) plus applicable tax, travelling and other out of pocket expenses to B. M. Sharma & Co., Cost Accountants (Firm Registration No. 00219), the Cost Auditors, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2022, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.**"**

7) Continuation of directorship of Dr. Richard H. Rupp (DIN: 02205790) as an Independent Director of the Company beyond the age of seventy five (75) years in terms of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

"RESOLVED THAT pursuant to Regulation 17(1A) and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of Members of the Company be and is hereby accorded for Dr. Richard H. Rupp (DIN: 02205790) who was appointed as an Independent Director at the 48th Annual General Meeting of the Company held on June 28, 2019 for a second term of three (3) consecutive years i.e. upto August 7, 2022 and who will attain the age of seventy five (75) years during the term of his appointment, to continue as an Independent Director of the Company beyond the age of seventy five (75) years.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.**"**

By Order of the Board of Directors

Arvind Bajpai
Company Secretary
Membership No.: FCS 6713

Place : Vadodara
Date : May 5, 2021

Registered Office:
Aaditya-I, Chhani Road
Vadodara – 390 024, Gujarat
Tel: +91-265-2765200, 396 020
Fax: +91-265-2765344
Email: investor@godeepak.com
Website: www.godeepak.com
CIN: L24110GJ1970PLC001735

GENERAL NOTES:

1. In view of outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 5, 2020 and Circular No. 02/2021 dated January 13, 2021 and SEBI Circular No. SEBI/HO/ CFD/ CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold Annual General Meeting through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of Members at a common venue. Hence, in compliance with the Circulars, the 50th Annual General Meeting ("AGM") of the Company is being held through VC/OAVM.

2. In terms of the Circulars, the physical attendance of Members is dispensed with and there is no requirement of appointment of proxies. Accordingly, the facility for appointment of proxies by Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice. However, Corporate Members are entitled to appoint authorized representatives to attend the AGM through VC/ OAVM and participate there at and cast their votes through e-Voting. Since the AGM will be held through VC/OAVM, the Route Map for AGM venue is not required to be annexed to the Notice.

3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013 ("the Act").

4. In compliance with the Circulars, Notice of the AGM along with the Annual Report for the Financial Year 2020-21 is being sent only through email to those Members whose email IDs are registered with the Company/Depositories. Members may note that the Notice of the AGM and Annual Report for the Financial Year 2020-21 will also be available on the Company's website www.godeepak.com, the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively and on the website of NSDL (agency providing the remote e-Voting facility) at www.evoting.nsdl.com.

5. Members who have not yet registered their email addresses are requested to register the same with their Depository Participants in case the shares are held by them in electronic form and with Company's Registrar & Share Transfer Agent i.e. Link Intime India Private Limited in case the shares are held by them in physical from.

6. Process for Registration / updation of Email Id, Bank Account Details and other details:

   A. **Shareholding in Demat Form:**

   Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service ("NECS"), Electronic Clearing Service ("ECS"), mandates, nominations, power of attorney, change of address/ name, e-mail address, contact numbers, etc. to their Depository Participant ("DP") only, and not to the Company's Registrar & Share Transfer Agent.

   Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar & Share Transfer Agent to provide efficient and better services to the Members.

   B. **Shareholding in Physical Form:**

   Members holding shares in physical form are requested to visit the website of the Registrar and Share Transfer Agents of the Company – Link Intime India Private Limited at the link mentioned hereunder and upload the documents required therein: https://www.linkintime.co.in/EmailReg/Email_Register.html

   This may be treated as an advance opportunity in terms of proviso to Rule 18(3) (i) of the Companies (Management and Administration) Rules, 2014.

7. Members who wish to seek any information with regard to the Financial Statements or any matter to be placed at AGM are requested to write to the Company latest by July 23, 2021, through email on investor@godeepak.com so as to enable the Company to keep the information ready at the AGM.

8. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Company's Registrar & Share Transfer Agent.

9. In view of SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) are being processed only in the dematerialized form with effect from April 1, 2019.

Therefore, the Members are requested to take prompt action to dematerialize the Equity Shares of the Company. The Members may contact the Company or the Company's Registrar & Share Transfer Agent, Link Intime India Private Limited for assistance in this regard.

10. A statement pursuant to Section 102 of the Act, with respect to the Special Businesses set out in the Notice is annexed.

11. Additional information, pursuant to Regulation 36 of the Listing Regulations, in respect of the Directors seeking appointment / reappointment at the AGM, is provide in Annexure – I and forms part of this Notice.

12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. July 30, 2021. Members seeking to inspect such documents can send an email to investor@godeepak.com.

13. Pursuant to Section 91 of the Act, the Register of Members of the Company will be closed from Friday, July 23, 2021 to Friday, July 30, 2021 (both days inclusive) for the purpose of AGM and payment of dividend.

14. Members may note that the Board of Directors of the Company, at its meeting held on May 5, 2021, has recommended a final dividend of ₹ 4.50 (Rupees Four and Paise Fifty only) per equity share and a special dividend of ₹ 1.00 (Rupee One only) per equity share for the Financial Year 2020-21. The date of Book Closure for the purpose of dividend as mentioned above is from Friday, July 23, 2021 to Friday, July 30, 2021 (both days inclusive). The dividends, once approved by the Members at the ensuing AGM, will be paid within 30 days from the date of their declaration, electronically through various online transfer modes to those Members who have updated their bank account details. For Members who have not updated their bank account details, dividend warrants / demand drafts / cheques will be sent out to their registered addresses. To avoid delay in receiving dividend, Members are requested to update their KYC with their depositories (where shares are held in dematerialized mode) and with the Company's Registrar and Transfer Agent ("RTA") (where shares are held in physical mode) to receive dividends directly into their bank account on the payout date.

15. Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 1, 2020 shall be taxable in the hands of Members. The Company shall therefore be required to deduct Tax at Source ("TDS") at the time of making the payment of dividends as mentioned above. In order to enable the Company to determine the appropriate TDS rate as applicable, Members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Members having valid Permanent Account Number ("PAN")	10% or as notified by the Government of India
Members not having PAN / valid PAN (Section 206AA of the IT Act)	20% or as notified by the Government of India
Members not filing Income Tax returns for preceding two years and whose TDS/TCS credit is more than ₹ 50,000 (Section 206AB of the IT Act)	20% or as notified by the Government of India

However, no tax shall be deducted on the dividends payable to a resident individual if the total dividend to be received by them during fiscal 2022 does not exceed ₹ 5,000 and also in cases where Members provide Form 15G / Form 15H (Form 15H is applicable to individuals aged sixty (60) years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / nil withholding tax. PAN is mandatory for Members providing Form 15G / 15H or any other document as mentioned above.

For non-resident shareholders (including Foreign Institutional Investors / Foreign Portfolio Investors), Taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividends payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA"), read with Multilateral Instrument ("MLI") between India and the country of tax residence of the Member, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA read with MLI, non-resident shareholders will have to provide the following:

- Self-attested copy of the PAN card allotted by the Indian income tax authorities duly attested by the Member or details as prescribed under rule 37BC of Income-tax Rules, 1962
- Self-attested copy of Tax Residency Certificate for fiscal 2022 obtained from the revenue authorities of the country of tax residence, duly attested by Member
- Self-declaration in Form 10F
- Self-declaration by the Member that does not have a permanent establishment in India under the applicable Tax Treaty, (ii) is the beneficial owner of the dividends,

(iii) complies with any other condition prescribed in the relevant Tax Treaty and provisions under the Multilateral Instrument ('MLI') (iv) will not have a place of effective management in India

- Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by the Member

Please note that application of the beneficial rate of tax treaty for TDS is at the discretion of the company and shall depend upon the completeness and satisfactory review of the same by the Company.

Accordingly, the aforementioned documents are required to be uploaded on the shareholder portal at https://www.linkintime.co.in/formseg/Submission-of-form-15g-15h.html. on or before July 22, 2021. No communication would be entertained from Members after July 22, 2021 regarding tax withholding matters.

It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible.

We shall arrange to e-mail the soft copy of TDS certificate to you at your registered e-mail ID in accordance with the provisions of the Income Tax Act 1961 after filing of the quarterly TDS Returns of the Company, post payment of the said Dividend.

The Company vide its separate e-mail communication dated July 1, 2021 had informed the Members regarding this change in the Income Tax Act, 1961 as well as the relevant procedure to be adopted by the Members to avail the applicable tax rate.

16. In terms of the provisions of Section 124 and other applicable provisions of the Act, the amount of dividend not encashed or claimed within seven (7) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Accordingly, the unclaimed dividend in respect of Financial Year 2013-14 is due for transfer to IEPF Fund in August, 2021. Members who have not yet encashed their dividend warrant(s) pertaining to the dividend for the Financial Year 2013-14 onwards, are requested to lodge their claims for the same with the Company or Registrar and Share Transfer Agents of the Company.

    Attention of Members is invited to the provisions of Section 124(6) of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 amended from time to time, which inter alia requires the Company to transfer the equity shares on which the dividend has remained unpaid or unclaimed for a continuous period of seven years, to a special Demat account of Investor Education and Protection Fund Authority ("IEPF Authority").

    The dividend/shares, once transferred to the said Demat account of the IEPF Authority can be claimed after following due procedure prescribed under the said IEPF Rules by making an online application to the IEPF Authority in web from No. IEPF-5 available on www.iepf.gov.in.

17. In compliance with Section 108 of the Act, read with the corresponding rules, Regulation 44 of the SEBI (LODR) Regulations and in terms of SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020, the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-Voting system as well as voting on the date of the AGM will be provided by NSDL.

18. Members who have cast their votes by remote e-Voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by Members holding shares in dematerialized mode, physical mode and for Members who have not registered their email addresses is provided in the "Instructions for e-Voting" section which forms part of this Notice.

19. The Board of Directors of the Company has appointed Shri Dinesh Joshi, Practising Company Secretary (Membership No.: FCS-3752), Designated Partner, KANJ & Co. LLP, Company Secretaries, Pune, as the Scrutinizer, to scrutinize the voting during the AGM and remote e-Voting process in a fair and transparent manner.

20. Members holding shares either in physical or dematerialized form, as on **Friday, July 23, 2021** ("Cut-off Date"), may cast their votes electronically. The e-Voting period commences on **Tuesday, July 27, 2021 (9:00 A.M. IST)** and ends on **Thursday, July 29, 2021 (5:00 P.M. IST)**. The e-Voting module will be disabled by NSDL thereafter. A Member will not be allowed to vote again on any resolution on which vote has already been cast.

21. The voting rights of Members shall be proportionate to their share of the paid-up equity share capital of the Company as on the Cut-off Date, i.e. as on **July 23, 2021**.

22. A person who is not a Member as on the Cut-off Date is requested to treat this Notice for information purposes only.

23. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through the e-Voting system during the AGM.

24. Any person holding shares in physical form, and non-individual shareholders who acquire shares of the Company and become Members of the Company after the Notice is sent and holding

shares as of the Cut-off Date, i.e. July 23, 2021, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he / she is already registered with NSDL for remote e-Voting, then he / she can use his / her existing user ID and password for casting the vote. In case of individual shareholders holding securities in demat mode, who acquire shares of the Company and become Members of the Company after the Notice is sent and holding shares as of the Cut-off Date i.e. July 23, 2021, may follow steps mentioned in the Notice under 'Instructions for e-Voting'.

INSTRUCTIONS FOR E-VOTING:

The details of the process and manner for remote e-Voting and voting during the AGM are explained below:

Step 1: Access to NSDL e-Voting system

Step 2: Cast your vote electronically on NSDL e-Voting system.

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and voting during the AGM for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	I. **NSDL IDeAS Facility**
	If you are already registered for the NSDL IDeAS facility,
	1. Please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com/ either on a personal computer or mobile phone.
	2. Once the homepage of e-Services is launched, click on the "Beneficial Owner" icon under "Login", available under the "IDeAS" section.
	3. A new screen will open. You will have to enter your user ID and password. After successful authentication, you will be able to see e-voting services.
	4. Click on "Access to e-voting" under e-voting services and you will be able to see the e-voting page.
	5. Click on options available against company name or e-voting service provider – NSDL and you will be re-directed to the NSDL e-voting website for casting your vote during the remote e-voting period or voting during the meeting.
	If the user is not registered for IDeAS e-Services,
	1. The option to register is available at https://eservices.nsdl.com.
	2. Select "Register Online for IDeAS" or click on https://eservices.nsdl.comSecureWeb/IdeasDirectReg.jsp
	3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
	4. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
	5. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen.
	6. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.
	7. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
	II. E-voting website of NSDL
	1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or mobile phone.
	2. Once the homepage of e-voting system is launched, click on the "Login" icon, available under the "Shareholder / Member" section.
	3. A new screen will open. You will have to enter your User ID (i.e. your 16-digit demat account number held with NSDL), Password / OTP and a verification code as shown on the screen.
	4. After successful authentication, you will be redirected to the NSDL Depository site wherein you can see the e-voting page. Click on options available against company name or e-voting service provider – NSDL and you will be redirected to the e-voting website of NSDL for casting your vote during the remote e-voting period or voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on "New System Myeasi".
	2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.
	3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration
	4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
Individual shareholders (holding securities in demat mode) logging in through their depository participants	1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.
	2. Once logged in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature.
	3. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forgot User ID and Forgot Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B) Login method for e-Voting and voting during the AGM for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

5. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
For Members who hold shares in Demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
For Members who hold shares in Demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
For Members holding shares in Physical Form.	E-Voting Event Number ("EVEN Number") followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

6. Password details for shareholders other than Individual shareholders are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

7. If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

8. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box

9. Now, you will have to click on "Login" button.

10. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-voting system

1. After successful login at Step 1, you will be able to see all the companies 'EVEN' in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select 'EVEN' of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on 'VC/OAVM' link placed under 'Join General Meeting'.

3. Now you are ready for e-Voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also 'Confirm' when prompted.

5. Upon confirmation, the message 'Vote cast successfully' will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for procuring user ID and password for e-Voting for those shareholders whose email IDs are not registered with the depositories / Company

Shareholders may send a request to evoting@nsdl.co.in for procuring user ID and password for e-Voting.

1. In case shares are held in physical mode, please provide Folio Number, name of member, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card).

2. In case shares are held in demat mode, please provide DP ID and Client ID (16-digit DP ID + Client ID or 16-digit beneficiary ID), name of member, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card).

3. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-Voting and voting during the AGM for Individual shareholders holding securities in demat mode.

General guidelines for e-Voting

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to dinesh.joshi@kanjcs.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five (5) unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details/Password?' or 'Physical User Reset Password?' option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for shareholders available in the download section of www.evoting.nsdl.com or call on the toll-free number: 1800 1020 990 /1800 224 430, or send a request to evoting@nsdl.co.in, or contact Mr. Amit Vishal, Senior Manager, or Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., at the designated email IDs: evoting@nsdl.co.in to get your grievances on e-Voting addressed.

INFORMATION AT A GLANCE

Particulars	Details
Time and date of AGM	11:30 A.M. IST, Friday, July 30, 2021
Mode	Video Conference and Other Audio-Visual Means
Participation through video-conferencing and e-voting	https://www.evoting.nsdl.com/
Helpline number for VC participation	1800-222-990
Information of tax on Final dividend & Special dividend 2020-21	https://www.godeepak.com/Investors/
Final dividend & Special dividend Book Closure date	Friday, July 23, 2021 to Friday, July 30, 2021 (both days inclusive)
Final dividend & Special dividend payment date	Within 30 days from the date of their declaration
Cut-off date for e-Voting	Friday, July 23, 2021
e-Voting start time and date	Tuesday, July 27, 2021 (9:00 A.M. IST)
e-Voting end time and date	Thursday, July 29, 2021 (5:00 P.M. IST)
Name, address and contact details of e-voting service provider	National Securities Depository Limited, 4th Floor, A Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013, India Contact details: Mr. Amit Vishal, Senior Manager Ms. Pallavi Mhatre, Manager Email ID: evoting@nsdl.co.in; Contact number: 1800 1020 990 / 1800 224 430
Name, address and contact details of Registrar and Transfer Agent	Link Intime India Private Limited B 102-103, Shangrila Complex, Opp. HDFC Bank, Radha Krishna char Rasta, Akota, Vadodara

INSTRUCTIONS FOR PARTICIPATION THROUGH VC

Please follow the below steps for registration and participation

Step 1:	Access the VC portal by clicking this link https://www.evoting.nsdl.Com/ Or You could also join the AGM by visiting the investor page on the Company's website, www.godeepak.com	**System requirements for best VC experience** Internet connection: Broadband, wired or wireless (3G or 4G/LTE), with a speed of 5 Mbps or more Microphone and Speakers: Built in our USB Plug -in or Wireless Bluetooth **Browser** Google Chrome: Version 72 or latest Mozilla Firefox: Version 72 or latest Microsoft Edge Chromium: Version 72 or latest Safari: Version 11 or latest Internet Explorer: Not Supported
Step 2:	Log in to join the VC session by using your DP ID and Client ID / Folio Number together with your PAN a) Members with NSDL account: 8-character DP ID followed by 8-digit Client ID (For example, if your DP ID is IN300*** and Client ID is 12******, then your user ID is IN300***12******). b) Members with CDSL account: 16-digit Beneficiary ID (For example, if your Beneficiary ID is 12**************, then your user ID is 12**************). c) Members with physical folio: ITL + Folio Number registered with the Company (For example, if your Folio Number is 0*****, then your user ID is ITL0*****). Note: Institutional/Corporate shareholders are required to upload the Board Resolution/Authorization letter authorizing its representative to attend the AGM through VC.	
Step 3:	Click 'Enter' to join the virtual AGM	
Step 4:	Members can post questions either through chat or the video feature available in the VC. Members can exercise these options once the floor is open for shareholder queries.	
Step 5:	Members who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM by following the 'Instructions for e-Voting'.	

GENERAL GUIDELINES FOR VC PARTICIPATION

i. Members may note that the 50th Annual General Meeting of the Company will be convened through VC in compliance with the applicable provisions of the Companies Act, 2013, read with the Circulars. The facility to attend the AGM through VC will be provided by the Company through NSDL. Members may access the same at https://www.evoting.nsdl.com.

ii. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system.

iii. After successful login, you can see link of "VC/OAVM link" placed under 'Join General meeting' menu against Company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed.

iv. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

v. The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.

vi. The Company reserves the right to limit the number of Members asking questions depending on the availability of time at the AGM.

vii. Members can participate in the AGM through their desktops / smartphones / laptops etc. However, for better experience and smooth participation, it is advisable to join the meeting through desktops / laptops with high-speed internet connectivity.

viii. Please note that participants connecting from mobile devices or tablets, or through laptops via mobile hotspot may experience audio / video loss due to fluctuation in their respective networks. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any of the aforementioned glitches.

ix. Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

x. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/Folio Number, PAN, mobile number at investor@godeepak.com upto July 23, 2021. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Other Instructions

- The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
- The result declared along with the Scrutinizer's Report shall be placed on the Company's website at www.godeepak.com and on the website of NSDL, https://www.evoting.nsdl.com. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the equity shares of the Company are listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

ITEM NO. 5

The Board of Directors of the Company at their meeting held on May 5, 2021, upon recommendation of Nomination and Remuneration Committee, approved the re-appointment of Shri Maulik D. Mehta as the Executive Director & Chief Executive Officer of the Company for further period of five (5) years with effect from May 9, 2021, subject to approval of Members of the Company.

The terms of re-appointment including remuneration of Shri Maulik D. Mehta as the Executive Director & Chief Executive Officer of the Company, as recommended by the Nomination and Remuneration Committee are as under:

A) Salary and Perquisites:

Shri Maulik D. Mehta shall, during the Financial Year 2021-22, be paid fixed remuneration of ₹ 2,50,00,000 (Rupees Two Crores Fifty Lakhs only) per annum, by way of salary, perquisites, allowances and other benefits, and for subsequent years, such amount and benefits, as may be determined by the Board or Committee thereof from time to time.

The Perquisites, Allowances and other benefits shall include but not be limited to the following:

1. Leave travel concession for self and members of his family, as per the policy of the Company.
2. Medical and other insurances, as per policy of the Company.
3. Company Car with Driver.
4. Company's contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave, as per the policy of the Company.
5. Retirement and other benefits, as per the policy of the Company.

B) Variable Pay:

In addition to the salary, perquisites, allowances and other benefits as mentioned above, Shri Maulik D. Mehta will also be entitled to variable pay by way of Performance Linked Incentive. This amount shall be paid annually after the end of the Financial Year. This Variable Pay shall range from 0% to 25% of his Cost to Company based on his individual performance and also the Company's performance, in accordance with the policy of the Company.

A brief profile of Shri Maulik D. Mehta is as under:

Shri Maulik D. Mehta is a Bachelor of Business Administration from the University of Liverpool, UK. He holds a Masters in Industrial and Organizational Psychology from Columbia University, USA. Further, he was a part of Harvard Business School's prestigious Owner & President Management Program. Shri Maulik D. Mehta has held important positions in the Company and has been on the Board as Whole-time Director of the Company since May 9, 2016. He has around 13 years of experience in the areas of Business Development and has been responsible for the day-to-day business of all the verticals of the Company along with Group Strategy.

The details of Shri Maulik D. Mehta as required under the provisions of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions are provided in Annexure – I to this Notice.

Shri Maulik D. Mehta satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under Sub-Section (3) of Section 196 of the Act for being eligible for re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

Shri Maulik D. Mehta and his relatives Shri Deepak C. Mehta and Shri Ajay C. Mehta are interested in the Ordinary Resolution set out at Item No. 5 of the Notice, which pertains to the re-appointment and remuneration payable to Shri Maulik D. Mehta.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this Ordinary Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

ITEM NO. 6

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of B. M. Sharma & Co., Cost Accountants (Firm Registration No. 00219) as the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2022.

Upon the recommendation of the Audit Committee, the remuneration of the Cost Auditors was fixed by the Board of Directors at ₹ 8,00,000/- (Rupees Eight Lakhs only) plus applicable tax, travelling and other out of pocket expenses for performing the audit as mentioned above.

In accordance with the provisions of Section 148 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

Accordingly, approval of Members is sought for the Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2022.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 6 of the Notice.

The Board recommends Ordinary Resolution set out at Item No. 6 of the Notice for approval by the Members.

ITEM NO. 7

The Securities and Exchange Board of India (”SEBI”), vide its notification No. SEBI/LAD-NRO/ GN/2018/10 dated May 9, 2018, has amended the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”). Pursuant to the said amendment, with effect from April 1, 2019, no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five (75) years unless a Special Resolution is passed to that effect.

The Members of the Company at the 48th Annual General Meeting held on June 28, 2019 approved the appointment of Dr. Richard H. Rupp as an Independent Director for a second term of three (3) consecutive years with effect from August 8, 2019 upto August 7, 2022.

Since Dr. Richard H. Rupp will attain the age of seventy five (75) years, during the second term of his appointment, it is necessary to obtain the approval of the Members of the Company by way of Special Resolution for Dr. Richard H. Rupp to continue as an Independent Director of the Company beyond the age of seventy five (75) years.

The details of Dr. Richard H. Rupp as required under the provisions of Regulation 36(3) of the Listing Regulations and other applicable provisions are provided in Annexure – I to this Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Dr. Richard H. Rupp are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 7 of the Notice.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the Members.

By Order of the Board of Directors

Arvind Bajpai
Company Secretary
Membership No.: FCS 6713

Place : Vadodara
Date : May 5, 2021

Registered Office:
Aaditya-I, Chhani Road
Vadodara – 390 024, Gujarat
Tel: +91-265-2765200, 396 020
Fax: +91-265-2765344
Email: investor@godeepak.com
Website: www.godeepak.com
CIN: L24110GJ1970PLC001735

Annexure – I to the Notice

Details of the Directors seeking appointment / re-appointment:

Name of Director	Shri Maulik D. Mehta	
Date of Birth	March 27, 1983	
Age	38 Years	
Director Identification Number (DIN)	05227290	
Brief Resume covering Expertise in specific functional areas and Experience	Shri Maulik D. Mehta is a Bachelor of Business Administration from the University of Liverpool, UK. He holds Masters degree in Industrial and Organizational Psychology from Columbia University, USA. Further, he was a part of Harvard Business School's prestigious Owner & President Management Program. Shri Maulik D. Mehta has held important positions in the Company and has been on the Board as Whole-time Director of the Company since May 9, 2016. He has around 13 years of experience in the areas of Business Development and has been responsible for the day-to-day business of all the verticals of the Company along with Group Strategy.	
Qualifications	Bachelors of Business Administration from University of Liverpool, UK. Master in Industrial and Organizational Psychology from Columbia University, USA. Owner & President Management Program from Harvard Business School.	
Directorships held in Companies as on March 31, 2021	**Listed Companies**	
	Deepak Nitrite Limited	
	Unlisted Companies	
	Deepak Clean Tech Limited Deepak Cybit Private Limited	
Membership / Chairmanship of Committees of Public Companies	Deepak Nitrite Limited Risk Management Committee - Member	
Shareholdings in the Company as on March 31, 2021	1,31,300 Equity Shares	
Disclosure of relationships between directors inter-se.	Son of Shri Deepak C. Mehta, Chairman & Managing Director and Nephew of Shri Ajay C. Mehta, Non-Executive Non-Independent Director of the Company	
Remuneration received from the Company in the Financial Year 2020-21	₹ 2.60 Crores	
Terms and conditions of appointment / re-appointment along with details of remuneration sought to be paid	As detailed in the Explanatory Statement to Item No. 5 to this Notice.	
Date of first appointment on the Board	May 9, 2016	
The number of Meetings of the Board attended during the Financial Year 2020-21 / during the tenure of their appointment.	**No. of Board Meetings held**	**Board Meetings Attended**
	4	4

Name of Director	**Dr. Richard H. Rupp**	
Date of Birth	June 27, 1947	
Age	74 Years	
Director Identification Number (DIN)	02205790	
Brief Resume covering Expertise in specific functional areas and Experience	Scientific, technical as well as managerial expertise. He is well-acquainted with the USA, European, Asian and Indian sub-continent markets.	
Qualifications	Ph.D. in Chemistry from University of Karlsruhe, Germany. Executive Development from IMD at Lausanne, Switzerland.	
Directorships held in Companies as on March 31, 2021	**Listed Companies**	
	Deepak Nitrite Limited	
	Unlisted Companies	
	Nil	
Membership / Chairmanship of Committees of Public Companies	Deepak Nitrite Limited Project Committee - Member	
Shareholdings in the Company as on March 31, 2021	NIL	
Disclosure of relationships between directors inter-se.	Not related to any of the Directors or Key Managerial Personnel of the Company.	
Remuneration received from the Company in the Financial Year 2020-21	Sitting Fees	₹ 1,80,000
	Commission	₹ 45,00,000
	Total	₹ 46,80,000
Terms and conditions of appointment / re-appointment along with details of remuneration sought to be paid	As per Letter of Appointment dated June 28, 2019.	
Date of first appointment on the Board	May 27, 2008	
The number of Meetings of the Board attended during the Financial Year 2020-21 / during the tenure of their appointment.	**No. of Board Meetings held**	**Board Meetings Attended**
	4	4

By Order of the Board of Directors

Arvind Bajpai
Company Secretary
Membership No.: FCS 6713

Place : Vadodara
Date : May 5, 2021

Registered Office:

Aaditya-I, Chhani Road
Vadodara – 390 024, Gujarat
Tel: +91-265-2765200, 396 020
Fax: +91-265-2765344
Email: investor@godeepak.com
Website: www.godeepak.com
CIN: L24110GJ1970PLC001735

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Fiftieth Annual Report and maiden Integrated Report of Deepak Nitrite Limited ('your Company' or 'the Company') along with the Audited Financial Statements for the Financial Year ('FY') ended March 31, 2021. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL RESULTS

Your Company's financial performance for the year ended March 31, 2021 is summarized below:

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Total Revenue (Gross)	**1,822.68**	**2,237.24**	**4,381.27**	**4,264.91**
Operating Profit Before Depreciation, Finance Cost, Exceptional Item and Tax (EBITDA)	549.61	804.28	1,268.55	1,061.00
Less: Depreciation and Amortization expenses	66.88	77.93	152.63	139.73
Less: Finance Costs	4.12	20.32	74.20	114.87
Profit Before Tax	**478.61**	**706.03**	**1,041.72**	**806.40**
Less: Tax Expenses	123.89	161.99	265.91	195.37
Net Profit for the Year	**354.72**	**544.04**	**775.81**	**611.03**
Other Comprehensive Income	(1.30)	(3.66)	(1.07)	(3.80)
Total Comprehensive income for the Year	**353.42**	**540.38**	**774.74**	**607.23**
Surplus brought forward from previous year	934.73	511.26	1,015.31	525.01
Balance available for Appropriation	**1,288.07**	**1,051.62**	**1,789.97**	**1,184.97**

The year started with COVID-19 pandemic as a global challenge, creating disruption across the world. The physical and emotional wellbeing of employees continues to be a top priority for the Company, with several initiatives to support employees and their families during the pandemic. In April, 2020, the Company decided that it would prioritize both lives and livelihoods and ensured that all its locations operated with the highest attention to man and material safety. The Company also has taken up the responsibility of vaccinating all its employees and spouses and will continue to look for opportunities to provide succour to the families that depend on it. Your Company, in partnership with Deepak Foundation has strengthened Covid care centres at three locations and supported in setting up 130 beds dedicated for Covid, purchased oxygen PSA plants to be deployed at nearby facilities and has taken other appropriate measures. The Company also expanded COVID medical and life insurance coverage for all its employees.

PERFORMANCE REVIEW

Standalone

During FY 2020-21 the Company delivered a solid performance in the backdrop of a challenging macro-economic environment, despite losing one month of production during the year due to nationwide lockdown. The Company's diverse product line and operational excellence continues to be stronghold against widespread uncertainties. Amidst the severity of the second wave, the Company continues to function at a high level of efficiency and make progress on various growth initiatives, while adhering to Government directives, local guidelines and safety protocols across all its facilities. The Company has either maintained or increased market share across products. Your Company has demonstrated resilience in its business performance to close the year with y-o-y growth in its Strategic Business Units ('SBUs').

Total Revenue, including Other Income, in FY 2020-21 was ₹ 1,822.68 Crores compared to ₹ 2,237.24 Crores in FY 2019-20 and EBITDA in FY 2020-21 was at ₹ 549.61 Crores as against ₹ 804.28 Crores reported in the previous year. Profit Before Tax ('PBT') came in at ₹ 478.61 Crores as compared to ₹ 706.03 Crores in FY 2019-20. Profit After Tax ('PAT') stood at ₹ 354.72 Crores as compared to ₹ 544.04 Crores in FY 2019-20.

Due to the uncertainties in external environments, the best option for the Company was to become more nimble-footed. The Company paid very close attention to internal processes of people management, supply chain and operations and worked to maximize productivity wherever possible. The Company gained value from these focused efforts in terms of optimizing product mix particularly in the Fine & Speciality Chemicals SBU. As always, the wide range of your Company's products helped it to overcome some businesses whose demand were affected by COVID / oil crisis such as fuel additives and paper chemicals. The robust performance during the year was an outcome of the diverse product range built up over five decades, guidance of the able and competent leadership, commitment and dedication of all associates.

During FY 2020-21, Domestic Revenues were ₹ 954.25 Crores compared to ₹ 1292.94 Crores in FY 2019-20 and Export Revenues were ₹ 854.89 Crores as against ₹ 936.72 Crores in the previous year.

India has become an important and a high potential market for the chemical industry, and your Company is well placed to capitalize on this trend, due to its varied product offerings and decades of manufacturing excellence. There has also been a noticeable rise in demand from global consumers across key product categories. Interventions to de-risk supply chain from China have contributed to mitigate the supply chain challenges for Indian chemical majors. The China plus one strategy has meaningfully impacted demand, which is likely to steadily accelerate in the quarters and years ahead. This is expected to benefit the industry including the Company which is well equipped, globally, and domestically, with established infrastructure and proven track record, alongside a high level of forward and backward integration, in an improving demand scenario.

Deepak Phenolics Limited

Your Company's wholly owned material subsidiary, Deepak Phenolics Limited ('DPL'), entered FY 2020-21 amidst a nation-wide lock down imposed by the authorities as a precautionary step to contain the spread of COVID-19. Domestic demand dropped to unprecedented low levels. Global markets also witnessed significant correction in terms of demand. Further, global markets suffered by Trade conflicts, political uncertainties, heightened volatility in commodity prices with some never before seen developments with respect to sharp fall in crude oil price at beginning of year and sharp rise in metal prices at the end of financial year.

DPL had its IPA plant ready for start but faced inevitable consequence of lack of licensor support for start-up and stabilisation due to the then COVID related restrictions on travelling of licensors. Despite the restrictions faced, DPL commissioned the IPA plant on its own during April-2020 in the midst of the lockdown and nothing could have been timelier in addressing the pressing need of sanitiser alcohol in India.

Further, as India and the global markets opened up towards middle of the first quarter, both Phenol and Acetone started to regain their rightful positions in the global markets. With the judicious mix of domestic sales and exports, DPL achieved around 115% capacity utilization in FY 2020-21 despite remaining offline for the entire month of April-2020. Higher production reflected ability to work on operating leverage to report above 100% of capacity utilisation in the second complete year of operations from a plant of this magnitude indicates the level of preparedness of the organisation supported by reliable management of complex material logistics.

Despite the nationwide lockdown and slowdown in the economic activity in India, the domestic market for Phenol exhibited a modest growth of 5-6% compared to the previous year indicating the intrinsic resilience of the market DPL operates in. Acetone market in India however declined around 6% compared to the previous year largely due to slowdown in derivatives and other surface coating segments comprising paints, inks and other coatings.

DPL has created new benchmark in revenues and profitability marking this as a milestone year for Deepak Group. DPL managed to achieve its targets in the backdrop of volatility in prices of raw materials and finished goods thereby demonstrating resilience. DPL reported elevated growth in revenues and profitability combined with opening up of new avenues of growth prospects. DPL reported Revenues of ₹ 2,563 Crores in FY 2020-21 as against ₹ 2,010 Crores in FY 2019-20 with Profit After Tax of ₹ 421 Crores in FY 2020-21 as against ₹ 67 Crores in FY 2019-20, registering growth of 28% and 528% respectively.

DPL continued to remain the largest producer of Phenol and Acetone in India with a market share of much above 50%. During the year under review, DPL was successfully placing its products in the highly competitive global market across multiple continents (Far East Asia, South America, Europe). Your Company is glad to report that DPL's products were well received in the international market.

Phenol is a versatile industrial organic chemical and is used for manufacture of various chemical intermediates. This is consumed in a broad spectrum of end-user segments, including ply, laminates, foundry, paints, rubber, surfactants, pharmaceuticals, and agro-chemicals. Acetone and IPA are mainly used in pharmaceutical manufacturing aside from its significant applications in paints, adhesives, and thinners amongst many others. Acetone is a co-product of the production process for Phenol and IPA is on-purpose produced from Acetone.

Consolidated

During FY 2020-21, the Company surpassed a remarkable milestone of ₹ 1,000 Crores in PBT as it clocked ₹ 1,041.72 Crores. Total Revenue including Other Income during FY 2020-21 was ₹ 4,381.27 Crores, growing 3% as compared to ₹ 4,264.91 Crores last year. The accretive performance of the Phenolics business and that of the Fine & Speciality Chemicals segment has driven the performance. The current year's performance is even more resilient given the fact that, there was one month of production loss due to nationwide lockdown. This was achieved due to the exemplary dedication of the teams in the backdrop of the pandemic related curbs and localised lockdowns imposed by relevant authorities.

EBITDA came in at ₹ 1,268.55 Crores in FY 2020-21, higher by 20% as compared to ₹ 1,061.00 Crores in FY 2019-20. Raw material costs stood at ₹ 2,264.26 Crores as against ₹ 2,373.50 Crores in FY 2019-20, lower by 5%. The Company's integrated manufacturing model which encompasses basic building blocks to complex, speciality chemical intermediates has enabled it to capitalize on the opportunities from the global disruption in a remunerative manner.

Profit Before Tax (PBT) stood at ₹ 1,041.72 Crores as compared to ₹ 806.40 Crores in FY 2019-20. The Profit After Tax (PAT) came in at ₹ 775.81 Crores as compared to ₹ 611.03 Crores in FY 2019-20, representing a strong growth of 27%. Better profitability was achieved by operational improvements in the Phenolics market and incremental contribution from IPA products, that was supported by efficient logistics management. The Company's performance has been highly influenced by the breadth and depth of its products and process competency. This resilience has been instrumental in delivering consistent returns regardless of the myriad challenges faced during the period.

Domestic Revenues stood at ₹ 3,088.06 Crores from ₹ 3,157.88 Crores in FY 2019-20, lower by 2%, while Revenue from Exports improved by 19% to ₹ 1,271.69 Crores as compared to ₹ 1,071.83 Crores last year. Consistent performance during the fiscal year reflects the Company's deeply rooted resilience, and attributed to exemplary teamwork, enhanced operations and better marketing and logistics capabilities. Overall, your Company remains optimistic about the numerous opportunities that have emerged because of increased focus on India's potential.

DIVIDEND

Based on your Company's healthy performance, the Board of Directors are pleased to recommend a final dividend of ₹ 4.50 (Rupees Four and Paise Fifty only), being 225%, per equity share of face value of ₹ 2.00 (Rupees Two only) each for the year ended March 31, 2021. Also, to commemorate the Golden Jubilee year of the Company, the Directors have recommended a special dividend of ₹ 1.00 (Rupee One only), being 50%, per equity share of face value of ₹ 2.00 (Rupees Two only) each to be paid to the Members of the Company. Accordingly, the total dividend (final and special) as recommended for the year ended March 31, 2021 is ₹ 5.50 (Rupees Five and Paise Fifty only), being 275%, per equity share as against the interim dividend of ₹ 4.50 (Rupees Four and Paise Fifty only), being 225%, per equity share, paid during the financial year ended March 31, 2020. The total dividend as above on 13,63,93,041 Equity Shares of ₹ 2.00 (Rupees Two only) each, if approved by the Members, would involve a total cash outflow of ₹ 75.02 Crores, resulting in a dividend Payout of 21.15% of the standalone profits of the Company.

SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital of the Company as on March 31, 2021 was ₹ 27.28 Crores comprising of 13,63,93,041 Equity Shares of ₹ 2.00 each. The Company has not issued any Equity Shares during FY 2020-21. There was no change in Share Capital during the year under review.

TRANSFER TO RESERVES

The Company proposed to transfer an amount of ₹ 5 Crores to the General Reserves out of the amount available for appropriation (Previous Year ₹ 10 Crores). The closing balance of the retained earnings of the Company for FY 2020-21 was ₹ 1,288.07 Crores.

FINANCE

The Company endeavours to maintain an optimal capital structure from time to time; however, during the year the Company has generated cash profit out of its operations thereby maintaining debt at a lower level. During the year under review, the total debt of the Company declined given the scheduled repayments & prepayments made and better working capital management.

Reduction in total debt resulted in lower interest costs for the Company. Depreciation increased due to change in estimated useful life of certain Property, Plant and Equipment. The Company has a dedicated team monitoring the exposure of foreign exchange and dynamically minimizing the risk arising therefrom. Due to judicious management, the Company has been able to manage its cash flow position in an efficient manner. On a Standalone basis, Total Debt: Equity as on March 31, 2021 reduced to Nil compared to 0.14 times as on March 31, 2020.

The Company is well placed in the industry, delivering quality guided by a robust product mix. Thus, on the back of steady performance over the years, both ICRA and CRISIL has upgraded long term credit rating, from AA- to AA while the short term rating of the Company remains at the highest level at A1+. This is primarily owing to the Company's sustainable business performance, commercial viability across most segments of its products, diversified product portfolio, constant innovation, and efficient operations.

In case of the Company's wholly owned subsidiary, Deepak Phenolics Limited ('DPL'), ICRA has upgraded the long term credit rating by two notches i.e. from "ICRA A/Stable" to "ICRA AA-/Stable" and also upgraded short term credit rating from "ICRA A1" to "ICRA A1+" which is the highest rating in short term category.

During the year, DPL has pre-paid substantial part of its borrowing apart from honouring committed repayments. Pursuant to this, consolidated Net Debt / Equity ratio is 0.15x as of March 31, 2021 compared to 0.67x as of March 31, 2020.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Shri Umesh Asaikar [DIN: 06595059] completed his term of appointment as Executive Director & CEO of the Company on May 31, 2020. Accordingly Shri Umesh Asaikar retired as Executive Director & CEO of the Company from close of business hours on May 31, 2020.

Shri Maulik D. Mehta [DIN: 05227290] retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

The Board of Directors at their meeting held on May 5, 2021, upon the recommendation of Nomination and Remuneration Committee, approved the re-appointment of Shri Maulik D. Mehta as an Executive Director & Chief Executive Officer of your Company for further period of five (5) years with effect from May 9, 2021, subject to approval by Members. A resolution seeking Members' approval for his re-appointment along with other required details forms part of the Notice.

Dr. Richard H. Rupp [DIN: 02205790], who was appointed as an Independent Director at the 48th Annual General Meeting of the Company held on June 28, 2019 for a second term of three (3) consecutive years i.e. upto August 7, 2022, will attain the age of seventy five (75) years during the second term of his appointment. An approval of Members of the Company by way of Special Resolution is required in terms of Regulation 17(1A) of SEBI Listing Regulations, for Dr. Richard H. Rupp to continue as an Independent Director of the Company beyond the age of seventy five (75) years. A Special Resolution seeking Members' approval for the same along with other required details forms part of the Notice.

During FY 2020-21, Shri Sandesh Kumar Anand [DIN: 00001792] ceased to be an Independent Director of the Company with effect from November 1, 2020. However, he continues to be a Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ('the Act') Independent Directors of the Company have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with your Company, other than sitting fees, commission and reimbursement of expenses, if any.

Pursuant to the provisions of Section 203 of the Act, Shri Deepak C. Mehta, Chairman & Managing Director, Shri Maulik D. Mehta, Executive Director & CEO, Shri Sanjay Upadhyay, Director - Finance & CFO and Shri Arvind Bajpai, Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company as on March 31, 2021. Except retirement of Shri Umesh Asaikar from the position of Executive Director & CEO as mentioned above, there has been no change in the Key Managerial Personnel of the Company during the year ended March 31, 2021.

Shri Deepak C. Mehta is also the Chairman & Managing Director of the Company's wholly owned subsidiary, Deepak Phenolics Limited ('DPL'). As per the terms of his appointment, he is entitled to receive remuneration from DPL by way of commission on net profits of DPL calculated in accordance with the provisions of Section 198 of the Act. The aggregate remuneration of Shri Deepak C. Mehta from the Company and its wholly owned subsidiary shall always be in accordance with Section V of Part II of Schedule V to the Act.

