RESPONSIBLE CARE®
OUR COMMITMENT TO SUSTAINABILITY

DEEPAK NITRITE

DNL/138/BSE/799/2022
July 12, 2022

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

Dear Sir,

Scrip Code: 506401

Sub: 51st Annual Integrated Report and Notice of the 51st Annual General Meeting ("AGM") for the Financial Year ("FY") 2021-22

Pursuant to the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the 51st Annual Integrated Report of the Company for the FY 2021-22 alongwith Notice of the 51st AGM of the Company, which forms part of the 51st Annual Integrated Report.

The 51st Annual Integrated Report of the Company along with Notice convening 51st AGM and other relevant documents are also available on the website of the Company at www.godeepak.com.

Kindly take the same on your record.

Thanking you,

For **DEEPAK NITRITE LIMITED**

ARVIND BAJPAI
Company Secretary

NITRITE LIMITED DEEPAK VADODARA

Encl.: as above

DEEPAK NITRITE LIMITED
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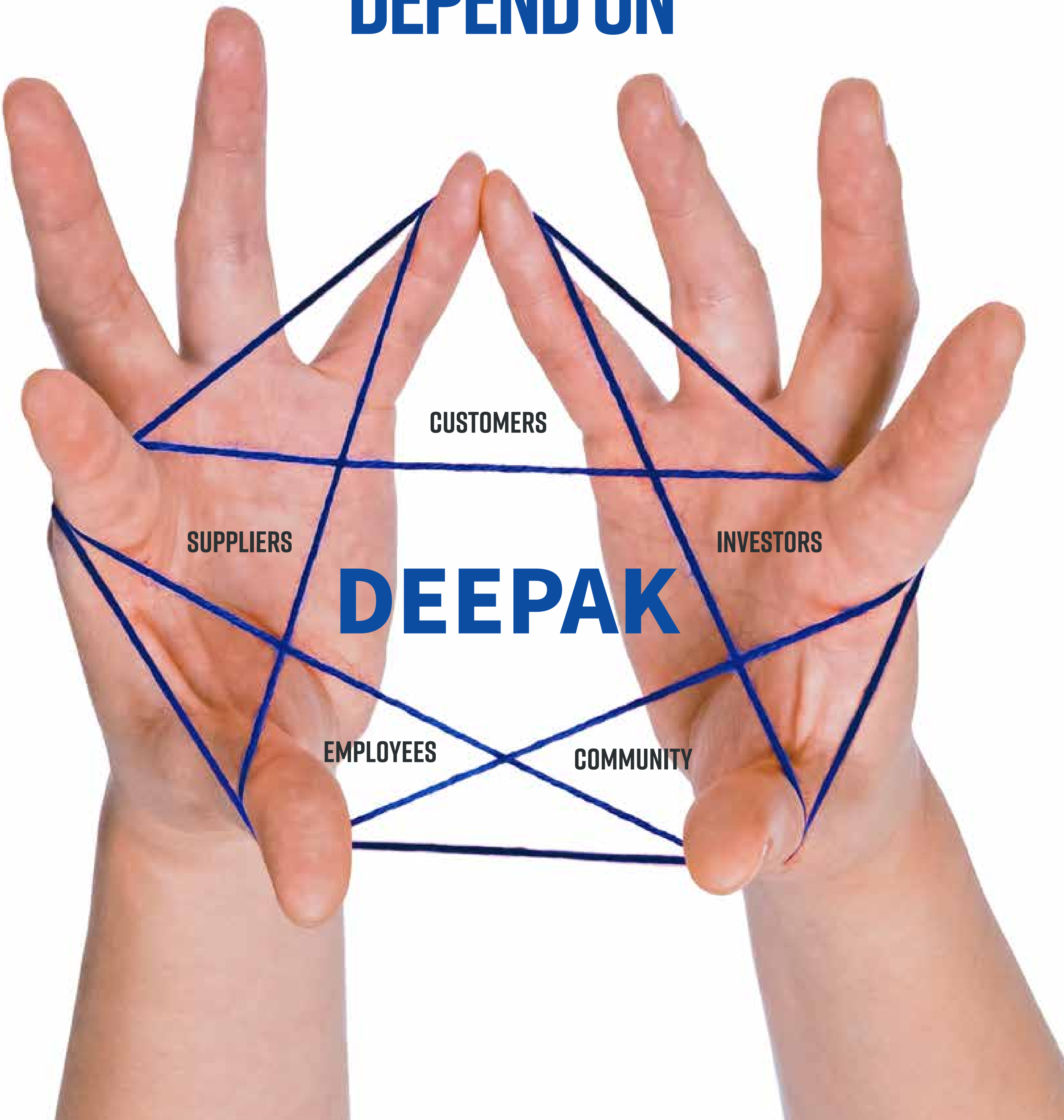
DEEPAK NITRITE

RESPONSIBLE CHEMISTRY

DEEPAK NITRITE LIMITED

51ST ANNUAL INTEGRATED REPORT 2021-22

DEPEND ON



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DEPEND ON DEEPAK

Deepak Nitrite Limited (DNL) has built a strong organisation with processes and systems that ensure seamless operations, as well as a focus on ethics and transparent practises, with a team of skilled and motivated people ready to step up and take charge, as well as deep capabilities to meet our customers' needs. More importantly, having long-lasting relationships at its core, founded on the principles of trust, faith, and values, ensures our long-term success and future value creation.