NUMBER OF MEETINGS OF THE BOARD

During FY 2020-21, four (4) meetings of Board of Directors of the Company were held. For details of meetings of the Board of Directors with regard to the dates and attendance of each of the Directors thereat, please refer to the Corporate Governance Report, which is a part of this Report.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance that of, Board Committees, and of individual Directors pursuant to the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the respective Committees were evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The above criteria are as per the Performance Evaluation Policy of the Company approved by the Board of Directors upon the recommendation of Nomination and Remuneration Committee.

As required under Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors of the Company was also held on March 16, 2021 to evaluate the performance of the Chairman, Non-Independent Directors and the Board as a whole and also to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated, on the basis of following evaluation criteria:

- Relevant Knowledge, Expertise and Experience.
- Devotion of time and attention to the Company's long term strategic issues.
- Addressing the most relevant issues for the Company.
- Discussing and endorsing the Company's strategy
- Professional Conduct, Ethics and Integrity.

- Understanding of Duties, Roles and Function as Independent Director.

Your Directors have expressed their satisfaction to the evaluation process.

AUDIT COMMITTEE

A duly constituted Audit Committee consists of majority of Independent Directors with Shri Dileep Choksi, Independent Director, as the Chairman of the Committee. The other members of the Audit Committee are Shri Sudhir Mankad and Shri Sanjay Asher, Independent Directors and Shri Sandesh Kumar Anand, Non-Executive Non-Independent Director. The terms of reference of the Audit Committee, details of meetings held during the year and attendance of members of the Audit Committee are set out in the Report on Corporate Governance, which forms part of this Report.

During the year under review, all the recommendations of the Audit Committee were accepted by the Board.

STATUTORY AUDITORS

At the 46th Annual General Meeting of the Company held on June 26, 2017 the Members approved appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No.: 117366W/ W-100018) as Statutory Auditors of the Company to hold office for a period of five (5) years from the conclusion of that Annual General Meeting till the conclusion of the 51st Annual General Meeting.

STATUTORY AUDITORS' REPORT

The observations made in the Auditors' Report of Deloitte Haskins & Sells LLP, Chartered Accountants for the year ended March 31, 2021, read together with relevant notes thereon, are self-explanatory and hence do not call for any comments. There is no qualification, reservation, adverse remark or disclaimer by the Statutory Auditors in their Report.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit for the year ended March 31, 2021 was carried out by the Secretarial Auditors, KANJ & Co. LLP, Company Secretaries, Pune. The Board of Directors of your Company has appointed KANJ & Co. LLP, Company Secretaries, Pune to carry out Secretarial Audit of your Company for FY 2021-22.

SECRETARIAL AUDITOR'S REPORT

The Secretarial Audit Report of KANJ & Co. LLP, Company Secretaries, Pune, for the year ended March 31, 2021 in Form No. MR-3 is annexed as Annexure - A, which forms part of this Report.

The observations made in the Secretarial Audit Report of KANJ & Co. LLP Company Secretaries, Pune for the year ended March 31, 2021 are self- explanatory and hence do not call for any comments. There is no qualification, reservation, adverse remark or disclaimer by the Secretarial Auditors in their Report.

COST AUDITORS

The Company is required to maintain cost records under Companies (Cost Records and Audit) Rules, 2014. Accordingly, cost records have been maintained by your Company.

The Board of Directors, on the recommendation of the Audit Committee, appointed B. M. Sharma & Co., Cost Accountants, to conduct audit of the Company's cost records for FY 2021-22 at a remuneration of ₹ 8,00,000/- (Rupees Eight Lakhs only) plus applicable taxes and out of pocket expenses. As required under the provisions of the Act, the remuneration of Cost Auditors as approved by the Board of Directors is subject to ratification by the Members at the ensuing Annual General Meeting. A Resolution for the ratification of remuneration of Cost Auditors for FY 2021-22 is provided in the Notice. Your Directors recommend the same for approval by the Members.

The Cost Audit Report will be filed within the prescribed period of 180 days from the close of the Financial Year.

INTERNAL AUDITORS

On the recommendation of the Audit Committee, the Board of Directors of the Company has appointed Sharp & Tannan Associates, Chartered Accountants, as Internal Auditors of your Company to conduct the Internal Audit for FY 2021-22 and 2022-23.

REPORTING OF FRAUD BY AUDITORS

During the year under review, the Statutory Auditors, Cost Auditors and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Act details of which needs to be mentioned in this Report.

RISK MANAGEMENT

The Company has in place a Risk Management framework to identify, evaluate and monitor business risks and challenges across the Company. The Risk Management Policy, pursuant to Section 134 of the Act, has been adopted based on this framework. The Risk Management Policy provides for creation of a Risk Register, identification of risks and formulating mitigation plans.

The Board of Directors of your Company has formed a Risk Management Committee to frame, implement and monitor the Risk Management plan for the Company. The Committee is responsible for monitoring and reviewing the Risk Management plan and ensuring its effectiveness. The details about the Risk Management Committee have been provided in the Corporate Governance section of the Annual Report.

The enterprise risks for the Company are identified by the respective Risk Managers and presented to the Risk Management Committee for review. The Committee evaluates the performance of the Company against perceived risks, develops approaches to classify potential and evolving challenges that may adversely impact the overall risk exposure of the Company. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Risk Register gets updated periodically, to ensure that the risks remain relevant at any point in time and corresponding mitigation measures are effective. This provides a proactive and value adding review process which enables maintaining the risk profile at an acceptable level in a rapidly changing environment.

The Audit Committee has additional oversight in the area of financial risks and controls.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company remains committed to ensuring an effective Internal Control environment that, inter alia, provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds / errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

The Company has an independent Internal Audit function with well-established Risk Management processes both at the business and corporate levels and provide assurance on the adequacy and effectiveness of Internal Controls, compliance with operating systems, internal policies and regulatory requirements.

The Audit Committee regularly reviews the major findings of the Internal Audits and corrective measures taken thereon to ensure the efficacy of the Internal Control process. These reviews are done with respect to different locations and functions to help take effective steps for ensuring compliance.

The system of Internal Control is structured to verify that financial and other documents are accurate in compiling financial reports and other data, and in maintaining transparency for individuals.

Statutory Auditors' Report on Internal Financial Controls as required under Clause (i) of Sub-section 3 of Section 143 of the Act, is annexed with the Independent Auditors' Report.

VIGIL MECHANISM

Pursuant to provisions of Section 177 (9) of the Act, read with Regulation 22(1) of the SEBI Listing Regulations, your Company has adopted a Whistle Blower Policy, to provide a formal vigil mechanism to the Directors and employees to report their concerns about unethical behavior, including actual or suspected leak of unpublished price sensitive information, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in certain cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy is available on the Company's website at https://www.godeepak.com/wpcontent/themes/twentysixteen/companyfiles/corporate_governance_report/Whistle_Blower_Policy.pdf.

DEPOSITS FROM PUBLIC

During FY 2020-21, the Company has not accepted or renewed any Fixed Deposits. As on March 31, 2021, 35 warrants aggregating to ₹ 7,23,507 issued by the Company to the respective deposit holders towards compulsory repayment of deposits and interest thereon in accordance with the provisions of Section 74 of the Act, remained uncleared. There has been no default in repayment of deposits or interest thereon during the year and there are no deposits outstanding as on March 31, 2021.

RELATED PARTY TRANSACTIONS

There are no material related party transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure of related party transactions, as required under Section 134(3)(h) of the Act, in Form No. AOC-2 is not applicable to the Company. All transactions with related parties were reviewed and approved by the Audit Committee. Prior omnibus approval of the Audit Committee is obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and on arm's length basis. A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis.

The policy on Related Party Transactions as approved by the Board of Directors is uploaded on the website of the Company www.godeepak.com. None of the Directors has any material pecuniary relationships or transactions vis-a-vis the Company.

SUBSIDIARY / ASSOCIATE COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

As required under Rule 8(1) of the Companies (Accounts) Rules, 2014, the Board's Report has been prepared on a Standalone basis.

Pursuant to requirement of Section 136 of the Act, which has exempted companies from attaching the financial statements of the subsidiary companies along with the Annual Report of the company, your Company will make available the Annual Financial Statements of the subsidiary companies and the related detailed information to any Member of the Company on receipt of a written request from them at the Registered Office of the Company. The Annual Financial Statements of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company on any working day during business hours. These are also available on the website of your Company www.godeepak.com.

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'), forms part of the Annual Report and are reflected in the Consolidated Financial Statements of the Company.

The Consolidated Financial Statements include the operations of following subsidiaries:

- Deepak Phenolics Limited
- Deepak Nitrite Corporation Inc.
- Deepak Clean Tech Limited

During FY 2020-21, Deepak Clean Tech Limited was incorporated on October 9, 2020 as a wholly owned subsidiary of the Company. There is no other company which has become or ceased to be subsidiary or associate of the Company during the year ended March 31, 2021.

Your Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 16(1)(c) of the SEBI Listing Regulations. The Policy, as approved by the Board, is uploaded on the Company's website www.godeepak.com.

PERFORMANCE OF SUBSIDIARIES

(a) Deepak Phenolics Limited

The Company's wholly owned subsidiary, Deepak Phenolics Limited ('DPL'), is in the business manufacturing of Phenol, Acetone and their downstream products.

During FY 2020-21, the Revenue from Operations of DPL was ₹ 2,563 Crores and Profit After Tax for the period was ₹ 421 Crores.

(b) Deepak Nitrite Corporation Inc. (USA)

Deepak Nitrite Corporation Inc. ("DNC") is a wholly owned subsidiary incorporated in the United States of America to cater to the marketing requirements of the Company in North and South American region. During FY 2020-21 the total revenue of DNC was USD 21,667 and the Net Income for the period was USD 625.

(c) Deepak Clean Tech Limited

Deepak Clean Tech Limited is a newly incorporated wholly owned subsidiary of the Company and it is yet to commence commercial operations.

In accordance with the provisions of the Act, Regulation 33 of the SEBI Listing Regulations and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for FY 2020-21, together with the Auditor's Report, forms part of this Annual Report. A statement containing the salient features of the Company's subsidiaries, associate and joint venture company in the prescribed Form No. AOC-1, is attached to the Financial Statements.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act, are given in the notes to the Financial Statements.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF YOUR COMPANY

There have been no material changes and commitments affecting the financial position of the Company since the close of Financial Year i.e. since March 31, 2021 and the date of this Report. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of Internal Financial Controls established and maintained by the Company, work performed by the Internal, Statutory, Secretarial and Cost Auditors and external agencies including audit of Internal Financial Controls over Financial Reporting by the Statutory Auditors and reviews performed by the management and relevant Board Committees, including the Audit Committee, the Board is of the opinion that your Company's Internal Financial Controls were adequate and effective during FY 2020-21. Accordingly, pursuant to Section 134(5) of Act, the Board of Directors, to the best of their knowledge and ability confirm that:

(a) in the preparation of the Annual Accounts for the Financial Year ended March 31, 2021, the applicable accounting standards have been followed and there are no material departures;

(b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended March 31, 2021 and of the profit of the Company for the year ended on that date;

(c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the Annual Accounts on a going concern basis;

(e) they have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirement set out by Securities and Exchange Board of India (SEBI). The Report on Corporate Governance under Regulation 34 of the SEBI Listing Regulations read with Schedule V of the said Regulations forms an integral part of the Annual Report. The requisite Certificate from a Practising Company Secretary, KANJ & Co., LLP, Company Secretaries, Pune, confirming compliance with the conditions of the Corporate Governance is attached to the Report on Corporate Governance.

BUSINESS RESPONSIBILITY REPORT

The Securities and Exchange Board of India under Regulation 34(2)(f) of SEBI Listing Regulations read with National Guidelines on Responsible Business Conduct issued by Ministry of Corporate Affairs Government of India on March 13, 2019, requires top one thousand listed companies to prepare and present a Business Responsibility Report ('BRR') to its stakeholders in the prescribed format describing the initiatives taken by the company on Environmental, Social and Governance perspective. As on March 31, 2021, your Company is at 164th position on the basis of capitalization at NSE and at 167th position at BSE.

The Business Responsibility Report, covering initiatives on Environmental, Social and Governance aspects forming part of this Report is annexed as Annexure - B.

INTEGRATED REPORTING

Your Company believes that sustainable development calls for concerted efforts towards building an inclusive, sustainable and resilient future for people and planet through harmonising economic growth, social inclusion and environment protection. In furtherance to this commitment, the Company had taken paradigm shift from compliance based reporting to governance based reporting and accordingly, in the interest of its stakeholders, the Company, on voluntary basis adopted for the first time the Integrated Reporting (IR) framework of the International Integrated Reporting Council to report on all the six capitals that the Company uses to create long term stakeholder value. The Integrated Report is a part of this Annual Report, which provides a clear, concise, and comprehensive vision of business model.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of Regulation 34 (2) (e) of SEBI Listing Regulations, read with other applicable provisions, the detailed review of the operations, performance and future outlook of the Company and its business is given in the Management Discussion and Analysis Report which forms part of this Annual Report and is incorporated herein by reference and forms an integral part of this Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has been one of the foremost proponents of inclusive growth and since inception, has been continuing to undertake projects for overall development and welfare of the society. The Company's commitment to the development of weaker and underprivileged sections of society is continuing for four decades now. Through the group's charitable trust "Deepak Foundation", the Company has upgraded its Corporate Social Responsibility ('CSR') activities to cover a larger section of the society encompassing social interventions in various developmental domains such as Health, Education, Livelihood, etc. in order to support the downtrodden, needy and marginalized citizens and also to create social infrastructure for their sustenance.

During the year under review, the Company has spent ₹ 7.44 Crores on CSR activities, against the requirement of ₹ 7.44 Crores, being 2% of average of the Net Profits for the preceding three years.

The Company has in place a CSR Policy which provides guidelines to conduct its CSR activities.

The CSR Policy has been posted on the website of the Company at https://www.godeepak.com/wp-content/themes/twentysixteen/companyfiles/corporate_governance_report/DNL_Corporate%20Social%20Responsibility%20Policy.pdf

The Report on CSR activities in terms of the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as Annexure - C, which forms part of this Report.

NOMINATION AND REMUNERATION POLICY

Your Company has adopted a Nomination and Remuneration Policy for the Directors, Key Managerial Personnel and other employees pursuant to the requirement of Section 178 of the Act and the Listing Regulations. The Nomination and Remuneration Policy of your Company is annexed as Annexure - D and is also available on the Company's website on www.godeepak.com

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as Annexure-E.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. Having regard to the provisions of the second proviso to Section 136(1) of the Act, the Annual Report is being sent to the Members of the Company excluding the aforesaid information. Any Member interested in obtaining such information may write to the Company Secretary.

ANNUAL RETURN

Pursuant to Section 134(3)(a) and 92(3) of the Act, the Annual Return has been placed on the website of the Company www.godeepak.com.

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

The information pertaining to Conservation of Energy & Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as Annexure - F to this Report.

STATE OF COMPANY'S AFFAIRS

The state of your Company's affairs is given under the heading 'Performance Review' and various other headings in this Report and in the Management Discussion and Analysis, which forms part of the Annual Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED AGAINST THE COMPANY

Pursuant to the requirement of Section 134(3)(q) of the Act, read with Rule 8 (5)(vii) of the Companies (Accounts) Rules, 2014, it is confirmed that during FY 2020-21 there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future.

SECRETARIAL STANDARDS OF ICSI

During the year under review, the Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India as approved by the Central Government.

GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following matters as there is no transaction on these items during the year under review:

(i) Issue of equity shares with differential rights as to dividend, voting or otherwise.

(ii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees' Stock Options Schemes referred to in this Report.

(iii) The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.

(iv) There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

RESEARCH & DEVELOPMENT

Your Company has a Research and Development ('R&D') facility at Nandesari, Gujarat with pilot plants at Roha, Maharashtra and Nandesari, Gujarat. The Department of Scientific and Industrial Research ('DSIR'), New Delhi, on behalf of the Government of India vide letter October 14, 2020, has recognized the Company's in-house R&D facilities for a further period of extension up to March 30, 2023.

The R&D center at Nandesari focuses on the innovation of new compounds to substitute imports of pharmaceutical and agrochemical intermediates, innovation and development of speciality chemicals and personal care intermediates and value-added products from by-products.

The Company's R&D efforts are focused on process development of new and existing molecules. It is your Company's constant endeavor to develop cost effective sustainable, cutting edge technologies for manufacturing of chemicals. Considerable attention is also paid to develop processes which will have minimal environment impact. The Company is in the process of developing different technology platforms for efficient manufacturing of chemicals, which will make the Company a reliable partner of choice for sustainable supply. Substantial efforts are made to develop new product applications, which meets customer demands.

SAFETY, HEALTH & ENVIRONMENT

Your Company is committed to ensure a sound Safety, Health and Environment ('SHE') performance related to its activities, products and services. It is continuously taking various steps to develop and adopt Safer Process technologies and unit operations.

The Company is investing in areas such as Process Automation for increased safety and reduction of human error element, Enhanced level of training on Process and Behaviour based safety, adoption of safe & environmental friendly production process, upgrading effluent treatment facilities, Reverse Osmosis plants, Multiple Effect Evaporator etc to reduce the discharge of effluents, commissioning of Waste Heat recovery systems, and so on to ensure the Reduction, Recovery and Reuse of effluents & other utilities. SHE Management System is monitored and reviewed periodically. Structured & regular safety meetings are carried out to Review Existing Process Safety Parameters.

Systematic and well documented scale up procedure is in place for the development of product from R&D to Pilot to Commercial Scale. It includes risk assessment and process safety study at each stage to ensure inherently safe processes.

The Company has policy and system in place to deploy internationally recognized guidelines, such as the principles of the United Nations' Global Compact, the International Labour Organization ("ILO") conventions and Responsible Care® Initiative. It has system in place to ensure social compliances related to human rights, labour & social standards, anti-discrimination, conflict of interest and anti-corruption. This is being audited by third party as a part of Together for Sustainability ("TfS") system.

Health and Safety remained a core area of importance for the Company with an aim to achieve accident-free workplace. Your Company believes that all injuries, occupational illnesses as well as safety and environmental incidents are preventable. This ensures that all employees strive for excellence in their own personal safety and the safety of others including employees, contractors, customers, and the communities within which the Company operates.

The Company follows a strict incident reporting system. All incidents including near-miss and unusual occurrence are also logged into the Safety MIS. Each incident is analysed for their root-causes and required precautions are taken to prevent the recurrences. Each management of change and projects undertaken by the Company are made to undergo HAZOP studies before commencement. All plant-setting changes are first approved through Management of Change procedure before implementation. Workplace safety and Process Safety Management through employee engagement initiatives are continuously being strengthened. Your Company has a system of Internal and external Safety Audits and actions based on audit findings. All Manufacturing Units including Corporate Office are certified with the latest standard of ISO 9001, ISO 14001 and ISO 45001. The safety team regularly conducts safety awareness programs across plants to achieve continuous improvement in terms of process safety, workplace safety and behavioural transformation.

Logistic Safety Management System

The Company has, along with its peers, founded Nicer Globe, an independent platform which provides real-time monitoring of the movement of hazardous materials across the length and breadth of India. This helps in monitoring any deviations in speed or route or driving time restrictions, which results in minimizing transport related incidents. Almost all raw materials and products within supply chain framework of the Company are transported in a secure manner, with GPS for real-time monitoring for the safety of its customers, carriers, suppliers, distributors and contractors.

Environment

The Company is committed to the chemical industry's Responsible Care® initiative and have set out the basic principles fully aligned with UN Sustainable Development Goals. Commitment to environmental protection extends beyond the scope of legal requirements. It has focused on recycle and reuse and reduction of pollution load and constantly working on to reduce environmental footprint and find innovative solutions that benefit the environment.

HUMAN RESOURCES

Your Company recognizes its employees as most valuable resource and ensures strategic alignment of Human Resource Initiatives and practices to business priorities and objectives. Its constant endeavor is to invest in Human Talent and Talent Management Processes to improve capabilities and potentials of human capital of the organization to cope with challenging business environment, varying needs of the customers and bring about customers delight by focusing on the Customers' needs. This approach has allowed the Company to withstand and overcome the challenges posed by COVID -19. Attracting, developing and retaining the right talent and keeping them motivated will continue to be a key strategic initiative and the organisation continues to be focused on building up the capabilities of its people to cater to the business needs. Given growth plans of the Company, an important strategic focus is to continue to not only nurture its human capital, but also proactively focus on preparing all employees for the challenges of the future.

The Company strives to provide a healthy, conducive and competitive work environment to enable the employees excel and create new benchmarks of quality, productivity, efficiency and customer delight. The Company always believes in maintaining mutually beneficial, healthy and smooth industrial relations with the employees and the Unions which is an essential foundation for the success of any organisation. The proactive initiatives combined with fair Wage Settlements at Manufacturing Plants have ensured healthier and more transparent Industrial Relations based on foundation of mutual trust and co-operation.

INSURANCE

All the insurable interests of the Company including inventories, buildings, plant and machinery are adequately insured against risk of fire and other risks.

DISCLOSURE AS REQUIRED UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company is committed to creating and maintaining a secure work environment where its employees, agents, vendors and partners can work and pursue business together in an atmosphere free of harassment, exploitation and intimidation. To empower women and protect women against sexual harassment, and as per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules made thereunder, a policy for prevention of sexual harassment is already in place and Internal Complaints Committee had been set up at all major locations of the Company. This policy allows employees to report sexual harassment at the workplace. The Internal Committee is empowered to look into all complaints of sexual harassment and facilitate free and fair enquiry process with clear timelines. To build awareness in this regard, the Company has been conducting various programme on a continuous basis.

During FY 2020-21, no complaint was received from any employee and hence no complaint is outstanding as on March 31, 2021 for redressal.

ACKNOWLEDGMENT

Your Directors express their gratitude to customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the commitment and contribution made by the employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, cooperation and support.

We thank the Government of India, the State Governments and statutory authorities and other government agencies for their support and look forward to their continued support in the future.

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
(DIN: 00028377)

Place: Vadodara
Date: May 5, 2021

Annexure - A

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2021

[Pursuant section 204 of the Companies Act, 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Deepak Nitrite Limited,
Aaditya-I, Chhani Road,
Vadodara 390024,
Gujarat.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Deepak Nitrite Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 2018, and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; There were no events occurred during the period which attracts provisions of these regulations, hence not applicable.

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; There were no events occurred during the period which attracts provisions of these regulations, hence not applicable.

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; There were no events occurred during the period which attracts provisions of these regulations, hence not applicable.

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; There were no events occurred during the period which attracts provisions of these regulations, hence not applicable.

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; There were no events occurred during the period which attracts provisions of these regulations, hence not applicable; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; There were no events occurred during the period which attracts provisions of these regulations, hence not applicable

(vi) Other laws as applicable specifically to the Company;

a) The Environment (Protection) Act, 1986,

b) The Water (Prevention & Control of Pollution) Act, 1974,

c) The Air (Prevention & Control of Pollution) Act, 1981,

d) Public Liability Insurance Act, 1991,

e) Explosives Act, 1884,

f) Hazardous Wastes (Management, Handling and Trans-boundary Movement) Rules, 2008,

g) Petroleum Act, 1934 and Rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India; and

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the mentioned Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were changes in the composition of the Board of Directors during the period under review in accordance with the applicable provisions of Companies Act, 2013 and other applicable legislation(s).

Adequate notice is given to all Directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decision in the Board Meetings were carried through by majority while there were no dissenting members' views and hence not captured and recorded as part of the minutes.

We further report that:

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the Company does not have any events having a major bearing on its affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc except the following:

1. Shri Umesh Asaikar retired as Executive Director & Chief Executive Officer of the Company after completion of his term which was upto May 31, 2020 and Shri Maulik D. Mehta, Whole Time Director of the Company was elevated as Executive Director & Chief Executive Officer of the Company with effect from June 1, 2020.

2. The designation of Shri Sandesh Kumar Anand was changed to Non-Independent Director from Independent Director with effect from November 1, 2020.

For **KANJ & CO. LLP**
Company Secretaries

Dinesh joshi
Designated Partner
Membership No.:3752
CP No.:2246
UDIN: F003752C000246082

Date: May 5, 2021
Place: Pune

To,
The Members,
Deepak Nitrite Limited
Aaditya-I, Chhani Road,
Vadodara 390024,
Gujarat.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

7. Due to COVID-19 outbreak and Lockdown situation, this Report has been issued relying on the certificate, information, details, data, documents and explanation provided by the Company and its officers, agents and authorized representatives and Registrar and Transfer Agent in electronic form, without physically verifying at their office.

For **KANJ & CO. LLP**
Company Secretaries

Dinesh joshi
Designated Partner
Membership No.:3752
CP No.:2246
UDIN: F003752C000246082

Date: May 5, 2021
Place: Pune

Annexure - B
Business Responsibility Report

[As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	:	L24110GJ1970PLC001735
2	Name of the Company	:	Deepak Nitrite Limited
3	Registered Address	:	Aaditya-I, Chhani Road, Vadodara -390 024, Gujarat, India
4	Website	:	www.godeepak.com
5	E-mail -Id	:	investor@godeepak.com
6	Financial Year reported	:	April 1, 2020 to March 31, 2021
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	Commodity Chemicals NIC Code: 24121
8	List of three key products/services that the Company manufactures/provides (as per Balance sheet)		(a) Sodium Nitrite (b) Methoxylamine Hydrochloride solution (c) Nitro Toluene
9	Total number of locations where business activity is undertaken by the Company		(a) Number of International Locations - 01# (b) Number of National Locations - 09 *# through wholly-owned subsidiary*
10	Markets served by the Company		National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital (INR)	:	₹ 27.28 Crores
2	Total Turnover (INR)	:	₹ 1,809.14 Crores
3	Total Profit After Tax (INR)	:	₹ 354.72 Crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	Company's total spending on CSR for the Financial Year 2020-21 is ₹ 7.44 Crores which is 2.10% of PAT.
5	List of activities in which expenditure in 4 above has been incurred:-		

A. Health Care

- Comprehensive Emergency Obstetric Newborn Care Unit (CEmONC)
- Mobile Health Unit
- Help Desk Project
- De-addiction Centre
- Laboratory & Diagnostic Service
- Health & Wellness Centre
- Four Wheelers for Health Camp & Hospital Equipment
- Strengthening Neonatal Intensive Care and Cardiac with Pediatric to Adult Ventilators

B. Skills Building & Livelihood

- Home Health Aid Course
- Samaj Suraksha Sankul- Vocational Training
- Enterprenual Activities through SHG
- Housekeeping and Cookery Course
- Udyojika Roha
- Sales Infrastructure for Agri Products
- Cold Storage for Framers

C. Education

- Remedial Education in English & Maths at Nandesari School
- Integrated Child Development Scheme (ICDS)
- Mobile Library

D. Research & Development

- Demographic Surveillance Study (DSS)

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies?	:	Yes. The Company has 3 wholly owned subsidiaries.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	:	The subsidiary companies participate in the BR initiates of the Company by following the basic principles and practices of the Parent Company, to the extent applicable.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	:	The Company encourages its Business Associates to support Company's BR initiatives, to the extent feasible.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for Business Responsibility

a	Details of the Director/Director responsible for implementation of the BR policy/policies	1	DIN Number	:	05227290
		2	Name	:	Shri Maulik D. Mehta
		3	Designation	:	Executive Director & CEO
b	Details of the BR head	1	DIN Number	:	05227290
		2	Name	:	Maulik D. Mehta
		3	Designation	:	Executive Director & CEO
		4	Telephone Number	:	+91 - 0265-3960200
		5	Email ID	:	mdmehta@godeeepak.com

2. Principle-wise (as per National Voluntary Guidelines (NVGs)) Business Responsibility (BR) Policy/policies

At Deepak Nitrite Limited, Business Responsibility is guided by "National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business" released by the Ministry of Corporate Affairs, which articulates nine principles as below:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote Human Rights.
P6	Business should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of Compliances

Sr. No.	Question(s)	P1	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes							
3	Does the policy conform to any national / international standards? If yes, specify?	Most of the policies are aligned to various standards such as Responsible care principles, Together for Sustainability System, ISO 9001, ISO 14001 & OHSAS 18001 system.							
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board of Director?	Policies mandated under the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 are approved by the Board and other policies are approved by the Executive Director & Chief Executive Officer of the Company and signed by the Executive Director & Chief Executive Officer of the Company.							
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Company has Audit Committee, Corporate Social Responsibility Committee to oversee implementation of respective policies. For other policies, the Functional Heads are authorized to oversee the implementation thereof.							
6	Indicate the link for the policy to be viewed online?	The policies which are mandatorily required to be placed on the website of the Company can be viewed on https://www.godeepak.com/investor-compliances/. All other policies are available on the Company's internal network.							
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	All the policies have been communicated to all relevant internal and external stakeholders of the Company. The policies for all relevant internal stakeholders are available on the internal network and for external stakeholders, the policies are available on Company's website www.godeepak.com.							
8	Does the Company have in-house structure to implement the policy/ policies	Yes, the Company has necessary structure in place to implement the policies.							
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Yes, the Company provides the redressal mechanism for all kinds of grievances.							
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Policy relating to Environment, Health and Safety are evaluated by internal as well as external ISO audit agencies. Other policies are evaluated internally or by respective Committee.							

3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

The Chairman & Managing Director, the Executive Director & CEO, the Director - Finance & CFO review the Business Responsibility performance of the Company during the monthly review meetings. The action points that emerge from the discussions at these meetings are recorded, implemented wherever necessary and reviewed in the subsequent meetings. Besides, the CSR Committee of the Board reviews the social performance of the Company on yearly basis.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report forms part of the Directors' Report. The Report can be viewed on the website of the Company www.godeepak.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1.	Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Company strives to adhere to the highest standards of integrity and behaviour and ensure compliance and adherence to law and internal policies through compliance systems. The Board of Directors of the Company have adopted a Code of Conduct. These are set of regulations, policies, principles and guidelines to help maintain a lawful honest and ethical environment throughout the Company. The policies, rules and guidelines in the Code of Conduct apply to all employees / associates, including contractual employees of the Company and its subsidiaries.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	The Company has not received any complaint from any stakeholders relating to ethics, bribery and corruption during the Financial Year 2020-21.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	a) Sodium Nitrite b) Nitro Toluene c) 2 Ethyl Hexyl Nitrate
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional): a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? b. Reduction during usage by consumers (energy, water) has been achieved since the previous year?	The details are given in Annexure – F to Directors' Report relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo.
3.	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?	The Company has system for sustainable sourcing. Environmental concerns are being assessed while supplier evaluation.
4.	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	While the criteria for selection of goods and services is quality, reliability and price, the Company gives preference to the manufacturers and service providers located near-by. The Company provides feedback to them to improve their quality in compliance with Company's requirement, enhance capacity and capability particularly in the areas of manufacturing, fabrication, safety, health and environment.
5.	Does the Company have a mechanism to recycle products and waste?	Yes

Principle 3 : Businesses should promote the well-being of all employees

1.	Total number of Employees	There were 1,532 permanent employees as on March 31, 2021.
2.	Total number of employees hired on temporary/ contractual/casual basis	There were 2,200 employees hired on temporary / contract / casual basis as on March 31, 2021.
3.	Number of permanent women employees.	There were 28 permanent women employees as on March 31, 2021.
4.	Number of permanent employees with disabilities	There were 12 permanent employees with disabilities as on March 31, 2021.
5.	Do you have an employee association that is recognized by management	The Company has recognized Trade Unions at Nandesari, Taloja, Roha and Hyderabad.
6.	What percentage of your permanent employees is members of this recognized employee association?	18% of the Total Permanent employees are members of recognized Union.
7.	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the Financial Year.	

Sr. No.	Category	No. of Complaints filed during the Financial Year	No of Complaints pending as on end of Financial Year
1	Child Labour / Forced Labour / Involuntary Labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory Employment	Nil	Nil

8. Percentage of under mentioned employees who were given safety & skill up-gradation training in the last year?

Sr. No.	Employees Category	Employee imparted safety training	Employees imparted skill up - gradation training
a.	Permanent Employees	78.00%	52.00%
b.	Permanent Women Employees	36.00%	100.00%
c.	Casual/Temporary/Contractual Employees	95.00%	60.00%
d.	Employees with Disabilities	91.67%	83.33%

Principle-4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1.	Has the Company mapped its internal and external stakeholders?	Yes
2.	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.	Yes. The Company has undertaken various programs under its CSR Policy in the areas of health, education, skill development and livelihood for such marginalized and disadvantaged groups.
3.	Special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders	The initiatives undertaken by the Company for the disadvantaged, vulnerable and marginalized stakeholders are elaborated in Principle 8 and in the Annexure – C of the Directors' Report.

Principle 5 : Businesses should respect and promote Human Rights

1.	Does the policy of the Company on Human Rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Company follows its policy on Human Rights which are applicable to the Company, its subsidiaries and contractors. The Company is committed to the fundamental principles of human rights, labour rights in all its operations, which also include its customers, suppliers and other third parties.
2.	How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?	The Company has not received any stakeholder complaints during the Financial Year 2020-21 related to Human Rights.

Principle 6 : Business should respect, protect, and make efforts to restore the environment

1.	Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?	The policy related to Principle 6 covers the Company, its Subsidiaries, Suppliers, Contractors and NGOs.
2.	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.	The Company practices UN Global principles of sustainable Development, Together for Sustainability and principles of Responsible Care. It includes global environmental issues such as climate change, global warming etc.
3.	Does the Company identify and assess potential environmental risks?	Yes. The Company identifies and assess potential environmental risk relating to its business, prepares mitigation measures and reviews the same periodically.
4.	Does the Company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed?	Company adopts clean development mechanism wherever feasible. However, no project was undertaken during the year.
5.	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.	Yes. The Company undertakes initiatives for energy conservation and continuously upgrading its plant equipment and processes to enhance its energy efficiency and environmental performance. The Company procures and uses renewable energy wherever feasible.
6.	Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the Financial Year being reported?	Yes. The effluents, emissions and wastes generated at the manufacturing facilities of the Company are well within the permissible limits given by respective Pollution Control Board.
7.	Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as at the end of Financial Year.	There are no show cause / legal notices received from Central and State Pollution Control Boards which are pending as at the end of Financial Year 2020-21.

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1.	Is the Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.	As on March 31, 2021, your Company is a Member of the following trade associations: a. FICCI: The Federation of Indian Chambers of Commerce and Industry b. FGI: Federation of Gujarat Industries c. ICC: Indian Chemical Council d. CII: Confederation of Indian Industry e. MCCIA: Mahratta Chamber of Commerce Industries and Agriculture f. GCCAI: Gujarat Chamber of Commerce & Industry g. GEO: Gujarat Employers Organization
2.	Have you advocated / lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).	The Company supports the initiatives taken by above association in their endeavor for the advancement or improvement of public good.

Principle 8 : Businesses should support inclusive growth and equitable development

1.	Does the Company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8?	The Company takes up programs / initiatives / projects in pursuit of the principle of inclusive growth and equitable development in pursuance of its Corporate Social Responsibility ('CSR') Policy. Detailed information about the specified programs and initiatives undertaken during the Financial Year 2020-21 in pursuit of the CSR Policy has been given in Annexure – C to the Directors' Report.
2.	Are the programs / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?	The Company undertakes programs through Implementing Agency, Deepak Foundation and Deepak Medical Foundation.
3.	Have you done any impact assessment of your initiative?	The CSR programs and their impacts / outcomes are monitored and reviewed by the CSR Committee of the Board and management periodically, to understand the impact of these programs.
4.	What is your Company's direct contribution to community development projects?	During the Financial Year 2020-21, the Company has spent ₹ 7.44 Crores on various CSR initiatives, detailed in Annexure – C to the Directors' Report.
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	Implementation of the CSR programs / projects is ensured through site visits, obtaining periodic progress reports from Implementing Agency.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner

1.	What percentage of customer complaints / consumer cases are pending as on the end of Financial Year?	There were no customer complaints / consumer cases pending as at the end of Financial Year 2020-21.
2.	Does the Company display product information on the product label, over and above what is mandated as per local laws?	Yes. The Company adheres to all the applicable statutory laws regarding product labelling and displays relevant information on product label.
3.	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as at end of Financial Year?	There have been no cases relating to unfair trade practices, irresponsible advertising and/or anti-competitive behavior against the Company during the last five years and as at the end of Financial Year 2020-21.
4.	Did the Company carry out any consumer survey / consumer satisfaction trends?	Customer satisfaction surveys are being conducted frequently for betterment of the products, feedback and improving delivering mechanism.

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
(DIN: 00028377)

Place: Vadodara
Date: May 5, 2021

Annexure - C

Report On Corporate Social Responsibility

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

1. Brief outline on CSR Policy of the Company: The Company's CSR policy is to remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including consumers, shareholders, employees, local community and society at large.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1)	Shri Sudhir Mankad	Chairman – ID	3	3
2)	Dr. S. Sivaram	Member - ID	3	3
3)	Shri Deepak C. Mehta	Member – ED	3	3
4)	Shri Sanjay Upadhyay[1]	Member – ED	2	2

Abbreviations: ED: Executive Director; ID: Independent Director

[1] Shri Sanjay Upadhyay was appointed as a Member of the CSR Committee w.e.f. June 1, 2020.