FY 2021-22 Highlights

Financial

₹ 6,845 Crores
Revenue
(56% - Y-o-Y growth)

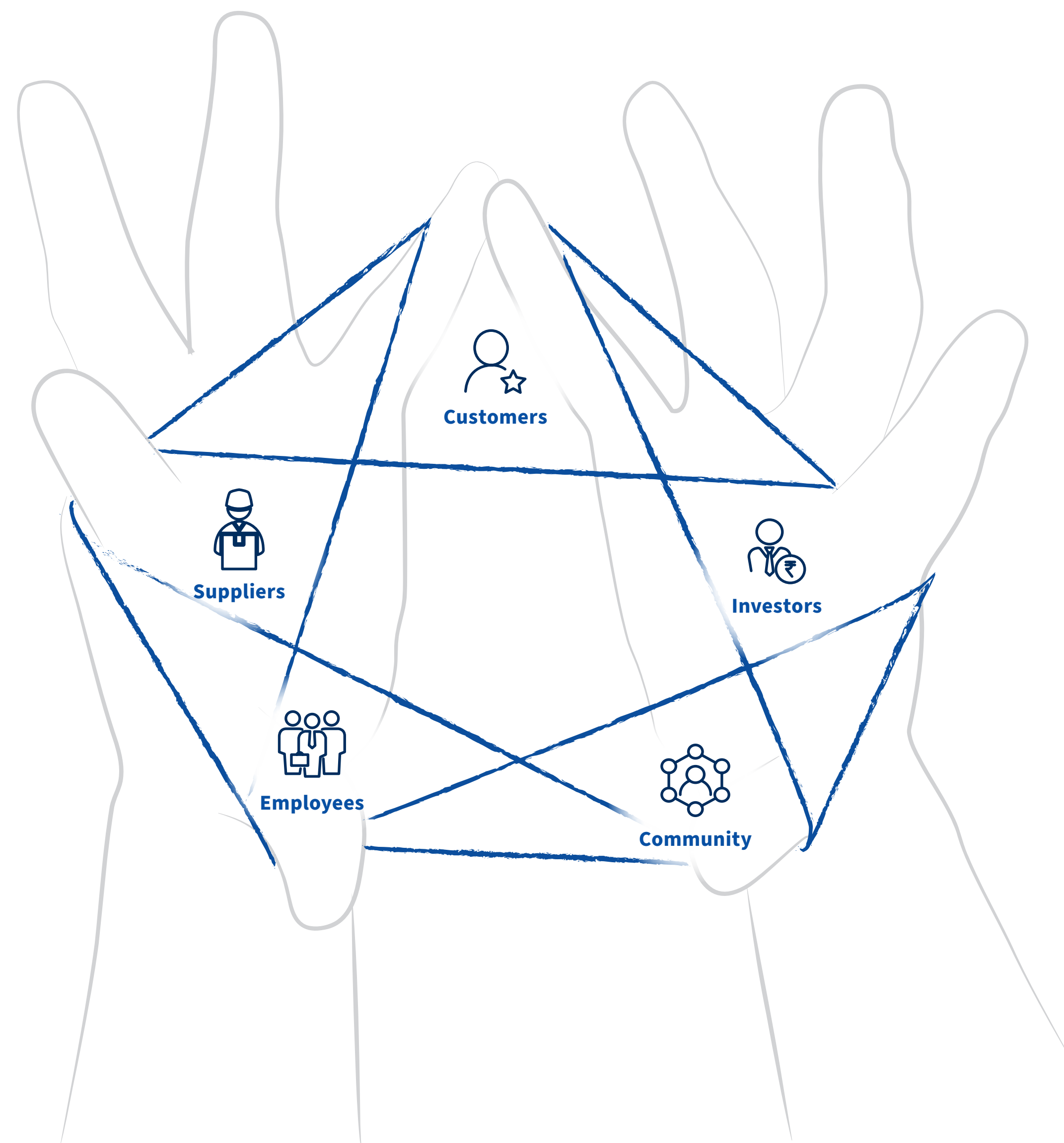
₹ 1,646 Crores
EBITDA
(30% - Y-o-Y growth)

₹ 1,067 Crores
Profit after tax
(37% - Y-o-Y growth)

Operational

Commissioned expanded capacity of IPA and thus **doubled the capacity to 60,000 MTPA**

Commissioned **captive power plant**



Customers

We moved with agility and responsiveness to collaborate with our customers and ensured timely deliveries. We are constantly expanding our portfolio of novel chemistry solutions by looking for global trends, collaborating with customers, understanding their product preferences, and driving innovation through our R&D efforts. We delivered resilient performance with firm supply commitments to our customers, reconfirming 'Depend on Deepak'.

Investors

Not only we delivered a resounding performance, but also reinforced the trust that our stakeholders have placed on us while enduring our values. The financial performance demonstrates the strength of our efficient manufacturing model with adequate backward integration and depth of multi-year relationships with key customers. The Board of Directors recommended a dividend of ₹ 7 per equity share (350%) of ₹ 2 each for FY 2021-22 towards rewarding the shareholders.

Community

We seek to contribute generously and responsibly for the well-being of the communities in which we operate. We aim to remain a corporation that gives back, to uplift and enhance the lives of our neighbors by helping in the areas of healthcare, education, women empowerment etc.

Employees

We assisted employees and business partners by ensuring their health and safety and timely payment, and they rallied to drive operational excellence. We ensured continued payment of wages during Covid-19 and regular increments, health and life insurance coverage.

Suppliers

We are building a customer centric, agile and cost-conscious supply chain. We have implemented various innovative initiatives which bring 'win-win' solutions for our suppliers and us.

About our Integrated Report

Our FY 2021-22 Integrated Report provides relevant information to our shareholders and other stakeholders about performance, governance, material risks and opportunities, strategy and future prospects of Deepak Nitrite Limited.

Reporting period

The report, published annually, provides material information relating to the Company's strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance for the period between April 1, 2021 and March 31, 2022.

Reporting boundary

The Integrated Report is prepared on a consolidated basis, unless disclosed otherwise. The reporting boundary includes all offices and facilities.

Financial and non-financial reporting

The Report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

Materiality

The Report focuses on information that is material to its business. It provides a concise overview of the Company's performance, prospects and ability to provide sustainable value for all its stakeholders. The legitimate interests of all stakeholders have been taken into account and all material information has been included in this report.

Our capitals

All organisations depend on various forms of capital for their value creation. Our ability to create long-term value is interrelated and fundamentally dependent on various forms of capitals available to us (inputs), how we use them (value-accretive activities), our impact on them and the value we deliver (outputs and outcomes).

Frameworks, guidelines and standards

This Report aligns with the principles and guidelines of the

- International <IR> framework by Value Reporting Foundation formerly known as International Integrated Reporting Council (IIRC)
- United Nations Sustainable Development Goals (UN-SDGs)
- The Companies Act, 2013 (and the rules made thereunder)
- Indian Accounting Standards
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Secretarial Standards issued by the Institute of Company Secretaries of India

Sustainability/ESG indices participation

We are proud to have our efforts in sustainable development recognised by industry-leading rating and ranking agencies like EcoVadis Sustainability assesment.

- We have achieved Silver Rating with sustainability rating of 83^{rd} percentile, which has significantly increased from 39^{th} percentile earlier. This reaffirms, Deepak Group's greater commitment towards sustainability.

Forward-looking statements

Certain statements in this document constitute 'forward-looking statements', which involve known and unknown risks and opportunities, other uncertainties, and important factors that could turn out to be materially different following the publication of actual results.

These forward-looking statements speak only as of the date of this document. The Company undertakes no obligation to update publicly, or release any revisions, to these forward-looking statements, to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

Feedback

We welcome feedback on our suite of reports to ensure that we continue to disclose information that is pertinent and conducive to stakeholder decision-making. Please send queries or suggestions at investor@godeepak.com.

Leveraging Resources to Build Sustainable Value

The resources at our disposal help us deliver on the aspirations of our customers, partners, investors, employees, community members and all other stakeholders. We believe in optimally utilising resources, balancing the priorities of growth and sustainability.

Financial Capital

Financial Capital is the value of money that the Company obtains from providers of capital, which is used to support business activities and profits generated thereof is distributed amongst its stakeholders as well as to fund business activities and future growth plans.

Management approach

Create value for shareholders through sustainable growth

Value created/enhanced

₹ 8,000+ Crores
Increase in Market Capitalisation during FY 2021-22

Dividend of ₹ 7 per equity share of ₹ 2 each i.e. 350% recommended for FY 2021-22, aggregating ₹ 95 Crores

Debt Free
(Net basis)

42

Manufactured Capital

Manufactured capital is the Company's tangible and intangible infrastructure used for value creation through business activities. We are prudently managing our capital investments to create a portfolio of assets that helps create value for our customers.

Management approach

Well-maintained functional assets and optimally utilised facilities

Value created/enhanced

Optimal Capacity Utilisation

High Quality Products

Import Substitution Achieved

46

Human Capital

Collective skills and experience of our workforce add value to our business outcomes.

Management approach

Availability of a committed and efficient workforce offers an inclusive and balanced work environment

Value created/enhanced

4+ out of 5
Employee Engagement Score

Zero
Loss Time Injury Frequency Rate (LTIFR)

Zero
Fatality

48

Intellectual Capital

With the proprietary knowledge we possess and the innovations we drive to improve our offerings, we add value to our business outcomes. We consistently strive to innovate new product development and process improvements to ensure our customer satisfaction in an evolving industry landscape.

Management approach

Consider innovation as a strategic element of the Company

Value created/enhanced

OMA-40
New Product Launched

19
No. of Cumulative Patents Granted

Digitalisation of Processes

52

Social and Relationship Capital

Our relationships with our stakeholders in the value chain and communities around us ensure long-term value-creation and our social approval to operate.

Management approach

Promote trust with stakeholders, improving the quality of life of people in areas of presence

Value created/enhanced

1,70,000+
Lives improved through our CSR initiatives

1,000+
Customers

Customers across
45+
countries

Long-term Customer Relations

56

Natural Capital

While we depend on the utilities sourced from nature, we ensure that through our efficient operations, we impact the natural environment minimally.

Management approach

Ensure sustainable use of natural resources and contribute to combating climate change

Value created/enhanced

3,73,113 KL
Water Recycled

32%
Reduction in Specific GHG Emissions

13,000+
Trees Planted

64

Responsive Actions. Responsible Chemistry.