3.	(a) web-link of Composition of CSR committee and CSR Policy of the Company	:	https://www.godeepak.com/investor-compliances/
	(b) CSR projects approved by the Board are disclosed on the website of the Company.	:	https://www.godeepak.com/social-responsibility-activities/
4.	Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).	:	NA
5	Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any	:	NA

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in Crores)	Amount required to be setoff for the financial year, if any (₹ in Crores)
	NA	NA	NA
	TOTAL		

6.	Average net profit of the Company as per Section 135(5).	:	₹ 371.77 Crores
7.	(a) Two percent of average net profit of the Company as per section 135(5)	:	₹ 7.44 Crores
	(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years.	:	NIL
	(c) Amount required to be set off for the financial year, if any	:	NIL
	(d) Total CSR obligation for the financial year (7a+7b-7c).	:	₹ 7.44 Crores

8. (a) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year (₹ in Crores)	Amount Unspent (₹ in Crores)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
7.44	NA	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

(₹ in Crores)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
NA												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(₹ in Crores)

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration Number
1.	Help Desk Project - SSG Hospital	Health	Yes	Gujarat (Vadodara)		0.20	No	Deepak Foundation	(CSR00000353)
2.	De-addiction & Counselling Centre	Health	Yes	Telangana (Hyderabad)		0.29	No		
3.	Mobile Health Unit	Health	Yes	Gujarat (Dahej)		0.33	No		
4.	Mobile Health Unit	Health	Yes	Maharashtra (Roha)		0.28	No		
5.	Comprehensive Emergency Obstetric & New-born Care (CEmONC)	Health	Yes	Gujarat (Jabugam)		1.50	No		
6.	Mobile Health Unit	Health	Yes	Gujarat (Dugdha)		0.32	No		
7.	Mobile Health Unit	Health	Yes	Maharashtra (Taloje)		0.34	No		
8.	Help Desk Project	Health	Yes	Gujarat (Nandesari)		0.06	No		
9.	De-addiction Centre	Health	Yes	Gujarat (Nandesari)		0.09	No		
10.	Laboratory & Diagnostic Service	Health	Yes	Gujarat (Dahej)		0.53	No		

(₹ in Crores)

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration Number
11.	Health & Wellness Centre	Health	Yes	Gujarat (Dahej)		0.26	No	Deepak Foundation	(CSR00000353)
12.	Help Desk at GMERS	Health	Yes	Gujarat (Gotri)		0.04	No		
13.	Mobile Library Roha	Education	Yes	Maharashtra (Roha)		0.22	No		
14.	ICDS Program	Education	Yes	Gujarat (Nandesari)		0.38	No		
15.	Remedial Education in English & Maths at Nandesari School	Education	Yes	Gujarat (Nandesari)		0.04	No		
16.	Mobile Library	Education	Yes	Gujarat (Nandesari)		0.25	No		
17.	Mobile Library	Education	Yes	Telangana (Hyderabad)		0.21	No		
18.	Home Health Aide Course	Skill Building & Livelihood	Yes	Gujarat (Vadodara) Telangana (Hyderabad)		0.45	No		
19.	Entrepreneurial Activities SHG	Skill Building & Livelihood	Yes	Gujarat (Nandesari)		0.07	No		
20.	Samaj Suraksha Sankul-Vocational Training	Skill Building & Livelihood	Yes	Gujarat (Vadodara)		0.14	No		
21.	Housekeeping and Cookery Course	Skill Building & Livelihood	Yes	Gujarat (Vadodara)		0.10	No		
22.	Udyojika Roha	Skill Building & Livelihood	Yes	Maharashtra (Roha)		0.05	No		
23.	Sales Infrastructure for Agri Products	Skill Building & Livelihood	Yes	Gujarat (Naswadi)		0.08	No		
24.	Cold Storage for Farmers	Skill Building & Livelihood	Yes	Gujarat (Naswadi)		0.05	No		
25.	Demographic Surveillance Study (DSS)	Research & Development	Yes	Maharashtra (Roha) Gujarat (Nandesari) Telangana (Hyderabad)		0.25	No		
26.	Four Wheeler for Health Camp & Hospital Equipment (Cautery machine & lab. Equipment)	Health	Yes	Gujarat (Nandesari)		0.18	No	Deepak Medical Foundation	(CSR00002694)
27.	Strengthening Neonatal Intensive Care unit & Cardiac Center - Shree Krishna Hospital	Health	Yes	Karamsad, Gujarat		0.39	No	Charutar Arogya Mandal	(CSR 00002068)
	TOTAL					**7.10**			

(d) Amount spent in Administrative Overheads : ₹ 0.34 Crores

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 7.44 Crores

(g) Excess amount for set off, if any : Nil

Sr. No.	Particular	Amount (₹ in Crores)
(i)	Two percent of average net profit of the company as per section 135(5)	7.44
(ii)	Total amount spent for the Financial Year	7.44
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NA
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years[(iii)-(iv)]	NA

9. (a) Details of Unspent CSR amount for the preceding three financial years:

(₹ in Crores)

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
Nil							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sr. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed / Ongoing
Nil								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). : Annexure - 1

(b) Amount of CSR spent for creation or acquisition of capital asset. : Annexure - 1

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Annexure - 1

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). : Annexure - 1

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
(DIN: 00028377)

For and on behalf of the Board

Sudhir Mankad
Chairman of CSR Committee
(DIN: 00086077)

Date: May 5, 2021
Place: Vadodara

ANNEXURE-1 TO REPORT ON CORPORATE SOCIAL RESPONSIBILITY

A. Name and address of the Entity under whose name the capital Assets is registered :

Deepak Foundation, Nijanand Ashram Premises, Adjoining L&T Knowledge City, N.H no. 8, Vadodara – 390019, Gujarat, India

Sr. No.	Date of Creation or Acquisition of Capital Asset	Amount of CSR Spent on Capital Asset	Details of the Capital Asset	Location of Capital Asset
Help Desk Project				
1	August 20, 2020	8,142	Fan	Vadodara
2	March 31, 2021	67,800	Computers	
3	October 31, 2020	2,714	Furniture & Fixture	Nandesari
4	March 22, 2021	17,600	Tablets	
De-addiction & Counselling Center				
5	November 30, 2020	20,850	Computers	Hyderabad
6	December 31, 2020	31,950	Computers	Nandesari
7	December 29, 2020	12,338	Furniture & Fixture	
8	March 31, 2020	19,400	Tablets	
Mobile Health Unit				
9	May 31, 2020	4,300	Medical Equipment	Dahej
10	March 30, 2021	10,750	Printer	
11	September 16, 2020	1,436,251	Force Travellers	Dugdha
12	October 26, 2020	19,400	Tablets	
13	November 23, 2020	52,500	Printer	
14	December 29, 2020	33,280	Projector	
15	December 31, 2020	9,100	Monitor	
16	January 19, 2021	29,700	Furniture & Fixture	
17	March 31, 2021	22,913	Medical Equipment	
18	December 7, 2020	46,950	Furniture & Fixture	Taloje
19	September 16, 2020	1,983,392	Force Travellers	
20	December 19, 2020	49,150	Computers & Printers	
21	December 22, 2020	11,100	Medical Equipment	
Comprehensive Emergency Obstetric & Newborn Care (CEmONC)				
22	May 16, 2020	53,750	Laptop	Jabugam
23	May 27, 2020	87,072	Laptop	
24	May 30, 2020	10,856	Infra Red Thermometer	
25	June 23, 2020	2,000	Ram for Laptop	
26	November 9, 2020	9,250	10 Set Keyboard & Mouse	
Laboratory & Diagnostic Service				
27	December 31, 2020	140,300	Computer & LAPTOP	Dahej
28	February 17, 2021	355,180	Diesel Generators	
29	February 24, 2021	161,000	A.C	
30	March 8, 2021	31,217	Fan	
31	March 17, 2021	14,400	Mobile	
32	March 19, 2021	10,856	Fire Extinguisher Cylinders	
33	March 19, 2021	553,239	Furniture & Fixture	

Sr. No.	Date of Creation or Acquisition of Capital Asset	Amount of CSR Spent on Capital Asset	Details of the Capital Asset	Location of Capital Asset
34	March 19, 2021	36,900	Refrigerator	Dahej
35	March 24, 2021	22,137	CCTV	
36	March 24, 2021	14,600	Printer	
37	March 24, 2021	51,700	UPS	
38	March 31, 2021	1,984,324	Medical Equipment	
Health & Wellness Centre				
39	September 30, 2020	97,494	Computers & Printer	Dahej
40	March 24, 2021	66,080	Infrastructure	
41	March 30, 2021	107,956	Medical Equipment	
Mobile Library				
42	July 31, 2020	27,300	Computers & Printer	Roha
43	October 21, 2020	46,500	Tablet	Nandesari
44	October 30, 2020	1,450	Fan	
45	November 23, 2020	36,560	Laptop	
46	December 31, 2020	14,880	Table & Chair	
47	January 28, 2021	99,764	Books	
48	March 18, 2021	4,315	CCTV Camera	Hyderabad
49	March 25, 2021	41,430	Books	
ICDS Program				
50	December 31, 2020	48,640	Computers & Printer	Nandesari
51	March 22, 2021	4,130	Furniture & Fixture	
Remedial Education in English & Maths at Nandesari School				
52	February 8, 2021	4,307	Furniture & Fixture	Nandesari
53	February 28, 2021	63,358	Laptop & Projector	
Home Health Aide Course				
54	October 31, 2020	23,108	Lab Equipment	Vadodara & Hyderabad
55	December 31, 2020	25,783	CCTV Camera	
56	December 31, 2020	16,750	Computers & Printer	
Samaj Suraksha Sankul-Vocational Training				
57	February 10, 2021	35,000	Computer	Vadodara
58	February 12, 2021	54,000	Laptop	
59	March 31, 2021	15,850	Printer	
60	March 31, 2021	11,800	Fan	
61	March 31, 2021	12,390	Wall Mounted Fan	
62	March 31, 2021	79,501	Jupiter TVS	
Housekeeping and Cookery Course				
63	February 16, 2021	25,250	Computer	Vadodara
64	February 20, 2021	7,337	CCTV Camera	
65	March 18, 2021	35,900	Laptop	
66	March 31, 2021	27,520	Projector	

Sr. No.	Date of Creation or Acquisition of Capital Asset	Amount of CSR Spent on Capital Asset	Details of the Capital Asset	Location of Capital Asset
Sales Infrastructure for Agriculture Products				
67	February 22, 2021	165,175	E Rickshaw with Modification	Naswadi
68	March 31, 2021	578,749	Maruti Ecco	
Cold Storage for Farmers				
69	March 31, 2021	483,524	Cold Storage	Naswadi
Demographic Surveillance Study (DSS)				
70	November 30, 2020	63,200	Computer	Roha, Nandsari & Hyderabad
71	January 30, 2021	5,015	Weighing Machine	

B. Name and address of the Entity under whose name the capital Assets is registered :

Deepak Medical Foundation, Nijanand Ashram Premises, Adjoining L&T Knowledge City, N.H no. 8,Vadodara – 390019, Gujarat

Sr. No.	Date of Creation or Acquisition of Capital Asset	Amount of CSR Spent on Capital Asset	Details of the Capital Asset	Location of Capital Asset
Four Wheeler for Health Camp & Hospital Equipment				
1	May 8, 2020	854,000	Bolero	Nandesari
2	May 16, 2020	2,360	Sanitizer Stand	
3	October 16, 2020	1,680	Cervical Biopsy Punch	
4	December 26, 2020	41,300	Stabilizer	
5	December 31, 2020	253,700	H-360 03 Part Cell	
6	January 31, 2021	58,089	Bike	
7	March 31, 2021	588,871	Bio Chemistry	

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
(DIN: 00028377)

For and on behalf of the Board

Sudhir Mankad
Chairman of CSR Committee
(DIN: 00086077)

Date: May 5, 2021
Place: Vadodara

Annexure - D
Nomination and Remuneration Policy

1. INTRODUCTION

A transparent, fair and reasonable process for determining the appropriate remuneration at all levels of the Company is required to ensure that shareholders remain informed and confident in the management of the Company. To harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the rules made thereunder and the Listing Regulations as amended from time to time, this policy on nomination and remuneration of Directors on the Board of the Company, Key Managerial Personnel and other employees in the Senior Management is formulated in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and of the Listing Regulations with the Stock Exchanges.

This Policy shall act as a guideline for determining, inter-alia, qualifications, positive attributes and independence of a Director, appointment and removal of the Directors, Key Managerial Personnel and Senior Management employees and matters relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

Pursuant to the requirement of Section 178 of the Companies Act, 2013 and the Listing Regulations with the Stock Exchanges, the Company has a duly constituted Nomination and Remuneration Committee.

2. OBJECTIVE OF THE POLICY

2.1. The objective of this Policy is to outline a framework to ensure that the Company's remuneration levels are aligned with best industry practices and are good enough to attract and retain competent Directors on the Board, Key Managerial Personnel and the Senior Management Personnel of the quality required. The key objectives of this Policy include:

(i) guiding the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management employees.

(ii) evaluating the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

(iii) recommending to the Board the remuneration payable to the Directors and setting forth a policy for determining remuneration payable to Key Managerial Personnel and Senior Management employees.

2.2. While determining the remuneration for the Directors, Key Managerial Personnel and Senior Management employees, regard should be given to prevailing market conditions, business performance and practices in comparable companies, also to financial and commercial health of the Company as well as prevailing laws and government/other guidelines, to ensure that pay structures are appropriately aligned and the levels of remuneration remain appropriate.

2.3. While designing the remuneration package it should be ensured:

(i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate person, to ensure the quality required to run the Company successfully.

(ii) Remuneration to Directors, Key Managerial Personnel and Senior Management employees involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

2.4. Some part of the remuneration package may be linked to the achievement of corporate performance targets of the Company and a strong alignment of interest with stakeholders.

2.5. The Committee shall observe the set of principles and objectives as envisaged under the Companies Act, 2013 ("Act") (including Section 178 thereof), rules framed there under and the Listing Regulations including, inter-alia, principles pertaining to determining qualifications, positives attributes, integrity and independence.

2.6. In this context, the following Policy has been formulated by the Nomination and Remuneration Committee and recommended to the Board of Directors for adoption.

3. EFFECTIVE DATE

This Policy shall be effective from the date of its adoption by the Board.

4. DEFINITIONS

4.1. In this Policy the following terms shall have the meaning assigned to them:

(i) **"Act"** means The Companies Act, 2013 and rules made thereunder.

(ii) **"Board of Directors"** or **"Board"** means the Board of Directors of the Company.

(iii) **"Committee"** means Nomination and Remuneration Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and the Listing Regulations.

(iv) **"Company"** means "Deepak Nitrite Limited."

(v) **"Director"** shall mean a member of the Board of Directors of the Company appointed from time to time in accordance with the Articles of Association of the Company and provisions of the Act.

(vi) **"Employees' Stock Option"** means the option given to the Directors, other than Independent Directors, officers or employees of a Company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.

(vii) **"Executive Director"** shall mean a Director who is in the whole-time employment of the Company other than Managing Director.

(viii) **"Financial Year"** shall mean the period ending on the 31st day of March every year.

(ix) **"Independent Director"** shall mean a Director referred to in Section 149 (6) of the Act read with the Listing Regulations.

(x) **"Key Managerial Personnel"** or "KMP" shall have the meaning ascribed to it in the Act.

(xi) **"Listing Regulations"** shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and for the time being in force.

(xii) **"Managing Director"** means a Director who, by virtue of the Articles of Association of the Company or an agreement with the Company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a Director occupying the position of Managing Director, by whatever name called.

(xiii) **"Policy"** or **"this Policy"** means, "Nomination and Remuneration Policy."

(xiv) **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

(xv) **"Senior Management"** means officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise all members of management one level below Chief Executive Officer / Managing Director / Whole-time Director including Chief Executive Officer and shall specifically include Chief Financial Officer and Company Secretary.

4.2. Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Companies Act, 2013 and/or Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

5. APPLICABILITY

This Policy is applicable to:

(i) Directors (Managing Director, Executive Director, Independent Director and Non-Independent Director)

(ii) Key Managerial Personnel

(iii) Senior Management employees

(iv) Other Employees

6. NOMINATION AND REMUNERATION COMMITTEE

6.1. Role of the Committee:

(a) Identifying persons who are qualified to become Director and who may be appointed in Senior Management cadre in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

(b) Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy, relating to the remuneration for the Directors, Key Managerial Personnel and Senior Management employees.

(c) Formulating the criteria for evaluation of Independent Directors and the Board.

(d) Devising a policy on Board diversity.

(e) Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors.

(f) The Committee shall take into consideration and ensure the compliance of provisions under Schedule

V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors / Executive Directors.

(g) While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.

(h) any other role as may be specified by the Board.

6.2. Composition of the Committee

(a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent Directors.

(b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Act and/or the Listing Regulations.

(c) Membership of the Committee shall be disclosed in the Annual Report.

(d) Term of the Committee shall continue unless terminated by the Board of Directors.

6.3. Chairman of the Committee

(a) Chairman of the Committee shall be an Independent Director.

(b) Chairman of the Company (whether Executive or non-Executive) may be appointed as a member of the Committee but shall not Chair the Committee.

(c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.

(d) Chairman of the Committee shall be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6.4. Frequency of the Meetings of the Committee

The meeting of the Committee shall be held at such intervals as may be required.

6.5. Committee Member's Interest

(a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

(b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

6.6. Quorum

The quorum necessary for transacting business at a meeting of the Committee shall be two (2) members or one-third of the members of the Committee, whichever is greater.

6.7. Voting at the Meeting

(a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of members present. Any such decision shall for all purposes be deemed a decision of the Committee.

(b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

7. APPOINTMENT AND REMOVAL OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES

7.1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director, KMP and Senior Management employee.

7.2. A person should possess adequate qualifications, expertise and experience for the position he/ she is considered for appointment as a Director, Key Managerial Personal or Senior Management employee.

7.3. The Company shall not appoint or continue the employment of any person as Managing Director / Executive Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for such appointment.

7.4. The appointment as recommended by the Committee to the Board shall be subject to the approval of the Board.

7.5. Criteria for appointment of Independent Director:

7.5.1. The proposed appointee shall comply with the criteria specified in the relevant provisions of the Act and/or the Listing Regulations. He or she shall not, directly or indirectly, represent the interest of any specific vendor or customer or stakeholder and shall have business reputation and strong ethical standards and possess leadership skills and business experience including board procedures.

7.5.2. The Independent Director shall fulfill the qualification and requirements specified under the Act and Listing Regulations.

7.5.3. He or she shall also declare his or her independent status prior to their appointment to the Board and maintain the same during his or her tenure as an Independent Director. Being a Director of the Company, he or she shall adhere to the Code of Conduct stipulated for the Director.

7.6. Criteria for appointment of Managing Director / Executive Director:

7.6.1. The Company can have more than one Managing Director or Executive Director.

7.6.2. The appointee(s) shall have good educational background, preferably with specialization in the field. He shall have exemplary skills and leadership qualities to lead the Company or as the case may be the function assigned to him.

7.6.3. Depending on the role and responsibility, he shall have hands on experience in the relevant filed. For example as ED (Operations) is expected to have adequate knowledge and experience about the plant operations and related issues. The suitability of the candidate shall be determined on a case to case basis by the Committee. Being a Director of the Company, Managing Director / Executive Director shall adhere to the Code of Conduct stipulated for the Director.

7.6.4. He shall fulfill the conditions as specified under Part I of Schedule V of the Act. However, in case the conditions specified under Part I of Schedule V of the Act is not fulfilled, such appointments shall be subject to the approval of the Central Government.

7.7. Criteria for appointment of KMPs:

7.7.1. Pursuant to the requirement of Section 203 of the Act, the Company is required to appoint a Managing Director / Manager / Chief Executive Officer and in their absence an Executive Director as Whole Time KMP.

7.7.2. The Company may also appoint a Chief Executive Officer (CEO) who may or may not be a Director. The qualification, experience and stature of the CEO could be in line with that of the Executive Director. Where the CEO is designated as KMP, he shall act subject to the superintendence and control of the Board.

7.7.3. The Company is also required to appoint a Chief Financial Officer (CFO) as KMP as per the requirement of the Act. The CFO shall preferably be a Chartered Accountant or a Cost & Management Accountant or holds an equivalent qualification and have relevant work experience. He shall be well versed with finance function including but not limited to funding, taxation, forex and other core matters. As required under the Listing Regulations, the appointment of CFO shall be subject to approval of the Audit Committee.

7.7.4. As required under the said Section of the Act, a Company Secretary (CS) is also required to be appointed by the Company as a KMP. The CS shall have the prescribed qualification and requisite experience to discharge the duties specified in law and as may be assigned by the Board / Managing Director / Executive Director from time to time.

7.7.5. KMPs, other than Managing Director and/or Executive Director shall adhere to the Code of Conduct stipulated for the Senior Management.

7.8. Criteria for appointment of Senior Management employees:

7.8.1. Senior Management employees shall possess the requisite qualifications, expertise and experience depending upon the requirement of the relevant position.

7.8.2. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

7.8.3. Senior Management employees shall adhere to the Code of Conduct stipulated for the Senior Management.

7.9. Term / Tenure

7.9.1. Managing Director and Executive Director

The Company shall appoint or re-appoint any person as its Managing Director / Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

7.9.2. Independent Director

(a) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

(b) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

(c) The Independent Director shall comply with the requirement of number of directorships he or she can hold as prescribed under the provisions of the Act or the Listing Regulations including any amendment thereto from time to time.

7.10. Familiarization Programme for Independent Directors

The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

7.11. Evaluation

7.11.1.Subject to Schedule IV of the Companies Act, 2013 and Listing Regulations, the Committee shall carry out the evaluation of Directors periodically.

7.11.2.The performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

7.11.3.The Independent Directors at their separate meeting shall review, on yearly basis, the performance of Non-Independent Directors and the Board as a whole.

7.11.4.The Independent Directors at their separate meeting shall also review, on yearly basis, the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

7.11.5. The entire process of the Performance Evaluation shall be kept in strict confidence and shall not be disclosed to any person except to those required to perform their duties under the Act.

7.11.6.All the records of Performance Evaluation process and outcome shall be maintained by the Company Secretary of the Company and shall be kept at the Registered Office of the Company. Such records shall be preserved till such time as may be decided by the Board from time to time or as required under the Act.

7.12. Removal

Due to reasons for any disqualification mentioned in the Act, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP and Senior Management employees subject to the provisions and compliance of the applicable laws, rules and regulations.

7.13. Retirement

The Director, KMP and Senior Management employees shall retire as per the applicable provisions of the Act and/or the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management employees in the same position / remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company, in accordance with the provisions of the Act and approval of members, wherever required.

8. REMUNERATION

8.1. Remuneration to Managing Director:

8.1.1. The remuneration comprising of salary, allowance, perquisites and other benefits payable to Managing Director will be determined by the Committee and recommended to the Board for approval.

8.1.2. In addition to the remuneration as stated in 8.1.1. above, Managing Director shall also be paid a Commission, calculated with reference to the Net Profits of the Company in a particular Financial Year, as may be determined by the Board of Directors, subject to the overall ceiling stipulated in Section 197 and other relevant provisions of the Act.

8.1.3. The Managing Director shall be entitled to the following perquisites / allowances:

(i) Housing – Rent free furnished residential accommodation. In case no accommodation is provided by the Company, Managing Director shall be paid house rent allowance as may be decided by the Board of Directors.

(ii) Re-imbursement of gas, electricity, water charges and furnishings.

(iii) Re-imbursement of medical expenses incurred for self and members of his family, as per rules of the Company.

(iv) Leave travel concession for self and members of his family, as per rules of the Company.

(v) Fees of clubs subject to maximum of two clubs.

(vi) Medical insurance, as per rules of the Company.

(vii) Personal Accident Insurance, as per rules of the Company.

(viii) Provision of car and telephone at residence.

(ix) Company's contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave, as per rules of the Company.

(x) Retirement and other benefits, as per rules of the Company.

8.1.4. The remuneration and commission to be paid to the Managing Director shall be as per the statutory provisions of the Act and the rules made thereunder for the time being in force and shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

8.1.5. The remuneration / commission payable to Managing Director shall be reviewed by the Board after close of each Financial Year, and based on the Profits made by the Company in that Financial Year, Managing Director shall be paid such enhanced remuneration as the Board may decide subject to the ceiling limits specified in Section 197 and other applicable provisions of the Act read with Schedule V of the Act.

8.1.6. The Managing Director shall not be entitled to sitting fees for attending the meetings of the Board or any Committee thereof.

8.2. Remuneration to Executive Director:

8.2.1. Fixed Pay

(a) Executive Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Act and rules made thereunder for the time being in force.

(b) The Fixed Pay of Executive Director shall comprise of salary, perquisites, allowances and other benefits. The perquisites, allowances and other benefits to the Executive Director shall include but not be limited to the following:

(i) Re-imbursement of medical expenses incurred for self and members of his family, as per policy of the Company.

(ii) Leave travel concession for self and members of his family, as per policy of the Company.

(iii) Medical and other insurances, as per policy of the Company.

(iv) Company Car with Driver.

(v) Company's contribution to provident fund, superannuation fund or annuity fund, gratuity and encashment of leave, as per the policy of the Company.

(vi) Retirement and other benefits, as per policy of the Company.

(vii) Hardship Allowance as applicable in accordance with the policy of the Company.

(c) The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

8.2.2. Variable Pay

In addition to the salary, perquisites, allowances and other benefits as mentioned above, Executive Director will also be entitled to a Variable Pay by way of Performance Linked Incentive. This amount shall be paid annually after the end of each Financial Year. The Performance Linked Incentive shall be in the range of 0% to 20% of cost to the Company, which will be entirely based on the individual's performance and Company's performance as per policy of the Company.

8.2.3. Loyalty Bonus

In addition to the above, Executive Director shall also be entitled for the Loyalty Bonus as per policy of the Company.

8.2.4. Payment of Variable component / Increments

(a) Payment of Variable component of the remuneration of the Executive Director for a particular Financial Year and increments to the existing remuneration structure of Executive Director shall be recommended by the Chairman & Managing Director of the Company to the Committee based upon the individual performance and also the Company's performance as per policy of the Company.

(b) The Committee shall review the payment of Variable component of the remuneration of the Executive Director for a particular Financial Year and increments to the existing remuneration structure of Executive Director as recommended by the Chairman & Managing Director of the Company and recommend the same to the

Board for its approval. Such Variable component and proposed enhanced remuneration as recommended by the Committee to the Board should be within the overall limits of managerial remuneration as prescribed under the Act and rules made thereunder.

(c) The Executive Director shall also be entitled to reimbursement of all legitimate expenses incurred by him while performing his duties and such reimbursement will not form part of his remuneration.

8.2.5. Executive Director shall not be entitled to sitting fees for attending meetings of the Board or any Committee thereof.

8.3. Minimum Remuneration

Where, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director(s) and Executive Director(s) in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

8.4. Remuneration to Independent Director and Directors other than Managing Director/ Executive Director:

8.4.1. Sitting Fees

The Independent Director / Directors other than Managing Director and Executive Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

The Sitting Fee paid to Independent Directors, shall not be less than the Sitting Fees payable to other Directors.

8.4.2. Commission on the Net Profits

Apart from receiving the Sitting Fees, Independent Director(s) / Non-Independent Director(s) may be paid Commission on the Net Profits of the Company for a particular Financial Year within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the Net Profits of the Company computed as per the applicable provisions of the Act. The amount of Commission payable to each Independent Director / Non-Independent Director for a particular Financial Year shall be decided by the Chairman of the Company and shall be approved by the Board.

8.4.3. Stock Options

Independent Director shall not be entitled to any stock option of the Company.

8.5. Provisions for excess remuneration

If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. Subject to the approval of Central Government, the Shareholders of the Company may waive recovery of such excess remuneration by passing an Ordinary Resolution.

8.6. Remuneration to KMP and Senior Management employees:

8.6.1. The remuneration to KMP and Senior Management employees shall comprise of Fixed Pay and Variable Pay and governed by the DNL HR Policy.

8.6.2. The Committee may authorize the Managing Director / Executive Director to determine from time to time the remuneration payable to KMP and Senior Management employee including their increments. The powers of the Committee in this regard may be delegated to the Managing Director / Executive Director.

8.6.3. Remuneration of a KMP at the time of their appointment will be recommended by the Managing Director / Executive Director to the Committee. The Committee shall review such remuneration and recommend the same to the Board for approval. Any subsequent modification to the remuneration of KMP shall be decided by the Managing Director / Executive Director as may be authorized by the Committee.

8.6.4. Fixed Pay

The Fixed Pay of KMP and Senior Management employees shall comprise of salary, perquisites, allowances and other benefits as per policy of the Company. The break-up of the pay scale and quantum of perquisites including but not limited to employer's contribution to P.F, pension scheme, medical expenses etc. shall be decided by the Managing Director / Executive Director.

8.6.5. Variable Pay

The remuneration of KMP and Senior Management employees will also comprise performance linked variable pay which may vary from 0% to 16% of the cost to the Company. This amount of variable pay shall be paid annually after the end of each Financial Year and will be entirely based on the individual's performance and Company's performance as per policy of the Company. Such Variable Pay for a particular Financial Year shall be decided by the Managing Director / Executive Director.

8.6.6. Hardship Allowance and Loyalty Bonus

In addition to the above, KMP and Senior Management employees shall also be entitled for the Hardship Allowance and Loyalty Bonus as per policy of the Company.

8.7. The remuneration to other employees of the Company shall be governed by DNL HR Policy.

8.8 Loans and Advances to Employees

(a) The Loan, advance and other financial assistance facilities to the employees shall be governed by the DNL HR policy as amended from time to time and shall be considered as a part of 'conditions of service' for employees of the Company.

(b) Advances to the employees for the purpose of performance of his duties shall be governed by the DNL HR Policy as amended from time to time and shall be considered as a part of 'conditions of service' for employees of the Company.

9. BOARD DIVERSITY

9.1. The Board of Directors shall have the optimum combination of Directors from the different areas / fields like operations, projects, production, management, quality assurance, finance, legal, sales and marketing, research and development, Human Resources etc. or as may be considered appropriate.

9.2. The Board shall have at least one Director who has accounting or related financial management expertise.

10. DISCLOSURE

This Policy shall be disclosed in the Board's Report.

11. REVIEW OF THE POLICY

This Policy shall be reviewed by the Committee after every three years.

12. AMENDMENTS TO THE POLICY

The Board of Directors on its own and / or as per the recommendations of Nomination and Remuneration Committee can amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the competent authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

For and on behalf of the Board

DEEPAK C. MEHTA

Chairman & Managing Director

(DIN: 00028377)

Place : Vadodara

Date : May 5, 2021

Annexure - E

DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013:

PART (A) – DISCLOSURE AS REQUIRED UNDER RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

1. Ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year ended March 31, 2021 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the Financial Year ended March 31, 2021:

Name of the Director/ KMP	Remuneration* (₹ in Crores)	% Increase in Remuneration in the F.Y. 2020-21#	Ratio to Median Remuneration
Shri Deepak C. Mehta, Chairman & Managing Director	6.94	(50.14)	138.80
Shri Sanjay Upadhyay, Director-Finance & CFO	3.59	15.08	70.20
Shri Maulik D. Mehta, Executive Director & CEO	2.60	69.80	50.60
Shri Ajay C. Mehta, Non-Executive Director	0.10	NA	NA
Shri Umesh Asaikar, Executive Director & CEO[1]	1.29@	NA	NA
Dr. Richard H. Rupp, Independent Director	0.45	50.00	9.00
Shri Sudhir Mankad, Independent Director	0.20	33.33	4.00
Shri Sandesh Kumar Anand, Non-Executive & Non Independent Director	0.20	(66.67)	4.00
Dr. Swaminathan Sivaram, Independent Director	0.15	25.00	3.00
Shri Sanjay Asher, Independent Director	0.15	0.00	3.00
Smt. Purvi Sheth, Independent Director	0.15	114.29	3.00
Shri Dileep Choksi, Independent Director	0.15	NA	NA
Shri Arvind Bajpai, Company Secretary	0.65	16.07	0.56

** Excluding sitting fees.*

 # Excluding Special Incentive of one time in nature.

[1] The term of Shri Umesh Asaikar as Executive Director & CEO expired on May 31, 2020.

@ Excluding encashment of accumulated leaves.

Notes:

1. In the Financial Year 2020-21, there was an increase of 4.46% in the median remuneration of employees.
2. There were 1,532 permanent employees on the rolls of the Company as on March 31, 2021.
3. Average Percentile increase already made in the salaries of employees other than Managerial Personnel in the last Financial Year was 10 % and average percentile increase in remuneration of Managerial Personnel was 11.58%.

   Shri Deepak C. Mehta, Chairman & Managing Director of the Company is also Chairman & Managing Director of Deepak Phenolics Limited ("DPL") a Wholly Owned Subsidiary of the Company.

   As per the term of his appointment, he is entitled to profit related commission from DPL. For the Financial Year 2020-21, the Commission to Shri Deepak C. Mehta is ₹ 12.00 Crores.

   Average increase in remuneration of both, managerial and non-managerial personnel were determined based on the overall performance of the Company.

   Key result areas of the managerial personnel are broadly to achieve Company's growth and performance target, achieving the same against various adverse externalities globally, devising sustenance strategy to combat global forces like competition, exchange rate etc, which, in turn, enhance shareholders' value. Remuneration of the managerial personnel is based on the Nomination and Remuneration Policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

   As against above, remuneration for non-managerial personnel is based on an internal evaluation of assigned target area which are broken into subsets of key result areas of the managerial personnel.
4. It is affirmed that the remuneration is as per the Nomination and Remuneration Policy of the Company.

For and on behalf of the Board

DEEPAK C. MEHTA
Chairman & Managing Director
(DIN: 00028377)

Place : Vadodara
Date : May 5, 2021

Annexure - F

INFORMATION REQUIRED UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 PERTAINING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Conservation of Energy:

(i) Steps taken or impact on conservation of energy:

- Improvements in Flash steam and condensate recovery, chilling units efficiency improvements & air leakage survey in plant.
- Processes improved to reduce utility and improve energy conservation.
- Implementation of BEESAS (Boiler Efficiency & Environment Safety Automation System) to improve boiler efficiency.
- Electrical heater in (AHU) Air Heater Unit sections replaced by recovered flash steam.

(ii) Steps taken for utilizing alternate sources of energy:

- Power generation by using back pressure turbine.

(iii) Capital Investment on energy conservation equipment: ₹ 2.40 Crores

(B) Technology Absorption:

(i) Efforts made towards technology absorption:

- Technology developed for import substituted products.
- In-house Technology development cell for converting existing batch process into continuous process.

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

- Processes developed for import substituted products in the in-house Research & Development facility through Process Engineering Research & Innovation (PERI) Lab.
- Continuous chemical processes developed to reduce raw materials consumption norms and by-products formation, also evaluated alternative routes to make cheaper and cleaner technologies.

(iii) Information regarding technology imported, during the last 3 years: Nil

(iv) Expenditure incurred on Research and Development:

(₹ in Crores)

Particulars	2020-21	2019-20
a) Capital	4.92	3.09
b) Recurring	10.27	10.43
Total	15.19	13.52
Total R&D expenditure as a percentage to total turnover	0.84%	0.61%

(C) Foreign Exchange Earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

(₹ in Crores)

Particulars	2020-21	2019-20
Total Foreign Exchange Earned	854.86	935.83
Total Foreign Exchange Outgo	165.08	222.31

For and on behalf of the Board

DEEPAK C. MEHTA
Chairman & Managing Director
(DIN: 00028377)

Place : Vadodara
Date : May 5, 2021

Corporate Governance Report

for the year ended March 31, 2021

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance envisages the attainment of a high level transparency and accountability in the functioning of the Company and the efficient conduct of its business, including its interaction with employees, shareholders, depositors, creditors, consumers, financial institutions and other lenders. Accountability improves decision making and transparency helps to explain the rationale behind decisions which in turn helps in building confidence in the Company. The Company firmly believes that for a company to succeed on a sustained basis, it must maintain global standards of Corporate Conduct.

It also believes that Corporate Governance is not simply a matter of creating checks and balances; it is about creating an outperforming organisation, which leads to increasing employee and customer satisfaction.

2. BOARD OF DIRECTORS

(i) Composition and Category of Directors

The Board of Directors ('Board) along with its Committees provides leadership and guidance to the Management and directs and supervises the performance of the Company, thereby enhancing stakeholders value. The Board has a fiduciary relationship in ensuring that the rights of all stakeholders are protected. The Board of the Company is independent in making its decision and also capable and committed to address conflict of interest and impress upon the functionaries of the Company to focus on transparency, accountability, probity, integrity, equity and responsibility. Apart from that, the Board also discharges its responsibilities / duties as mentioned under the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Companies Act, 2013 ("Act").

The Board, as part of its succession planning exercise, periodically reviews its composition to ensure that the same is closely aligned with the strategy and long-term needs of the Company.

The Board of the Company is having an optimum combination of Executive and Non-Executive Directors. The Board consists of 11 Directors out of which, 3 are Executive Directors and 8 are Non-Executive Directors. Out of 8 Non-Executive Directors, 6 are Independent Directors including one woman Independent Director. The Chairman of the Company is a Executive Director and Promoter of the Company and hence the requirement that at least one–half of the Board shall consist of Independent Directors is complied with as the Company has 6 Independent Directors. All of the Independent Directors have extensive business experience and are considered by the Board to be independent in character and judgment of the management of the Company and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment.

As on March 31, 2021, the composition of the Board is as under which is in conformity with the Listing Regulations and the Act:

Composition of Board of Directors as on March 31, 2021

Category	Name of Directors	No. of Directors	% of Total Number of Directors
Promoter and Executive Directors	Shri Deepak C. Mehta *Chairman & Managing Director* Shri Maulik D. Mehta[1] *Executive Director & CEO*	03	27.27%
Executive Director	Shri Sanjay Upadhyay *Director - Finance & CFO*		
Non-Executive & Non-Independent Directors	Shri Ajay C. Mehta *Promoter-Non-Executive* Shri Sandesh Kumar Anand[2] *Non-Executive & Non-Independent*	02	18.18%
Independent Directors	Dr. Richard H. Rupp Shri Sudhir Mankad Dr. Swaminathan Sivaram Shri Sanjay Asher Smt. Purvi Sheth Shri Dileep Choksi	06	54.55%
Total No. of Directors		**11**	**100%**

1. *Shri Maulik D. Mehta was elevated as the Executive Director & CEO w.e.f. June 1, 2020 after the retirement of Shri Umesh Asaikar post completion of his term on May 31, 2020.*
2. *Shri Sandesh Kumar Anand ceased to be an Independent Director of the Company w.e.f. November 1, 2020 and continued as Non-Executive & Non-Independent Director of the Company.*

During the year ended March 31, 2021, following are the changes in the Board of the Company:

(1) The term of Shri Umesh Asaikar as Executive Director & CEO expired on May 31, 2020 and Shri Maulik D. Mehta was elevated as Executive Director & CEO with effect from June 1, 2020.

(2) Shri Sandesh Kumar Anand ceased to be an Independent Director of the Company w.e.f. November 1, 2020 and continued as Non-Executive & Non-Independent Director of the Company.

(ii) Board Meetings

During the Financial Year 2020-21, Four (4) Board Meetings were held on May 26, 2020, August 6, 2020, October 30, 2020 and February 12, 2021. Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by Ministry of Corporate Affairs and Securities & Exchange Board of India, all Board meetings during Financial Year 2020-21 were held through Video Conferencing. The gap between any two Meetings was not more than 120 days, ensuring compliance with the requirement of Regulation 17 of the Listing Regulations and the Act. The necessary quorum was present for all the meetings.

The details attendance of Directors at the Board Meetings and at the previous Annual General Meeting (49th AGM) are as under:

Sr. No.	Name of the Director	Date of Board Meetings & Attendance				Attendance at Last AGM
		May 26, 2020	August 6, 2020	October 30, 2020	February 12, 2021	
1.	Shri Deepak C. Mehta	✓	✓	✓	✓	✓
2.	Shri Sanjay Upadhyay	✓	✓	✓	✓	✓
3.	Shri Maulik D. Mehta	✓	✓	✓	✓	✓
4.	Shri Ajay C. Mehta	✓	✓	✓	✓	✓
5.	Dr. Richard H. Rupp	✓	✓	✓	✓	✓
6.	Shri Sudhir Mankad	✓	✓	✓	✓	✓
7.	Shri Sandesh Kumar Anand	✓	✓	✓	✓	✓
8.	Dr. Swaminathan Sivaram	✓	✓	✓	✓	x
9.	Shri Sanjay Asher	✓	✓	✓	✓	✓
10.	Smt. Purvi Sheth	✓	✓	✓	✓	✓
11.	Shri Dileep Choksi	✓	✓	✓	✓	✓

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees as specified in Regulation 26 (1) of the Listing Regulations across all the listed Companies in which he/she is a Director.

The necessary disclosure regarding Directorship and Committee positions have been made by the Directors who are on the Board of the Company as on March 31, 2021 and the same is reproduced herein below:

Sr. No.	Name of the Director	Director Identification Number (DIN)	No. of other Directorships held (including listed entities)[a]	No. of Committee positions held as Chairman in other Public Companies[b]	No. of Committee positions held as Member in other Public Companies[b]
1.	Shri Deepak C. Mehta	00028377	2	-	1
2.	Shri Sanjay Upadhyay	01776546	2	1	2
3.	Shri Maulik D. Mehta	05227290	-	-	-
4.	Shri Ajay C. Mehta	00028405	2	2	1
5.	Dr. Richard H. Rupp	02205790	-	-	-
6.	Shri Sudhir Mankad	00086077	5	2	1
7.	Shri Sandesh Kumar Anand	00001792	2	1	1
8.	Dr. Swaminathan Sivaram	00009900	6	2	-
9.	Shri Sanjay Asher	00008221	6	4	3
10.	Smt. Purvi Sheth	06449636	-	-	-
11.	Shri Dileep Choksi	00016322	8	3	4

Note:

a. Number of other directorships held by Directors as mentioned above excludes directorships in Private Limited Companies, Section 8 Companies, Foreign Companies, Membership of Managing Committee of various chambers/bodies and alternate directorships.

b. In accordance with the provisions of the Listing Regulations, Memberships / Chairmanships of only Audit Committee and Stakeholders' Relationship Committee in all public limited companies (excluding Deepak Nitrite Limited) have been considered.

Name(s) of the listed entities where the Directors of the Company are Directors and the category of Directorship as required under the Listing Regulations as on March 31, 2021;

Name of Director	Name of Listed Entity	Category of Directorship
Shri Deepak C. Mehta	Deepak Nitrite Limited	Chairman & Managing Director
Shri Sanjay Upadhyay	Deepak Nitrite Limited	Director - Finance & CFO
Shri Maulik D. Mehta	Deepak Nitrite Limited	Executive Director & CEO
Shri Ajay C. Mehta	Deepak Nitrite Limited	Non-Executive Director
	Tribhovandas Bhimji Zaveri Limited	Independent Director
Dr. Richard H. Rupp	Deepak Nitrite Limited	Independent Director
Shri Sudhir Mankad	Deepak Nitrite Limited	Independent Director
	Navin Fluorine International Limited	Independent Director
	Swaraj Engines Limited	Non-Executive Director
Shri Sandesh Kumar Anand	Deepak Nitrite Limited	Non-Executive Director
Dr. Swaminathan Sivaram	Deepak Nitrite Limited	Independent Director
	Supreme Petrochem Limited	Independent Director
	Asian Paints Limited	Independent Director
	GMM Pfaudler Limited	Independent Director
	Apcotex Industries Limited	Independent Director
Shri Sanjay Asher	Deepak Nitrite Limited	Independent Director
	Repro India Limited	Independent Director
	Sudarshan Chemical Industries Limited	Independent Director
	Tribhovandas Bhimji Zaveri Limited	Independent Director
	Ashok Leyland Limited	Independent Director
	Indusind Bank Limited	Independent Director
	Sonata Software Limited	Additional Director
Smt. Purvi Sheth	Deepak Nitrite Limited	Independent Director
Shri Dileep Choksi	Deepak Nitrite Limited	Independent Director
	Arvind Limited	Independent Director
	AIA Engineering Limited	Independent Director
	Swaraj Engines Limited	Independent Director
	ICICI Prudential Life Insurance Company Limited	Independent Director

As per the requirement of Regulation 24(1) of Listing Regulations, Shri Sanjay Asher, Independent Director, is also on the Board of unlisted material subsidiary, Deepak Phenolics Limited.

(iii) Board Procedure

The Board of Directors meets regularly to review strategic, operational and financial matters and has a formal schedule of matters reserved for its decision. It approves the interim and preliminary financial statements, budget, the annual financial plan, and capital investment along with strategic decisions.

With an objective to ensure maximum presence of Independent Directors in the Board Meeting, dates of the Board Meeting are fixed in advance after consultation with individual Directors and consideration of their convenience. The Agenda and explanatory notes are circulated to the Directors at least seven days before the meeting. Wherever it is not practicable to attach any document to the Agenda, the same is tabled before the Meeting with specific reference to this effect in the Agenda. The Agenda and related information are circulated in electronic form and also through a highly secured web-based application, which is available to the Board members through tablet/laptop. In case of a special and urgent business needs, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed at the subsequent Board Meeting.

The information as required under Part A of Schedule II to the Listing Regulations is also made available to the Board, wherever applicable, for their consideration. The Board also reviews the declarations made by the Chairman & Managing Director, Executive Director & CEO, Director - Finance & CFO and Company Secretary of the Company regarding compliance with all applicable laws, on a quarterly basis.

(iv) Disclosure of relationships between Directors inter-se

Shri Deepak C. Mehta, Chairman & Managing Director and Shri Ajay C. Mehta, Non-Executive Director of the Company are brothers. Shri Maulik D. Mehta Executive Director & CEO is son of Shri Deepak C. Mehta, Chairman & Managing Director and nephew of Shri Ajay C. Mehta, Non-Executive Director of the Company.

No other Director of the Company is having relationship with any other Director.

(v) Independent Directors

The selection of eminent people for appointment as Independent Directors on the Board is considered by the Nomination and Remuneration Committee. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of directorships and memberships held in various committees of other companies by such person and recommend the same to the Board. The Board considers the Committee's recommendation and takes appropriate decision. Formal letters of appointment have been issued to the Independent Directors and the terms and conditions of their appointment are disclosed on the Company's website at www.godeepak.com.

(vi) Separate Meeting of Independent Directors

During the year under review, the Independent Directors met on March 16, 2021, as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations, inter alia, to discuss:

(a) Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;

(b) Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

(c) Evaluation of the quality, quantity and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties effectively.

All the Independent Directors were present at the Meeting.

(vii) Familiarization program for Independent Directors

Pursuant to Regulations 25(7) and 46 of Listing Regulations, the Company has a familiarisation programme for its Independent Directors. The objective of the programme is to familiarise the Independent Directors to enable them to understand the Company, its operations, business, industry and environment in which it functions and the regulatory requirement applicable to it. At the time of appointment of a Director (including Independent Director), a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained the compliance required from him under the Act, Listing Regulations and other applicable laws. The Chairman & Managing Director also has a one-to-one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis as a part of Agenda of Board & Committee meetings, presentation are regularly made on various matters inter alia covering the Company's business and operations, industry and regulatory updates, forex strategy etc.

Web link giving details of familiarisation program imparted to Independent Directors is https://www.godeepak.com/wp-content/uploads/2020/12/DNL_Familiarization-Programmes-2020-21.pdf

(viii) Skills / Expertise / Competencies of the Board of Directors

The Board with the help of Nomination and Remuneration Committee evaluates composition of the Board of Directors to ensure that the Board has the appropriate mix of skills, expertise, experience, professional competencies, independence and knowledge to ensure their continued effectiveness. It is evident from the details given herein below that the Board of the Company is highly structured to ensure a high degree of diversity by age, education/qualifications, professional background, sector expertise, special skills.

Following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business and the same is mapped against each of the Directors:

Sr. No.	Nature of Skills / Expertise / Competencies	Shri Deepak C. Mehta	Shri Maulik D. Mehta	Shri Sanjay Upadhyay	Shri Ajay C. Mehta	Shri Sudhir Mankad	Dr. Richard H. Rupp	Shri Sandesh Kumar Anand	Dr. Swaminathan Sivaram	Shri Sanjay Asher	Shri Dileep Choksi	Smt. Purvi Sheth
1.	**Industry Knowledge:**											
	Knowledge on Company's Businesses (Chemical Intermediates)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Policies and Culture (Including the Mission, Vision and Values of the Company)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Major risks / threats and potential opportunities and knowledge of the industry in which the Company operates	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	**Behavioural Competencies/ Personal Attributes:**											
	Behavioural skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company;	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3.	**Strategic Expertise:**											
	Business Strategy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Sales & Marketing	✓	✓	✓	✓	✓	✓	-	-	-	-	-
	Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Forex Management	✓	-	✓	✓	-	✓	-	-	✓	✓	-
	Administration	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
	Decision Making	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4.	**Technical Skills:**											
	Financial and Management skills;	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	-
	Legal expertise	✓	-	✓	✓	-	-	-	-	✓	✓	-
	Technical / Professional skills and specialized	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	✓
5.	**Other Skills:**											
	Decision making skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Communication skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Leadership skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Stakeholder Relations	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
	Risk Management Skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(ix) Performance Evaluation

In line with the provisions of the Act and Listing Regulations and other applicable provisions, if any, the Board has carried out an annual evaluation of its own performance and that of its Committees and Independent Directors.

The performance of the Independent Directors was evaluated by the entire Board without the presence of Independent Director being evaluated at their meeting held on May 5, 2021. The performance of the Committees was evaluated by the Board seeking inputs from the Committee Members.

A separate meeting of Independent Directors was held on March 16, 2021, to review the performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman of the Company, taking into account the views of Executive Directors and the Non-Executive Directors.

The performance evaluation criteria for Independent Directors is determined by the Nomination and Remuneration Committee and the same has been approved by the Board of Directors. The criteria for performance evaluation of Independent Directors has been disclosed in Directors' Report.

3. COMMITTEES OF BOARD OF DIRECTORS

The Board Committees are set up to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. Due to the exceptional circumstances caused by the COVID-19 pandemic, all Committee meetings during Financial Year 2020-21 were held through Video Conferencing. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before Board meetings for noting. The Board has currently established the following Committees:

(A) Audit Committee:

The Company is having a duly constituted Audit Committee and as on March 31, 2021, majority of the members of Audit Committee are Independent Directors having expertise in financial and accounting areas. Audit Committee of the Board has been constituted as per Section 177 of the Act read with Regulation 18 of the Listing Regulations. The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and the internal auditors.

(i) Composition of Audit Committee

The Audit Committee comprises of the following members as on March 31, 2021:

Name of Member	Designation	Category
Shri Dileep Choksi[1]	Chairman	Independent Director
Shri Sudhir Mankad[2]	Member	Independent Director
Shri Sandesh Kumar Anand[3]	Member	Non-Executive & Non-Independent Director
Shri Sanjay Asher	Member	Independent Director

1 Shri Dileep Choksi was designated as the Chairman of the Audit Committee w.e.f. August 8, 2020

2 The designation of Shri Sudhir Mankad changed from the Chairman of the Committee to the member of the Committee w.e.f. August 8, 2020.

3 Shri Sandesh Kumar Anand ceased to be an Independent Director of the Company w.e.f. November 1, 2020 and continued as Non-Executive & Non-Independent Director of the Company.

The Committee's composition meets with requirements of Section 177 of the Act and Listing Regulations. All members of the Audit Committee are financially literate and Shri Dileep Choksi and Shri Sanjay Asher possesses financial / accounting expertise.

The Statutory Auditors, Internal Auditors and other relevant Senior Management persons are invited to attend the meetings of Audit Committee.

Quarterly Reports are placed before the members of the Committee on matters relating to the Insider Trading Code.

Shri Sudhir Mankad, the erstwhile Chairman of the Audit Committee, was present at the previous Annual General Meeting of the Company held on August 7, 2020.

The Company Secretary acts as a Secretary to the Committee.

(ii) Terms of Reference of the Audit Committee

In accordance with the provisions of the Act and the Listing Regulations, the role of the Audit Committee of Directors shall include the following:

1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible;

2) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

3) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;

4) Reviewing, with the management, the Annual Financial Statements and Auditor's report thereon before submission to the Board for approval, with particular reference to:

   - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of Sub-section (3) of Section 134 of the Act;
   - Changes, if any, in accounting policies and practices and reasons for the same;
   - Major accounting entries involving estimates based on the exercise of judgment by management;
   - Significant adjustments made in the Financial Statements arising out of Audit findings;
   - Compliance with Listing and other Legal requirements relating to Financial Statements;
   - Disclosure of any Related Party Transactions; and
   - Modified opinion(s) in the draft Audit Report.

5) Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;

6) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7) Reviewing and monitoring the Auditor's independence and performance, and effectiveness of Audit process;

8) Approval or any subsequent modification of transactions of the Company with Related Parties;

9) Scrutiny of inter-corporate loans and investments;

10) Valuation of undertakings or assets of the Company, wherever it is necessary;

11) Evaluation of Internal Financial Controls and Risk Management Systems;

12) Reviewing, with the management, performance of statutory and Internal Auditors, adequacy of the Internal Control Systems;

13) Reviewing the adequacy of Internal Audit Function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit;

14) Discussion with Internal Auditors of any significant findings and follow up there on;

15) Reviewing the findings of any Internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control systems of a material nature and reporting the matter to the Board;

16) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

17) To look into the reasons for substantial defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared Dividends) and Creditors;

18) To review the functioning of the Whistle Blower Mechanism;

19) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

20) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

21) Reviewing the utilization of loans and/or advances from / investment by the Company in its subsidiary exceeding ₹ 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/ investments; and

22) Such other terms as may be prescribed under the Act or the Listing Regulations.

(iii) **Meetings and Attendance thereat**

Four (4) meetings of the Audit Committee were held during the Financial Year 2020-21 on May 26, 2020, August 6, 2020, October 30, 2020, and February 12, 2021. Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by Ministry of Corporate Affairs and the Securities & Exchange Board of India, all Audit Committee meetings during Financial Year 2020-21 were held through Video Conferencing. The gap between any two Meetings was not more than 120 days, ensuring compliance with the requirement of Regulation 18 of the Listing Regulations and the Act. The necessary quorum was present for all the meetings.

The attendance at the Audit Committee meetings held during Financial Year 2020-21 are as under:

Name of Member	No. of Audit Committee Meetings held during tenure of Director	No. of Audit Committee Meetings attended
Shri Dileep Choksi	4	4
Shri Sudhir Mankad	4	4
Shri Sandesh Kumar Anand	4	4
Shri Sanjay Asher	4	4

(B) Nomination and Remuneration Committee:

Pursuant to provisions of Section 178 of the Act read with Regulation 19 of the Listing Regulations, Nomination and Remuneration Committee of the Board is duly constituted.

(i) **Composition of Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of the following members as on March 31, 2021:

Name of Member	Designation	Category
Shri Sudhir Mankad	Chairman	Independent Director
Shri Sandesh Kumar Anand	Member	Non-Executive & Non-Independent Director
Smt. Purvi Sheth	Member	Independent Director

The Company Secretary acts as a Secretary to the Committee.

(ii) **Terms of Reference**

In accordance with the provisions of the Act and the Listing Regulations, the Terms of Reference for the Nomination and Remuneration Committee of Directors are as under:

1) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel ('KMP') and employee one level below Chief Executive Officer/Managing Director/Whole-time Director.

2) To specify the manner for effective evaluation of performance of Board, its Committee and individual Directors;

3) Devising a policy on diversity of Boards of Directors;

4) Identifying persons who are qualified to become Directors and who may be appointed as KMP or one level below Chief Executive Officer/Managing Director/Whole-time Director. in accordance with the criteria laid down, and recommend to the Board their appointment and removal;

5) Whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors;

6) To recommend to the Board, all remuneration, in whatever form, payable to KMPs and employees one level below Chief Executive Officer/Managing Director/Whole-time Director. and

7) Such other terms as may be required under the Act or the Listing Regulations.

The Committee recommends remuneration package of Executive Directors to the Board by reference to individual performance, experience and market conditions with a view to provide a remuneration package which is appropriate for the responsibilities involved. In reviewing the overall remuneration of the Directors. Key Managerial Personnel and one level below Chief Executive Officer/ Managing Director/Whole-time Director. the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and variable pay reflecting short term and long term objectives of the Company.

(iii) **Meetings and Attendance thereat**

Two (2) meetings of the Nomination and Remuneration Committee were held during the Financial Year 2020-21 on May 25, 2020 and October 30, 2020. Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by

Ministry of Corporate Affairs and Securities & Exchange Board of India, all meetings of Nomination and Remuneration Committee during Financial Year 2020-21 were held through Video Conferencing. The necessary quorum was present for all the meetings.

The attendance at the Nomination and Remuneration Committee meetings held during Financial Year 2020-21 are as under:

Name of Member	No. of Nomination and Remuneration Committee Meetings held during Tenure of Director	No. of Nomination and Remuneration Committee Meetings attended
Shri Sudhir Mankad	2	2
Shri Sandesh Kumar Anand	2	2
Smt. Purvi Sheth	2	2

Shri Sudhir Mankad, Chairman of the Nomination and Remuneration Committee, was present at the previous Annual General Meeting of the Company held on August 7, 2020.

(iv) Performance evaluation criteria for Independent Directors

The criteria for performance evaluation of Independent Directors has been disclosed in the Directors' Report.

(v) Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company has been posted on the website of the Company at www.godeepak.com. The said Policy is directed towards rewarding performance, based on review of achievements periodically and is in consonance with the existing industry practice. The key factors considered in formulating the Policy are as under:

a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors to run the Company successfully;

b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) Remuneration to Directors, Key Managerial Personnel and one level below Chief Executive Officer/Managing Director/Whole-time Director. involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Company does not have any Employee Stock Option Scheme.

(C) Stakeholders' Relationship & Investors Grievance Committee:

Pursuant to provisions of Section 178(6) of the Act read with Regulation 20(4) of the Listing Regulations, Stakeholders' Relationship & Investors Grievance Committee of the Board is duly constituted.

(i) Composition of Stakeholders' Relationship & Investors Grievance Committee

The Stakeholders' Relationship & Investors Grievance Committee comprises of the following members as on March 31, 2021:

Name of Member	Designation	Category
Shri Ajay C. Mehta[1]	Chairman	Non-Executive Director
Shri Sanjay Upadhyay[2]	Member	Director-Finance & CFO
Shri Sanjay Asher[3]	Member	Independent Director

1. *Shri Ajay C. Mehta was designated as the Chairman of the Committee w.e.f. October 30, 2020.*
2. *Shri Sanjay Upadhyay was inducted as a member of the Committee w.e.f. June 1, 2020.*
3. *Shri Sanjay Asher was inducted as a member of the Committee in place of Shri Sandesh Kumar Anand w.e.f. October 30, 2020.*

Shri Arvind Bajpai, Company Secretary, is the Compliance Officer.

(ii) Terms of Reference

In accordance with the provisions of the Act 2013 and the Listing Regulations, the terms of reference for the Stakeholders' Relationship & Investors' Grievances Committee of Directors are as under:

1) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;

2) Review of measures taken for effective exercise of voting rights by shareholders;

3) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;

4) Review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and

5) Such other terms as may be required under the Act or the Listing Regulations.

(iii) Meetings and Attendance thereat

One (1) meeting of the Stakeholders' Relationship & Investors Grievance Committee was held during the Financial Year 2020-21 on March 19, 2021 and the necessary quorum was present at the meeting.

The attendance at the Stakeholders' Relationship & Investors Grievance Committee meeting held during Financial Year 2020-21 is as under:

Name of Member	No. of Stakeholders' Relationship & Investors Grievance Committee Meetings held during tenure of Director	No. of Stakeholders' Relationship & Investors Grievance Committee Meetings attended
Shri Ajay C. Mehta	1	1
Shri Sanjay Upadhyay	1	1
Shri Sanjay Asher	1	1

(iv) Investors Grievance

Continuous efforts are being made to ensure that Investor's grievances are expeditiously redressed to the satisfaction of the Investors.

The Company and Link Intime India Private Limited (Registrar & Share Transfer Agent) attend to all the grievances of the Investors promptly on their receipt, whether received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs etc.

Details of investor complaints received and redressed during Financial Year 2020-21

Number of pending complaints at the beginning of the Financial Year	00
Number of complaints received during the Financial Year	04
Number of complaints resolved during the Financial Year	03
Number of complaints pending at the end of the Financial Year	01
Number of complaints not solved to the satisfaction of shareholders	00

(D) Corporate Social Responsibility Committee:

Pursuant to provisions of Section 135 of the Act, Corporate and Social Responsibility Committee of the Board is duly constituted.

(i) Composition of Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of the following members as on March 31, 2021:

Name of Member	Designation	Category
Shri Sudhir Mankad	Chairman	Independent Director
Dr. Swaminathan Sivaram	Member	Independent Director
Shri Deepak C. Mehta	Member	Chairman & Managing Director
Shri Sanjay Upadhyay[1]	Member	Director-Finance & CFO

1. *Shri Sanjay Upadhyay was inducted as a member of the Committee w.e.f. June 1, 2020.*

(ii) Terms of Reference

The terms of reference of Corporate Social Responsibility Committee are as under:

1) To formulate and recommend to the Board a Corporate Social Responsibility Policy ("CSR Policy").

2) To recommend the amount of expenditure to be incurred on the activities listed in CSR Policy.

3) To monitor the CSR Policy of the Company from time to time.

4) Such other roles and functions as may be prescribed in the Act and Rules made thereunder.

(iii) Meetings and Attendance thereat

Three (3) meetings of the Corporate Social Responsibility Committee were held during the Financial Year 2020-21-20 on May 25, 2020, August 25, 2020 and February 5, 2021. Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by Ministry of Corporate Affairs and the Securities & Exchange Board of India, all Corporate Social Responsibility Committee meetings during Financial Year 2020-21 were held through Video Conferencing. The necessary quorum was present for all the meetings.

The attendance at the Corporate Social Responsibility Committee meetings held during Financial Year 2020-21 are as under:

Name of Member	No. of CSR Committee Meetings held during tenure of Director	No. of CSR Committee Meetings attended
Shri Sudhir Mankad	3	3
Dr. Swaminathan Sivaram	3	2
Shri Deepak C. Mehta	3	3
Shri Sanjay Upadhyay	2	2

(iv) Report on CSR activities

As required under the Act and Rules made thereunder, Report on the CSR activities undertaken by the Company during the year ended March 31, 2021 is annexed to the Directors' Report.

(E) Project Committee:

A Project Committee has been constituted by the Board which meets from time to time to review various projects undertaken by the Company and recommend to the Board new projects.

(i) Composition of Project Committee

The Project Committee comprises of the following members as on March 31, 2021:

Name of Member	Designation	Category
Shri Sandesh Kumar Anand	Chairman	Non-Executive & Non-Independent Director
Dr. Richard H. Rupp	Member	Independent Director
Dr. Swaminathan Sivaram	Member	Independent Director
Shri Sanjay Asher	Member	Independent Director

(ii) Terms of Reference

The Project Committee is constituted inter alia to evaluate the proposed new projects / expansion plans of the Company and review the progress of ongoing projects of the Company involving capital expenditure exceeding ₹ 25 Crores.

(iii) Meetings and Attendance thereat

One (1) meeting of the Project Committee was held during the Financial Year 2020-21 on February 17, 2021 and the necessary quorum was present at the meeting.

The attendance at the Project Committee meeting held during Financial Year 2020-21 is as under:

Name of Member	No. of Project Committee Meetings held during Tenure of Director	No. of Project Committee Meetings attended
Shri Sandesh Kumar Anand	1	1
Dr. Richard H. Rupp	1	1
Dr. Swaminathan Sivaram	1	1
Shri Sanjay Asher	1	1

(F) Risk Management Committee:

In compliance with the provisions of Regulation 21 of the Listing Regulations and other applicable provisions, if any, the Board of Directors has constituted the Risk Management Committee.

The Risk Management Committee has been constituted by the Board to monitor and review the Risk Management Framework of the Company and the same is periodically reviewed by the Board of Directors of the Company.

(i) Composition of Risk Management Committee

The Risk Management Committee comprises of the following members as on March 31, 2021:

Name of Member	Designation	Category
Shri Deepak C. Mehta	Chairman	Chairman & Managing Director
Shri Sandesh Kumar Anand	Member	Non-Executive & Non-Independent Director
Shri Sanjay Upadhyay	Member	Director-Finance & CFO
Shri Maulik D. Mehta	Member	Executive Director & CEO
Dr. Swaminathan Sivaram	Member	Independent Director

The Company Secretary of the Company acts as Secretary to the Committee.

(ii) Terms of Reference

In accordance with the provisions of the Listing Regulations, the Terms of Reference for the Risk Management Committee of Directors are as under:

1) To ensure that appropriate methodology, processes and systems are in place to monitor, evaluate and report risks associated with the business of the Company;

2) To review adequacy of the existing measures to mitigate risks covering various functions of the Company;

3) To evaluate and approve mitigation measures that may be recommended by the Risk Manager(s) in respect of any function and review the action taken for its implementation on an on-going basis;

4) To review and recommend to the Board, amendment of any of the provisions of the Risk Management Framework;

5) Monitoring and reviewing the Risk Mitigation Plan related to cyber security; and

6) Such other terms as may be required under the Listing Regulations.

(iii) Meetings and Attendance thereat

One (1) meeting of the Risk Management Committee was held during the Financial Year 2020-21 on October 16, 2020.

The attendance at the Risk Management Committee meeting held during Financial Year 2020-21 is as under:

Name of Member	No. of Risk Management Committee Meetings held during tenure of Director	No. of Risk Management Committee Meetings attended
Shri Deepak C. Mehta	1	1
Shri Sandesh Kumar Anand	1	1
Shri Sanjay Upadhyay	1	1
Shri Maulik D. Mehta	1	1
Dr. Swaminathan Sivaram	1	1

4. REMUNERATION OF DIRECTORS:

(A) Chairman & Managing Director / Executive Directors

The remuneration of Chairman & Managing Director comprises of salary, allowances, perquisites and other benefits. In addition, the Chairman & Managing Director is also paid a commission, calculated with reference to the Net Profits of the Company in a particular Financial Year, as may be determined by the Board of Directors on the recommendations of the Nomination and Remuneration Committee, subject to the overall ceiling stipulated in Section 197 and other relevant provisions of the Act.

The remuneration of Executive Directors comprises of fixed pay by way of salary, allowances, perquisites and other benefits and includes performance linked variable pay which is paid to Executive Directors at the end of each Financial Year, based on the performance rating depending upon their individual and also the Company's performance as per policy of the Company, as may be determined by the Board of Directors on the recommendations of the Nomination and Remuneration Committee.

The criteria for considering the performance linked variable pay to Executive Directors include key indicators of Company's performance such as Sales, EBITDA, PBT, Working Capital Management, Compliances, Growth in Market Capitalization, Credit Ratings, Cost of Borrowings etc.

The details of remuneration of the Chairman & Managing Director and Executive Directors for the Financial Year 2020-21 are as under:

(₹ in Crores)

Name	Salary & Allowances	Perquisites	Retirement Benefits	Commission / Variable Pay	Total
Shri Deepak C. Mehta	4.60	1.50	0.84	-	6.94
Shri Maulik D. Mehta	1.49	0.38	0.26	0.47	2.60
Shri Umesh Asaikar*	0.94	0.12	0.12	0.11	1.29#
Shri Sanjay Upadhyay	2.04	0.50	0.44	0.61	3.59
Total	**9.07**	**2.50**	**1.66**	**1.19**	**14.42**

**The term of Shri Umesh Asaikar as Executive Director & CEO expired on May 31, 2020.*

#Excluding encashment of accumulated leaves.

The term of appointments of Shri Deepak C. Mehta, Chairman & Managing Director, Shri Sanjay Upadhyay, Director- Finance & CFO and Shri Maulik D. Mehta, Executive Director & CEO are for a period of five years from the date of their respective appointments.

Shri Sanjay Upadhyay and Shri Maulik D. Mehta are liable to retire by rotation.

There is no provision for payment of severance fees.

The Company does not have any Stock Options Scheme.

(B) Independent Directors and Non-Independent Non-Executive Directors

The Independent Directors and Non-Independent Non-Executive Directors do not draw any remuneration from the Company other than the sitting fee and such commission as may be determined by the Board from time to time within the overall approval given by the shareholders and pursuant to the relevant provisions of the Act. The commission payable to the Independent Directors and Non-Independent Non-Executive Directors is limited to a fixed amount per year as determined and approved by the Board, the sum of which is within the limit of 1% of net profit for the year, calculated as per the provisions of the Act. No remuneration by way of commission was paid to any single Non-Executive Directors in excess of fifty percent of the total annual remuneration by way of commission payable to all Non-Executive Directors.

The amount of Commission to Independent Directors and Non-Independent Non-Executive Directors is determined on the basis of: (a) attendance and time spent in the meetings of Board and Committees thereof; (b) attendance at the General Meeting(s) of the Company during the particular year; (c) Role and responsibility as Chairman and/or Member of respective Committee; (d) Individual contribution at the meetings and contribution made by the Directors on various matters of the Company.

The details of remuneration paid / payable to Independent Directors and Non-Independent Non-Executive Directors for the Financial Year 2020-21 are as under:

(Amount in ₹)

Sr. No.	Name	Sitting Fees	Commission	Total
1.	Shri Sudhir Mankad	3,45,000	20,00,000	23,45,000
2.	Dr. Richard H. Rupp	1,80,000	45,00,000	46,80,000
3.	Shri Sandesh Kumar Anand	3,15,000	20,00,000	23,15,000
4.	Dr. Swaminathan Sivaram	2,25,000	15,00,000	17,25,000
5.	Shri Ajay C. Mehta	1,20,000	10,00,000	11,20,000
6.	Shri Sanjay Asher	3,00,000	15,00,000	18,00,000
7.	Smt. Purvi Sheth	1,80,000	15,00,000	16,80,000
8.	Shri Dileep Choksi	2,70,000	15,00,000	17,70,000
Total		**19,35,000**	**1,55,00,000**	**1,74,35,000**

Note: Commission payable to all the Non- Whole Time Directors, shall in aggregate not exceed 1% per annum of the Net Profit of the Company calculated under the provisions of the Act.

The details of Equity Shares of the Company held by Independent Directors and Non-Independent Non-Executive Directors as on March 31, 2021 are as under:

Sr. No.	Name of Non-Executive Director	No. of shares held
1.	Shri Ajay C. Mehta	Nil
2.	Dr. Richard H. Rupp	Nil
3.	Shri Sudhir Mankad	Nil
4.	Shri Sandesh Kumar Anand	Nil
5.	Dr. Swaminathan Sivaram	Nil
6.	Shri Sanjay Asher	Nil
7.	Smt. Purvi Sheth	Nil
8.	Shri Dileep Choksi	Nil

The Company has no pecuniary relationship or transactions with its Non-Executive and Independent Directors other than payment of sitting fees to them for attending Board and Committee meetings and commission as approved by the Members for their invaluable services to the Company.

5. GENERAL BODY MEETINGS

(i) Annual General Meetings

The last three Annual General Meetings ('AGM') of the Company were held within the statutory time period and the details of the same are mentioned herein below:

Financial Year	Date	Time	Venue / Mode
2019-20	August 7, 2020	11:30 A.M.	Through Video Conference / Other Audio Visual Means ('VC'/ 'OAVM')
2018-19	June 28, 2019	10:30 A.M.	Hotel Grand Mercure Vadodara Surya Palace, Opp. Parsi Agiyari, Sayajigunj, Vadodara – 390020, Gujarat.
2017-18	August 3, 2018	10:00 A.M.	Hotel Grand Mercure Vadodara Surya Palace, Opp. Parsi Agiyari, Sayajigunj, Vadodara - 390020, Gujarat.

(ii) Special Resolutions

The information regarding Special Resolution(s) passed in the previous three Annual General Meetings are as follows:

Meeting	Date of AGM	Information regarding Special Resolutions passed
49th AGM	August 7, 2020	No Special Resolution
48th AGM	June 28, 2019	(a) Pursuant to provisions of Section 149, 152 of the Companies Act, 2013, Special Resolution was passed for re-appointment of Shri Sudhin Choksey as an Independent Director for second term of 3 consecutive years. (b) Pursuant to provisions of Section 149, 152 of the Companies Act, 2013, Special Resolution was passed for re-appointment of Shri Sudhir Mankad as an Independent Director for second term of 3 consecutive years. (c) Pursuant to provisions of Section 149, 152 of the Companies Act, 2013, Special Resolution was passed for re-appointment of Shri Sandesh Kumar Anand as an Independent Director for second term of 3 consecutive years. (d) Pursuant to provisions of Section 149, 152 of the Companies Act, 2013, Special Resolution was passed for re-appointment of Dr. Swaminathan Sivaram as an Independent Director for second term of 3 consecutive years. (e) Pursuant to provisions of Section 149, 152 of the Companies Act, 2013, Special Resolution was passed for re-appointment of Dr. Richard H. Rupp as an Independent Director for second term of 3 consecutive years. (f) Pursuant to provisions of Section 197 of the Companies Act, 2013, Special Resolution was passed for payment of managerial remuneration in excess of the limits prescribed under the second proviso to Sub-Section (1) of Section 197 of the Companies Act, 2013. (g) Pursuant to provisions of Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Special Resolution was passed for payment of remuneration to the Executive Directors who are Promoters or members of Promoter Group.
47th AGM	August 3, 2018	No Special Resolution

(iii) Extraordinary General Meeting

No Extraordinary General Meeting (EGM) was held during the last three Financial Years i.e. 2020-21, 2019-20 and 2018-19.

(iv) Postal Ballot conducted during the year and procedure thereof

No Special Resolution was passed in the last year through postal ballot and at present no Special Resolution is proposed to be conducted through postal ballot. Hence, the provisions relating to postal ballot are not required to be complied with.

6. MEANS OF COMMUNICATION

Pursuant to provisions of the Listing Regulations, the Quarterly and Half yearly results are published in widely circulating national and local dailies such as, The Business Standard (English); The Indian Express and The Financial Express (English and Gujarati).

The Company's results are displayed on the Company's website at www.godeepak.com. The website also displays official news releases and other statutory and business information.

Conference calls with Investors on Financial Results of the Company are held every quarter.

7. GENERAL SHAREHOLDER'S INFORMATION

The details of 50th Annual General Meeting and other General Shareholder's information are as under:

(i) Annual General Meeting

Day & Date	:	Friday, July 30, 2021
Time	:	11:30 A.M. (IST)
Venue	:	Meeting is being conducted through VC/OAVM pursuant to the MCA Circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020 and January 13, 2021 and as such there is no requirement to have a venue for the AGM.
Financial Year	:	April 1, 2020 to March 31, 2021
Record Date / Book Closure	:	July 23, 2021 to July 30, 2021 (both days inclusive)
Dividend payment date	:	The dividend shall be paid within statutory time limit of 30 days from the date of Annual General Meeting i.e. on or before August 29, 2021.

(ii) Financial Calendar

Results for the Quarter ending	Tentative Time of Reporting
June 30, 2021	On or before August 14, 2021
September 30, 2021	On or before November 14, 2021
December 31, 2021	On or before February 14, 2022
Audited Annual Accounts for the Financial year ending March 31, 2022	On or before May 30, 2022

(iii) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

Name & Address of Stock Exchanges	Stock Code	ISIN with NSDL & CDSL
BSE Limited, Pheroz Jeejeebhoy Towers, Dalal Street, Fort, Mumbai	506401	INE288B01029
National Stock Exchange of India Limited, Exchange Plaza, C-1, Block-G, Bandra Kurla Complex, Bandra (E), Mumbai	DEEPAKNTR	INE288B01029

The Securities of the Company have not been suspended from trading during the Financial Year 2020-21 and the requisite Listing fees for Financial Year 2021-22 has been paid to both the Stock Exchanges.

The Commercial Papers issued by the Company were listed on BSE in the month of March, 2020 and have been redeemed in the month of June, 2020.

Stock Code for Commercial Papers: 718632

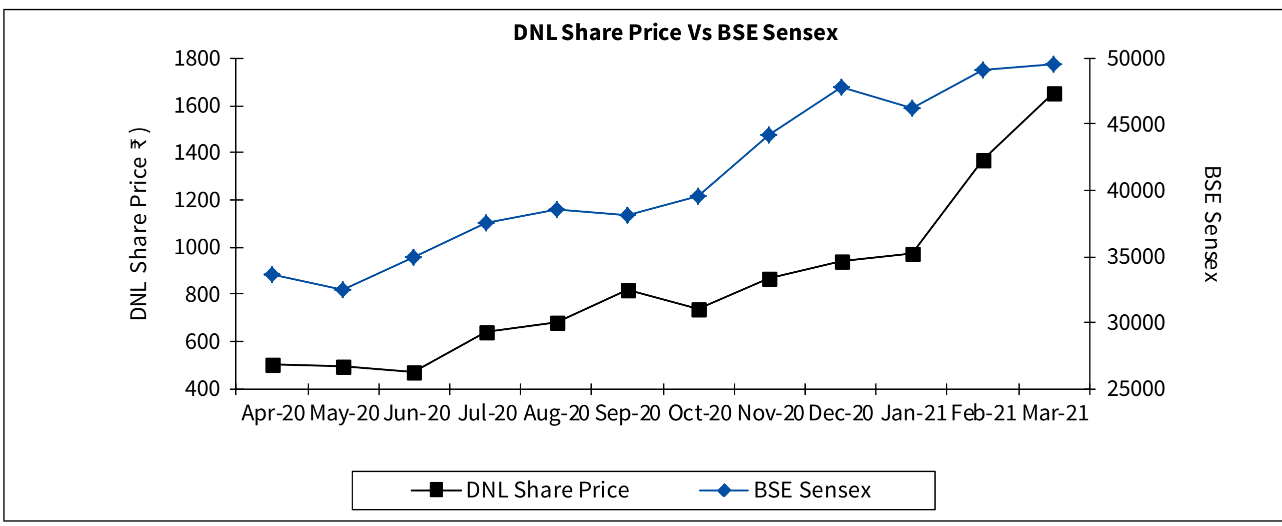
ISIN Number for Commercial Papers (NSDL & CDSL): INE288B14378

(iv) Market Price Data of Equity Shares

Monthly High & Low market price of Equity Shares of the Company during Financial Year 2020-21 at BSE and NSE are as under:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2020	534.85	370.50	534.90	358.40
May, 2020	570.00	468.60	567.70	468.25
June, 2020	513.00	458.00	513.55	457.70
July, 2020	648.90	475.00	648.30	474.50
August, 2020	825.00	567.00	824.55	567.00
September, 2020	888.00	671.10	888.00	671.15
October, 2020	837.95	701.85	833.90	702.10
November, 2020	871.60	705.30	872.00	705.65
December, 2020	954.80	785.85	954.80	786.00
January, 2021	1,085.00	928.00	1,086.00	941.20
February, 2021	1,444.50	943.90	1,443.40	944.00
March, 2021	1,691.55	1,379.35	1,690.00	1,379.05

Source: Respective Websites of BSE and NSE.



(v) Distribution of Shareholding as on March 31, 2021

Range	No. of Holders	%	No. of Shares	%
1 – 500	1,87,225	95.69	82,76,541	6.07
501 – 1000	3,571	1.83	27,84,588	2.04
1001 – 5000	3,676	1.88	82,60,514	6.05
5001 – 10000	623	0.32	44,44,607	3.26
10001 & above	553	0.28	11,26,26,791	82.58
TOTAL	**1,95,648**	**100.00**	**13,63,93,041**	**100.00**

(vi) Shareholding Pattern as on March 31, 2021

Category of Shareholders	No. of Shares	% to Equity Capital
Promoters & Promoter Group	6,23,19,968	45.69
Mutual Fund	1,37,87,801	10.11
Financial Institutions, Banks, Insurance Companies	19,34,431	1.42
Foreign Portfolio Investor	1,61,85,825	11.87
Bodies Corporate	67,65,655	4.96
Non Resident Individuals	17,99,781	1.32
Resident Individuals	3,04,28,955	22.31
Others	31,70,625	2.32
TOTAL	**13,63,93,041**	**100.00**

The Company does not have any outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments.

(vii) Dematerialisation of Equity Shares

99.30% of the Company's total equity shares representing 13,54,41,319 equity shares were held in dematerialized form as on March 31, 2021. Total paid-up equity capital of the Company as on March 31, 2021, is 13,63,93,041 equity shares of ₹ 2.00 each.

(viii) Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, securities can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI has fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates, on half yearly basis have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to Regulation 76 of SEBI (Depositories and Participants) Regulation, 2018, certificates have been received from a Company Secretary-in-Practice for timely dematerialisation of shares and for reconciliation of the share capital of the Company on a quarterly basis. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(ix) Registrar and Share Transfer Agent

Contact details of the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited is as under:

Mumbai Office:
C-101, 247 Park, L.B.S.Marg,
Vikhroli (W),
Mumbai - 400 083
Tel: 022 - 2594 6970
Toll free number: 1800 1020 878
Email: rnt.helpdesk@linkintime.co.in

Investor Relation Centre:
B-102-103, Shangrila Complex,
1st Floor, Opp. HDFC Bank,
Near Radhakrishna Chhar Rasta,
Akota, Vadodara 390 020
Tel: 0265 - 2356 573 / 2356 794
Fax: 0265 - 2356 791
E-mail : vadodara@linkintime.co.in

(x) Address for Correspondence and Investor Assistance

Deepak Nitrite Limited
Aaditya-I, Chhani Road,
Vadodara - 390 024
Contact Person: Shri Arvind Bajpai

Telephone Numbers:(0265) 2765200, 3960200
Fax No. : (0265) 2765344
E-mail : investor@godeepak.com
Website : www.godeepak.com

Shareholders holding shares in electronic mode should address all their correspondence related to change of address or Bank details or NECS mandate to their respective Depository Participants.

(xi) Unclaimed / Unpaid Dividend

As per the provisions of Section 124 of the Act, the Company is required to transfer unclaimed dividends, matured deposits and interest accrued thereon remaining unclaimed and unpaid for a period of seven years from the due date to the Investor Education and Protection Fund ('IEPF') set up by the Central Government.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website at www.godeepak.com.

Given below are the tentative dates for transfer of unclaimed and unpaid dividend to the Investors Education & Protection Fund (IEPF) by the Company:

Financial Year	Dividend Declaration Date	Tentative Date for transfer to IEPF
2013-2014	August 11, 2014	August 10, 2021
2014-2015	August 10, 2015	August 9, 2022
2015-2016	August 8, 2016	August 7, 2023
2016-2017	June 26, 2017	June 25, 2024
2017-2018	August 3, 2018	August 2, 2025
2018-2019	June 28, 2019	June 27, 2026
2019-2020	August 7, 2020	August 6, 2027

The Shareholders are requested to claim their unencashed Dividends, if any at the earliest.

The Members whose dividend or share(s) have been transferred to IEPF, may claim the same from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend / shares so transferred.

(xii) Commodity Price Risk or Foreign Exchange Risk and hedging activities

The Company has adequate Risk Assessment and Minimisation system in place including Foreign Exchange. The Foreign Exchange Risk is managed through the hedging strategy of the Company which is reviewed periodically.

The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same is carried out. Therefore, there is no disclosure to offer in terms of SEBI Circular No. SEBI/HO/CFD/CMD1/ CIR/P/2018/0000000141 dated November 15, 2018.

(xiii) Plant Locations

1. Nitrite & Nitroaromatics Division
   4/12, GIDC Chemical Complex,
   Nandesari - 391 340.
   Dist. Vadodara, Gujarat
2. Taloja Chemicals Division
   Plot Nos. K/9-10,
   MIDC Taloja,
   Dist. Raigad - 410 208, Maharashtra.
3. Roha Division
   Plot Nos. 1, 2, 26 & 27
   MIDC Dhatav,
   Roha - 402 116,
   Dist. Raigad, Maharashtra.
4. Hyderabad Specialities Division
   Plot Nos. 90-F/70-A and B,
   Phase II, Industrial Development Area, Jedimetla,
   Tal. Qutbyullapur Mandal,
   Dist. Ranga Reddy,
   Hyderabad - 500 055, Telangana
5. Dahej Division
   12/B/2, GIDC, Dahej,
   Dist. Bharuch – 392 130, Gujarat

(xiv) Credit Ratings

During the Financial Year 2020-21, both ICRA and CRISIL has upgraded long term credit rating, from AA- to AA while the short term rating of the Company remains at the highest level at A1+. This is primarily owing to the Company's sustainable business performance, commercial viability across most segments of its products, diversified product portfolio, constant innovation, and efficient operations.

8. DISCLOSURE:

(i) Related Party Transactions

All transactions entered into by the Company with Related Parties as defined under the Act and the Listing Regulations, during the Financial Year 2020-21 were in the ordinary course of business and on arm's length pricing basis. There were no materially significant transactions with the Related Parties during the Financial Year which were in conflict with the interest of Company.

Necessary disclosures as required under the Accounting Standards have been made in the Financial Statements. The Board has approved a policy on materiality of Related Party transactions and on dealing with Related Party Transactions and the same is disclosed on the website of the Company at the link https://www.godeepak.com/wp-content/themes/twentysixteen/companyfiles/corporate_governance_report/PolicyMaterialityofRelatedPartyTransactions.pdf

(ii) Details of non-compliance

There were no non-compliance by the Company nor any penalty or stricture imposed on the Company by any Stock Exchanges, SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

(iii) Whistle Blower Policy

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior including actual or suspected leak of unpublished price sensitive information. The Company has established a vigil mechanism for Directors and employees to report concern about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy and also actual or suspected leak of unpublished price sensitive information. During the year under review, no personnel was denied access to the Audit Committee.

The Whistle Blower Policy is placed on the website of the Company and weblink to the same is as under:
https://www.godeepak.com/wp-content/themes/twentysixteen/companyfiles/corporate_governance_report/Whistle_Blower_Policy.pdf

(iv) Details of Compliance with Mandatory requirements and adoption of Non-mandatory / discretionary requirements:

The Company has complied with all the mandatory requirements of the Listing Regulations.

(v) Policy for Material Subsidiaries

In accordance with the provisions of the Listing Regulations, the Company has a duly formulated policy for Material Subsidiaries in order to determine the Material Subsidiaries and to provide governance framework for such subsidiaries. The said policy has been placed on the website of the Company and weblink to the same is as under:
https://www.godeepak.com/wp-content/themes/twentysixteen/companyfiles/corporate_governance_report/Policy_for_Material%20_Subsidiaries.pdf

(vi) Dividend Distribution Policy

The Company has adopted a Dividend Distribution Policy, which aims to ensure fairness, sustainability and consistency in distributing profits to the Shareholders. The Dividend Distribution Policy is attached as Annexure – I to the Corporate Governance Report and is also available on the website of the Company at https://www.godeepak.com/wp-content/themes/twentysixteen/companyfiles/corporate_governance_report/DNL_Dividend%20Distribution%20Policy.pdf

(vii) Details of Directors seeking appointment or re-appointment:

The details of Directors seeking appointment or re-appointment are provided in Annexure - I to the Notice convening the 50th Annual General Meeting of the Company and forms part of the Annual Report.

(viii) Demat Suspense Account – Unclaimed Share Certificates

In terms of the provisions of the Listing Regulations, the Company has transferred the shares issued pursuant to the public issues or any other issue, the certificates of which remained unclaimed, to an Unclaimed Suspense Account and these shares are being held by the Company in Demat form on behalf of the beneficial owners of the said shares.

The disclosures with respect to the Demat Suspense Account are as under:

Particulars	Number of Shareholders	Number of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the Financial Year 2020-21	308	2,52,980
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	3	2000
Number of shareholders to whom shares were transferred from suspense account during the year to suspense account of IEPF Authority	232	156475
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the Financial Year 2020-21	73	94505

The voting rights on these shares shall remain frozen till rightful owner of such shares claims the shares.

(ix) Certificate from Company Secretary in Practice

The following certificates from Shri Dinesh Joshi, Practicing Company Secretary, Designated Partner of KANJ & Co., LLP, Company Secretaries, Pune, are enclosed to this Report:

(a) Compliance Certificate regarding compliance of conditions of Corporate Governance; and

(b) Certificate that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI / Ministry of Corporate Affairs or any such statutory authority.

(x) Utilization of funds raised through Qualified Institutions Placement

The funds raised through Qualified Institutions Placement in earlier years have been utilized fully in accordance with the objects stated in the Placement Document issued to the Qualified Institutional Buyers.

(xi) Total Fees to Statutory Auditors

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Deloitte Haskins & Sells LLP, Statutory Auditors of the Company and all entities in the network firm/network entity of which the Statutory Auditor is a part is given below:

(₹ in Crores)

Payment to Statutory Auditors	FY 2020-21
Statutory Audit Fees	0.35
Limited Review	0.28
Tax Audit Fees	0.04
Taxation Services	0.02
Other Certification	0.01
Total	**0.70**

(xii) Disclosure of status of Complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of complaints filed during the Financial Year 2020-21	0
Number of complaints disposed off during the Financial Year 2020-21	0
Number of complaints pending as on end of the Financial Year 2020-21	0

(xiii) Recommendations of the Committees

During the year under review, there were no instances where recommendation of any Committee of the Board which is mandatorily required for approval of the Board, were not accepted by the Board.

(xiv) Disclosure regarding adoption of discretionary requirements as specified in Part E of Schedule II of SEBI Listing Regulations

(a) Modified Opinion(s) in Audit Report

The Statutory Auditors have issued the Audit Report for the year ended March 31, 2021 with unmodified opinion and does not contain any qualifications.

(b) Reporting of Internal Auditor

The Internal Auditor reports to the Audit Committee.

(xv) The Company has complied with the Corporate Governance Requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of SEBI Listing Regulation 46.

10. CODE OF CONDUCT

The Company has framed and adopted a Code of Conduct for the members of the Board and the Senior Management ("the Code") in terms of requirements of the Listing Regulations. The Code has been circulated to all the members of the Board and Senior Management and the same is also posted on the Company's website at www.godeepak.com. The Code lays the general principles designed to guide all Directors and Senior Management for ethical conduct of business and compliance of laws.

All Directors and members of the Senior Management have affirmed their adherence to the provisions of the Code. A declaration to that effect signed by the Executive Director & CEO is given below:

DECLARATION

As per requirements of the Listing Regulations, this is to confirm that all the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the Financial Year 2020-21.

Vadodara
May 5, 2021

Maulik D. Mehta
Executive Director & CEO

11. CEO / CFO CERTIFICATION

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on Financial Reporting and Internal Controls to the Board in terms of requirements of the Listing Regulations. The Chief Executive Officer and the Chief Financial Officer also give quarterly certification on Financial Results while placing the Financial Results before the Board.