Deepak Nitrite Limited (DNL) is one of the fastest growing and trusted chemical intermediates company in India with a diversified portfolio of products that caters to multiple industries with myriad applications. These products are widely used across end-user industries such as pharma, agrochemicals, laminates, paints, etc and serve as building blocks /key raw materials for further processing into various other speciality chemicals or end-user industries. Given our cost leadership along with locational advantage, we enjoy a sustainable and growth-oriented business model in the chemicals industry.

DNL is recognised globally as a 'Responsible Manufacturer' and as a 'Supplier of Choice' by marquee customers. Led by an able management team, DNL has leveraged process expertise, technological prowess and operational excellence to capitalise on opportunities for growth and deliver sustained value for stakeholders.

Key differentiators

- Sustainable and versatile business model
- Largest producer of sodium nitrite and sodium nitrate since 1972 in India
- Largest producer of Phenol and Acetone
- Among top three global players for products like xylidnes and oximes
- Strong R&D capabilities
- Rich legacy of over five decades

VISION

To become the fastest growing Indian chemical intermediates company.

Attributes

Innovativeness

Driving not just product ideas but also innovation in terms of processes and employee engagement thus maximising growth.

Agility

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

Responsiveness

Towards employees, customers, community and all stakeholders.

Performance-driven

Rewarding performers across verticals, thereby motivating people towards leadership.

Ownership

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

Manufacturing footprint

An extensive network

Our extensive supply chain arrangement including structured warehousing and distribution system enables timely delivery at customer sites.

Key facts

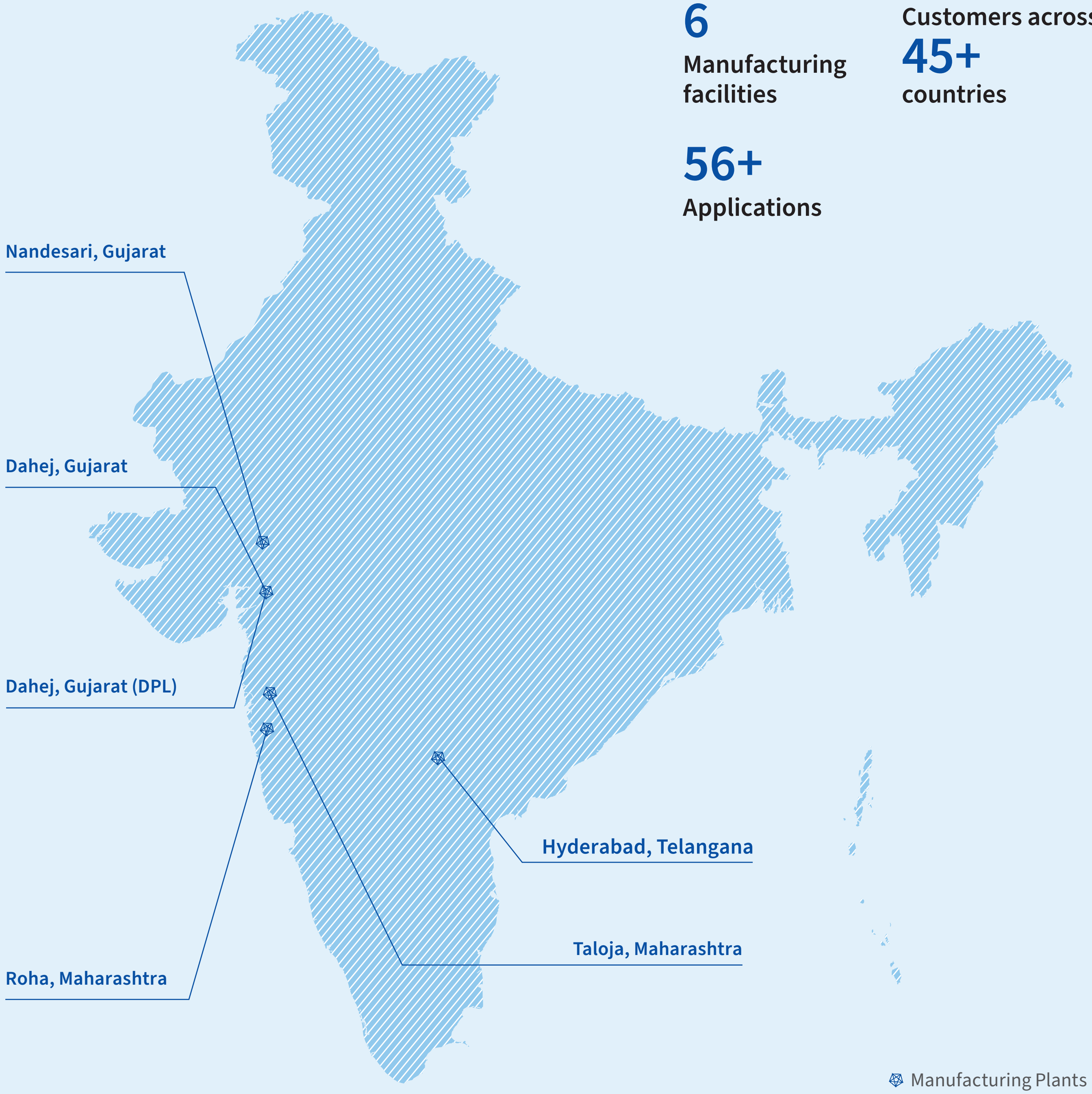
30+ Products

1,000+ Customers

6 Manufacturing facilities

Customers across **45+** countries

56+ Applications



Delivering with an Optimal Portfolio

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.

	Basic Intermediates (Essential to all Materials)	Fine & Speciality Chemicals	Performance Products	Phenolics
Overview	Standard products manufactured in bulk	Specialised products customised to the clients' specifications	Products with stringent requirements in terms of performance in manufacturing process	High volume import substitutes
Products	Sodium Nitrite, Sodium Nitrate, Nitro Toluidines, Fuel Additives, Nitrosyl Sulphuric Acid	Xylidines, Oximes, Cumidines, Speciality Agrochemicals	Optical Brightening Agent (OBA), DASDA	Cumene, Phenol, Acetone, Isopropyl Alcohol
Application diversity	Colourants, Petrochemicals, Rubber, Agrochemicals, Pharmaceuticals, Water Treatment, Glass Industries, Industrial Explosives and Fuel Additives	Agrochemicals, Colours & Pigments, Paper, Personal Care, Pharmaceuticals etc.	Paper, Detergents, Textiles, Coating Applications in Printing and Photographic Paper	Laminate & Plywood, Automotive, Construction, Pharmaceuticals, Adhesives, Sanitisers, Rubber, Chemicals, Paints etc.
Revenue contribution	18.20%	12.22%	7.64%	61.94%
Contribution to EBIT	20.37%	16.76%	6.41%	56.46%
Performance	• The basic intermediate segment grew by 66% driven by debottlenecking exercises and capacity augmentation initiatives undertaken in key products, which allowed us to increase volumes in the second half of the year • On the back of sharp rises in input prices during the year, we were able to pass on most of the costs to customers with some time lag, resulting in sustained EBITDA without losing wallet share for all key accounts	• Fine & Speciality Chemicals segment reported 10% revenue growth. The performance was driven by strong demand and an appealing product lineup that tailored to a broad and diverse array of applications • Cost of major raw materials increased during the year resulting in normalisation of EBITDA performance • Going forward we will gain from new multi-year contracts with leading customers, with cost pass-through mechanisms in place	• Performance Products segment reported healthy revenue growth at 74% driven by positive demand trends for key products resulting in a sharp rise in volumes accompanied by improved sales realisation • Overall, the wallet shares with large customers either increased or was maintained • Increased our foray into new export markets, which were hitherto untapped	• Delivered an outstanding performance with revenue growth of 68%. EBITDA expanded by 35% year-on-year translating into a PAT expansion at 48%. This was achieved despite a sharp increase in key raw materials such as Propylene and Benzene combined with skyrocketing prices of coal • Managed to operate the plant at an elevated utilisation level on a sustained basis

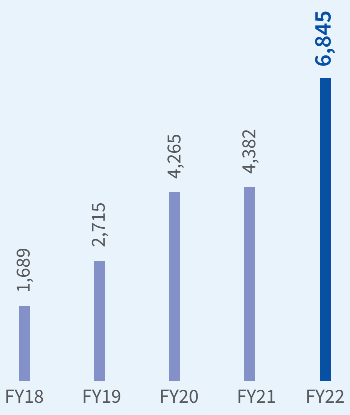
Delivering on our Commitment

Despite seasonal headwinds, we delivered a stellar performance, increased our investments and achieved strategic growth in all our business verticals.

- Showed marked improvement across various parameters
- Sustained increase in return ratios, with debt levels at all-time low
- Demonstrates strength of efficient manufacturing model with adequate backward integration and depth of multi-year relationships with key customers

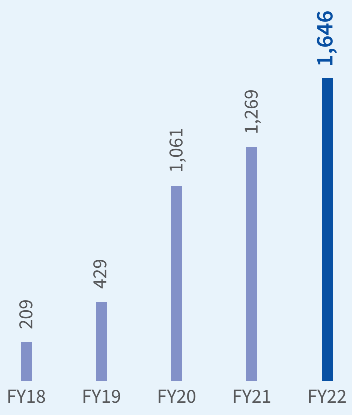
Profit and Loss indicators

Revenue (₹ Crores)



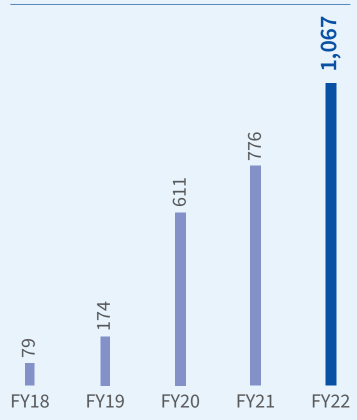
56.22% | 36.10%

EBITDA (₹ Crores)



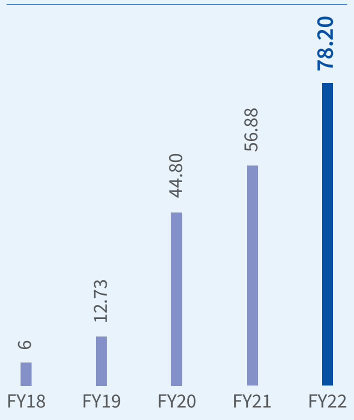
29.77% | 50.01%

PAT (₹ Crores)