CERTIFICATE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS

To,
The Members,
Deepak Nitrite Limited,
Aaditya-I, Chhani Road,
Vadodara - 390024
Gujarat

We have examined the compliance of conditions of Corporate Governance by DEEPAK NITRITE LIMITED ("the Company") having CIN: L24110GJ1970PLC001735 for the Financial Year ended March 31, 2021 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KANJ & CO. LLP
Company Secretaries

Dinesh Joshi
Designated Partner
Membership No.: F3752
CP No. 2246
UDIN: F003752C000246599

Date : May 5,2021
Place : Pune

To,
The Members,
DEEPAK NITRITE LIMITED
Aaditya-I, Chhani Road,
Vadodara -390024,
Gujarat

This is to certify that on verification of declarations made by the Directors and records maintained by DEEPAK NITRITE LIMITED ("the Company"), none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies, by the Securities Exchange Board of India (SEBI) / Ministry of Corporate Affairs or any such Statutory Authority, as per the requirements of point 10(i) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

For KANJ & Co. LLP
Company Secretaries

Dinesh Joshi
Designated Partner
Membership No.: F3752
CP No. 2246
UDIN: F003752C000246665

Date : May 5,2021
Place : Pune

Annexure - I

Dividend Distribution Policy

1. INTRODUCTION

The Securities and Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulation, 2016.

Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, which requires top five hundred listed entities (based on market capitalization calculated as on March 31 of every Financial Year) to formulate a Dividend Distribution Policy, which shall be disclosed its Annual Report.

Deepak Nitrite Limited ('the Company'), being one of the five hundred companies as per the criteria mentioned above; the Board of Directors has approved and adopted this Dividend Distribution Policy at their meeting held on May 4, 2018, being the effective date of the Policy.

2. OBJECTIVES AND SCOPE

This Policy lays down the broad framework which will act as a guiding principle for the purpose of declaring or recommending Dividend during or for any Financial Year, by the Company.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring Dividend and the circumstances under which shareholders of the Company may or may not expect Dividend and how the retained earnings shall be utilized etc.

The Policy, however, is not an alternative to the decision making process of the Board for recommending Dividend and the Board may take into consideration other factors as well in addition to those numerated in this Policy.

3. APPLICABILITY

This Policy shall apply to the Dividend on the Equity Shares of the Company. Presently, the Company has only one class of Equity Shares.

This Policy shall not apply to determination and declaration of Dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue of such preference shares, approved by the shareholders.

4. DEFINITIONS

4.1. **"Board of Director"** or **"Board"** shall mean the Board of Directors of the Company, as constituted from time to time.

4.2. **"Companies Act"** or **"Act"** shall mean the Companies Act, 2013 and Rules framed thereunder, including any amendments, modifications, clarifications or re-enactment thereof, for the time being in force.

4.3. **"Dividend"** includes any interim dividend.

4.4. **"Financial Year"** a consecutive period of 12 months ending March 31.

4.5. **"Policy"** means this Dividend Distribution Policy.

4.6. **"Regulations"** shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, including any amendments, modifications, clarifications or re-enactment thereof, for the time being in force.

5. DECLARATION OF DIVIDEND

5.1 Subject to provisions of the Act, Dividend may be declared and paid out of:

(a) Profits of the Company for the Financial Year for which the Dividend is to be paid after setting off carried over losses of the previous Financial Year and depreciation not provided in the previous Financial Year(s);

(b) Undistributed profits of the previous Financial Years remaining undistributed after provisioning for depreciation in accordance with the Act and/or Regulations; or

(c) Out of (a) and (b) both.

5.2 Before declaration of Dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

6. PARAMETERS FOR DECLARATION OF DIVIDEND

6.1 The Board of Directors may consider the following financial parameters, internal and external factors while recommending or declaration of the Dividend:

A. Financial Parameters / Internal Factors

- Operating cash flow of the Company
- Profit earned during the Financial Year and available for distribution.
- Earnings Per Share (EPS)

- Gross Dividend payout ratio
- Financial Ratios
- Business expansion and growth
- Company's liquidity position and future cash flow need
- Stipulation / covenants in loan Agreements
- Such other factors as the Board may deem fit from time to time

B. External Factors

- Economic environment
- Capital markets
- Global conditions
- Industry outlook and growth rate
- Economic and regulatory framework
- Governmental policies

6.2 While recommending or declaring Dividend, the Board will consider adequacy of profit calculated in accordance with the applicable provisions of the Act and Indian Accounting Standards. The Board of Directors may, in exceptional circumstances, consider utilising retained earning for declaration of Dividend subject to the provisions of the Act and/or Regulations.

7. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

Dividend payout is a crucial decision as it determines the share of profit to be distributed amongst the shareholders and share of profit to be retained in the business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through Dividends and retaining profits in order to maintain a healthy capital adequacy ratio to support future growth. The shareholders of the Company may not normally expect Dividend in the following circumstances, subject to discretion of Board of Directors:

- In case the Company has incurred losses or inadequacy of profit
- It would in the interest of the Company to re-invest / plough back the profits of the Company for major expansion / diversification requiring major funding
- Any other unforeseen event which would restrict ability to recommend Dividend

8. UTILISATION OF RETAINED EARNINGS

The Board of Directors may retain its earnings in order to make better use of available funds and increase the value of the stakeholders in the long run. The decision of utilisation of the retained earnings of the Company shall be based on the following:

- Market expansion plan
- Product expansion plan
- Increase in production capacity
- Replacement of capital assets
- Diversification of business
- Long term strategic plans
- Dividend payment
- Such other criteria as the Board may deem fit from time to time
- Such purpose as may be permitted under the Act and/or Regulations

9. PROCEDURE

9.1 Pursuant to provisions of the Act, the Regulations and the Policy, interim Dividend approved by the Board of Directors will be confirmed by the shareholders and final Dividend, if any, recommended by the Board of Directors, will be subject to shareholders' approval, at the ensuing Annual General Meeting of the Company.

9.2 The Members, whose name appears in the Register of Member as on Record Date/Book Closure, as may be decided by the Board of Directors, shall be entitled for Dividend.

9.3 The Dividend shall be paid to the Members within the limit prescribed under the Act and/or Regulations.

9.4 The Company shall ensure compliance of provisions of the Act and/or Regulations and this Policy in relation to Dividend declared by the Company.

10. PARAMETERS WITH REGARD TO VARIOUS CLASSES OF SHARES

Since the Company has issued only one class of Equity Shares with equal voting rights, all the Members of the Company are entitled to receive the same amount of Dividend per Equity Share. The Policy shall be suitably revised at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

11. DISCLOSURES

The Dividend Distribution Policy shall be disclosed in the Annual Report and on the website of the Company.

12. REVIEW AND AMENDMENTS

12.1 This Policy will be reviewed by the Board of Directors of the Company as they deem necessary.

12.2 The Board of Directors on its own can amend this Policy, as and when deem fit.

12.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
(DIN: 00028377)

Place : Vadodara
Date : May 5, 2021

FINANCIAL STATEMENTS

Standalone

Consolidated

Independent Auditor's Report

To The Members of Deepak Nitrite Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying standalone financial statements of Deepak Nitrite Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information .

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue recognition**	**Principal Audit Procedures**
	Revenue recognition is significant audit risk across all units within the Company. Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with Ind AS-115 "Revenue from Contracts with Customers".	Our audit consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • We evaluated the design and performed walk through of internal controls relating to revenue recognition. • We selected sample of Sales transactions and tested the operating effectiveness of the internal control relating to revenue recognition. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection. • We have tested sample of Sale transactions to their respective customer contracts, underlying invoices and related documents. • We have performed cut-off procedures for revenue transactions at year-end in order to conclude on whether they were recognised in accordance with Ind-AS 115.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income , cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e. On the basis of the written representations received from the directors as on 31st March,2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

    g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

       In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

    h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

       i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

       ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses.

       iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company .

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kartikeya Raval
(Partner)
(Membership No. 106189)
(UDIN: 211106189AAAAEB3862)

Place: Ahmedabad
Date: May 5, 2021

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Deepak Nitrite Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kartikeya Raval
(Partner)
(Membership No. 106189)
(UDIN: 211106189AAAAEB3862)

Place: Ahmedabad
Date: May 5, 2021

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year from the public to which the directives issued by Reserve Bank of India and provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended would apply. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Goods and Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax and Excise Duty which have not been deposited as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in crores)	Amount unpaid (₹ in crores)
Central Sales Act	Sales Tax	Sales Tax commissioner (Appeal)	FY 2010 to FY 2014	0.92	-
Central Excise Act, 1944	Excise Duty	Revision Application Unit	FY 2011 to FY 2012	0.04	-

There are no dues of Income-tax, Service Tax, Customs Duty, Goods and Services Tax, and Value Added Tax which have not been deposited as at March 31, 2021 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. There are no loans from financial institutions and government. The Company has not issued any debentures

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer/ further public offer (including debt instruments). The Company has also not availed any new term loans during the year. Hence reporting under clause(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kartikeya Raval
(Partner)
(Membership No. 106189)
(UDIN: 211106189AAAAEB3862)

Place: Ahmedabad
Date: May 5, 2021

Balance Sheet as at March 31, 2021

₹ in Crores

	Notes	As at March 31, 2021	As at March 31, 2020
I. ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2	766.46	706.45
(b) Right-of-use Assets	3	6.88	10.39
(c) Capital Work-in-Progress	2	68.76	89.88
(d) Intangible Assets	4	2.57	3.29
(e) Financial Assets			
Investments	5	563.02	562.86
Loans	6	0.79	1.06
Other Financial Assets	7	5.23	5.60
(f) Other Non-Current Assets	8	5.73	7.40
Total Non-Current Assets		**1,419.44**	**1,386.93**
Current Assets			
(a) Inventories	9	209.74	233.09
(b) Financial Assets			
Investments	10	125.58	-
Trade Receivables	11	353.74	365.97
Cash and Cash Equivalents	12	3.06	2.10
Bank balances other than Cash and Cash Equivalents above	13	1.37	1.63
Other Financial Assets	14	3.29	1.62
(c) Other Current Assets	15	52.57	52.95
(d) Assets classified as held for sale		1.72	2.23
Total Current Assets		**751.07**	**659.59**
TOTAL ASSETS		**2,170.51**	**2,046.52**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	16	27.28	27.28
(b) Other Equity	17	1,817.47	1,464.05
Total Equity		**1,844.75**	**1,491.33**
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	18	-	-
Lease Liabilities	42	7.26	10.52
(b) Provisions	19	15.68	13.29
(c) Deferred Tax Liabilities (Net)	20	47.94	45.41
Total Non-Current Liabilities		**70.88**	**69.22**
Current Liabilities			
(a) Financial Liabilities			
Borrowings	21	-	177.55
Trade Payables			
Total outstanding dues of			
a) Micro Enterprises and Small Enterprises	22	14.56	6.16
b) Creditors other than Micro Enterprises and Small Enterprises	22	204.19	233.16
Lease Liabilities	42	0.63	0.70
Other Financial Liabilities	23	11.60	45.31
(b) Provisions	19	10.00	11.40
(c) Current Tax Liabilities (Net)	24	1.59	1.16
(d) Other Current Liabilities	25	12.31	10.53
Total Current Liabilities		**254.88**	**485.97**
Total Liabilities		**325.76**	**555.19**
TOTAL EQUITY AND LIABILITIES		**2,170.51**	**2,046.52**
Significant Accounting Policies	1		

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad: May 05, 2021

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Maulik Mehta
Executive Director & CEO
DIN: 05227290

Dileep Choksi
Director
DIN: 00016322

Sanjay Upadhyay
Director-Finance & CFO
DIN: 01776546

Arvind Bajpai
Company Secretary
Membership No: F6713

Sudhir Mankad
Director
DIN: 00086077

Vadodara: May 05, 2021

Statement of Profit and Loss for the year ended March 31, 2021

₹ in Crores

	Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I. Revenue from Operations	26	1,809.14	2,229.66
II. Other Income	27	13.54	7.58
III. **Total Income (I+II)**		**1,822.68**	**2,237.24**
IV. **Expenses:**			
(a) Cost of Materials Consumed	28	778.25	884.68
(b) Changes in Inventories of Finished Goods and Work-in-Progress	29	(7.36)	3.30
(c) Employee Benefits Expense	30	181.05	173.40
(d) Power & Fuel Expenses	31	134.03	145.80
(e) Finance Costs	32	4.12	20.32
(f) Depreciation and Amortisation Expense	33	66.88	77.93
(g) Other Expenses	34	187.10	225.78
Total Expenses (IV)		**1,344.07**	**1,531.21**
V. **Profit Before Tax (III-IV)**		**478.61**	**706.03**
VI. **Tax Expense:**			
(a) Current Tax	37 B	123.22	192.08
(b) Deferred Tax	37 B	0.67	(30.09)
VII. **Profit for the Year (V-VI)**		**354.72**	**544.04**
VIII. **Other Comprehensive Income:**			
Items that will not be Reclassified to Profit and Loss:			
(a) Remeasurement of Defined Benefit Obligations (Net)		(1.85)	(4.78)
(b) Tax Effect on remeasurement of Defined Benefit obligations (Net)		0.47	1.10
(c) Fair Value Gains on Investments		0.10	0.02
(d) Tax effect of Fair Value Gains on Investments		(0.02)	-
Total Other Comprehensive Income for the Year (VIII)		**(1.30)**	**(3.66)**
IX. **Total Comprehensive Income for the Year (VII+VIII)**		**353.42**	**540.38**
Earnings Per Equity Share			
(a) Basic (Nominal Value per Share ₹ 2)	43	26.01	39.89
(b) Diluted (Nominal Value per Share ₹ 2)	43	26.01	39.89

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad: May 05, 2021

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Maulik Mehta
Executive Director & CEO
DIN: 05227290

Dileep Choksi
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Sanjay Upadhyay
Director-Finance & CFO
DIN: 01776546

Arvind Bajpai
Company Secretary
Membership No: F6713

Sudhir Mankad
Director
DIN: 00086077

Vadodara: May 05, 2021

Cash Flow Statement for the year ended March 31, 2021

₹ in Crores

	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	**478.61**	**706.03**
Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows		
1. Depreciation and Amortisation Expense	66.88	77.93
2. Loss on Sale of Property, Plant and Equipment	0.69	6.32
3. Provision/(Reversal) for Doubtful Debts	(4.31)	7.82
4. Provision/(Reversal) for Inventory Obsolescence	(1.62)	0.45
5. Bad Debts (net of recovery)	(0.80)	0.86
6. Gain on Redemption of Investment	(0.93)	(0.33)
7. Finance Costs	4.12	20.32
8. Interest Income	(0.59)	(0.58)
9. Dividend Income (Previous Year represents ₹ 878)	-	(0.00)
10. Fair Value (Gains)/Loss	(0.02)	0.04
11. Unrealised Foreign Exchange Loss/(Gain) net	(2.74)	0.18
Operating Profit Before Change in Operating Assets and Liabilities	**539.29**	**819.04**
Movements in Working Capital :		
1. (Increase)/Decrease in Inventories	24.97	(1.03)
2. (Increase)/Decrease in Trade Receivables	12.87	(28.63)
3. (Increase)/Decrease in Non-Current Loans	0.27	0.30
4. (Increase)/Decrease in Other Financial Assets	5.39	(0.87)
5. (Increase)/Decrease in Other Assets	0.83	(3.94)
6. Increase/(Decrease) in Trade Payables	(19.78)	(86.89)
7. Increase/(Decrease) in Other Financial Liabilities	(2.33)	5.69
8. Increase/(Decrease) in Other Liabilities	1.78	(0.18)
9. Increase/(Decrease) in Provisions	(0.86)	2.11
Cash Generated from Operations	**562.43**	**705.60**
Less: Income Tax paid (net of refund)	120.48	190.39
Net Cash Inflow from Operating Activities (A)	**441.95**	**515.21**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
1. Purchase of Property, Plant and Equipment, including Capital Work-in-Progress, Capital Advances and Payable for Capital Expenditure	(102.12)	(269.67)
2. Purchase of Intangible assets	(0.43)	(0.21)
3. Proceeds from Sale of Property, Plant and Equipment	0.91	1.22
4. Investment in Subsidiaries	(0.05)	-
5. Purchase of Current Investments	(295.99)	(221.00)
6. Proceeds from Redemption/Maturity of Current Investments	171.34	221.33
7. Interest received	0.59	0.58
8. Dividend received (Previous Year represents ₹ 878)	-	0.00
Net Cash Outflow from Investing Activities (B)	**(225.75)**	**(267.75)**

₹ in Crores

	For the year ended March 31, 2021	For the year ended March 31, 2020
(C) CASH FLOW FROM FINANCING ACTIVITIES		
1. Repayment of Non-Current Borrowings	(30.00)	(113.19)
2. Net Proceeds from Current Borrowings	(177.55)	(8.40)
3. Interest paid	(3.67)	(19.86)
4. Dividend paid on Equity Shares and Dividend Distribution Tax	(0.38)	(106.01)
5. Margin Money Deposit	(0.13)	2.01
6. Principal repayment of Lease Liability	(2.47)	(1.41)
7. Interest cost of Lease	(1.04)	(1.31)
Net Cash Outflow from Financing Activities (C)	**(215.24)**	**(248.17)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**0.96**	**(0.71)**
Cash and Cash Equivalents at the Beginning of the Financial Year	2.10	2.81
Cash and Cash Equivalents at the end of the Financial Year	**3.06**	**2.10**
Reconciliation of Cash and Cash Equivalents		
Balances with Banks:		
In Current Accounts	0.38	1.50
In EEFC Accounts	1.56	0.46
In Cash Credit Accounts	1.07	-
Cash on Hand	0.05	0.14
Total Cash and Cash Equivalents as per note 12.	**3.06**	**2.10**

Notes:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Ind AS 7 'Cash Flow Statement'.
2. Disclosure with regards to changes in liabilities arising from Financing activities as set out in Ind AS 7 'Cash Flow Statement' is presented under note 40.7.

The accompanying Notes form an integral part of the Financial Statements.

As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad: May 05, 2021

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Maulik Mehta
Executive Director & CEO
DIN: 05227290

Dileep Choksi
Director
DIN: 00016322

Sanjay Upadhyay
Director-Finance & CFO
DIN: 01776546

Arvind Bajpai
Company Secretary
Membership No: F6713

Sudhir Mankad
Director
DIN: 00086077

Vadodara: May 05, 2021

Statement of Changes in Equity for the year ended March 31, 2021

(A) EQUITY SHARE CAPITAL (Refer Note 16)

₹ in Crores

	Amount
As at March 31, 2019	**27.28**
Changes in Equity Share Capital during the year	-
As at March 31, 2020	**27.28**
Changes in Equity Share Capital during the year	-
As at March 31, 2021	**27.28**

(B) OTHER EQUITY

₹ in Crores

	Reserves and Surplus					Other Comprehensive Income	Total
	Retained Earnings	Capital Reserve	General Reserve	Capital Redemption Reserve	Securities Premium	Equity instruments through other comprehensive income	
Balance as at March 31, 2019	**511.26**	**0.71**	**83.90**	**0.15**	**434.17**	**0.37**	**1,030.56**
Profit for the year	544.04	-	-	-	-	-	544.04
Other Comprehensive Income	(3.68)	-	-	-	-	0.02	(3.66)
Dividend (Including Interim Dividend of ₹ 61.37 Crores)	(88.66)	-	-	-	-	-	(88.66)
Tax on dividend (Including Tax on Interim Dividend of ₹ 12.62 Crores)	(18.23)	-		-	-	-	(18.23)
Transfer from Retained Earnings to General Reserve	(10.00)	-	10.00	-	-	-	-
Balance as at March 31, 2020	**934.73**	**0.71**	**93.90**	**0.15**	**434.17**	**0.39**	**1,464.05**
Profit for the year	354.72	-	-	-	-	-	354.72
Other Comprehensive income	(1.38)	-	-	-	-	0.08	(1.30)
Balance as at March 31, 2021	**1,288.07**	**0.71**	**93.90**	**0.15**	**434.17**	**0.47**	**1,817.47**

The accompanying Notes form an integral part of the Financial Statements.

As per our report of even date

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad: May 05, 2021

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
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DIN: 01776546

Arvind Bajpai
Company Secretary
Membership No: F6713

Sudhir Mankad
Director
DIN: 00086077

Vadodara: May 05, 2021

Notes forming part of the Financial Statements

as at and for the year ended March 31, 2021

COMPANY OVERVIEW

Deepak Nitrite Limited ('DNL' or 'the Company') is a prominent chemical manufacturing public limited company incorporated and domiciled in India. Its registered office is located at Aaditya-I Chhani Road, Vadodara- 390 024, Gujarat, India and its manufacturing facilities are located in the states of Gujarat, Maharashtra and Telangana.

The Company manufactures Basic Chemicals, Fine & Speciality Chemicals and Performance Products.

The Companies (Indian Accounting Standards) Amendment Rules, 2020 has notified amendments to the following accounting standards. The amendments are effective from April 1, 2020.

1. Ind AS 1 Presentation of Financial Statements
2. Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
3. Ind AS 10 Events after the Reporting Period
4. Ind AS 34 Interim Financial Reporting
5. Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets
6. Ind AS 103 Business Combination
7. Ind AS 107 & Ind AS 109 Financial Instruments
8. Ind AS 116 Leases

There is no material impact on adoption of these amendments.

1. Significant Accounting Policies

This Note provides a list of the significant Accounting Policies adopted by the Company in the preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

(i) Compliance with Ind AS

The Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Financial Statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount:

(a) Certain financial assets and financial liabilities measured at fair value

(b) Derivative Financial instruments

(c) Defined benefit plan – plan assets measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in the financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(ii) Functional and Presentation Currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Financial Statements of the Company are presented in Indian currency (INR), which is also the functional and presentation currency of the Company.

(iii) Use of estimates

Preparation of the Financial Statements requires use of accounting estimates which, by definition, will be equal to the actual results. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Useful lives and residual value of property, plant and equipment : The Company reviews the useful life and residual value of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Allowance for expected credit losses: The expected credit allowance is based on the ageing of the days receivables which are past due and the rates derived based on past history of defaults in the provision matrix.

Fair value of investments: The Company has invested in the equity instruments of various companies. However, the percentage of shareholding of the Company in such investee companies is very low and hence, it has not been provided with future projections including projected statement of profit and loss by those investee companies. Hence, the valuation exercise carried out by the Company with the help of an independent valuer has estimated fair value at each reporting period based on available historical annual reports and other information in the public domain.

Income taxes : Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

(b) Current versus non-current classification

Assets and liabilities are classified as Current or Non-Current as per the provisions of the Schedule III notified under the Companies Act, and the Company's normal operating cycle.

An asset is treated as current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of business and its activities, the Company has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of assets and liabilities.

(c) Revenue Recognition

Sale of Goods:

Revenue from the sale of goods is only recognized – net of Goods & Service Tax, cash discounts, discounts and rebates – if the following conditions are met:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from Services is recognised in the accounting period in which the services are rendered.

Interest Income:

Interest income from Financial Assets is recognised when it is probable that the economic benefits will flow to the company and the amount of income is measured reliably. Interest income is accrued on time basis, by reference to the principle outstanding and using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Eligible export incentives are recognised in the year in which the conditions precedent is met and there is no significant uncertainty about the collectability.

Revenue in respect of other income is recognised to the extent that the Company is reasonably certain of its ultimate realisation.

(d) Leasing

As a Lessee

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The ROU are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

The Company has accounted for concession received in lease rent due to COVID-19 scenario as a lease modification. Accordingly carrying value of lease liability and ROU assets has been reduced and Gain arising out of such reduction has been recognised in Statement of Profit and Loss.

As a Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately.

The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

(e) Foreign Currency Transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, option contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately.

(f) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

(g) Government Grants

(i) Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

(ii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited in the Statement of Profit and Loss in proportion to fulfilment of associated export obligations and presented within other income.

(iii) Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

(h) Employee Benefits

(i) Retirement Benefit Costs and Termination Benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans in respect of an approved gratuity plan, the cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income is reflected in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to Statement of Profit and Loss.

Past service cost is recognised in Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and curtailments and settlements);
- net interest expense or income; and
- remeasurement

The first two components of defined benefit costs are recognised in the Statement of Profit and Loss in the line item 'Employee benefits expense'. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

(ii) Short-Term and Other Long-Term Employee Benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the Present value of the estimated future cash outflows expected to be made in respect of services provided by employees up to the reporting date.

(iii) Compensated Absence and Earned Leaves

The Company's current policy permits eligible employees to accumulate compensated absences up to a prescribed limit and receive cash in lieu thereof in accordance with the terms of the policy. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company expects to pay as a result of unused entitlement that has accumulated as at the reporting date. The expected cost of these benefits is calculated using the projected unit credit method by qualified actuary every year. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

(i) Income Taxes

The Company has elected to exercise option available under section 115BAA of the Income Tax Act, 1961.

The income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit /(tax loss).

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). The Company is now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

(j) Property, Plant and Equipment

Property, plant and equipment held for use in the production or supply of goods or services are stated at cost less accumulated depreciation and accumulated impairment losses if any.

Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

Spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are held for use in the production or supply of goods or services and are expected to be used during more than one period.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as 'Capital Work-in-Progress'.

Depreciation Methods, Estimated Useful Lives and Residual Value:

Depreciation on all tangible assets is provided at the rates and in the manner prescribed by Schedule II to the Companies Act, 2013 and certain components of plant and equipment such as Reactors, Centrifuge, Cooling towers, Air Compressor etc. which are depreciated over its useful life as technically assessed by Independent/ Internal Technical Personnel after taking into consideration past experience of the company, chemical process & chemical industry norms.

Asset Category	Estimated Useful Life
Building	30 years
Plant and Equipment	3 to 40 years
Furniture & Fixture	10 years
Vehicle	8 years
Office Equipment	5 years
Road	5 years

Freehold land is stated at historical cost and is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

In respect of depreciable assets for which Impairment Loss is recognised, depreciation/amortisation is charged on the revised carrying amount over the remaining useful life of the assets computed on the basis of the life prescribed in schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets held for disposal are classified as Current Assets at lower of its carrying amount and fair value less costs to sell, difference being recognised in the Statement of Profit and Loss.

(k) Intangible Assets

Intangible assets are stated at their original cost of acquisition, less accumulated amortisation and impairment losses, if any. An Intangible Asset is recognised, where it is probable that the future economic benefits attributable to the Asset will flow to the enterprise and where its cost can be reliably measured.

The cost of intangible assets is amortised over the estimated useful life, in any case, not exceeding ten years, on a straight-line basis. A detail of estimated useful life is given below:

Software and related implementation costs	6 years
Rights to use facilities	5 years
Technical Know How	10 years

(l) Impairment of Tangible and Intangible Assets

The carrying amount of cash generating units/assets is reviewed at the Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the fair value less cost of disposal or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term deposits (3 months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(n) Inventories

Raw materials and components, stores and spares are valued at cost determined on period-moving weighted average basis and are net of Cenvat, VAT & GST. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition. Due allowances are made for slow moving and obsolete inventories based on estimates made by the Company. Items such as spare parts, stand-by equipment and servicing equipment which is not plant and equipment gets classified as inventory.

Finished Goods and Stock-in-process are valued at cost of purchase of raw materials and conversion thereof, including the cost incurred in the normal course of business in bringing the inventories up to the present condition or at the net realisable value, whichever is lower. The inventories of joint products are valued by allocating the costs to the joint products by `Relative Sales Value' method. By-products are valued at net realisable price.

(o) Financial Instruments

Financial Assets and Financial Liabilities are recognised when the company becomes a party to the contractual provisions of the instruments.

Financial Assets and Financial Liabilities are initially measured at Fair Value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Profit and Loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income(except for debt instruments that are designated as at fair value through profit or loss on initial recognition)

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in Statement of Profit and Loss and is included in the "Other Income" line item.

(iii) Investments in Equity Instruments

On initial recognition, the company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Profit or Loss on disposal of the investments.

Investments in subsidiary companies are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary companies the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

Dividends on these investments in equity instruments are recognised in Statement of Profit and Loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent recovery of a part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in Statement of Profit and Loss are included in the 'Other income' line item.

(iv) Financial Assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the Other income or Other Expenses line item. Dividend on financial assets at FVTPL is recognised when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(v) Impairment of Financial Assets

The Company recognises a loss allowance for Expected Credit Losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets, financial guarantee contracts, and certain other financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

(vi) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part it continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(vii) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in Statement of Profit and Loss.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange difference on amortised cost are recognised in Statement of Profit and Loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(p) Financial Liabilities and equity instruments

(i) Classification as Debt and Equity

Debt and Equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(iii) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

a) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other income' or 'Other Expenses' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to Statement of Profit and Loss.

b) **Financial Liabilities subsequently measured at Amortised Cost**

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of cost of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

c) **Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' or 'Other expenses'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses.

d) **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognised in Statement of Profit and Loss.

(q) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(r) Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of best estimate of the Management of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

(s) Research and Development Expenditure

Research and Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Research and Development expenditure on property, plant and equipment is treated in the same way as expenditure on other property, plant and equipment.

(t) Earnings Per Share

Basic Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity shares outstanding during the period. Diluted Earnings per Equity Share are computed by dividing net income by the weighted average number of Equity Shares adjusted for the effects of all dilutive potential Equity Shares. Earnings considered in ascertaining the EPS is the net profit for the period after attributable tax thereto for the period.

(u) Segment Reporting - Basis of Information

The Company has determined 3 (three) reporting Segments, based on the information reviewed by chief operating decision maker as primary segments viz. (i) Basic Chemicals, (ii) Fine & Speciality Chemicals and (iii) Performance Products. Inter segment transfer prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective of the Company.

Revenue and expenses have been accounted on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on reasonable basis, have been included under “Other unallocable”. Assets and liabilities which relate to the enterprise as a whole but are not allocable to segments on a reasonable basis, have been included under “Unallocable Assets/Liabilities”.

Secondary segment have been identified with reference to geographical location of external customers. Composition of secondary segment is as follows:

(i) India and

(ii) Outside India.

2. PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

	Owned assets									
	Freehold Land	Leasehold Land	Building	Plant and Equipment	Furniture and Fixture	Vehicle	Office Equipment	Road	Total	Capital Work-in-Progress
Net Carrying Amount as at March 31, 2019	**5.79**	**18.97**	**90.52**	**460.98**	**3.81**	**3.23**	**1.30**	**0.48**	**585.07**	**28.92**
Additions during the year 2019-20	18.31	120.15	4.01	60.43	0.11	1.62	0.28	-	204.91	266.08
Deductions during the year 2019-20	-	-	(0.65)	(11.76)	(0.01)	(0.53)	(0.03)	-	(12.99)	(205.12)
Depreciation for the year 2019-20	-	(0.67)	(4.75)	(66.24)	(0.74)	(0.91)	(0.57)	(0.17)	(74.06)	-
Depreciation on disposal during the year 2019-20	-	-	0.21	3.00	0.01	0.27	0.02	-	3.51	-
Net Carrying Amount as at March 31, 2020	**24.10**	**138.46**	**89.33**	**446.41**	**3.18**	**3.67**	**0.99**	**0.30**	**706.45**	**89.88**
Additions during the year 2020-21	-	2.68	11.78	107.58	0.27	1.22	0.39	0.13	124.05	103.36
Deductions during the year 2020-21	-	-	-	(1.34)	-	(1.23)	(0.11)	-	(2.69)	(124.48)
Depreciation for the year 2020-21	-	(1.58)	(6.78)	(52.41)	(0.76)	(0.81)	(0.53)	(0.08)	(62.95)	-
Depreciation on disposal during the year 2020-21	-	-	-	0.73	-	0.77	0.10	-	1.60	-
Reclassification of Assets during the year 2020-21	-	-	(3.14)	3.14	-	-	-	-	-	-
Net Carrying Amount as at March 31, 2021	**24.10**	**139.56**	**91.19**	**504.11**	**2.69**	**3.62**	**0.84**	**0.35**	**766.46**	**68.76**

Notes:

1 Property, Plant and Equipment hypothecated/mortgaged as security for borrowings are disclosed under note 18 and note 21.

2 Building includes ₹ 10.80 Crores (₹ 10.80 Crores at March 31, 2020) in respect of ownership of premises in a co-operative housing society by way of 10 Shares.

3 With effect from April 1, 2020, the Company has changed the useful life of certain Property, Plant and Equipment based upon the technical evaluation conducted by the management. Accordingly, change in useful life of the Property, Plant and Equipment is being applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

4 Capital work-in-progress mainly comprises addition/expansion projects in progress.

5 Research & Development Assets included in Property, Plant and Equipment

₹ in Crores

	Owned assets						
	Building	Plant and Equipment	Furniture and Fixture	Vehicle	Office Equipment	Computer Software	Total
Net Carrying Amount as at March 31, 2019	**0.53**	**7.36**	**1.15**	**0.14**	**0.10**	**0.18**	**9.47**
Additions during the year 2019-20	-	3.03	0.05	-	0.01	-	3.09
Deductions during the year 2019-20	-	(0.06)	-	(0.10)	-	-	(0.16)
Depreciation for the year 2019-20	(0.04)	(0.95)	(0.13)	(0.03)	(0.04)	(0.04)	(1.23)
Depreciation on disposal during the year 2019-20	-	0.04	-	0.05	-	-	0.09
Net Carrying Amount as at March 31, 2020	**0.49**	**9.42**	**1.07**	**0.06**	**0.07**	**0.14**	**11.26**
Additions during the year 2020-21	-	4.75	0.08	-	0.01	0.08	4.92
Deductions during the year 2020-21	-	(0.07)	-	(0.07)	-	-	(0.14)
Depreciation for the year 2020-21	(0.04)	(1.16)	(0.13)	(0.02)	(0.04)	(0.04)	(1.43)
Depreciation on disposal during the year 2020-21	-	0.04	-	0.05	-	-	0.09
Net Carrying Amount as at March 31, 2021	**0.45**	**12.98**	**1.02**	**0.02**	**0.04**	**0.18**	**14.70**

3. RIGHT-OF-USE ASSETS

₹ in Crores

	Building	Plant and Equipment	Furniture	Vehicle	Total
Recognition on adoption of Ind AS 116	**3.67**	**0.61**	**-**	**1.11**	**5.39**
Additions during the year 2019-20	5.83	0.08	1.75	-	7.66
Depreciation for the year 2019-20	(1.69)	(0.33)	(0.08)	(0.56)	(2.66)
Net Carrying Amount as at March 31, 2020	**7.81**	**0.36**	**1.67**	**0.55**	**10.39**
Deductions/Modifications during the year 2020-21	(0.73)	-	-	-	(0.73)
Depreciation for the year 2020-21	(1.67)	(0.36)	(0.20)	(0.55)	(2.78)
Net Carrying Amount as at March 31, 2021	**5.41**	**-**	**1.47**	**-**	**6.88**

4. INTANGIBLE ASSETS

₹ in Crores

	Computer Software	Others	Total
Net Carrying Amount as at March 31, 2019	**2.91**	**1.39**	**4.30**
Additions during the year 2019-20	0.21	-	0.21
Depreciation for the year 2019-20	(1.02)	(0.20)	(1.22)
Net Carrying Amount as at March 31, 2020	**2.10**	**1.20**	**3.29**
Additions during the year 2020-21	0.43	-	0.43
Depreciation for the year 2020-21	(0.95)	(0.19)	(1.15)
Net Carrying Amount as at March 31, 2021	**1.57**	**1.00**	**2.57**

5. NON-CURRENT INVESTMENTS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Investments in Equity Instruments of subsidiary companies measured at cost	280.53	280.48
(b) Investments in Preference Shares of subsidiary companies measured at cost	280.00	280.00
Sub-Total	**560.53**	**560.48**
(a) Investments in Equity Instruments of other companies measured at FVTPL	0.05	0.04
(b) Investments in Equity Instruments of other companies measured at FVOCI	2.44	2.34
(c) Investments in Government or Trust Securities measured at amortised cost (Refer Note (c) below)	0.00	0.00
Sub-Total	**2.49**	**2.38**
Total	**563.02**	**562.86**

	Face Value	As at March 31, 2021		As at March 31, 2020	
		No. of shares	Amount	No. of shares	Amount
(a) Investment in Equity Instruments (fully paid-up)					
(i) Subsidiary Companies measured at cost (Unquoted)					
In Indian subsidiary company measured at cost					
Deepak Phenolics Limited	INR 10/-	280,000,000	280.00	280,000,000	280.00
Deepak Clean Tech Limited	INR 10/-	50,000	0.05	-	-
In Foreign subsidiary company measured at cost					
Deepak Nitrite Corporation, Inc.	US $ 10/-	7,500	0.48	7,500	0.48
(ii) Other Companies measured at FVTPL					
Quoted					
IDBI Bank	INR 10/-	6,240	0.02	6,240	0.01
Bank of Baroda (Refer Note 1 below)	INR 2/-	3,234	0.02	3,234	0.02
Unquoted					
Nandesari Environment Control Limited (represents ₹ 8,000)	INR 10/-	800	0.00	800	0.00
Baroda Co-operative Bank Ltd. (represents ₹ 500)	INR 50/-	10	0.00	10	0.00
Shamrao Vitthal Co-op Bank Ltd.	INR 25/-	2,000	0.01	2,000	0.01
New India Co-op Bank Ltd. (represents ₹ 7,980)	INR 10/-	798	0.00	798	0.00
(iii) Other Companies measured at FVOCI					
Unquoted					
Jedimetla Effluent Treatment Ltd.	INR 100/-	52,342	0.85	52,342	0.85
Deepak International Limited	GBP 1/-	73,706	0.74	73,706	0.69
Deepak Gulf LLC	Omani Riyal 1/-	45,000	0.85	45,000	0.81
(b) Investment in Preference Shares(fully paid-up)					
Subsidiary Company measured at cost					
Unquoted					
Deepak Phenolics Limited					
7% Non-Cumulative Optionally Convertible Redeemable Preference Shares	INR 100/-	28,000,000	280.00	28,000,000	280.00
(c) Investments in Government or Trust Securities measured at amortised cost					
National Savings Certificate (represents ₹ 1,000)			0.00		0.00
Total		**308,241,630**	**563.02**	**308,191,630**	**562.86**

Note:

1. The Company has received 3,234 shares of Bank of Baroda (Face Value ₹ 2 each) in the scheme of amalgamation against 29,400 shares of Dena Bank (Face Value ₹ 10 each) in the month of April 2019.

2.

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Aggregate amount of Unquoted Investments	562.98	562.83
(b) Aggregate amount of Quoted Investments	0.04	0.03

6. LOANS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Loans to Employees		
Unsecured, considered good	0.79	1.06
Total	**0.79**	**1.06**

These financial assets are carried at amortised cost.

7. OTHER NON-CURRENT FINANCIAL ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Security Deposits		
Unsecured, considered good	5.23	5.60
Total	**5.23**	**5.60**

8. OTHER NON-CURRENT ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Capital Advances	4.84	6.06
(b) Prepaid Expenses	0.15	0.23
(c) Advance against Salary	0.74	1.11
Total	**5.73**	**7.40**

9. INVENTORIES [AT LOWER OF COST AND NET REALISABLE VALUE]

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Raw materials and components	63.55	75.66
Goods-in-transit	7.16	24.02
	70.71	99.68
(b) Stores and Spares	17.34	20.70
Sub-Total	**88.05**	**120.38**
(c) Work-in-progress	26.74	21.80
(d) Finished goods	101.26	98.84
Provision for obsolescence	(6.31)	(7.93)
Sub-Total	**121.69**	**112.71**
Total	**209.74**	**233.09**

Inventories hypothecated as security for borrowings are disclosed under note 18 and note 21.

10. CURRENT INVESTMENTS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Investments measured at FVTPL (Quoted)		
Investments in Mutual Funds	125.58	-
Total	**125.58**	**-**

11. TRADE RECEIVABLES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Current		
(a) Unsecured, Considered Good		
(i) Trade Receivables	345.78	364.10
(ii) Related Parties (Refer Note 35.12)	7.96	1.87
(b) Trade Receivables - Credit Impaired	10.30	14.60
Allowance for credit losses	(10.30)	(14.60)
Total	**353.74**	**365.97**

The credit period on sales of goods varies with business segments/ markets and generally ranges between 30 to 180 days. For financial risk related to Trade Receivables refer note 40.5 and 40.6

Trade receivables hypothecated/mortgaged as security for borrowings are disclosed under note 18 and note 21.

12. CASH AND CASH EQUIVALENTS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Cash on hand	0.05	0.14
(b) Balances with banks		
In Current accounts	0.38	1.50
In EEFC Accounts	1.56	0.46
In Cash Credit Accounts	1.07	-
Total	**3.06**	**2.10**

13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Earmarked Balances with Bank	1.20	1.59
(b) Margin Money Deposits	0.17	0.04
Total	**1.37**	**1.63**

14. OTHER CURRENT FINANCIAL ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
(a) Loans to employees		
(i) Key Managerial Personnel and Directors (previous year represents ₹ 26,948)	-	0.00
(ii) Others	0.57	0.59
(b) Interest Receivable	0.63	0.63
(c) Insurance Claim Receivable	0.03	-
(d) Security Deposits	0.08	0.30
(e) Earnest Money	0.07	0.10
(f) Others	1.91	-
Total	**3.29**	**1.62**

15. OTHER CURRENT ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
(a) Balance with Government Authorities	26.73	28.85
(b) Prepaid Expenses	4.70	1.18
(c) Advances to Suppliers	21.01	22.73
(d) Other Receivables	0.13	0.19
Total	**52.57**	**52.95**

16. EQUITY SHARE CAPITAL

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Authorised:		
15,00,00,000 Equity shares of ₹ 2 each	30.00	30.00
20,00,000 Preference shares of ₹ 100 each	20.00	20.00
Total	**50.00**	**50.00**
Issued, Subscribed and fully paid up:		
13,63,93,041 Equity shares of ₹ 2 each	27.28	27.28
Total	**27.28**	**27.28**

(a) Shares: Terms/Rights

(i) The Company has Authorised capital of Equity and Preference shares.

(ii) Each holder of the Equity Share is entitled to one vote per Share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

(iii) In the event of liquidation of the Company, the holders of Equity Shares shall be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders. No preferential amounts exist as on the Balance Sheet date.