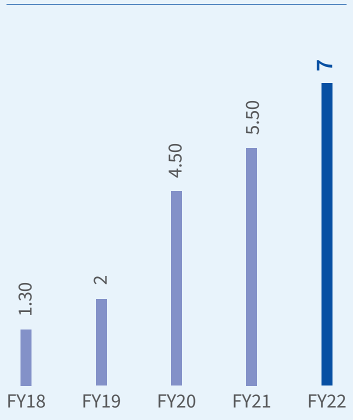
37.49% | 61.76%

Earnings per share (₹)



37.48% | 56.95%

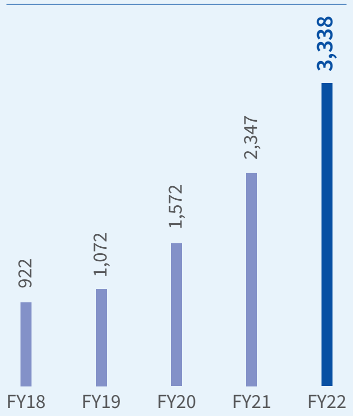
Dividend per share (₹)



27.27% | 42.29%

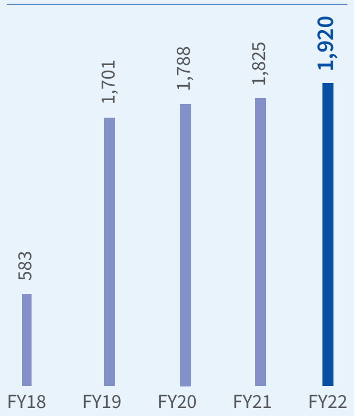
Balance Sheet indicators

Net worth (₹ Crores)



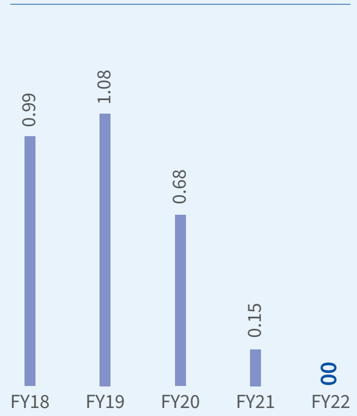
42.26% | 36.10%

Net fixed assets (₹ Crores)

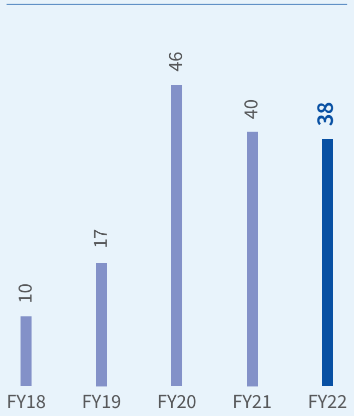


5.22% | 27.05%

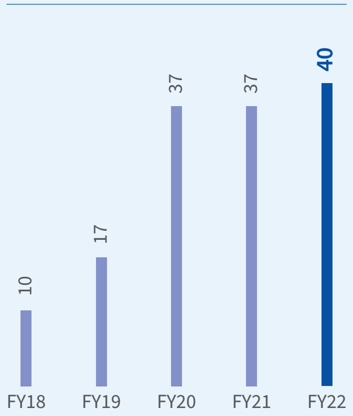
Net Debt to equity ratio (times)



Return on equity (%)



Return on capital employed (%)



Y-o-Y growth | (5-year CAGR)

Y-o-Y growth | (5-year CAGR)

Expanding our Ambition

According to CRISIL, the Indian Speciality chemicals industry will outpace its Chinese counterpart and double its share of the global market to ~6% by 2026 from 3-4% in fiscal 2021. This will drive a strong revenue growth of 18-20% this fiscal and 14-15% in the next fiscal, compared to single-digit growth reported in the previous two fiscals.

Dear Stakeholders,

The Indian economy sharply bounced back in FY 2021-22, with robust GDP growth of 8.7% after 6.6% contraction reported in the previous year due to restrictions and lockdowns imposed by the Government to control the spread of COVID-19 pandemic. Government expenditure and domestic spending has supported the economy, complemented by a long-term focused growth-oriented budget. The initiatives undertaken by the Government in the recent past, such as the commodity-intensive National Infrastructure Pipeline (NIP) and Production Linked Incentive (PLI) scheme to boost local manufacturing, will play a big role in making India a manufacturing hub for global majors. This is encouraging, and such bold and scalable programmes are instrumental in realising the vision of a self-reliant India.

Indian chemical industry performance

According to CRISIL, the Indian Speciality chemicals industry will outpace its Chinese counterpart and double its share of the global market to ~6% by 2026 from 3-4% in fiscal 2021. This will drive a strong revenue growth of 18-20% this fiscal and 14-15% in the next fiscal, compared to single-digit growth reported in the previous two fiscals.

The chemical industry across the globe is undergoing a strategic shift in supply chain from China to other countries including India. This presents huge opportunity for India to showcase their expertise and become a global hub for chemical manufacturing. China emerged as a global manufacturing giant in recent decades. Since 2000, its chemical production capacity has increased eightfold. However, in recent years, capacity reductions as a result of increasing environmental compliance of chemical facilities, a trade war with the US, and, most recently, COVID-19 crisis-led lockdowns and Russia-Ukraine war have led companies to adopt a China+1 strategy. With supply chain disruption and uncertainty in China, global players are looking to diversify their sourcing, and India provides strong alternatives with similar scale, technology, raw materials, and supportive Government policies.