(b) Details of shares held by each shareholder holding more than 5% Equity shares of ₹ 2 each fully paid in the Company :

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	No.	% holding	No.	% holding
Shri Deepak Chimanlal Mehta	21,879,831	16.04	21,564,831	15.81
Stiffen Credits & Capital Pvt. Ltd.	8,415,940	6.17	8,415,940	6.17
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	5.28	7,206,050	5.28
Stepup Credits & Capital Pvt. Ltd.	6,915,580	5.07	6,915,580	5.07
Reliance Capital Trustee Co Limited-A/C Nippon India Small Cap Fund	4,546,382	3.33	7,601,510	5.57

17. OTHER EQUITY

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Reserves & Surplus		
(a) Retained Earnings	1,288.07	934.73
(b) General Reserve	93.90	93.90
(c) Capital Reserve	0.71	0.71
(d) Capital Redemption Reserve	0.15	0.15
(e) Securities Premium	434.17	434.17
Reserves Representing Unrealised Gains/(Losses)		
(f) Equity Instruments through Other Comprehensive Income	0.47	0.39
Total	**1,817.47**	**1,464.05**

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Retained Earnings		
Balance at beginning of year	934.73	511.26
Add: Profit attributable to owners of the Company (Profit for the year)	353.34	540.36
Less: Payment of Dividend on Equity Shares (Previous Year includes Interim Dividend of ₹ 61.37 Crores)	-	88.66
Less: Payment of Dividend Distribution Tax (Previous Year includes Tax on Interim Dividend of ₹ 12.62 Crores)	-	18.23
Less: Transferred to General Reserve	-	10.00
Balance at end of year	**1,288.07**	**934.73**
Retained earnings represents the Company's undistributed earnings after taxes.		
(b) General Reserve		
Balance at beginning of year	93.90	83.90
Add: Transferred from Surplus Balance in the Statement of Profit and Loss	-	10.00
Balance at end of year	**93.90**	**93.90**
The general reserve is used for purposes as specified under the Companies Act, 2013. As the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.		
(c) Capital Reserve		
Balance at beginning of year	0.71	0.71
Balance at end of year	**0.71**	**0.71**
(d) Capital Redemption Reserve		
Balance at beginning of year	0.15	0.15
Balance at end of year	**0.15**	**0.15**
Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the debentures. The Company has redeemed the underlying debentures in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.		
(e) Securities Premium		
Balance at beginning of year	434.17	434.17
Balance at end of year	**434.17**	**434.17**
Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Section 52 of the Companies Act, 2013.		
(f) Reserve for equity instruments through other comprehensive income		
Balance at beginning of year	0.39	0.37
Add: Gain on revaluation of Equity Instruments	0.08	0.02
Balance at end of year	**0.47**	**0.39**
This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.		

18. NON-CURRENT BORROWINGS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Term Loans from Banks at amortised cost		
Secured	-	30.00
Sub-Total	-	30.00
Less:		
Current maturities of Non-Current Borrowings disclosed under "Other Current Financial Liabilities" (Refer Note 23 (a))	-	30.00
Total	**-**	**-**

Secured Term Loans:-

Term loan from Banks are secured by first pari passu charge by way of hypothecation of all existing movable property, plant and equipment and mortgage of immovable properties of the Company.

Repayment Schedule:-

Rate of interest of Rupee loan from Banks are in the range of MCLR plus 0.00% to 1.40% p.a. and is repayable on monthly/quarterly basis with last instalment payable from April, 2020 to March, 2026. The same has been repaid during current financial year.

19. PROVISIONS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Non-current		
Provision for Employee Benefit Obligations		
Provision for Leave Benefits (Refer Note 38 (B))	15.68	13.29
Total-Non-Current	**15.68**	**13.29**
Current		
Provision for Employee Benefit Obligations		
Provision for Leave Benefits (Refer Note 38 (B))	4.41	4.79
Provision for Gratuity (Refer Note 38 (A)(iii))	5.59	6.61
Total-Current	**10.00**	**11.40**

20. DEFERRED TAX LIABILITY (NET)

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Break up of deferred tax liability as at year end:		
Nature of timing difference		
Property, Plant and Equipment	60.81	60.58
Total Deferred Tax Liability (a)	**60.81**	**60.58**
(b) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Disallowances u/s 43B and Others	12.87	15.17
Total Deferred Tax Asset (b)	**12.87**	**15.17**
Deferred Tax Liability (Net) (a-b)	**47.94**	**45.41**

21. CURRENT BORROWINGS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Working Capital Borrowings from Banks		
(a) Secured	-	54.25
(b) Unsecured	-	123.30
Total	**-**	**177.55**

(i) Working Capital borrowings from banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit with rate of interest as MCLR of respective banks plus spread ranging from 0% -1.25% p.a., Packing Credit in Foreign Currency with rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.50% p.a. to 1.30% p.a. These borrowings are repayable on demand.

(ii) Working Capital borrowings are secured by way of first Hypothecation charge over Company's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts and second charge on all Property, Plant and Equipment by way of hypothecation and mortgage. The assets stated herein are disclosed under note 2, 9 and 11.

(iii) Commercial Paper placed by the Company during the previous year were unsecured and carried interest rate ranging from 5.70% p.a. to 6.50% p.a., tenure of each placement ranging from 81 days to 90 days.

The outstanding Commercial Papers (listed) of the Company as on March 31, 2020 had a maturity value of ₹ 125.00 crores.

22. TRADE PAYABLES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) To outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 45)	14.56	6.16
(b) To outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	204.19	233.16
Total	**218.75**	**239.32**

The average credit period on goods purchased or services received ranges between 30 days to 180 days.

23. OTHER CURRENT FINANCIAL LIABILITIES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Current maturities of Non-Current Borrowings (Refer Note 18)	-	30.00
(b) Security Deposits	5.18	3.11
(c) Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	1.20	1.58
Unclaimed Matured Deposits (Refer Note below)	0.07	0.07
Unpaid Interest on Matured Fixed Deposits	0.01	0.01
(d) Payable for capital expenditure	5.14	5.55
(e) Interest accrued but not due on Borrowings	-	0.59
(f) Others	-	4.40
Total	**11.60**	**45.31**

The Unclaimed Matured deposits of ₹ 0.07 crores outstanding as at March 31, 2021 represents an aggregate amount of certain cheques issued towards compulsory repayment of the outstanding fixed deposits as on March 31, 2015, which have not been presented to the bank for payment by the depositors.

24. CURRENT TAX LIABILITIES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Current Tax Liabilities		
Provision for Tax (Net of Advances)	1.59	1.16
Total	**1.59**	**1.16**

25. OTHER CURRENT LIABILITIES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Advances received from Customers	3.51	2.86
(b) Statutory Dues	8.80	7.67
Total	**12.31**	**10.53**

26. REVENUE FROM OPERATIONS

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Sale of Products	1,772.14	2,185.59
(b) Sale of Services	6.50	10.41
(c) Other Operating Revenues		
Export Incentives	17.09	29.37
Scrap Sale	12.51	3.88
Insurance Claims	0.90	0.41
Total	**1,809.14**	**2,229.66**

27. OTHER INCOME

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Interest Income	0.59	0.58
(b) Profit on redemption of Investments	0.93	0.33
(c) Rent	0.49	0.45
(d) Miscellaneous Receipts	1.26	3.11
(e) Dividend Income (Previous Year represents ₹ 878)	-	0.00
(f) Foreign Exchange Gain	8.68	3.11
(g) Bad debts recovered	1.59	-
Total	**13.54**	**7.58**

28. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Raw Material and Components Consumed		
Inventory at the beginning of the year	99.68	100.01
Add: Purchases during the year	718.86	855.95
	818.54	955.96
Less: Inventory at the end of the year	70.71	99.68
Cost of Raw Material and Components Consumed	**747.83**	**856.28**
(b) Cost of Packing Material Consumed	**30.42**	**28.40**
Total	**778.25**	**884.68**

29. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Inventories at the beginning of the year		
Stock in Process	21.80	27.29
Finished Goods	98.84	96.65
	120.64	**123.94**
Less:		
Inventories at the end of the year		
Stock in Process	26.74	21.80
Finished Goods	101.26	98.84
	128.00	**120.64**
Total	**(7.36)**	**3.30**

30. EMPLOYEE BENEFITS EXPENSE

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Salaries & Wages	158.99	155.25
(b) Contribution to provident fund and other funds (Refer Note 38C)	9.29	8.46
(c) Gratuity Expenses (Refer Note 38A(iv))	2.50	1.89
(d) Staff Welfare Expenses	10.27	7.80
Total	**181.05**	**173.40**

31. POWER & FUEL EXPENSES

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Consumption of Gas	13.20	16.68
(b) Consumption of Furnace Oil	16.98	17.09
(c) Consumption of High Speed Diesel	0.69	1.29
(d) Consumption of Coal & Coke	33.14	39.57
(e) Electricity Expenses	60.82	61.91
(f) Water Charges	8.79	8.84
(g) Other Expenses	0.41	0.42
Total	**134.03**	**145.80**

32. FINANCE COSTS

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Interest on Borrowings	2.98	16.77
(b) Exchange difference to the extent considered as an adjustment to Borrowing Costs	0.10	2.24
(c) Interest cost on lease liabilities	1.04	1.31
Total	**4.12**	**20.32**

33. DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Depreciation on Property, Plant and Equipment	62.95	74.05
(b) Depreciation on Right-of-use Assets	2.78	2.66
(c) Amortisation of Intangible Assets	1.15	1.22
Total	**66.88**	**77.93**

34. OTHER EXPENSES

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Conversion Charges	7.00	7.64
(b) Other Manufacturing Expenses	10.52	16.03
(c) Rent	1.13	1.14
(d) Repairs & Maintenance		
Repairs to Building	2.34	3.72
Repairs and Maintenance to Plant and Equipment	24.04	33.92
Repairs and Maintenance to Others	0.61	0.67
(e) Consumption of stores & spare parts	14.45	13.49
(f) Insurance	8.85	7.00
(g) Rates & Taxes	1.92	5.19
(h) Bank Charges	1.40	1.69
(i) Travelling & Conveyance	0.55	5.65
(j) Freight & Forwarding Charges	67.39	66.48
(k) Loss on Sale of Property, Plant and Equipment	0.69	6.32
(l) Commission on sales	1.86	3.74
(m) CSR Expenses	7.44	3.48
(n) Provision for Doubtful Debts (Gross)	1.27	7.82
Less: Transfer from Provision for Doubtful Debts	5.58	-
Provision/(Reversal) for Doubtful Debts (Net)	(4.31)	7.82
(o) Bad Debts written off	0.79	0.86
(p) Vehicle Expenses	3.17	2.71
(q) Legal & Professional Expenses	10.57	10.96
(r) General Expenses	25.87	24.28
(s) Payment to Auditor (Refer note below)	0.70	0.74
(t) Director's Sitting Fees	0.19	0.23
(u) Other Directors Commission	1.55	1.57
(v) Provision/(Reversal) for Inventory Obsolescence	(1.62)	0.45
Total	**187.10**	**225.78**

Note: Payment to Auditor

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) As Auditor:		
Audit fees	0.35	0.33
Tax Audit fees	0.04	0.04
Quarterly Limited Review	0.28	0.30
(b) In Other Capacity:		
Taxation Matters	0.02	0.04
Other Services (Certification fees)	0.01	0.03
Total	**0.70**	**0.74**

35. RELATED PARTIES DISCLOSURES

A) Name of Related Party and nature of relationship

(i) Subsidiary Companies

Deepak Nitrite Corporation Inc., United States of America

Deepak Phenolics Limited

Deepak Clean Tech Limited (Incorporated on October 09, 2020)

(ii) Key Management Personnel

Shri Deepak C. Mehta	Chairman & Managing Director
Shri Umesh Asaikar	Executive Director & Chief Executive Officer (upto May 31, 2020)
Shri Maulik D. Mehta	Executive Director & Chief Executive Officer (from June 01, 2020); Whole Time Director (upto May 31, 2020)
Shri Sanjay Upadhyay	Director-Finance & Chief Financial Officer

(iii) Entities over which key managerial personnel or their relatives are able to exercise significant Influence

Check Point Credits & Capital Private Limited * Deepak Cybit Private Limited * Deepak Fertilizers and Petrochemicals Corporation Limited *Deepak Gulf LLC, Sultanate of Oman* Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Hardik Leafin Private Limited * Pranawa Leafin Private Limited * Skyrose Finvest Private Limited * Sofotel Infra Private Limited * Stepup Credits & Capital Private Limited * Stiffen Credits and Capital Private Limited * Stigma Credits & Capital Private Limited * Storewell Credits and Capital Private Limited* Sundown Finvest Private Limited

(iv) Relative of Key Management Personnel

Shri Chimanlal K. Mehta

Shri Meghav D. Mehta

Smt. Ila D. Mehta

B) Transactions with the Related Parties

₹ in Crores

Sr. No.	Nature of Transaction	31st March, 2021					31st March, 2020				
		Subsidiary Companies	Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant influence	Relative of Key Management Personnel	TOTAL	Subsidiary Companies	Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant influence	Relative of Key Management Personnel	TOTAL
1	**Purchase of Goods**										
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	77.16	-	**77.16**	-	-	63.13	-	**63.13**
	Deepak Phenolics Limited	2.26	-	-	-	**2.26**	7.36	-	-	-	**7.36**
2	**Sale of Goods/Services**										
	Deepak Novochem Technologies Limited	-	-	21.15	-	**21.15**	-	-	-	-	**-**
	Deepak Phenolics Limited	9.67	-	-	-	**9.67**	0.75	-	-	-	**0.75**
3	**Conversion Charges Received**										
	Deepak Novochem Technologies Limited	-	-	6.50	-	**6.50**	-	-	10.40	-	**10.40**
4	**Sharing of Utilities**										
	Deepak Phenolics Limited	0.57	-	-	-	**0.57**	1.50	-	-	-	**1.50**
5	**Rendering of Services / Reimbursement of Expenses**										
	Deepak Novochem Technologies Limited	-	-	0.03	-	**0.03**	-	-	0.02	-	**0.02**
	Deepak Phenolics Limited	4.91	-	-	-	**4.91**	3.00	-	-	-	**3.00**
	Storewell Credits and Capital Private Limited	-	-	0.10	-	**0.10**	-	-	0.11	-	**0.11**
6	**Acquisition of Capital Asset (Leasehold Land)**										
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	-	**-**	-	-	117.11	-	**117.11**
7	**Receiving of services / Reimbursement of Expenses**										
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	0.07	-	**0.07**	-	-	0.07	-	**0.07**
	Deepak Phenolics Limited	-	-	-	-	**-**	0.01	-	-	-	**0.01**
	Deepak Foundation (Current year represents ₹34,000 (Previous year ₹15,000))	-	-	0.00	-	**0.00**	-	-	0.00	-	**0.00**
	Deepak Medical Foundation	-	-	0.32	-	**0.32**	-	-	0.24	-	**0.24**
	Deepak Nitrite Corporation Inc.	0.16	-	-	-	**0.16**	0.14	-	-	-	**0.14**
	Deepak Cybit Private Limited	-	-	0.47	-	**0.47**	-	-	0.33	-	**0.33**
8	**Managerial Remuneration**										
	Shri Deepak C. Mehta	-	6.93	-	-	**6.93**	-	13.92	-	-	**13.92**
	Shri Maulik D. Mehta	-	2.53	-	-	**2.53**	-	1.53	-	-	**1.53**
	Shri Umesh Asaikar	-	3.22	-	-	**3.22**	-	6.47	-	-	**6.47**
	Shri Sanjay Upadhyay	-	3.51	-	-	**3.51**	-	3.13	-	-	**3.13**

₹ in Crores

Sr. No.	Nature of Transaction	31st March, 2021					31st March, 2020				
		Subsidiary Companies	Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant influence	Relative of Key Management Personnel	TOTAL	Subsidiary Companies	Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant influence	Relative of Key Management Personnel	TOTAL
9	**Subscription of Investment**										
	Deepak Clean Tech Limited	0.05	-	-	-	**0.05**	-	-	-	-	**-**
10	**Dividend Paid**										
	Checkpoint Credits & Capitals Private Limited	-	-	-	-	**-**	-	-	4.68	-	**4.68**
	Stigma Credits & Capital Private Limited	-	-	-	-	**-**	-	-	4.02	-	**4.02**
	Stiffen Credits & Capital Private Limited	-	-	-	-	**-**	-	-	5.45	-	**5.45**
	Stepup Credits & Capital Private Limited	-	-	-	-	**-**	-	-	4.50	-	**4.50**
	Skyrose Finvest Private Limited	-	-	-	-	**-**	-	-	2.48	-	**2.48**
	Shri Deepak C. Mehta	-	-	-	-	**-**	-	13.93	-	-	**13.93**
	Shri Chimanlal K. Mehta	-	-	-	-	**-**	-	-	-	0.47	**0.47**
	Shri Maulik D. Mehta	-	-	-	-	**-**	-	0.09	-	-	**0.09**
	Shri Meghav D. Mehta	-	-	-	-	**-**	-	-	-	0.03	**0.03**
	Smt. Ila D. Mehta	-	-	-	-	**-**	-	-	-	0.26	**0.26**
	Others	-	-	-	-	**-**	-	-	4.11	0.23	**4.34**
11	**Donation / CSR Activity**										
	Deepak Foundation	-	-	8.85	-	**8.85**	-	-	3.45	-	**3.45**
	Deepak Medical Foundation	-	-	0.18	-	**0.18**	-	-	0.12	-	**0.12**
12	**Net Accounts Receivable / (Payable)**										
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	(13.60)	-	**(13.60)**	-	-	(8.67)	-	**(8.67)**
	Deepak Novochem Technologies Limited	-	-	7.96	-	**7.96**	-	-	1.76	-	**1.76**
	Deepak Phenolics Limited	-	-	-	-	**-**	0.11	-	-	-	**0.11**
	Deepak Nitrite Corporation Inc.	(0.81)	-	-	-	**(0.81)**	(0.81)	-	-	-	**(0.81)**
	Deepak Cybit Private Limited	-	-	-	-	**-**	-	-	(0.01)	-	**(0.01)**
	Deepak Medical Foundation	-	-	(0.03)	-	**(0.03)**	-	-	(0.10)	-	**(0.10)**
	Storewell Credits and Capital Private Limited	-	-	-	-	**-**	-	-	(0.04)	-	**(0.04)**
	Shri Deepak C. Mehta	-	-	-	-	**-**	-	(7.00)	-	-	**(7.00)**
	Shri Maulik D. Mehta	-	(0.40)	-	-	**(0.40)**	-	(0.28)	-	-	**(0.28)**
	Shri Umesh Asaikar	-	-	-	-	**-**	-	(1.15)	-	-	**(1.15)**
	Shri Sanjay Upadhyay	-	(0.53)	-	-	**(0.53)**	-	(0.53)	-	-	**(0.53)**

The amounts outstanding are current, unsecured and will be settled in cash or cash equivalents, for which no guarantees have been given or received. No expense has been recognised in current or previous year for bad or doubtful debts in respect of the amounts owed by related parties.

36. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
I. Claims against the Company not acknowledged as debts in respect of		
(a) Matters relating to Sales Tax/VAT from FY 2011-12 to FY 2014-15 is being contested at various level of Indirect Tax authorities	0.92	0.92
(b) Matters relating to Excise duty for FY 2011-12 and FY 2012-13 is being contested at various level of Indirect Tax authorities	0.04	0.04
(c) Bank Guarantees:		
Financial	11.42	13.62
Performance	11.75	13.19
(d) Disputed Labour Matters	Amount not ascertainable	Amount not ascertainable
Management is not expecting any future cash outflow in respect of (a),(b) & (d).		
Total (I)	**24.13**	**27.77**
II. Commitments		
Capital Commitments (Net of Advances: Refer Note 8(a))	19.25	31.25
Total (II)	**19.25**	**31.25**

37. TAX EXPENSE

A. Income Tax Expense Recognised in the Statement of Profit and Loss

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
I. Expense / (Benefit) recognised in the statement of profit and loss		
Current tax on profit for the year	123.22	192.08
Increase/ (Decrease) in deferred tax liabilities	0.67	(30.09)
Total	**123.89**	**161.99**
II. Expense / (Benefit) recognised in statement of other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	(0.47)	(1.10)
Equity instruments through other comprehensive income	0.02	-
Total	**(0.45)**	**(1.10)**

B. The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Profit before taxes	**478.61**	**706.03**
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	**120.46**	**177.69**
Effect of		
Impact of electing option u/s 115BAA	-	(17.48)
Donations	3.17	-
Others (Net)	0.26	1.78
Total income tax expense	**123.89**	**161.99**

C. **Deferred Tax Liabilities (Net)**

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities/(assets)

₹ in Crores

	As at March 31, 2021	Recognised in statement of profit and loss /OCI	As at March 31, 2020	Recognised in statement of profit and loss /OCI	As at March 31, 2019
Property, plant and equipment	60.81	0.23	60.58	(29.88)	90.46
Total Deferred Tax Liabilities (a)	**60.81**	**0.23**	**60.58**	**(29.88)**	**90.46**
Disallowances u/s 43B and Others	15.18	0.01	15.17	1.30	13.87
Total Deferred Tax Assets (b)	**15.18**	**0.01**	**15.17**	**1.30**	**13.87**
Transferred from Income Tax Provision (c)	**2.31**	**-**	**-**	**-**	**-**
Net Deferred Tax (Asset)/Liabilities (a-b+c)	**47.94**	**0.22**	**45.41**	**(31.18)**	**76.59**

38. EMPLOYEE BENEFIT OBLIGATIONS

A. Gratuity

The Company has covered its Gratuity Liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by Life Insurance Corporation of India. Under this plan, an employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the Plan Asset.

(i) Reconciliation of opening and closing balances of Defined Benefit Obligation

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	29.83	23.19
Current Service Cost	2.06	1.61
Interest Cost	2.03	1.77
Actuarial (gain)/losses	1.48	4.97
Benefits Paid	(3.42)	(1.71)
Balance at the end of the year	**31.98**	**29.83**

(ii) Reconciliation of opening and closing balances of Fair Value of Plan Assets

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	23.23	19.39
Interest Income	1.59	1.46
Return on Plan Assets	(0.36)	0.18
Contribution by the Company	5.15	3.91
Benefits Paid	(3.22)	(1.71)
Balance at the end of the year	**26.39**	**23.23**
Actual Return on Plan Assets	6.44% to 6.93%	6.82% to 6.84%

(iii) Assets and Liabilities Recognised in the Balance Sheet

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Present Value of Defined Benefit Obligation	31.98	29.83
Less: Fair Value of Plan Assets	26.39	23.23
Amounts recognised as liability	**5.59**	**6.61**
Recognised under		
Short Term provision (Refer Note 19)	5.59	6.61
Total	**5.59**	**6.61**

(iv) Expenses recognised in the Statement of Profit and Loss

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Current Service Cost	2.06	1.61
Net Interest Cost	0.44	0.32
Liability Transferred	-	(0.04)
Total Expenses (Refer Note 30)	**2.50**	**1.89**

(v) Expenses recognised in the Other Comprehensive Income

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Actuarial gain/(losses) on Obligation for the period	(1.48)	(4.97)
Return on Plan assets excluding Interest Income	(0.36)	0.18
Total Expenses recognised in OCI	**(1.84)**	**(4.79)**

(vi) Major Category of Plan Assets

₹ in Crores

	As at March 31, 2021		As at March 31, 2020	
	₹ in Crores	%	₹ in Crores	%
Insurance Policies	26.39	100.00	23.23	100.00

Risk exposure

The Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: A fall in the discount rate which is linked to the Government Securities Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

(vii) Actuarial Assumptions

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.93%	6.84%
Expected Return on Plan Assets	6.93%	6.84%
Salary Growth Rate	8.00%	8.00%
Attrition Rate	2.00%	2.00%

(viii) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of Sensitivity analysis is given below:

	Change in assumptions		Impact on defined benefit obligation			
			Increase		Decrease	
	As at March 31, 2021 %	As at March 31, 2020 %	As at March 31, 2021 ₹ in Crores	As at March 31, 2020 ₹ in Crores	As at March 31, 2021 ₹ in Crores	As at March 31, 2020 ₹ in Crores
Discount Rate	1.00%	1.00%	(1.78)	(1.57)	2.06	1.81
Salary Growth Rate	1.00%	1.00%	2.02	1.77	(1.78)	(1.56)
Attrition Rate	1.00%	1.00%	(0.19)	(0.13)	0.21	0.18

In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the defined benefit liability as recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the prior year.

B. Leave Encashment

(a) The Leave Encashment Benefit Scheme is a Defined Benefit Plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.

(b) The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2021, is ₹ 20.09 Crores (Previous year ₹ 18.08 Crores), which is determined on actuarial basis using Projected Unit Credit Method.

(c) **Principal Actuarial Assumptions**

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.93%	6.84%

C. Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised in Statement of Profit and Loss, for the year is as under

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Employer's Contribution to Provident Fund and other funds except superannuation	7.40	6.58
Employer's Contribution to Superannuation Fund	1.89	1.88

Expected Contribution for the next year	₹ in Crores
Employer's Contribution to Provident Fund and other funds except superannuation	7.99
Employer's Contribution to Superannuation Fund	2.04

39. CAPITAL MANAGEMENT

The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business.

The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

For the purpose of Capital Management, the Company considers the following components of its Balance Sheet to manage capital.

The capital structure of the Company was as follows

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Total Equity (A)	1,844.75	1,491.33
Non-Current Borrowings (including current maturities)	-	30.00
Current Borrowings	-	177.55
Total Borrowings (B)	-	207.55
Total Capital (A+B)	**1,844.75**	**1,698.88**
Total Borrowings as % of Total Capital	-	12.22%
Total Borrowings as % of Total Equity	-	13.92%

The Interest Coverage Ratio for the reporting period was as follows

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
EBITDA (excluding other income)	535.03	795.39
Finance Cost	3.08	19.01
Interest Coverage Ratio	**173.71**	**41.84**

The Debt Service Coverage Ratio for the reporting period was as follows

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
EBITDA (excluding other income)	535.03	795.39
Finance Cost	3.08	19.01
Repayment of Non-Current Borrowings	30.00	113.19
Debt Service Coverage Ratio	**16.17**	**6.02**

40. FINANCIAL INSTRUMENTS

40.1. Categories of financial instruments

The carrying value of financial instruments by categories as at March 31, 2021 is as follows

₹ in Crores

	Fair Value through Other Comprehensive Income	Fair value through profit or loss	Amortised Cost	Total
Financial Assets				
Cash and Cash Equivalents	-	-	3.06	3.06
Other Balances with Banks	-	-	1.37	1.37
Quoted Investments (Level 1)	-	125.62	-	125.62
Unquoted Investments (Level 3)	2.44	0.01	-	2.45
Government Securities (Refer Note 5(c))	-	-	0.00	0.00
Trade Receivables	-	-	353.74	353.74
Loans	-	-	1.36	1.36
Other Financial Assets	-	1.91	6.04	7.95
Total	**2.44**	**127.54**	**365.57**	**495.55**
Financial Liabilities				
Trade Payables	-	-	218.75	218.75
Other Financial Liabilities	-	-	19.49	19.49
Total	**-**	**-**	**238.24**	**238.24**

The carrying value of financial instruments by categories as at March 31, 2020 is as follows

₹ in Crores

	Fair Value through Other Comprehensive Income	Fair value through profit or loss	Amortised Cost	Total
Financial Assets				
Cash and Cash Equivalents	-	-	2.10	2.10
Other Balances with Banks	-	-	1.63	1.63
Quoted Investments (Level 1)	-	0.03	-	0.03
Unquoted Investments (Level 3)	2.34	0.01	-	2.35
Government Securities (Refer Note 5(c))	-	-	0.00	0.00
Trade Receivables	-	-	365.97	365.97
Loans	-	-	1.65	1.65
Other Financial Assets	-	-	6.63	6.63
Total	**2.34**	**0.04**	**377.98**	**380.36**
Financial Liabilities				
Current Borrowings	-	-	177.55	177.55
Non-Current Borrowings (including current maturities)	-	-	30.00	30.00
Trade Payables	-	-	239.32	239.32
Other Financial Liabilities	-	4.40	22.13	26.53
Total	**-**	**4.40**	**469.00**	**473.40**

40.2. Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair Value Hierarchy as at March 31, 2021

₹ in Crores

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Quoted Instruments	125.62	-	-	125.62
Investments in Unquoted Instruments	-	-	2.45	2.45
Other Financial Assets	-	1.91	-	1.91

Fair Value Hierarchy as at March 31, 2020

₹ in Crores

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Quoted Instruments	0.03	-	-	0.03
Investments in Unquoted Instruments	-	-	2.35	2.35
Financial Liabilities				
Other Financial Liabilities	-	4.40	-	4.40

Reconciliation of Level 3 fair value measurements

₹ in Crores

	Investment in unquoted shares irrevocably designated as FVTOCI
Opening Balance as at March 31, 2019	**2.32**
Total gains in other comprehensive income	0.02
Closing balance as at March 31, 2020	**2.34**
Total gains in other comprehensive income	0.10
Closing balance as at March 31, 2021	**2.44**

Comparative Market Multiples method has been used for estimating the fair value of such Investment. The fair valuation estimates are based on historical annual accounts/annual reports and based on information collected from public domain. Information pertaining to future expected performance of investee companies including projections about their profitability, balance sheet status and cash flow expectations are not available.

40.3. Financial Risk Management objectives

The Company has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using financial instruments such as foreign currency forward contracts, option contracts and interest swaps to hedge risk exposures and appropriate risk management policies as detailed below. The use of these financial instruments is governed by the Company's policies, which outlines principles on foreign exchange risk, interest rate risk, credit risk and deployment of surplus funds.

Item	Primarily effected by	Risk management policies	Reference
Market risk - currency risk	Foreign Currency balances and exposure towards trade payables, buyer's credit, exports, short-term and long-term borrowings	The Company hedges its foreign currency risk using foreign exchange forward contracts and option contracts after considering the natural hedge.	Note 40.4.1
Market risk - interest rate risk	Change in market interest rates	Maintaining a combination of fixed and floating rate debt; interest rate swaps for long-term borrowings; cash management policies	Note 40.4.2
Credit risk	Ability of customers or counterparties to financial instruments to meet contractual obligations.	Credit approval and monitoring practices; counterparty credit policies and limits; arrangements with financial institutions	Note 40.5
Liquidity risk	Fluctuations in cash flows	Preparing and monitoring forecasts of cash flows; cash management policies; multiple-year credit and banking facilities	Note 40.6

40.4 Market Risk

The Company's financial instruments are exposed to market rate changes. The Company is exposed to the following significant market risks

- Foreign currency risk
- Interest rate risk

Market risk exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

40.4.1 Foreign Currency Risk management

The Company is exposed to foreign exchange risk on account of following

1. Imports of raw materials and services.
2. Exports of finished goods.
3. Foreign currency borrowings in the form of Term loans, External Commercial Borrowings, buyers credit, packing credit etc. availed for meeting its funding requirements.

   The Company has a forex policy in place whose objective is to mitigate foreign exchange risk by deploying the appropriate hedging strategies through combination of various hedging instruments such as foreign currency forward contracts, options contracts after considering the natural hedge and has a dedicated forex desk to monitor the currency movement and respond swiftly to market situations. The Company follows netting principle for managing the foreign exchange exposure.

(a) The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities based on gross exposure at the end of the reporting period is as under:

Currency	Liabilities		Assets	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
USD (Crores)	0.46	1.06	1.74	1.72
INR (Crores)	33.49	79.85	127.59	129.95
GBP (Crores)	0.01	-	-	-
INR (Crores)	0.71	-	-	-
EURO (Crores) (represents € 37,783 (Previous Year € 34,600))	0.00	0.00	0.07	0.21
INR (Crores)	0.33	0.29	6.03	17.77

The foreign currency risk on above exposure is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows

(b) Foreign currency forward and option contracts outstanding as at the Balance Sheet date:

	As at March 31, 2021		As at March 31, 2020	
	Buy	Sell	Buy	Sell
Forward Contracts (USD Crores)	-	3.37	-	0.90
Forward Contracts (EURO Crores)	-	0.01	-	-
Option Contracts (USD Crores)	-	-	-	2.93

The forward and option contracts have been entered into to hedge the foreign currency risk on trade receivables and trade payables.

(c) Net open exposures outstanding as at the Balance Sheet date:

Currency	Liabilities		Assets	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
USD (Crores)	2.09	3.17	-	-
GBP (Crores)	0.01	-	-	-
EURO (Crores)	-	-	0.07	0.21

(d) Foreign currency sensitivity analysis

The Company is mainly exposed to fluctuations in US Dollar. The following table details the Company's sensitivity to a INR 1 increase and decrease against the US Dollar. INR 1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a INR 1 change in foreign currency rates. A positive number below indicates an increase in profit where the Rupee strengthens by INR 1 against the US Dollar. For a INR 1 weakening against the US Dollar, there would be a comparable impact on the profit before tax.

₹ in Crores

Currency USD Impact on profit or loss	As at March 31, 2021	As at March 31, 2020
Impact of INR 1 strengthening against US Dollar	0.93	0.14
Impact of INR 1 weakening against US Dollar	(2.81)	(2.24)

40.4.2 Interest Rate Risk Management

The Company issues commercial papers, draws working capital demand loans, avails cash credit, foreign currency borrowings including buyers credit, Packing Credit etc. for meeting its funding requirements.

Interest rates on these borrowings are exposed to change in respective benchmark rates. The Company manages the interest rate risk by maintaining appropriate mix/portfolio of the borrowings.

40.5 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. The Company uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment through third party experts. Outstanding receivables and the credit worthiness of its counterparties are periodically monitored and taken upon case to case basis.

The Company measured the loss allowance for receivables based on the management estimate and judgment, credit risk and consequential default considering emerging situations due to COVID-19.

The credit risk on cash and bank balances, derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

₹ in Crores

Age of receivables	As at March 31, 2021	As at March 31, 2020
Within the Credit period	358.30	373.65
91 to <=180 days	1.58	2.52
>180 days	4.16	4.40

Reconciliation of loss allowance provision - Trade receivables

₹ in Crores

Loss allowance on March 31, 2019	**6.78**
Changes in loss allowance	7.82
Loss allowance on March 31, 2020	**14.60**
Changes in loss allowance	(4.31)
Loss allowance on March 31, 2021	**10.30**

40.6 Liquidity Risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial liabilities as at March 31, 2021

₹ in Crores

	Amount	upto 1 year	1-3 year	More than 3 year	Total cash flows
Trade Payables	218.75	218.75	-	-	218.75
Other Financial Liabilities	11.60	11.60	-	-	11.60

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2020

₹ in Crores

	Amount	upto 1 year	1-3 year	More than 3 year	Total cash flows
Trade Payables	239.32	239.32	-	-	239.32
Borrowings	207.55	207.55	-	-	207.55
Other Financial Liabilities	15.31	15.31	-	-	15.31

40.7 Changes in Liabilities arising from Financing Activities

₹ in Crores

	Non-Current Borrowings (including Current Maturities of Non-Current Borrowings)	Current Borrowings	Interest Accrued But Not Due	Lease Liabilities	Unpaid dividend on equity Shares (Incl DDT)
As at March 31, 2019	**143.19**	**184.42**	**0.99**	**-**	**0.70**
Recognition on adoption of Ind AS 116	-	-	-	13.06	-
Cash Flows	(113.19)	(8.40)	(19.86)	(2.72)	(106.01)
Foreign Exchange movement	-	1.53	0.45	-	-
Charged to P&L during the period	-	-	19.01	0.87	-
Dividend recognised during the year	-	-	-	-	106.89
As at March 31, 2020	**30.00**	**177.55**	**0.59**	**11.21**	**1.58**
Cash Flows	(30.00)	(177.55)	(3.67)	(3.51)	(0.38)
Charged to P&L during the period	-	-	3.08	1.00	-
Deductions/Disposal	-	-	-	(0.81)	-
As at March 31, 2021	**-**	**(0.00)**	**0.00**	**7.89**	**1.20**

41. SEGMENT INFORMATION

(a) Primary Segment Information

The information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on types of goods delivered. Accordingly, the Company's reportable segments under Ind AS 108 are as follows:

(i) Basic Chemicals

(ii) Fine & Speciality Chemicals

(iii) Performance Products

The accounting policies of the reportable segments are same as the Company's accounting policies. Segment profit represents the profit before interest and tax earned by each segment without allocation of central administrative costs and other income. This is the measure reported to the CODM.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
I) Segment Revenue		
(a) Basic Chemicals	769.84	940.32
(b) Fine & Speciality Chemicals	766.55	585.26
(c) Performance Products	304.40	767.93
TOTAL	**1,840.79**	**2,293.51**
Less: Inter Segment Revenue	31.65	63.85
Revenue from operations	**1,809.14**	**2,229.66**

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
II) Segment Results		
Profit + Loss (-) Before Tax & Interest		
(a) Basic Chemicals	195.03	209.35
(b) Fine & Speciality Chemicals	332.95	167.88
(c) Performance Products	22.48	418.16
TOTAL	**550.46**	**795.39**
Less : (i) Interest Expenses	4.12	20.32
(ii) Other un-allocable expenditure net of un-allocable Income	67.73	69.04
III) Profit Before Tax	**478.61**	**706.03**
IV) Segment Assets		
(a) Basic Chemicals	424.67	453.36
(b) Fine & Speciality Chemicals	459.02	381.74
(c) Performance Products	417.85	476.74
(d) Un- allocable	868.97	734.68
TOTAL	**2,170.51**	**2,046.52**
V) Segment Liabilities		
(a) Basic Chemicals	74.17	115.24
(b) Fine & Speciality Chemicals	83.72	70.96
(c) Performance Products	76.00	57.41
(d) Un- allocable	91.87	311.58
TOTAL	**325.76**	**555.19**
VI) Capital Expenditure		
(a) Basic Chemicals	35.44	31.46
(b) Fine & Speciality Chemicals	59.23	16.75
(c) Performance Products	23.26	34.19
(d) Un- allocable	6.54	122.74
TOTAL	**124.47**	**205.13**
VII) Depreciation		
(a) Basic Chemicals	27.53	33.47
(b) Fine & Speciality Chemicals	16.91	20.19
(c) Performance Products	15.57	18.30
(d) Un- allocable	6.87	5.94
TOTAL	**66.88**	**77.91**

(b) Secondary Segment Information

The following table shows the distribution of the Company's Revenue and Assets by geographical market:

₹ in Crores

Revenue	For the year March 31, 2021	For the year March 31, 2020
In India	954.25	1,292.94
Outside India	854.89	936.72
Total	**1,809.14**	**2,229.66**

₹ in Crores

Carrying Amount of Segment Assets	As at March 31, 2021	As at March 31, 2020
In India	2,034.81	1,896.83
Outside India	135.70	149.69
Total	**2,170.51**	**2,046.52**

₹ in Crores

Addition to Fixed Assets	As at March 31, 2021	As at March 31, 2020
In India		
- Tangible	124.05	204.92
- Intangible	0.43	0.21
Outside India		
- Tangible	-	-
- Intangible	-	-
Total	**124.48**	**205.13**

42. LEASES

A. The following is the movement in lease liabilities:

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	**11.21**	**5.39**
Additions during the year	-	7.66
Deductions during the year	(0.81)	-
Finance cost accrued during the year	1.04	1.31
Payment/Provision of Lease Liabilities	(3.55)	(3.15)
Balance at the end of the year	**7.89**	**11.21**
Recognised under		
Non -Current Financial Liabilities	7.26	10.52
Current Financial Liabilities	0.63	0.69
Total	**7.89**	**11.21**

B. The following are details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Less than one year	2.10	3.77
One to five years	7.18	8.68
More than five years	2.07	3.57
Total	**11.35**	**16.02**

43. EARNINGS PER SHARE

	As at March 31, 2021	As at March 31, 2020
Basic and Diluted Earnings per Share		
Number of Shares at the beginning (Nos. in Crores)	13.64	13.64
Number of Shares at the end (Nos. in Crores)	13.64	13.64
Weighted Average Number of Shares considered for Basic and Diluted Earnings Per Share (Nos. in Crores)	13.64	13.64
Net Profit after Tax available for Equity Shareholders (₹ in Crores)	354.72	544.04
Basic and Diluted Earnings (in Rupees) Per Share of ₹ 2/- each	26.01	39.89

44 A. RESEARCH AND DEVELOPMENT EXPENSES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(i) Capital Expenditure (Refer Note 2.5)	**4.92**	**3.09**
(ii) Revenue Expenditure		
Materials	0.55	0.73
Utilities	0.15	0.15
Maintenance	0.16	0.13
Personnel	6.39	6.42
Others	1.56	1.74
	8.81	**9.17**
Loss on discarding of assets	0.03	0.05
Depreciation	1.43	1.21
	1.46	**1.26**
Total Revenue Expenditure	**10.27**	**10.43**
(iii) Total Capital & Revenue Expenditure ((i)+(ii))	**15.19**	**13.52**

44 B.R & D DISCLOSURE FOR DEPARTMENT OF SCIENTIFIC & INDUSTRIAL RESEARCH (DSIR)

₹ in Crores

	2020-21	2019-20	2018-19	2017-18	2016-17
(i) Capital Expenditure					
Nandesari	4.92	3.09	0.99	1.05	2.15
Roha	-	-	0.94	0.13	-
Total	**4.92**	**3.09**	**1.93**	**1.18**	**2.15**
(ii) Revenue Expenditure					
Nandesari	9.57	10.19	7.85	6.76	6.77
Roha	0.22	0.24	0.26	0.26	0.32
Dahej	0.48	-	-	-	-
Total	**10.27**	**10.43**	**8.11**	**7.02**	**7.09**
(iii) Total Capital & Revenue Expenditure					
Nandesari	14.49	13.28	8.84	7.81	7.95
Roha	0.22	0.24	1.20	0.39	0.32
Dahej	0.48	-	-	-	-
Total	**15.19**	**13.52**	**10.04**	**8.20**	**9.24**

45. DISCLOSURES UNDER MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT ACT, 2006

To the extent, the company has received intimation from the “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(i) Principal amount remaining unpaid	14.56	6.16
(ii) Interest due thereon remaining unpaid	-	-
(iii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
(iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v) Interest accrued and remaining unpaid (net of tax deducted at source)	-	-
(vi) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

46. During FY 2020-21, the Company has spent ₹ 7.44 Crores on Corporate Social Responsibility activities, against the requirement of ₹ 7.44 Crores, being 2% of average of the net profits for the preceding three years.

47. The Company has considered the possible effects of COVID 19 in the preparation of these financial statements including recoverability of trade receivables and inventories. The management has considered relevant internal and external sources of information, including economic forecasts as at the date of approval of these financial statements. The impact of the same may vary considering the prevailing uncertain situation.

48. Events occurring after the balance sheet date: The Board of Directors has recommended, subject to the approval of shareholders, a dividend of ₹ 4.50 (225%) per equity share. Further, over and above the normal dividend, the Board has also recommended for approval of shareholders, a special dividend of ₹ 1.00 (50%) per equity share to commemorate Golden Jubilee year of the Company. Accordingly, the total dividend shall be ₹ 5.50 (275%) per equity share of face value of ₹ 2.00 (Rupees Two only) each for the year ended March 31, 2021 on 13,63,93,041 equity shares.

49. The Financial Statements were approved for issue by the Board of Directors on May 05, 2021.

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Maulik Mehta
Executive Director & CEO
DIN: 05227290

Dileep Choksi
Director
DIN: 00016322

Sanjay Upadhyay
Director-Finance & CFO
DIN: 01776546

Sudhir Mankad
Director
DIN: 00086077

Arvind Bajpai
Company Secretary
Membership No: F6713

Vadodara: May 05, 2021

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries

PART "A": SUBSIDIARIES

1	Name of the subsidiary	Deepak Phenolics Limited	Deepak Clean Tech Limited	Deepak Nitrite Corporation, Inc.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2020-21	2020-21	2020-21
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR ₹ in Crores	INR ₹ in Lakhs	US$ 1US$ = ₹ 73.5047 ₹ in Lakhs
4	Share Capital	560.00	5.00	47.68
5	Reserves & Surplus	506.23	-	33.18
6	Total Assets	1,962.62	5.00	81.82
7	Total Liabilities	896.39	-	1.18
8	Investments	61.20	-	-
9	Turnover	2,563.48	-	16.05
10	Profit before Tax	563.17	-	0.75
11	Provision for Tax	142.01	-	0.29
12	Profit after Tax	421.16	-	0.46
13	Total Comprehensive Income	421.39	-	0.46
14	Proposed Dividend	-	-	-
15	% of Shareholding	100%	100%	100%

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Maulik Mehta
Executive Director & CEO
DIN: 05227290

Dileep Choksi
Director
DIN: 00016322

Sanjay Upadhyay
Director-Finance & CFO
DIN: 01776546

Sudhir Mankad
Director
DIN: 00086077

Arvind Bajpai
Company Secretary
Membership No: F6713

Vadodara: May 05, 2021

Independent Auditor’s Report

To The Members of Deepak Nitrite Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Deepak Nitrite Limited (”the Parent”) and its subsidiaries, (the Parent and its subsidiaries together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at 31st March 2021, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (‘Ind AS’), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor’s Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No	Key Audit Matter	Auditor’s Response
1	**Revenue Recognition**	**Principal audit procedure performed**
	Revenue recognition is significant audit risk across the Group. Risk exists that revenue is recognized without substantial transfer of control and is not in accordance with Ind AS-115 “Revenue from Contracts with Customers”.	Our audit consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • We evaluated the design and performed walkthrough of internal controls relating to revenue recognition. • We selected sample of Sales transactions and tested the operating effectiveness of the internal control relating to revenue recognition. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection. • We have tested sample of Sale transactions to their respective customer contracts, underlying invoices and related documents. • We have performed cut-off procedures for revenue transactions at year-end in order to conclude on whether they were recognized in accordance with Ind-AS 115. This matter has been identified as KAM by a component auditor also. The component auditor has reported to us that they have performed these procedures.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

a) We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹ 1,962.59 crores as at 31st March, 2021, total revenues of ₹ 2,571.85 crores and net cash inflows amounting to ₹ 5.74 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

b) One of the subsidiary company is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in the country and which have been audited by other auditor under generally accepted auditing standards applicable in the country. The Parent's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Parent and audited by us.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and a subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kartikeya Raval
(Partner)
(Membership No. 106189)
(UDIN: 21106189AAAAEC3409)

Place: Ahmedabad
Date: May 5, 2021

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Deepak Nitrite Limited (hereinafter referred to as "Parent") and its subsidiary companies which are companies incorporated in India as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one of the subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kartikeya Raval
(Partner)
(Membership No. 106189)
(UDIN: 21106189AAAAEC3409)

Place: Ahmedabad
Date: May 5, 2021

Consolidated Balance Sheet as at March 31, 2021

₹ in Crores

	Notes	As at March 31, 2021	As at March 31, 2020
I. ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2	1,824.83	1,787.56
(b) Right-of-use Assets	3	10.86	14.35
(c) Capital Work-in-Progress	2	206.76	172.27
(d) Intangible Assets	4	28.05	30.07
(e) Intangible Assets Under Development		13.68	-
(f) Financial Assets			
Investments	5	2.50	2.38
Loans	6	0.79	1.06
Other Financial Assets	7	8.76	8.80
(g) Non-Current Tax Assets (Net)	8	-	6.00
(h) Other Non-Current Assets	9	11.89	29.82
Total Non-Current Assets		**2,108.12**	**2,052.31**
Current Assets			
(a) Inventories	10	382.69	394.50
(b) Financial Assets			
Investments	11	186.79	-
Trade Receivables	12	756.30	612.72
Cash and Cash Equivalents	13 A	8.89	2.14
Bank balances other than Cash and Cash Equivalents above	13 B	24.54	29.26
Other Financial Assets	14	3.33	1.62
(c) Current Tax Assets (Net)	15	5.09	-
(d) Other Current Assets	16	82.83	113.83
(e) Assets classified as held for sale		1.72	2.23
Total Current Assets		**1,452.18**	**1,156.30**
TOTAL ASSETS		**3,560.30**	**3,208.61**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	17	27.28	27.28
(b) Other Equity	18	2,319.37	1,544.63
Total Equity		**2,346.65**	**1,571.91**
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	19	524.04	779.43
Lease Liabilities	44	10.76	13.46
(b) Provisions	20	17.20	14.40
(c) Deferred Tax Liabilities (Net)	21	107.81	79.61
(d) Other Non-Current Liabilities	22	0.36	0.85
Total Non-Current Liabilities		**660.17**	**887.75**
Current Liabilities			
(a) Financial Liabilities			
Borrowings	23	3.10	248.42
Trade Payables			
Total outstanding dues of			
a) Micro Enterprises and Small Enterprises	24	15.04	6.70
b) Creditors other than Micro Enterprises and Small Enterprises	24	421.70	357.56
Lease Liabilities	44	1.44	1.93
Other Financial Liabilities	25	82.84	108.57
(b) Provisions	20	10.38	12.04
(c) Current Tax Liabilities (Net)	26	1.59	0.97
(d) Other Current Liabilities	27	17.39	12.76
Total Current Liabilities		**553.48**	**748.95**
Total Liabilities		**1,213.65**	**1,636.70**
TOTAL EQUITY AND LIABILITIES		**3,560.30**	**3,208.61**
Significant Accounting Policies	1		

The accompanying Notes form an integral part of the Consolidated Financial Statements.

As per our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad: May 05, 2021

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Sanjay Upadhyay
Director-Finance & CFO
DIN: 01776546

Maulik Mehta
Executive Director & CEO
DIN: 05227290

Arvind Bajpai
Company Secretary
Membership No: F6713

Vadodara: May 05, 2021

Dileep Choksi
Director
DIN: 00016322

Sudhir Mankad
Director
DIN: 00086077

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

₹ in Crores

		Notes	For the year ended March 31, 2021	For the year ended March 31, 2020
I.	Revenue from Operations	28	4,359.75	4,229.71
II.	Other Income	29	21.52	35.20
III.	**Total Income (I+II)**		**4,381.27**	**4,264.91**
IV.	**Expenses:**			
	(a) Cost of Materials Consumed	30	2,274.27	2,347.91
	(b) Changes in Inventories of Finished Goods and Work-in-Progress	31	(10.01)	25.59
	(c) Employee Benefits Expense	32	247.04	216.96
	(d) Power & Fuel Expenses	33	264.74	285.19
	(e) Finance Costs	34	74.20	114.87
	(f) Depreciation and Amortisation Expense	35	152.63	139.73
	(g) Other Expenses	36	336.68	328.26
	Total Expenses (IV)		**3,339.55**	**3,458.51**
V.	**Profit Before Tax (III-IV)**		**1,041.72**	**806.40**
VI.	**Tax Expense:**			
	(a) Current Tax	39 B	239.65	192.08
	(b) Deferred Tax	39 B	26.26	3.29
VII.	**Profit for the Year (V-VI)**		**775.81**	**611.03**
VIII.	**Other Comprehensive Income:**			
	Items that will not be Reclassified to Profit and Loss:			
	(a) Remeasurement of Defined Benefit Obligations (Net)		(1.54)	(4.96)
	(b) Tax Effect on remeasurement of Defined Benefit obligations (Net)		0.39	1.14
	(c) Fair Value Gains on Investments		0.10	0.02
	(d) Tax effect of Fair Value Gains on Investments		(0.02)	-
	Total Other Comprehensive Income for the Year (VIII)		**(1.07)**	**(3.80)**
IX.	**Total Comprehensive Income for the Year (VII+VIII)**		**774.74**	**607.23**
X.	**Profit is attributable to:**			
	Owners of the Group		775.81	611.03
	Non-Controlling Interest		-	-
XI.	**Other Comprehensive Income is attributable to:**			
	Owners of the Group		(1.07)	(3.80)
	Non-Controlling Interest		-	-
XII.	**Total Comprehensive Income is attributable to:**			
	Owners of the Group		774.74	607.23
	Non-Controlling Interest		-	-
	Earnings Per Equity Share			
	(a) Basic (Nominal Value per Share ₹ 2)	45	56.88	44.80
	(b) Diluted (Nominal Value per Share ₹ 2)	45	56.88	44.80

The accompanying Notes form an integral part of the Consolidated Financial Statements.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad: May 05, 2021

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Maulik Mehta
Executive Director & CEO
DIN: 05227290

Dileep Choksi
Director
DIN: 00016322

Sanjay Upadhyay
Director-Finance & CFO
DIN: 01776546

Arvind Bajpai
Company Secretary
Membership No: F6713

Sudhir Mankad
Director
DIN: 00086077

Vadodara: May 05, 2021

Consolidated Cash Flow Statement
for the year ended March 31, 2021

₹ in Crores

	For the year ended March 31, 2021	For the year ended March 31, 2020
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	**1,041.72**	**806.40**
Non-cash adjustment to reconcile Profit Before Tax to net Cash Flows		
1. Depreciation and Amortisation Expense	152.63	139.73
2. Loss on Sale of Property, Plant and Equipment	1.86	6.33
3. Provision/(Reversal) for Doubtful Debts	16.86	7.41
4. Gain on Redemption of Investment	(1.36)	(0.33)
5. Finance Costs	74.20	114.87
6. Interest Income	(3.29)	(2.12)
7. Dividend Income (Previous Year represents ₹ 878)	-	(0.00)
8. Fair Value Gains	(0.02)	0.04
9. Unrealised Foreign Exchange Loss/(Gain) net	(3.00)	0.03
Operating Profit Before Change in Operating Assets and Liabilities	**1,279.60**	**1,072.36**
Movements in Working Capital :		
1. (Increase)/Decrease in Inventories	11.82	16.18
2. (Increase)/Decrease in Trade Receivables	(163.06)	(40.24)
3. (Increase)/Decrease in Non-Current Loans	0.27	0.29
4. (Increase)/Decrease in Other Financial Assets	14.96	(2.88)
5. (Increase)/Decrease in Other Assets	21.24	34.15
6. Increase/(Decrease) in Trade Payables	70.36	(112.74)
7. Increase/(Decrease) in Other Financial Liabilities	(2.15)	4.69
8. Increase/(Decrease) in Other Liabilities	2.85	(11.26)
9. Increase/(Decrease) in Provisions	(0.35)	2.59
Cash Generated from Operations	**1,235.54**	**963.14**
Less: Income Tax paid (net of refund)	236.50	198.48
Net Cash Inflow from Operating Activities (A)	**999.04**	**764.66**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
1. Purchase of Property, Plant and Equipment, including Capital Work-in-Progress, Capital Advances & Payable for Capital Expenditure	(207.03)	(398.39)
2. Purchase of Intangible Assets	(2.53)	(19.04)
3. Proceeds from Sale of Property, Plant and Equipment	0.96	1.43
4. Purchase of Current Investments	(1,310.46)	(221.00)
5. Proceeds from Redemption/Maturity of Current Investments	1,125.04	221.33
6. Interest Received	3.29	2.12
7. Dividend Received (Previous Year represents ₹ 878)	-	0.00
8. Increase/(Decrease) in Liabilities related to Capital Assets	(5.43)	(14.37)
Net Cash Outflow from Investing Activities (B)	**(396.16)**	**(427.92)**

₹ in Crores

	For the year ended March 31, 2021	For the year ended March 31, 2020
(C) CASH FLOW FROM FINANCING ACTIVITIES		
1. Proceeds from Non-Current Borrowings	48.13	24.76
2. Repayment of Non-Current Borrowings	(324.49)	(125.37)
3. Net Proceeds from Current Borrowings	(245.33)	(8.17)
4. Interest paid	(73.57)	(113.42)
5. Dividend paid on Equity Shares and Dividend Distribution Tax	(0.38)	(106.01)
6. Margin Money Deposit	4.34	(5.59)
7. Principal repayment of Lease Liability	(3.28)	(1.77)
8. Interest cost of Lease	(1.55)	(1.99)
Net Cash Outflow from Financing Activities (C)	**(596.13)**	**(337.56)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**6.75**	**(0.82)**
Cash and Cash Equivalents at the Beginning of the Financial Year	2.14	2.96
Cash and Cash Equivalents at the End of the Financial Year	**8.89**	**2.14**
Reconciliation of Cash and Cash Equivalents		
Balances with Banks:		
In Current Accounts	0.46	1.54
In EEFC Accounts	1.56	0.46
In Cash Credit Accounts	1.07	-
Deposit with banks with maturity less than 3 months from the date of acquisition	5.75	-
Cash on Hand	0.05	0.14
Total Cash and Cash Equivalents as per note 13 A.	**8.89**	**2.14**

Notes:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Ind AS 7 'Cash Flow Statement'.
2. Disclosure with regards to changes in liabilities arising from Financing activities as set out in Ind AS 7 'Cash Flow Statement' is presented under note 42.7.

The accompanying Notes form an integral part of the Consolidated Financial Statements.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad: May 05, 2021

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Maulik Mehta
Executive Director & CEO
DIN: 05227290

Dileep Choksi
Director
DIN: 00016322

Sanjay Upadhyay
Director-Finance & CFO
DIN: 01776546

Arvind Bajpai
Company Secretary
Membership No: F6713

Sudhir Mankad
Director
DIN: 00086077

Vadodara: May 05, 2021

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

(A) EQUITY SHARE CAPITAL (Refer Note 17)

₹ in Crores

	Amount
As at March 31, 2019	**27.28**
Changes in Equity Share Capital during the year	-
As at March 31, 2020	**27.28**
Changes in Equity Share Capital during the year	-
As at March 31, 2021	**27.28**

(B) OTHER EQUITY

₹ in Crores

	Reserves and Surplus					Other Comprehensive Income	Total
	Retained Earnings	**Capital Reserve**	**General Reserve**	**Capital Redemption Reserve**	**Securities Premium**	**Equity instruments through other comprehensive income**	
Balance as at March 31, 2019	**525.00**	**0.71**	**83.90**	**0.15**	**434.17**	**0.37**	**1,044.29**
Profit for the year	611.03	-	-	-	-	-	611.03
Other Comprehensive Income	(3.82)	-	-	-	-	0.02	(3.80)
Dividend (Including Interim Dividend of ₹ 61.37 Crores)	(88.66)	-	-	-	-	-	(88.66)
Tax on dividend (Including Tax on Interim Dividend of ₹ 12.62 Crores)	(18.23)	-	-	-	-	-	(18.23)
Transfer from Retained Earnings to General Reserve	(10.00)	-	10.00	-	-	-	-
Balance as at March 31, 2020	**1,015.31**	**0.71**	**93.90**	**0.15**	**434.17**	**0.39**	**1,544.63**
Profit for the year	775.81	-	-	-	-	-	775.81
Other Comprehensive income	(1.15)	-	-	-	-	0.08	(1.07)
Balance as at March 31, 2021	**1,789.97**	**0.71**	**93.90**	**0.15**	**434.17**	**0.47**	**2,319.37**

The accompanying Notes form an integral part of the Consolidated Financial Statements.

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kartikeya Raval
Partner

Ahmedabad: May 05, 2021

For and on behalf of the Board

Deepak C. Mehta
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DIN: 01776546

Arvind Bajpai
Company Secretary
Membership No: F6713

Sudhir Mankad
Director
DIN: 00086077

Vadodara: May 05, 2021

Notes forming part of the Consolidated Financial Statements

as at and for the year ended March 31, 2021

GROUP OVERVIEW

Deepak Nitrite Limited ('DNL' or 'the Company') is a prominent chemical manufacturing public limited company incorporated and domiciled in India. Its registered office is located at Aaditya-I Chhani Road, Vadodara- 390 024, Gujarat, India and its manufacturing facilities are located in the states of Gujarat, Maharashtra and Telangana.

The Company with its three subsidiaries namely Deepak Phenolics Limited, Deepak Nitrite Corporation Inc. and Deepak Clean Tech Limited are referred to as the Group here under.

The Group manufactures Basic Chemicals, Fine & Speciality Chemicals, Performance Products, and Phenolics.

The Companies (Indian Accounting Standards) Amendment Rules, 2020 has notified amendments to the following accounting standards. The amendments are effective from April 1, 2020.

1. Ind AS 1 Presentation of Financial Statements
2. Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
3. Ind AS 10 Events after the Reporting Period
4. Ind AS 34 Interim Financial Reporting
5. Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets
6. Ind AS 103 Business Combination
7. Ind AS 107 & Ind AS 109 Financial Instruments
8. Ind AS 116 Leases

There is no material impact on adoption of these amendments.

1. Significant Accounting Policies

This Note provides a list of the significant Accounting Policies adopted by the Group in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The Financial Statements are for the Group consisting of the Company and its subsidiary companies.

(a) I. Basis of preparation

(i) Compliance with Ind AS

The Consolidated Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following assets and liabilities which have been measured at fair value or revalued amount:

(a) Certain financial assets and financial liabilities measured at fair value

(b) Derivative Financial instruments

(c) Defined benefit plan – plan assets measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurement and/or disclosure purposes in the financial statements is determined on such a basis except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

(ii) Functional and Presentation Currency

Items included in the Consolidated Financial Statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('functional currency'). The Consolidated Financial Statements of the Group are presented in Indian currency (INR), which is also the functional and presentation currency of the Group.

(iii) Use of estimates

Preparation of the Consolidated Financial Statements requires use of accounting estimates which, by definition, will be equal to the actual results. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Useful lives and residual value of property, plant and equipment: The Group reviews the useful life and residual value of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Allowance for expected credit losses: The expected credit allowance is based on the ageing of the days receivables which are past due and the rates derived based on past history of defaults in the provision matrix.

Fair value of investments: The Group has invested in the equity instruments of various companies. However, the percentage of shareholding of the Group in such investee companies is very low and hence, it has not been provided with future projections including projected statement of profit and loss by those investee companies. Hence, the valuation exercise carried out by the Group with the help of an independent valuer has estimated fair value at each reporting period based on available historical annual reports and other information in the public domain.

Income taxes : Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

(a) II. Principles of Consolidation :

The Consolidated Financial Statements (CFS) comprise the Financial Statements of Deepak Nitrite Limited and its subsidiaries as at 31 March 2021. The consolidated financial statements of the Group have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013. The basis for preparing the consolidated financial statements is given below:

Subsidiary companies are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the Financial Statements of the parent and its subsidiary companies line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances, cashflows and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting Policies of subsidiary companies are consistent with the policies adopted by the Group.

In case of foreign subsidiary revenue items are consolidated at the average rate that approximates the actual rate at the date of transaction. All monetary items are translated into Consolidated financial statements at exchange rate in effect at the balance sheet date. Any exchange difference arising on consolidation is recognised in the Consolidated Statement of Profit and Loss.

Profit or Loss and each component of Other Comprehensive Income are attributed to the owners of the Group and to the non-controlling interests. Total Comprehensive Income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Name of Entity	Ownership in % either directly or through subsidiaries		Nature	Country of Incorporation
	2020-21	2019-20		
Deepak Phenolics Limited	100%	100%	Subsidiary	India
Deepak Clean Tech Limited	100%	-	Subsidiary	India
Deepak Nitrite Corporation, Inc.	100%	100%	Subsidiary	United States of America

Changes in ownership interest

When the Group ceases to consolidate or equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate company or financial asset.

(b) Current versus non-current classification

Assets and liabilities are classified as Current or Non-Current as per the provisions of the Schedule III notified under the Companies Act, and the Group's normal operating cycle.

An asset is treated as current when it is:

(i) Expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) Held primarily for the purpose of trading;

(iii) Expected to be realised within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Based on the nature of business and its activities, the Group has ascertained its operating cycle as twelve months for the purpose of Current & Non-Current classification of assets and liabilities.

(c) Revenue Recognition

Sale of Goods:

Revenue from the sale of goods is only recognized – net of Goods & Service Tax, cash discounts, discounts and rebates – if the following conditions are met:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer.
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Group.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from Services is recognised in the accounting period in which the services are rendered.

Interest Income:

Interest income from Financial Assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income is measured reliably. Interest income is accrued on time basis, by reference to the principle outstanding and using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Eligible export incentives are recognised in the year in which the conditions precedent is met and there is no significant uncertainty about the collectability.

Revenue in respect of other income is recognised to the extent that the Group is reasonably certain of its ultimate realisation.

(d) Leasing

As a Lessee

At the date of commencement of the lease, the Group recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The ROU are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates.

The Group has accounted for concession received in lease rent due to COVID-19 scenario as a lease modification. Accordingly carrying value of lease liability and ROU assets has been reduced and Gain arising out of such reduction has been recognised in Statement of Profit and Loss.

As a Lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

(e) Foreign Currency Transactions

In preparing the Consolidated Financial Statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Consolidated Statement of profit and loss in the period in which they arise.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs.

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, option contracts and interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Consolidated Statement of profit and loss immediately.

(f) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are recognised in the Consolidated Statement of Profit and Loss in the period in which they are incurred.

(g) Government Grants

(i) Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(ii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited in the Consolidated Statement of profit and loss in proportion to fulfilment of associated export obligations and presented within other income.

(iii) Government grants relating to income are deferred and recognised in the Consolidated Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

(h) Employee Benefits

(i) Retirement Benefit Costs and Termination Benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans in respect of an approved gratuity plan, the cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income is reflected in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to Consolidated Statement of Profit and Loss.

Past service cost is recognised in Consolidated Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and curtailments and settlements);
- net interest expense or income; and
- remeasurement

The first two components of defined benefit costs are recognised in the Consolidated Statement of Profit and Loss in the line item 'Employee benefits expense'. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

(ii) Short-Term and Other Long-Term Employee Benefits

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the Present value of the estimated future cash outflows expected to be made in respect of services provided by employees up to the reporting date.

(iii) Compensated Absence and Earned Leaves

The Group's current policy permits eligible employees to accumulate compensated absences up to a prescribed limit and receive cash in lieu thereof in accordance with the terms of the policy. The Group measures the expected cost of accumulating compensated absences as the additional amount that the Group expects to pay as a result of unused entitlement that has accumulated as at the reporting date. The expected cost of these benefits is calculated using the projected unit credit method by qualified actuary every year. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise.

(i) Income Taxes

The Company and its Subsidiary, Deepak Phenolics Limited, has elected to exercise option available under section 115BAA of the Income Tax Act, 1961.

Deepak Clean Tech Limited, wholly owned subsidiary, incorporated on October 09, 2020 shall be eligible to claim benefit of lower rate of tax under section 115BAB of the Income Tax Act, 1961.

The income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit /(tax loss).

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are classified as non-current assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). The Group is now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is also subject to withholding tax at applicable rates.

(j) Property, Plant and Equipment

Property, plant and equipment held for use in the production or supply of goods or services are stated at cost less accumulated depreciation and accumulated impairment losses if any.

Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the Consolidated Statement of Profit and Loss during the period in which they are incurred.

Spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are held for use in the production or supply of goods or services and are expected to be used during more than one period.

Property, plant and equipment which are not ready for intended use as on the date of Consolidated Balance Sheet are disclosed as 'Capital Work-in-Progress'.

Depreciation Methods, Estimated Useful Lives and Residual Value:

Depreciation on all tangible assets is provided at the rates and in the manner prescribed by Schedule II to the Companies Act, 2013 and certain components of plant and equipment such as Reactors, Centrifuge, Cooling towers, Air Compressor etc. which are depreciated over its useful life as technically assessed by Independent/ Internal Technical Personnel after taking into consideration past experience of the group, chemical process & chemical industry norms.

Asset Category	Estimated Useful Life
Building	30 years
Plant and Equipment	3 to 40 years
Furniture & Fixture	5 to 10 years
Vehicle	8 years
Office Equipment	2 to 5 years
Road	2 to 10 years

Freehold land is stated at historical cost and is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss.

In respect of depreciable assets for which Impairment Loss is recognised, depreciation/amortisation is charged on the revised carrying amount over the remaining useful life of the assets computed on the basis of the life prescribed in schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets held for disposal are classified as Current Assets at lower of its carrying amount and fair value less costs to sell, difference being recognised in the Consolidated Statement of Profit and Loss.

(k) Intangible Assets

Intangible assets are stated at their original cost of acquisition, less accumulated amortisation and impairment losses, if any. An Intangible Asset is recognised, where it is probable that the future economic benefits attributable to the Asset will flow to the enterprise and where its cost can be reliably measured.

The cost of intangible assets is amortised over the estimated useful life, in any case, not exceeding ten years, on a straight-line basis. A detail of estimated useful life is given below:

Software and related implementation costs	2 to 6 years
Rights to use facilities	5 years
Technical Know How	10 years

(l) Impairment of Tangible and Intangible Assets

The carrying amount of cash generating units/assets is reviewed at the Consolidated Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the fair value less cost of disposal or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term deposits (3 months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

(n) Inventories

Raw materials and components, stores and spares are valued at cost determined on period-moving weighted average basis and are net of Cenvat, VAT & GST. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition. Due allowances are made for slow moving and obsolete inventories based on estimates made by the Group. Items such as spare parts, stand-by equipment and servicing equipment which is not plant and equipment gets classified as inventory.

Finished Goods and Stock-in-process are valued at cost of purchase of raw materials and conversion thereof, including the cost incurred in the normal course of business in bringing the inventories up to the present condition or at the net realisable value, whichever is lower. The inventories of joint products are valued by allocating the costs to the joint products by `Relative Sales Value' method. By-products are valued at net realisable price.

(o) Financial Instruments

Financial Assets and Financial Liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial Assets and Financial Liabilities are initially measured at Fair Value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Consolidated Statement of Profit and Loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition)

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income(except for debt instruments that are designated as at fair value through profit or loss on initial recognition)

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in Consolidated Statement of Profit and Loss and is included in the "Other Income" line item.

(iii) Investments in Equity Instruments

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'.

The cumulative gain or loss is not reclassified to Consolidated Statement of Profit and Loss on disposal of the investments.

Dividends on these investments in equity instruments are recognised in Consolidated Statement of Profit and Loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery a part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in Consolidated Statement of Profit and Loss are included in the 'Other income' line item.

(iv) Financial Assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in Consolidated Statement of Profit and Loss. The net gain or loss recognised in Consolidated Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the Other income or Other expenses line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

(v) Impairment of Financial Assets

The Group recognises a loss allowance for Expected Credit Losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and contract assets, financial guarantee contracts, and certain other financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

(vi) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Consolidated Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Consolidated Statement of Profit and Loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in Consolidated Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Consolidated Statement of Profit and Loss on disposal of that financial asset.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part it continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

(vii) Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in Consolidated Statement of Profit and Loss.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange difference on amortised cost are recognised in Consolidated Statement of Profit and Loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

(p) Financial Liabilities and equity instruments

(i) Classification as Debt and Equity

Debt and Equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(ii) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(iii) Financial Liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

a) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Consolidated Statement of Profit and Loss. The net gain or loss recognised in Consolidated Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'Other income' or 'Other expenses' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in Consolidated Statement of Profit and Loss, in which case these effects of changes in credit risk are recognised in Consolidated Statement of Profit and Loss. The remaining amount of change in the fair value of liability is always recognised in Consolidated Statement of Profit and Loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to Consolidated Statement of Profit and Loss.

b) Financial Liabilities subsequently measured at Amortised Cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income' or 'Other expenses'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses.

d) Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability and the consideration paid and payable is recognised in Consolidated Statement of Profit and Loss.

(q) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(r) Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of best estimate of the Management of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

(s) Research and Development Expenditure

Research and Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Research and Development expenditure on property, plant and equipment is treated in the same way as expenditure on other property, plant and equipment.

(t) Earnings Per Share

Basic Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of Equity shares outstanding during the period. Diluted Earnings per Equity Share are computed by dividing net income by the weighted average number of Equity Shares adjusted for the effects of all dilutive potential Equity Shares. Earnings considered in ascertaining the EPS is the net profit for the period after attributable tax thereto for the period.

(u) Segment Reporting - Basis of Information

The Group has determined 4 (four) reporting Segments, based on the information reviewed by chief operating decision maker as primary segments viz. (i) Basic Chemicals, (ii) Fine & Speciality Chemicals, (iii) Performance Products and (iv) Phenolics.

Inter segment transfer prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective of the Group.

Revenue and expenses have been accounted on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on reasonable basis, have been included under “Other unallocable”. Assets and liabilities which relate to the enterprise as a whole but are not allocable to segments on a reasonable basis, have been included under “Unallocable Assets/Liabilities”.

Secondary segment have been identified with reference to geographical location of external customers. Composition of secondary segment is as follows:

(i) India and

(ii) Outside India.

2. PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

	Owned assets									
	Freehold Land	Leasehold Land	Building	Plant and Equipment	Furniture and Fixture	Vehicle	Office Equipment	Road	Total	Capital Work-in-Progress
Net Carrying Amount as at March 31, 2019	**5.79**	**34.75**	**127.50**	**1,502.99**	**4.95**	**4.65**	**2.72**	**17.21**	**1,700.56**	**33.87**
Additions during the year 2019-20	18.31	120.15	4.76	81.25	1.11	2.29	0.51	0.35	228.74	386.17
Deductions during the year 2019-20	-	-	(0.65)	(11.81)	(0.01)	(0.76)	(0.06)	-	(13.29)	(247.77)
Depreciation for the year 2019-20	-	(0.87)	(6.28)	(119.68)	(1.14)	(1.14)	(0.99)	(1.97)	(132.06)	-
Depreciation on disposal during the year 2019-20	-	-	0.21	3.05	0.01	0.30	0.05	-	3.62	-
Net Carrying Amount as at March 31, 2020	**24.10**	**154.04**	**125.53**	**1,455.80**	**4.92**	**5.36**	**2.23**	**15.60**	**1,787.56**	**172.27**
Additions during the year 2020-21	-	2.68	11.94	163.36	0.55	1.45	1.03	1.85	182.85	219.87
Deductions during the year 2020-21	-	-	-	(1.54)	-	(1.34)	(0.13)	-	(3.01)	(185.38)
Depreciation for the year 2020-21	-	(1.77)	(8.32)	(125.41)	(1.23)	(1.03)	(0.97)	(5.57)	(144.30)	-
Depreciation on disposal during the year 2020-21	-	-	-	0.78	-	0.83	0.12	-	1.73	-
Reclassification of Assets during the year 2020-21	-	-	(3.14)	3.14	-	-	-	-	-	-
Net Carrying Amount as at March 31, 2021	**24.10**	**154.95**	**126.01**	**1,496.12**	**4.24**	**5.26**	**2.27**	**11.88**	**1,824.83**	**206.76**

Notes:

1 Property, Plant and Equipment hypothecated/mortgaged as security for borrowings are disclosed under note 19 and note 23.

2 Building includes ₹ 10.80 Crores (₹ 10.80 Crores) in respect of ownership of premises in a co-operative housing society by way of 10 Shares.

3 With effect from April 1, 2020, the Group has changed the useful life of certain Property, Plant and Equipment based upon the technical evaluation conducted by the management. Accordingly, change in useful life of the Property, Plant and Equipment is being applied prospectively in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

4 Capital work-in-progress mainly comprises addition/expansion projects in progress.

3. RIGHT-OF-USE ASSETS

₹ in Crores

	Building	Plant and Equipment	Furniture	Vehicle	Total
Recognition on adoption of Ind AS 116	**8.40**	**0.61**	**-**	**1.11**	**10.12**
Additions during the year 2019-20	5.84	0.08	1.75	-	7.66
Depreciation for the year 2019-20	(2.46)	(0.33)	(0.08)	(0.56)	(3.44)
Net Carrying Amount as at March 31, 2020	**11.78**	**0.36**	**1.66**	**0.55**	**14.35**
Additions during the year 2020-21	1.19	-	-	-	1.19
Deductions/Modifications during the year 2020-21	(0.92)	-	-	-	(0.92)
Depreciation for the year 2020-21	(2.65)	(0.36)	(0.20)	(0.55)	(3.76)
Net Carrying Amount as at March 31, 2021	**9.40**	**-**	**1.46**	**-**	**10.86**

4. INTANGIBLE ASSETS

₹ in Crores

	Computer Software	Others	Total
Net Carrying Amount as at March 31, 2019	**4.11**	**11.16**	**15.27**
Additions during the year 2019-20	0.21	18.82	19.04
Depreciation for the year 2019-20	(1.22)	(3.01)	(4.24)
Net Carrying Amount as at March 31, 2020	**3.10**	**26.97**	**30.07**
Additions during the year 2020-21	0.61	1.92	2.53
Depreciation for the year 2020-21	(1.16)	(3.39)	(4.55)
Net Carrying Amount as at March 31, 2021	**2.55**	**25.50**	**28.05**

5. NON-CURRENT INVESTMENTS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Investments in Equity Instruments of other companies measured at FVTPL	0.06	0.04
(b) Investments in Equity Instruments of other companies measured at FVOCI	2.44	2.34
(c) Investments in Government or Trust Securities measured at amortised cost (Refer Note (b) below)	0.00	0.00
Total	**2.50**	**2.38**

₹ in Crores

	Face Value	As at March 31, 2021		As at March 31, 2020	
		No. of shares	Amount	No. of shares	Amount
(a) Investment in Equity Instruments (fully paid-up)					
(i) Other Companies measured at FVTPL					
Quoted					
IDBI Bank	INR 10/-	6,240	0.02	6,240	0.01
Bank of Baroda (Refer Note 1 below)	INR 2/-	3,234	0.02	3,234	0.02
Unquoted					
Nandesari Environment Control Limited (represents ₹ 8,000)	INR 10/-	800	0.00	800	0.00
Baroda Co-operative Bank Ltd. (represents ₹ 500)	INR 50/-	10	0.00	10	0.00
Shamrao Vitthal Co-op Bank Ltd.	INR 25/-	2,000	0.01	2,000	0.01
New India Co-op Bank Ltd. (represents ₹ 7,980)	INR 10/-	798	0.00	798	0.00
(ii) Other Companies measured at FVOCI					
Unquoted					
Jedimetla Effluent Treatment Ltd.	INR 100/-	52,342	0.85	52,342	0.85
Deepak International Limited	GBP 1/-	73,706	0.74	73,706	0.69
Deepak Gulf LLC	Omani Riyal 1/-	45,000	0.85	45,000	0.81
(b) Investments in Government or Trust Securities measured at amortised cost					
National Savings Certificate (represents ₹ 1,000)			0.00		0.00
Total		**184,130**	**2.50**	**184,130**	**2.38**

Note:

1. The Group has received 3,234 shares of Bank of Baroda (Face Value ₹ 2 each) in the scheme of amalgamation against 29,400 shares of Dena Bank (Face Value ₹ 10 each) in the month of April 2019.
2.

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Aggregate amount of Unquoted Investments	2.45	2.35
(b) Aggregate amount of Quoted Investments	0.05	0.03

6. LOANS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Loans to Employees		
Unsecured, considered good	0.79	1.06
Total	**0.79**	**1.06**

These financial assets are carried at amortised cost.

7. OTHER NON-CURRENT FINANCIAL ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Security Deposits		
Unsecured, considered good	8.76	8.80
Total	**8.76**	**8.80**

8. NON-CURRENT TAX ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Non-Current Tax Assets		
Advance Income Tax (Net of provisions)	-	6.00
Total	**-**	**6.00**

9. OTHER NON-CURRENT ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Capital Advances	10.99	28.47
(b) Prepaid Expenses	0.15	0.23
(c) Advance against Salary	0.75	1.12
Total	**11.89**	**29.82**

10. INVENTORIES [AT LOWER OF COST AND NET REALISABLE VALUE]

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Raw materials and components	107.72	121.82
Goods-in-transit	21.95	24.02
	129.67	145.84
(b) Stores and Spares	29.42	36.65
Sub-Total	**159.09**	**182.49**
(c) Work-in-progress	60.14	52.28
(d) Finished goods	169.81	167.66
Provision for obsolescence	(6.35)	(7.93)
Sub-Total	**223.60**	**212.01**
Total	**382.69**	**394.50**

Inventories hypothecated as security for borrowings are disclosed under note 19 and note 23.

11. CURRENT INVESTMENTS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Investments measured at FVTPL (Quoted)		
Investments in Mutual Funds	186.79	-
Total	**186.79**	**-**

12. TRADE RECEIVABLES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Current		
(a) Unsecured, Considered Good		
(i) Trade Receivables	748.34	610.96
(ii) Related Parties (Refer Note 37.11)	7.96	1.76
(b) Trade Receivables - Credit Impaired	31.46	14.60
Allowance for credit losses	(31.46)	(14.60)
Total	**756.30**	**612.72**

The credit period on sales of goods varies with business segments/ markets and generally ranges between 30 to 180 days. For financial risk related to Trade Receivables refer note 42.5 and 42.6.

Trade receivables hypothecated/mortgaged as security for borrowings are disclosed under note 19 and note 23.

13 A. CASH AND CASH EQUIVALENTS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Cash on hand	0.05	0.14
(b) Balances with banks		
In Current accounts	0.46	1.54
In EEFC Accounts	1.56	0.46
In Cash Credit Accounts	1.07	-
Deposit with banks with maturity less than 3 months from the date of acquisition	5.75	-
Total	**8.89**	**2.14**

13 B. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Earmarked Balances with Bank	1.20	1.59
(b) Deposits with banks with maturity less than 3 months (Refer Note below)	16.75	-
(c) Deposits with banks with maturity more than 3 months but less than 12 months (Refer Note below)	6.59	27.67
Total	**24.54**	**29.26**

Deposit of ₹ 23.16 Crores is placed with bank for Debt Service Reserve Account (DSRA).

14. OTHER CURRENT FINANCIAL ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
(a) Loans to employees		
(i) Key Managerial Personnel and Directors (previous year represents ₹ 26,948)	-	0.00
(ii) Others	0.57	0.59
(b) Interest Receivable	0.63	0.63
(c) Insurance Claim Receivable	0.03	-
(d) Security Deposits	0.08	0.30
(e) Earnest Money	0.07	0.10
(f) Others	1.95	-
Total	**3.33**	**1.62**

15. CURRENT TAX ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Current Tax Assets		
Advance Income Tax (Net of provisions)	5.09	-
Total	**5.09**	**-**

16. OTHER CURRENT ASSETS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
(a) Balance with Government Authorities	30.61	78.71
(b) Prepaid Expenses	9.97	3.41
(c) Advances to Suppliers	42.12	31.52
(d) Other Receivables	0.13	0.19
Total	**82.83**	**113.83**

17. EQUITY SHARE CAPITAL

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Authorised:		
15,00,00,000 Equity shares of ₹ 2 each	30.00	30.00
20,00,000 Preference shares of ₹ 100 each	20.00	20.00
Total	**50.00**	**50.00**
Issued, Subscribed and fully paid up:		
13,63,93,041 Equity shares of ₹ 2 each	27.28	27.28
Total	**27.28**	**27.28**

(a) Shares: Terms/Rights

(i) The Company has Authorised capital of Equity and Preference shares.

(ii) Each holder of the Equity Share is entitled to one vote per Share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting.

(iii) In the event of liquidation of the Company, the holders of Equity Shares shall be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders. No preferential amounts exist as on the Balance Sheet date.

(b) Details of shares held by each shareholder holding more than 5% Equity shares of ₹ 2 each fully paid in the Company :

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	No.	% holding	No.	% holding
Shri Deepak Chimanlal Mehta	21,879,831	16.04	21,564,831	15.81
Stiffen Credits & Capital Pvt. Ltd.	8,415,940	6.17	8,415,940	6.17
Checkpoint Credits & Capital Pvt. Ltd.	7,206,050	5.28	7,206,050	5.28
Stepup Credits & Capital Pvt. Ltd.	6,915,580	5.07	6,915,580	5.07
Reliance Capital Trustee Co Limited-A/C Nippon India Small Cap Fund	4,546,382	3.33	7,601,510	5.57

18. OTHER EQUITY

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Reserves & Surplus		
(a) Retained Earnings	1,789.97	1,015.31
(b) General Reserve	93.90	93.90
(c) Capital Reserve	0.71	0.71
(d) Capital Redemption Reserve	0.15	0.15
(e) Securities Premium	434.17	434.17
Reserves Representing Unrealised Gains/(Losses)		
(f) Equity Instruments through Other Comprehensive Income	0.47	0.39
Total	**2,319.37**	**1,544.63**

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Retained Earnings		
Balance at beginning of year	1,015.31	525.00
Add: Profit attributable to owners of the Group (Profit for the year)	774.66	607.21
Less: Payment of Dividend on Equity Shares (Previous Year includes Interim Dividend of ₹ 61.37 Crores)	-	88.66
Less: Payment of Dividend Distribution Tax (Previous Year includes Tax on Interim Dividend of ₹ 12.62 Crores)	-	18.23
Less: Transferred to General Reserve	-	10.00
Balance at end of year	**1,789.97**	**1,015.31**
Retained earnings represents the Group's undistributed earnings after taxes.		
(b) General Reserve		
Balance at beginning of year	93.90	83.90
Add: Transferred from Surplus Balance in the Statement of Profit and Loss	-	10.00
Balance at end of year	**93.90**	**93.90**
The general reserve is used for purposes as specified under the Companies Act, 2013. As the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.		
(c) Capital Reserve		
Balance at beginning of year	0.71	0.71
Balance at end of year	**0.71**	**0.71**
(d) Capital Redemption Reserve		
Balance at beginning of year	0.15	0.15
Balance at end of year	**0.15**	**0.15**
Capital redemption reserve has been created pursuant to the requirements of the Act under which the Group is required to transfer certain amounts on redemption of the debentures. The Group has redeemed the underlying debentures in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.		
(e) Securities Premium		
Balance at beginning of year	434.17	434.17
Balance at end of year	**434.17**	**434.17**
Securities premium reserve represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium reserve is governed by the Section 52 of the Companies Act, 2013.		
(f) Reserve for equity instruments through other comprehensive income		
Balance at beginning of year	0.39	0.37
Add: Gain on revaluation of Equity Instruments	0.08	0.02
Balance at end of year	**0.47**	**0.39**
This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off.		