The year in perspective

We continued to be agile to the changing needs and preferences of our customers and delivered specialised solutions to stay ahead of the curve. While doing so, we prudently deployed capital to elevate our market position in the chosen chemistries. Despite a challenging macro-economic backdrop, we demonstrated immense resilience to continue our operations uninterrupted, while fulfilling the supply commitments of customers. We undertook several enhancements in the product mix, improved realisations and cost reduction efforts which helped deliver better margin profile. Overall, we achieved highest-ever revenue and profitability during FY 2021-22 despite all odds.

Premised on strong earnings performance, the Board of Directors recommended a dividend of ₹ 7 per equity share, i.e., 350% of face value of ₹ 2 each for FY 2021-22 towards rewarding its shareholders.

At Deepak Nitrite, R&D forms a cornerstone for growth, and we consistently build our capabilities and competencies in process research, product innovation, intellectual property, and analytical references to provide integrated solutions for our customers. We are making sizeable investment in R&D to build in-house capability to create a pipeline of products that will drive future growth. Deepak Research and Development Centre (DRDC) has enabled us to file applications for 36 patents cumulatively and develop innovative and advanced intermediates that drive our portfolio expansion.

Our people are our most valuable asset, and their domain knowledge and experience provide us with a significant competitive advantage. Our experienced professionals are crucial to our ambition to become a global leader in our business. The Company comprises committed and motivated employees because we have developed a motivating work culture and priortised the health of our employees through regular health check-ups and safe work practices. We are committed to high standards of ESG practice and our operations are aligned to Responsible Care practices.

Access to basic health services is a challenge in villages and economically challenged areas in India. As a responsible corporate citizen, Deepak Group extends support to the residents of these villages and rural areas by providing primary healthcare services. We have launched 4 Mobile Health Units that provide health care services in 133 villages around Dahej and Dugdha in Gujarat and Taloja and Roha in Maharashtra. We have impacted around 1,70,000 lives through our CSR initatives, in FY 2021-22.

Outlook

Looking ahead, we will continue the next phase of our growth journey by strengthening the quality of customer engagement, sharpening existing strong procurement and logistics practices, enhancing safety and sustainability efforts and nurturing a progressive work culture. Our planned foray into advanced solvents, various upstream and downstream products and adding new chemistry platforms is a step in the right direction to diversify our product portfolio, widen the customer base, and increase the value-addition across the portfolio. All this will fortify our business proposition, while elevating our leadership position across chosen chemistries. We will continue to be a partner of choice for leading Indian and global conglomerates by leveraging deep chemistry expertise and robust manufacturing set-up.

I would like to extend my heartfelt gratitude to all our stakeholders and shareholders for their untiring support that helped us beat the industry standards and set new benchmarks. I look forward to a bright future in the years to come.

Regards,

Deepak C. Mehta
Chairman and Managing Director

Depend on Deepak

Despite huge challenges in the operating environment, in the year gone by, we sharpened focus on creating value for business by continuing to build a company that is increasingly agile, resilient, and future ready. I am delighted to share that throughout FY 2021-22, Deepak's integrated business model ensured that financial strength remained resilient and major strategic endeavours remained on track.

Dear Stakeholders,

Despite huge challenges in the operating environment in the year gone by, we sharpened focus on creating value for business by continuing to build a company that is increasingly agile, resilient, and future ready. I am delighted to share that throughout FY 2021-22, Deepak's integrated business model ensured that financial strength remained resilient and major strategic endeavours remained on track.

As the teams managed to harmonise the effects of the unpredicatable swings in economic factors due to the pandemic and geopolitical forces, we evaluated our raison d'être- most important reasons to exist- from the perspective of our key stakeholders. Every stakeholder has an opportunity cost while investing their money, time, business, trust, and we must demonstrate how we value this by giving them a reason to **'Depend on Deepak'.**

Shareholders – Based on our core fundamentals and our values, we designed an appropriate roadmap to be a responsible company that invests in consistent, high quality growth where it has a clearly articulated '**Right to Win**'. We aim to demonstrate responsibility by ensuring that today's growth does not come at tomorrow's expense. We seek high quality growth based on careful assessment of future potential and multi-year growth strategies. Our clearly articulated 'Right to Win' balances earned or bought process excellence with high ROCE or ROA opportunities.

Customers – We pride ourselves on being a responsive company that leverages deep process expertise to become a partner of choice by supplying complex chemicals manufactured using safe and sustainable means. We are responsive as we prioritise understanding and addressing the concerns of customers and supporting their strategic impetus. We leverage process expertise by creating and communicating deep knowhow into our key processes. We strive to be a partner of choice by serving customers so that Deepak is the first in mind when considering a new opportunity. We use safe and sustainable means by relying on processes which are in line with their ESG values for stewardship.

People – Our core people practices seek to create agile and adaptive leaders who cultivate teams with a bias for actions in an environment based on principles. We encourage our people to be agile and adaptive by addressing opportunities with speed and alacrity. We define leaders as ones that take ownership of outcomes, rather than resorting to hierarchies. We seek to create teams where collaboration is key and information silos can be systemically eliminated. We reward bias for action in order to avoid the pitfall of teams engaging in endless discussion loops. Underlying our ethos, is the principle where choosing between options is as easy as doing what is right, rather than doing what is ordained.