19. NON-CURRENT BORROWINGS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Term Loans from Banks at amortised cost		
Secured	574.44	843.03
Sub-Total	**574.44**	**843.03**
Less:		
Current maturities of Non-Current Borrowings disclosed under "Other Current Financial Liabilities" (Refer Note 25 (a))	50.40	63.60
Total	**524.04**	**779.43**

Secured Term Loans:-

Term loan from Banks are secured by first pari passu charge by way of hypothecation of all existing movable property, plant and equipment and mortgage of immovable properties of the Company.

In case of Indian Subsidiary, Deepak Phenolics Limited, term loan from Banks are secured by first pari passu charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties, present and future and second charge on entire current assets, both present and future.

The assets stated herein are disclosed under note 2, 10 and 12.

Repayment Schedule:-

Rate of interest of Rupee loan from Banks are in the range of MCLR plus 0.00% to 1.40% p.a. and is repayable on monthly/quarterly basis with last instalment payable from April, 2020 to February, 2030.

20. PROVISIONS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Non-current		
Provision for Employee Benefit Obligations		
Provision for Leave Benefits (Refer Note 40 (B))	17.20	14.40
Total-Non-Current	**17.20**	**14.40**
Current		
Provision for Employee Benefit Obligations		
Provision for Leave Benefits (Refer Note 40 (B))	4.44	4.82
Provision for Gratuity (Refer Note 40 (A)(iii))	5.94	7.22
Total-Current	**10.38**	**12.04**

21. DEFERRED TAX LIABILITY (NET)

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Break up of deferred tax liability as at year end:		
Nature of timing difference		
Property, Plant and Equipment	128.11	110.91
Total Deferred Tax Liability (a)	**128.11**	**110.91**
(b) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Disallowances u/s 43B and Others	20.30	31.30
Total Deferred Tax Asset (b)	**20.30**	**31.30**
Deferred Tax Liability (Net) (a-b)	**107.81**	**79.61**

22. OTHER NON-CURRENT LIABILITIES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Export Obligations	0.36	0.85
Total	**0.36**	**0.85**

23. CURRENT BORROWINGS

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Working Capital Borrowings from Banks		
(a) Secured	3.10	125.12
(b) Unsecured	-	123.30
Total	**3.10**	**248.42**

(i) Working Capital borrowings from banks represent Cash Credit, Working Capital Demand Loan, Export Packing Credit with rate of interest as MCLR of respective banks plus spread ranging from 0% - 1.30% p.a., Packing Credit in Foreign Currency, Buyers' Credit against Letter of Undertaking with rate of interest ranging from LIBOR/EURIBOR plus spread ranging from 0.20% p.a. to 1.50% p.a. These borrowings are repayable on demand.

(ii) Working Capital borrowings are secured by way of first Hypothecation charge over Group's Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts. The assets stated herein are disclosed under note no. 10 and 12.

(iii) Commercial Paper placed by the Group in previous year were unsecured and carried interest rate ranging from 5.70% p.a. to 6.50% p.a., tenure of each placement was ranging from 81 days to 90 days.

The outstanding Commercial Papers (listed) of the Group as on March 31, 2020 having maturity value of ₹ 125.00 crore were redeemed during current year.

24. TRADE PAYABLES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) To outstanding dues of Micro Enterprises and Small Enterprises	15.04	6.70
(b) To outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	421.70	357.56
Total	**436.74**	**364.26**

The average credit period on goods purchased or services received ranges between 30 days to 180 days.

25. OTHER CURRENT FINANCIAL LIABILITIES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Current maturities of Non-Current Borrowings (Refer Note 19)	50.40	63.60
(b) Security Deposits	7.21	5.07
(c) Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	1.20	1.58
Unclaimed Matured Deposits (Refer Note below)	0.07	0.07
Unpaid Interest on Matured Fixed Deposits	0.01	0.01
(d) Payable for capital expenditure	19.20	12.69
(e) Interest accrued but not due on Borrowings	0.62	3.77
(f) Others	4.13	21.78
Total	**82.84**	**108.57**

The Unclaimed Matured deposits of ₹ 0.07 crores outstanding as at March 31, 2021 represents an aggregate amount of certain cheques issued towards compulsory repayment of the outstanding fixed deposits as on March 31, 2015, which have not been presented to the bank for payment by the depositors.

26. CURRENT TAX LIABILITIES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Current Tax Liabilities		
Provision for Tax (Net of Advances)	1.59	0.97
Total	**1.59**	**0.97**

27. OTHER CURRENT LIABILITIES

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
(a) Advances received from Customers	8.18	3.89
(b) Statutory Dues	9.21	8.87
Total	**17.39**	**12.76**

28. REVENUE FROM OPERATIONS

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Sale of Products	4326.65	4182.22
(b) Sale of Services	6.50	10.41
(c) Other Operating Revenues		
Export Incentives	22.93	33.30
Scrap Sale	2.77	3.37
Insurance Claims	0.90	0.41
Total	**4,359.75**	**4,229.71**

29. OTHER INCOME

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Amortised Export Obligation	1.64	15.89
(b) Interest Income	3.29	2.12
(c) Profit on Redemption of Investments	1.36	0.33
(d) Rent	0.27	0.13
(e) Penalties Recovered	0.35	6.37
(f) Miscellaneous Receipts	4.00	6.07
(g) Dividend Income (Previous Year represents ₹ 878)	-	0.00
(h) Foreign Exchange Gain	9.02	4.29
(i) Bad debts recovered	1.59	-
Total	**21.52**	**35.20**

30. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Raw Material and Components Consumed		
Inventory at the beginning of the year	145.84	121.81
Add: Purchases during the year	2,223.38	2,339.33
	2,369.22	2,461.14
Less: Inventory at the end of the year	129.67	145.84
Cost of Raw Material and Components Consumed	**2,239.55**	**2,315.30**
(b) Cost of Packing Material Consumed	**34.72**	**32.61**
Total	**2,274.27**	**2,347.91**

31. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Inventories at the beginning of the year		
Stock in Process	52.28	58.78
Finished Goods	167.66	186.76
	219.94	**245.53**
Less:		
Inventories at the end of the year		
Stock in Process	60.14	52.28
Finished Goods	169.81	167.66
	229.95	**219.94**
Total	**(10.01)**	**25.59**

32. EMPLOYEE BENEFITS EXPENSE

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Salaries & Wages	220.50	194.15
(b) Contribution to provident fund and other funds (Refer Note 40C)	11.09	10.00
(c) Gratuity Expenses (Refer Note 40A(iv))	3.15	2.34
(d) Staff Welfare Expenses	12.30	10.47
Total	**247.04**	**216.96**

33. POWER & FUEL EXPENSES

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Consumption of Gas	14.18	17.91
(b) Consumption of Furnace Oil	16.98	17.09
(c) Consumption of High Speed Diesel	0.69	1.29
(d) Consumption of Coal & Coke	83.54	97.62
(e) Electricity Expenses	134.25	136.50
(f) Water Charges	14.69	14.36
(g) Other Expenses	0.41	0.42
Total	**264.74**	**285.19**

34. FINANCE COSTS

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Interest on Borrowings	72.55	110.85
(b) Exchange difference to the extent considered as an adjustment to Borrowing Costs	0.10	2.24
(c) Interest cost on lease liabilities	1.55	1.78
Total	**74.20**	**114.87**

35. DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Depreciation on Property, Plant and Equipment	144.32	132.06
(b) Depreciation on Right-of-use Assets	3.76	3.43
(c) Amortisation of Intangible Assets	4.55	4.24
Total	**152.63**	**139.73**

36. OTHER EXPENSES

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) Conversion Charges	8.19	8.19
(b) Other Manufacturing Expenses	13.09	18.16
(c) Rent	2.95	3.09
(d) Repairs & Maintenance		
Repairs to Building	2.76	3.89
Repairs and Maintenance to Plant and Equipment	36.26	59.33
Repairs and Maintenance to Others	0.79	1.01
(e) Consumption of stores & spare parts	15.02	15.68
(f) Insurance	13.25	8.67
(g) Rates & Taxes	3.19	6.04
(h) Bank Charges	3.13	3.10
(i) Travelling & Conveyance	0.87	7.25
(j) Freight & Forwarding Charges	133.65	107.99
(k) Loss on Sale of Property, Plant and Equipment	1.86	6.33
(l) Commission on sales	2.10	3.90
(m) CSR Expenses	8.45	3.59
(n) Provision for Doubtful Debts (Gross)	22.44	7.82
Less: Transfer from Provision for Doubtful Debts	5.58	0.41
Provision for Doubtful Debts (Net)	16.86	7.41
(o) Bad Debts written off	0.79	0.86
(p) Vehicle Expenses	6.68	5.67
(q) Legal & Professional Expenses	16.11	14.87
(r) General Expenses	42.94	39.94
(s) Payment to Auditor (Refer note below)	1.03	0.99
(t) Director's Sitting Fees	0.28	0.28
(u) Other Directors Commission	2.99	1.57
(v) Provision for Inventory Obsolescence	3.44	0.45
Total	**336.68**	**328.26**

Note: Payment to Auditor

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
(a) As Auditor:		
Audit fees	0.54	0.48
Tax Audit fees	0.04	0.06
Quarterly Limited Review	0.37	0.35
(b) In Other Capacity:		
Taxation Matters	0.02	0.04
Other Services (Certification fees)	0.06	0.06
Total	**1.03**	**0.99**

37. RELATED PARTIES DISCLOSURES

A) Name of Related Party and nature of relationship

(i) Key Management Personnel

Shri Deepak C. Mehta	Chairman & Managing Director
Shri Umesh Asaikar	Executive Director & Chief Executive Officer (upto May 31, 2020)
Shri Maulik D. Mehta	Executive Director & Chief Executive Officer (from June 01, 2020); Whole Time Director (upto May 31, 2020)
Shri Sanjay Upadhyay	Director-Finance & Chief Financial Officer

(ii) Entities over which key managerial personnel or their relatives are able to exercise significant Influence

Check Point Credits & Capital Private Limited * Deepak Cybit Private Limited * Deepak Fertilizers and Petrochemicals Corporation Limited * Deepak Gulf LLC, Sultanate of Oman* Deepak Foundation * Deepak International Limited * Deepak Medical Foundation * Deepak Research and Development Foundation * Deepak Novochem Technologies Limited. * Forex Leafin Private Limited * Hardik Leafin Private Limited * Pranawa Leafin Private Limited * Skyrose Finvest Private Limited * Sofotel Infra Private Limited * Stepup Credits & Capital Private Limited * Stiffen Credits and Capital Private Limited * Stigma Credits & Capital Private Limited *Storewell Credits and Capital Private Limited * Sundown Finvest Private Limited

(iii) Relative of Key Management Personnel

Shri Chimanlal K. Mehta

Shri Meghav D. Mehta

Smt. Ila D. Mehta

B) Transactions with the Related Parties

₹ in Crores

Sr. No.	Nature of Transaction	March 31, 2021				March 31, 2020			
		Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant influence	Relative of Key Management Personnel	TOTAL	Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant influence	Relative of Key Management Personnel	TOTAL
1	**Purchase of Goods**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	77.16	-	**77.16**	-	63.34	-	**63.34**
2	**Sale of Goods**								
	Deepak Novochem Technologies Limited	-	21.20	-	**21.20**	-	-	-	**-**
3	**Conversion Charges Received**								
	Deepak Novochem Technologies Limited	-	6.50	-	**6.50**	-	10.40	-	**10.40**
4	**Rendering of Services / Reimbursement of Expenses**								
	Deepak Novochem Technologies Limited	-	0.03	-	**0.03**	-	0.10	-	**0.10**
	Storewell Credits and Capital Private Limited	-	0.10	-	**0.10**	-	0.11	-	**0.11**
5	**Acquisition of Capital Asset**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	-	**-**	-	117.11	-	**117.11**
6	**Receiving of services / Reimbursement of Expenses**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	0.07	-	**0.07**	-	0.07	-	**0.07**
	Deepak Foundation (represents ₹34,000 (previous year ₹15,000))	-	0.00	-	**0.00**	-	0.00	-	**0.00**
	Deepak Medical Foundation	-	1.00	-	**1.00**	-	0.83	-	**0.83**
	Deepak Cybit Private Limited	-	0.79	-	**0.79**	-	0.48	-	**0.48**
	Shri Meghav D. Mehta	-	-	-	**-**	-	-	0.82	**0.82**
7	**Interest paid to Related Parties**								
	Storewell Credits & Capital Private Limited	-	-	-	**-**	-	0.73	-	**0.73**
8	**Managerial Remuneration**								
	Shri Deepak C. Mehta	18.93	-	-	**18.93**	13.92	-	-	**13.92**
	Shri Maulik D. Mehta	2.53	-	-	**2.53**	1.53	-	-	**1.53**
	Shri Umesh Asaikar	3.22	-	-	**3.22**	6.47	-	-	**6.47**
	Shri Sanjay Upadhyay	3.51	-	-	**3.51**	3.13	-	-	**3.13**
	Shri Meghav D. Mehta	-	-	1.54	**1.54**	-	-	-	**-**
9	**Dividend Paid**								
	Checkpoint Credits & Capitals Private Limited	-	-	-	**-**	-	4.68	-	**4.68**
	Stigma Credits & Capital Private Limited	-	-	-	**-**	-	4.02	-	**4.02**
	Stiffen Credits & Capital Private Limited	-	-	-	**-**	-	5.45	-	**5.45**
	Stepup Credits & Capital Private Limited	-	-	-	**-**	-	4.50	-	**4.50**
	Skyrose Finvest Private Limited	-	-	-	**-**	-	2.48	-	**2.48**
	Shri Deepak C. Mehta	-	-	-	**-**	13.93	-	-	**13.93**

₹ in Crores

Sr. No.	Nature of Transaction	March 31, 2021				March 31, 2020			
		Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant influence	Relative of Key Management Personnel	TOTAL	Key Management Personnel	Entities over which key managerial personnel or their relatives are able to exercise significant influence	Relative of Key Management Personnel	TOTAL
	Shri Chimanlal K. Mehta	-	-	-	**-**	-	-	0.47	**0.47**
	Shri Maulik D. Mehta	-	-	-	**-**	0.09	-	-	**0.09**
	Shri Meghav D. Mehta	-	-	-	**-**	-	-	0.03	**0.03**
	Smt. Ila D. Mehta	-	-	-	**-**	-	-	0.26	**0.26**
	Others	-	-	-	**-**	-	4.11	0.23	**4.34**
10	**Donation / CSR Activity**								
	Deepak Foundation	-	8.85	-	**8.85**	-	3.45	-	**3.45**
	Deepak Medical Foundation	-	0.18	-	**0.18**	-	0.12	-	**0.12**
11	**Net Accounts Receivable / (Payable)**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	(13.60)	-	**(13.60)**	-	(8.67)	-	**(8.67)**
	Deepak Novochem Technologies Limited	-	7.96	-	**7.96**	-	1.76	-	**1.76**
	Shri Deepak C. Mehta	(12.00)	-	-	**(12.00)**	(7.00)	-	-	**(7.00)**
	Shri Maulik D. Mehta	(0.40)	-	-	**(0.40)**	(0.28)	-	-	**(0.28)**
	Shri Umesh Asaikar	-	-	-	**-**	(1.15)	-	-	**(1.15)**
	Shri Sanjay Upadhyay	(0.53)	-	-	**(0.53)**	(0.53)	-	-	**(0.53)**
	Shri Meghav Mehta	-	-	(0.25)	**(0.25)**	-	-	(0.14)	**(0.14)**
	Deepak Medical Foundation	-	(0.03)	-	**(0.03)**	-	(0.06)	-	**(0.06)**
	Deepak Cybit Private Limited	-	-	-	**-**	-	(0.01)	-	**(0.01)**
	Storewell Credits & Capital Private Limited	-	-	-	**-**	-	(0.04)	-	**(0.04)**

The amounts outstanding are current, unsecured and will be settled in cash or cash equivalents, for which no guarantees have been given or received. No expense has been recognised in current or previous year for bad or doubtful debts in respect of the amounts owed by related parties.

38. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
I. Claims against the Group not acknowledged as debts in respect of		
(a) Matters relating to Sales Tax/VAT from FY 2011-12 to FY 2014-15 is being contested at various level of Indirect Tax authorities	0.92	0.92
(b) Matters relating to Excise duty for FY 2011-12 and FY 2012-13 is being contested at various level of Indirect Tax authorities	0.04	0.04
(c) Bank Guarantees:		
Financial	11.42	13.62
Performance	11.75	13.19
(d) Arbitration Matter related claim	-	1.15
(e) Disputed Labour Matters	Amount not ascertainable	Amount not ascertainable
Management is not expecting any future cash outflow in respect of (a), (b), (d) & (e).		
Total (I)	**24.13**	**28.92**
II. Commitments		
Capital Commitments (Net of Advances: Refer Note 9 (a))	81.28	145.06
Total (II)	**81.28**	**145.06**

39. TAX EXPENSE

A. Income Tax Expense Recognised in the Statement of Profit and Loss

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
I. Expense / (Benefit) recognised in the statement of profit and loss		
Current tax on profit for the year	239.65	192.08
Increase in deferred tax liabilities	26.26	3.29
Total	**265.91**	**195.37**
II. Expense / (Benefit) recognised in statement of other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	(0.39)	(1.14)
Equity instruments through other comprehensive income	0.02	-
Total	**(0.37)**	**(1.14)**

B. The reconciliation between the provision of income tax and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Profit before taxes	**1,041.72**	**806.40**
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	**262.18**	**202.97**
Effect of		
Impact of electing option u/s 115BAA	-	(9.38)
Donations	3.42	-
Others (Net)	0.31	1.78
Total income tax expense	**265.91**	**195.37**

C. Deferred Tax Liabilities (Net)

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities/(assets)

₹ in Crores

	As at March 31, 2021	Recognised in statement of profit and loss /OCI	As at March 31, 2020	Recognised in statement of profit and loss /OCI	As at March 31, 2019
Property, plant and equipment	128.11	17.20	110.91	1.07	109.84
Total Deferred Tax Liabilities (a)	**128.11**	**17.20**	**110.91**	**1.07**	**109.84**
Disallowances u/s 43B and Others	22.61	(8.69)	31.30	10.59	20.71
MAT Credit Entitlement	-	-	-	(11.66)	11.66
Total Deferred Tax Assets (b)	**22.61**	**(8.69)**	**31.30**	**(1.08)**	**32.38**
Transferred from Income Tax Provision (c)	**2.31**	**-**	**-**	**-**	**-**
Net Deferred Tax (Asset)/Liabilities (a-b+c)	**107.81**	**25.89**	**79.61**	**2.15**	**77.46**

40. EMPLOYEE BENEFIT OBLIGATIONS

A. Gratuity

The Group has covered its Gratuity Liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by Life Insurance Corporation of India. Under this plan, an employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the Plan Asset.

(i) Reconciliation of opening and closing balances of Defined Benefit Obligation

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	31.30	24.02
Current Service Cost	2.67	2.00
Interest Cost	2.13	1.83
Actuarial (gain)/losses	1.21	5.17
Benefits Paid	(3.43)	(1.73)
Balance at the end of the year	**33.87**	**31.30**

(ii) Reconciliation of opening and closing balances of Fair Value of Plan Assets

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	24.08	19.73
Interest Income	1.65	1.49
Return on Plan Assets	(0.33)	0.21
Contribution by the Group	5.75	4.38
Benefits Paid	(3.22)	(1.73)
Balance at the end of the year	**27.94**	**24.08**
Actual Return on Plan Assets	6.44% to 6.93%	6.82% to 6.84%

(iii) Assets and Liabilities Recognised in the Balance Sheet

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Present Value of Defined Benefit Obligation	33.87	31.30
Less: Fair Value of Plan Assets	27.94	24.08
Amounts recognised as liability	**5.94**	**7.22**
Recognised under		
Short Term provision (Refer Note 20)	5.94	7.22
Total	**5.94**	**7.22**

(iv) Expenses recognised in the Statement of Profit and Loss

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Current Service Cost	2.67	2.00
Net Interest Cost	0.48	0.34
Total Expenses (Refer Note 32)	**3.15**	**2.34**

(v) Expenses recognised in the Other Comprehensive Income

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Actuarial gain/(losses) on Obligation for the period	(1.21)	(5.17)
Return on Plan assets excluding Interest Income	(0.33)	0.21
Total Expenses recognised in OCI	**(1.54)**	**(4.96)**

(vi) Major Category of Plan Assets

₹ in Crores

	As at March 31, 2021		As at March 31, 2020	
	₹ in Crores	%	₹ in Crores	%
Insurance Policies	27.94	100.00	24.08	100.00

Risk exposure

The Group is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk: A fall in the discount rate which is linked to the Government Securities Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

(vii) Actuarial Assumptions

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.93%	6.84%
Expected Return on Plan Assets	6.93%	6.84%
Salary Growth Rate	8.00%	8.00%
Attrition Rate	2.00%	2.00%

(viii) Sensitivity Analysis

Significant Actuarial Assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

	Change in assumptions		Impact on defined benefit obligation			
			Increase		Decrease	
	As at March 31, 2021 %	As at March 31, 2020 %	As at March 31, 2021 ₹ in Crores	As at March 31, 2020 ₹ in Crores	As at March 31, 2021 ₹ in Crores	As at March 31, 2020 ₹ in Crores
Discount Rate	1.00%	1.00%	(2.05)	(1.77)	2.39	2.05
Salary Growth Rate	1.00%	1.00%	2.34	2.01	(2.05)	(1.77)
Attrition Rate	1.00%	1.00%	(0.25)	(0.18)	0.27	0.23

In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the defined benefit liability as recognised in the Balance Sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the prior year.

B. Leave Encashment

(a) The Leave Encashment Benefit Scheme is a Defined Benefit Plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.

(b) The accumulated balance of Leave Encashment (unfunded) provided in the books as at March 31, 2021 is ₹ 21.64 Crores (₹ 19.22 Crores), which is determined on actuarial basis using Projected Unit Credit Method.

(c) **Principal Actuarial Assumptions**

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Discount Rate	6.93%	6.84%

C. **Defined Contribution Plan**

Contribution to Defined Contribution Plans, recognised in Statement of Profit and Loss, for the year is as under

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
Employer's Contribution to Provident Fund and other funds except superannuation	9.20	8.12
Employer's Contribution to Superannuation Fund	1.89	1.88

Expected Contribution for the next year	₹ in Crores
Employer's Contribution to Provident Fund and other funds except superannuation	9.97
Employer's Contribution to Superannuation Fund	2.04

41. CAPITAL MANAGEMENT

The key objective of the Group's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business.

The Group focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Group.

For the purpose of Capital Management, the Group considers the following components of its Balance Sheet to manage capital.

The capital structure of the Group was as follows

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Total Equity (A)	2,346.65	1,571.91
Non-Current Borrowings (including current maturities)	574.44	843.03
Current Borrowings	3.10	256.19
Total Borrowings (B)	577.54	1,099.22
Total Capital (A+B)	**2,924.19**	**2,671.13**
Total Borrowings as % of Total Capital	19.75%	41.15%
Total Borrowings as % of Total Equity	24.61%	69.93%

The Interest Coverage Ratio for the reporting period was as follows

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
EBITDA (excluding other income)	1,245.48	1,024.02
Finance Cost	72.65	113.09
Interest Coverage Ratio	**17.14**	**9.05**

The Debt Service Coverage Ratio for the reporting period was as follows

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
EBITDA (excluding other income)	1,245.48	1,024.02
Finance Cost	72.65	113.09
Repayment of Non-Current Borrowings	324.49	125.37
Debt Service Coverage Ratio	**3.14**	**4.29**

42. FINANCIAL INSTRUMENTS

42.1. Categories of financial instruments

The carrying value of financial instruments by categories as at March 31, 2021 is as follows

₹ in Crores

	Fair Value through Other Comprehensive Income	Fair value through profit or loss	Amortised Cost	Total
Financial Assets				
Cash and Cash Equivalents	-	-	8.89	8.89
Other Balances with Banks	-	-	24.54	24.54
Quoted Investments (Level 1)	-	0.05	-	0.05
Unquoted Investments (Level 3)	2.44	0.01	-	2.45
Government Securities (Refer Note 5(b))	-	-	0.00	0.00
Trade Receivables	-	-	756.30	756.30
Loans	-	-	1.36	1.36
Other Financial Assets	-	1.95	9.57	11.52
Total	**2.44**	**2.01**	**800.66**	**805.11**
Financial Liabilities				
Current Borrowings	-	-	3.10	3.10
Non-Current Borrowings (including current maturities)	-	-	574.44	574.44
Trade Payables	-	-	436.74	436.74
Other Financial Liabilities	-	-	44.64	44.64
Total	**-**	**-**	**1,058.92**	**1,058.92**

The carrying value of financial instruments by categories as at March 31, 2020 is as follows

₹ in Crores

	Fair Value through Other Comprehensive Income	Fair value through profit or loss	Amortised Cost	Total
Financial Assets				
Cash and Cash Equivalents	-	-	2.14	2.14
Other Balances with Banks	-	-	29.26	29.26
Quoted Investments (Level 1)	-	0.03	-	0.03
Unquoted Investments (Level 3)	2.34	0.01	-	2.35
Government Securities (Refer Note 5(b))	-	-	0.00	0.00
Trade Receivables	-	-	612.72	612.72
Loans	-	-	1.65	1.65
Other Financial Assets	-	-	9.83	9.83
Total	**2.34**	**0.04**	**655.60**	**657.98**
Financial Liabilities				
Current Borrowings	-	-	256.19	256.19
Non-Current Borrowings (including current maturities)	-	-	843.03	843.03
Trade Payables	-	-	364.26	364.26
Other Financial Liabilities	-	4.45	48.14	52.59
Total	**-**	**4.45**	**1,511.62**	**1,516.07**

42.2. Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair Value Hierarchy as at March 31, 2021

₹ in Crores

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Quoted Instruments	0.05	-	-	0.05
Investments in Unquoted Instruments	-	-	2.45	2.45
Other Financial Assets	-	1.95	-	1.95

Fair Value Hierarchy as at March 31, 2020

₹ in Crores

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments in Quoted Instruments	0.03	-	-	0.03
Investments in Unquoted Instruments	-	-	2.35	2.35
Financial Liabilities				
Other Financial Liabilities	-	4.45	-	4.45

Reconciliation of Level 3 fair value measurements

₹ in Crores

	Investment in unquoted shares irrevocably designated as FVTOCI
Opening Balance as at March 31, 2019	**2.32**
Total gains in other comprehensive income	0.02
Closing balance as at March 31, 2020	**2.34**
Total gains in other comprehensive income	0.10
Closing balance as at March 31, 2021	**2.44**

Comparative Market Multiples method has been used for estimating the fair value of such Investment. The fair valuation estimates are based on historical annual accounts/annual reports and based on information collected from public domain. Information pertaining to future expected performance of investee companies including projections about their profitability, balance sheet status and cash flow expectations are not available.

42.3. Financial Risk Management objectives

The Group has adequate internal processes to assess, monitor and manage financial risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using financial instruments such as foreign currency forward contracts, option contracts and interest swaps to hedge risk exposures and appropriate risk management policies as detailed below. The use of these financial instruments is governed by the Group's policies, which outlines principles on foreign exchange risk, interest rate risk, credit risk and deployment of surplus funds.

Item	Primarily effected by	Risk management policies	Reference
Market risk - currency risk	Foreign Currency balances and exposure towards trade payables, buyer's credit, exports, short-term and long-term borrowings	The Group hedges its foreign currency risk using foreign exchange forward contracts and option contracts after considering the natural hedge.	Note 42.4.1
Market risk - interest rate risk	Change in market interest rates	Maintaining a combination of fixed and floating rate debt; interest rate swaps for long-term borrowings; cash management policies	Note 42.4.2
Credit risk	Ability of customers or counterparties to financial instruments to meet contractual obligations.	Credit approval and monitoring practices; counterparty credit policies and limits; arrangements with financial institutions	Note 42.5
Liquidity risk	Fluctuations in cash flows	Preparing and monitoring forecasts of cash flows; cash management policies; multiple-year credit and banking facilities	Note 42.6

42.4 Market Risk

The Group's financial instruments are exposed to market rate changes. The Group is exposed to the following significant market risks:

- Foreign currency risk
- Interest rate risk

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which these risks are being managed and measured.

42.4.1 Foreign Currency Risk management

The Group is exposed to foreign exchange risk on account of following

1. Imports of raw materials and services.
2. Exports of finished goods.
3. Foreign currency borrowings in the form of Term loans, External Commercial Borrowings, buyers credit, packing credit etc. availed for meeting its funding requirements.

The Group has a forex policy in place whose objective is to mitigate foreign exchange risk by deploying the appropriate hedging strategies through combination of various hedging instruments such as foreign currency forward contracts, options contracts and after considering the natural hedge has a dedicated forex desk to monitor the currency movement and respond swiftly to market situations. The Group follows netting principle for managing the foreign exchange exposure.

(a) The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities based on gross exposure at the end of the reporting period is as under:

Currency	Liabilities		Assets	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
USD (Crores)	0.46	1.06	2.22	1.79
INR (Crores)	33.62	79.93	162.82	134.82
GBP (Crores)	0.01	-	-	-
INR (Crores)	0.71	-	-	-
EURO (Crores) (represents € 37,783 (Previous Year € 34,600))	0.00	0.00	0.07	0.21
INR (Crores)	0.33	0.29	6.03	17.77

The foreign currency risk on above exposure is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows

(b) **Foreign currency forward and option contracts outstanding as at the Balance Sheet date:**

	As at March 31, 2021		As at March 31, 2020	
	Buy	**Sell**	**Buy**	**Sell**
Forward Contracts (USD Crores)	-	3.56	-	0.91
Forward Contracts (EURO Crores)	-	0.01	-	-
Option Contracts (USD Crores)	-	-	-	2.93

The forward and option contracts have been entered into to hedge the foreign currency risk on trade receivables and trade payables.

(c) **Net open exposures outstanding as at the Balance Sheet date:**

Currency	Liabilities		Assets	
	As at March 31, 2021	**As at March 31, 2020**	**As at March 31, 2021**	**As at March 31, 2020**
USD (Crores)	1.80	3.12	-	-
GBP (Crores)	0.01	-	-	-
EURO (Crores)	-	-	0.07	0.21

(d) **Foreign currency sensitivity analysis**

The Group is mainly exposed to fluctuations in US Dollar. The following table details the Group's sensitivity to a INR 1 increase and decrease against the US Dollar. INR 1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a INR 1 change in foreign currency rates. A positive number below indicates an increase in profit where the Rupee strengthens by INR 1 against the US Dollar. For a INR 1 weakening against the US Dollar, there would be a comparable impact on the profit before tax.

₹ in Crores

Currency USD Impact on profit or loss	As at March 31, 2021	As at March 31, 2020
Impact of INR 1 strengthening against US Dollar	0.64	0.09
Impact of INR 1 weakening against US Dollar	(2.52)	(2.19)

42.4.2 Interest Rate Risk Management

The Group issues commercial papers, draws working capital demand loans, avails cash credit, foreign currency borrowings including buyers credit, Packing Credit etc. for meeting its funding requirements.

Interest rates on these borrowings are exposed to change in respective benchmark rates. The Group manages the interest rate risk by maintaining appropriate mix/portfolio of the borrowings.

Interest rate sensitivity analysis

The sensitivity analysis in para below has been determined for borrowings assuming the amount of borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points increase or decrease in case of rupee borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rate had been 25 basis points higher/ lower in case of rupee borrowings and all other variables were held constant, the Group's profit for the year ended March 31, 2021 would decrease/ increase by ₹ 1.46 Crores (March 31, 2020: ₹ 2.26 Crores).

42.5 Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to the customer credit risk management. The Group uses financial information and past experience to evaluate credit quality of majority of its customers and individual credit limits are defined in accordance with this assessment through third party experts. Outstanding receivables and the credit worthiness of its counterparties are periodically monitored and taken upon case to case basis.

The Group measured the loss allowance for receivables based on the management estimate and judgment, credit risk and consequential default considering emerging situations due to COVID-19.

The credit risk on cash and bank balances, derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

₹ in Crores

Age of receivables	As at March 31, 2021	As at March 31, 2020
Within the Credit period	780.62	620.40
91 to <=180 days	2.83	2.52
>180 days	4.31	4.40

Reconciliation of loss allowance provision - Trade receivables

₹ in Crores

Loss allowance on March 31, 2019	**7.19**
Changes in loss allowance	7.41
Loss allowance on March 31, 2020	**14.60**
Changes in loss allowance	16.86
Loss allowance on March 31, 2021	**31.46**

42.6 Liquidity Risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2021

₹ in Crores

	Amount	upto 1 year	1-3 year	More than 3 year	Total cash flows
Trade Payables	436.74	436.74	-	-	436.74
Borrowings	577.54	53.50	294.20	229.84	577.54
Other Financial Liabilities	32.44	32.44	-	-	32.44

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2020

₹ in Crores

	Amount	upto 1 year	1-3 year	More than 3 year	Total cash flows
Trade Payables	364.26	364.26	-	-	364.26
Borrowings	1,099.22	319.79	198.31	581.12	1,099.22
Other Financial Liabilities	37.27	37.27	-	-	37.27

42.7 Changes in Liabilities arising from Financing Activities

₹ in Crores

	Non-Current Borrowings (including Current Maturities of Non-Current Borrowings)	Current Borrowings	Interest Accrued But Not Due	Lease Liabilities	Unpaid dividend on equity Shares (Incl DDT)
As at March 31, 2019	**931.46**	**255.05**	**3.65**	**-**	**0.70**
Recognition on adoption of Ind AS 116	-	-	-	17.79	-
Cash Flows	(100.61)	(8.17)	(113.42)	(4.18)	(106.01)
Foreign Exchange movement	-	1.53	0.45	-	-
Charged to P&L during the period	-	-	113.09	1.78	106.89
Others	12.18	-	-	-	-
As at March 31, 2020	**843.03**	**248.42**	**3.77**	**15.39**	**1.58**
Cash Flows	(268.59)	(245.32)	(73.57)	(4.84)	(0.38)
Charged to P&L during the period	-	-	70.42	1.55	-
Addition (net of disposals)	-	-	-	0.15	-
Others	-	-	-	(0.05)	-
As at March 31, 2021	**574.44**	**3.10**	**0.62**	**12.20**	**1.20**

43. SEGMENT INFORMATION

(a) Primary Segment Information

The information reported to the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessment of segment performance is based on types of goods delivered.

Accordingly, the Group's reportable segments under Ind AS 108 are as follows:

(i) Basic Chemicals

(ii) Fine & Speciality Chemicals

(iii) Performance Products

(iv) Phenolics

The accounting policies of the reportable segments are same as the Group's accounting policies. Segment profit represents the profit before interest and tax earned by each segment without allocation of central administrative costs and other income. This is the measure reported to the CODM.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
I) Segment Revenue		
(a) Basic Chemicals	760.17	940.32
(b) Fine & Speciality Chemicals	766.55	585.26
(c) Performance Products	304.18	767.12
(d) Phenolics	2,560.50	2,000.86
TOTAL	**4,391.40**	**4,293.56**
Less: Inter Segment Revenue	31.65	63.85
Revenue from operations	**4,359.75**	**4,229.71**
II) Segment Results		
Profit + Loss (-) Before Tax & Interest		
(a) Basic Chemicals	194.87	209.35
(b) Fine & Speciality Chemicals	333.73	175.24
(c) Performance Products	22.63	418.62
(d) Phenolics	632.57	187.31
TOTAL	**1,183.80**	**990.52**
Less : (i) Interest Expenses	74.20	115.14
(ii) Other un-allocable expenditure net of un-allocable Income	67.88	68.98
III) Profit Before Tax	**1,041.72**	**806.40**
IV) Segment Assets		
(a) Basic Chemicals	424.67	453.36
(b) Fine & Speciality Chemicals	459.02	381.74
(c) Performance Products	417.91	476.50
(d) Phenolics	1,950.26	1,723.01
(e) Un- allocable	308.44	174.00
TOTAL	**3,560.30**	**3,208.61**
V) Segment Liabilities		
(a) Basic Chemicals	74.17	115.24
(b) Fine & Speciality Chemicals	83.72	70.65
(c) Performance Products	76.02	56.55
(d) Phenolics	888.67	1,082.68
(e) Un- allocable	91.07	311.58
TOTAL	**1,213.65**	**1,636.70**

₹ in Crores

	For the year March 31, 2021	For the year March 31, 2020
VI) Capital Expenditure		
(a) Basic Chemicals	35.44	31.46
(b) Fine & Speciality Chemicals	59.23	16.75
(c) Performance Products	23.26	34.19
(d) Phenolics	60.91	42.64
(e) Un- allocable	6.54	122.74
TOTAL	**185.38**	**247.77**
VII) Depreciation		
(a) Basic Chemicals	27.53	33.47
(b) Fine & Speciality Chemicals	16.91	20.19
(c) Performance Products	15.57	18.30
(d) Phenolics	85.98	61.88
(e) Un- allocable	6.87	5.86
TOTAL	**152.86**	**139.71**

(b) Secondary Segment Information

The following table shows the distribution of the Group's Revenue and Assets by geographical market:

₹ in Crores

Revenue	For the year March 31, 2021	For the year March 31, 2020
In India	3,088.06	3,157.88
Outside India	1,271.69	1,071.83
Total	**4,359.75**	**4,229.71**

₹ in Crores

Carrying Amount of Segment Assets	As at March 31, 2021	As at March 31, 2020
In India	3,392.28	3,054.16
Outside India	168.02	154.45
Total	**3,560.30**	**3,208.61**

₹ in Crores

Addition to Fixed Assets	As at March 31, 2021	As at March 31, 2020
In India		
- Tangible	182.85	228.74
- Intangible	2.53	19.04
Outside India		
- Tangible	-	-
- Intangible	-	-
Total	**185.38**	**247.77**

44. LEASES

A. The following is the movement in lease liabilities:

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	**15.39**	**10.12**
Additions during the year	1.19	7.66
Deductions during the year	(1.05)	-
Finance cost accrued during the year	1.55	1.78
Payment/Provision of Lease Liabilities	(4.88)	(4.18)
Balance at the end	**12.20**	**15.39**
Recognised under		
Non -Current Financial Liabilities	10.76	13.46
Current Financial Liabilities	1.44	1.93
Total	**12.20**	**15.39**

B. The following are details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

	As at March 31, 2021	As at March 31, 2020
Less than one year	3.45	4.82
One to five years	11.61	12.92
More than five years	2.24	3.95
Total	**17.30**	**21.68**

45. EARNINGS PER SHARE

	As at March 31, 2021	As at March 31, 2020
Basic and Diluted Earnings per Share		
Number of Shares at the beginning (Nos. in Crores)	13.64	13.64
Number of Shares at the end (Nos. in Crores)	13.64	13.64
Weighted Average Number of Shares considered for Basic and Diluted Earnings Per Share (Nos. in Crores)	13.64	13.64
Net Profit after Tax available for Equity Shareholders (₹ in Crores)	775.81	611.03
Basic and Diluted Earnings (in Rupees) Per Share of ₹ 2/- each	56.88	44.80

46. During FY 2020-21, the Group has spent ₹ 8.45 Crores on Corporate Social Responsibility activities.

47. The Group has considered the possible effects of COVID 19 in the preparation of these financial statements including recoverability of trade receivables and inventories. The management has considered relevant internal and external sources of information, including economic forecasts as at the date of approval of these financial statements. The impact of the same may vary considering the prevailing uncertain situation.

48. The Financial Statements were authorised for issue by the Board of Directors on May 05, 2021.

49. ADDITIONAL INFORMATION IN CONSOLIDATED FINANCIAL STATEMENTS AS PER SCHEDULE III OF COMPANIES ACT, 2013

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Crores	As % of consolidated profit or loss	Amount ₹ in Crores	As % of consolidated other comprehensive income	Amount ₹ in Crores	As % of consolidated total comprehensive income	Amount ₹ in Crores
Parent								
Deepak Nitrite Limited	63.35%	1,844.75	45.72%	354.72	121.50%	(1.30)	45.61%	353.42
Subsidiaries								
1. Deepak Phenolics Limited	36.62%	1,066.23	54.28%	421.16	-21.50%	0.23	54.39%	421.39
2. Deepak Clean Tech Limited	0.00%	0.05	0.00%	-	0.00%	-	0.00%	-
3. Deepak Nitrite Corporation Inc.	0.03%	0.81	0.00%	0.00 (represents ₹46,322)	0.00%	-	0.00%	0.00 (represents ₹46,322)
Non controlling interests in all subsidiaries	-	-	-	-	-	-	-	-
Sub total	**100.00%**	**2,911.84**	**100.00%**	**775.88**	**100.00%**	**(1.07)**	**100.00%**	**774.81**
CFS Adjustments and Eliminations	-	(565.19)	-	(0.07)	-	-	-	(0.07)
Total	**-**	**2,346.65**	**-**	**775.81**	**-**	**(1.07)**	**-**	**774.74**

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Maulik Mehta
Executive Director & CEO
DIN: 05227290

Dileep Choksi
Director
DIN: 00016322

Sanjay Upadhyay
Director-Finance & CFO
DIN: 01776546

Sudhir Mankad
Director
DIN: 00086077

Arvind Bajpai
Company Secretary
Membership No: F6713

Vadodara: May 05, 2021

NOTES

NOTES

Investor's Welfare Scheme

The Company's scheme covers the risk of death and permanent (total/partial) disablement sustained due to an accident by first-named shareholder of the Company solely and directly from external, violent and visible means.

Details of entitlement under the Personal Accident Policy are as under:

I. COVERAGE:

a. Death

b. Permanent (total/partial) disablement

EXPLANATION:

i. Permanent Total Disablement:

Loss of sight of both eyes or of actual loss by physical separation of the two entire hands or two entire feet.

ii. Permanent Partial Disablement:

Loss of sight of one eye or actual loss by physical separation of one entire hand or one entire foot.

II. AGE LIMIT:

18 to 65 years

III. SUM INSURED:

No. of Equity Shares held	Sum Insured
Up to 1500	₹ 40,000/-
1501 to 5000	₹ 60,000/-
5001 and above	₹ 80,000/-

IV. BENEFITS:

The benefits available under the Group Personal Accident Insurance Policy are as under:

1.	Fatal Accident (Death)	: Sum Insured*
2.	Permanent Total Disablement	: Sum Insured*
3.	Loss of two limbs or two eyes or one limb and one eye	: Sum Insured*
4.	Loss of one limb or one eye	: 50% of the Sum Insured
5.	Permanent Partial Disablement	: Specific percentage of the Sum Insured* depending on the extent of disablement.

[* Sum Insured as explained in para (III) above]

Note:

1. Temporary disablement, medical / hospitalisation expenses are out of the purview of the scheme.
2. Members who have not filed the Nomination Form earlier in respect of Personal Accident Policy may approach the Company for obtaining the Nomination Form and return the same duly filled in and signed for registration with the Company.

RESPONSIBLE
CHEMISTRY

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Registered & Corporate Office

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