Community - To ensure that the society around us is better off with our presence rathern than with our absence.

Performance in FY 2021-22

The Company has leveraged its diversified business model to achieve a robust performance- all businesses grew market share. Phenolics, Basic Intermediates and Performance Products were able to maintain margins despite phenomenal challenges in raw material prices and availability. FSC, by nature of its preference on contractual agreements and customer relationships, saw cost pass through on a quarterly basis. Revenues grew by 56%, EBITDA by 30% and PAT by 37% as compared to the previous year.

In line with our focus on product stewardship, the Company achieved a steep upward jump in its Ecovadis assessment score to 60% with a silver medal and has set a target for gold. It remains a signatory of Responsible Care and is part of the Nicer Globe alliance.

Our consistent focus on quality, innovation and R&D

Our adherence to quality standards and continuous focus on customer needs related to product, packing, documentation and timely delivery is based on the firm conviction of 'First-time-right' and 'zero tolerance for deviations and defects'. Our considerable investments in maintaining a strong product pipeline through our relentless focus on research and development to build innovative products is another area that remained unchanged. We are continually working towards enhancing our technology capabilities by focusing on new chemistries and application development capabilities, technology platforms, product research and testing services. Our advanced R&D facility enables us to develop innovative intermediates, positioning us as a responsible manufacturer.

Road ahead

As we look ahead, we reiterate our commitment to pursue a value-oriented investment strategy that will lead to a diverse portfolio of solid businesses. We are confident in the long-term prospects of each of our businesses. Significantly, we have strong governance processes in place, high standards of ethical and responsible performance, and we are an active contributor to societal development.

- Our commitments are driven by our thirst for creating value by developing value-added products of Phenol & Acetone, adding new chemistry platforms and investing in upstream integration projects to improve margins
- A well-capitalised balance sheet and past track record of executing large projects will allow us to pursue growth in line with business strategy
- We remain poised to accomplish '**Make in India for the World**' goal, bolstered by strong end-user demand, expanding Indian economy and China+1 strategy
- Over the next two years, we will invest about ₹ 15 billion in new upstream/downstream products besides debottlenecking projects in existing product line

We are on track to realise the first legit 'platform-based' growth strategy where investments cater to existing customers and businesses. The same assets will become the foundation for new value-added products with high ROCE targets that will be achieved by specialised balancing equipment in nearby blocks. While we already have land, an investment has been announced for a world-class research and technology centre that will house multi-purpose pilot plants, mini plants, environmental lab as well as scalable technology platforms.

We take immense pride in shouldering the trust and expectations of all key stakeholders. With bright eyes and great humility, we remain committed to inclusive high quality growth in the near and long term.

Regards,

Maulik D. Mehta
Executive Director and CEO

Driving Growth with Consistency and Conviction

In FY 2021-22, Deepak Phenolics delivered Revenue of ₹ 4,291 Crores (growth of 68%) and EBITDA of ₹ 974 Crores.

Dear Stakeholders,

In FY 2021-22, Deepak Phenolics delivered Revenue of ₹ 4,291 Crores (growth of 68%) and EBITDA of ₹ 974 Crores.

This year, we achieved record levels of sales and earnings as a result of improved plant performance and customer engagement. Widespread logistics and supply bottlenecks, increasing energy and raw materials prices and remnants of the pandemic are some of the challenges that the world still struggles with. Our financial performance confirms that we are on the right path with our strategic direction, our adapted organisational structure and our ongoing cost discipline.

During the year, our plants operated efficiently and continued achieving an overall higher plant utilisation on sustainable basis. With the strategic objective of moving into value-added downstream products, we commenced the production of Iso-propyl Alcohol (IPA) at the manufacturing facility at Dahej amidst the Covid-19 pandemic. We undertook a brownfield expansion project and by December 2021 we doubled our IPA production capability to 60,000 MTPA.

Given the rising demand from the laminates and plywood industry, we believe phenol consumption in India is likely to grow in double digits over near to medium term. With India's largest phenol-acetone plant, we will continue to accrue benefits from the country's growing demand and import substitutions. The long-term prospects remain strong and intact. Our fully-integrated manufacturing facilities will help us manage and produce chemicals with a competitive advantage.

We aim to add high-value solvents, which are backward integrated and have set aside ₹ 700 Crores for capital expenditure, which is expected to be completed by FY 2023-24. Life sciences, paints and coatings, among other industries, will greatly benefit from these products.

We are well-positioned to continue to play a leading role in a robustly growing industry. Our scale and diversification across products, geographies, and markets is our competitive advantage. We have the right team and strategy in place to deliver long-term sustainable growth and continue to create value for our stakeholders. I would like to thank my colleagues across our Group for their hard work throughout FY 2021-22 and our shareholders, customers and stakeholders for their continual support

Regards,

Meghav Mehta
Executive Director
Deepak Phenolics Limited

Leveraging Strengths to Create Sustainable Value

Our integrated business model is focussed on creating value at every stage and for every stakeholder.

External Environment

Inputs

Financial capital
- Equity: ₹ 27.28 Crores
- Reserves: ₹ 3,311 Crores

42

Manufactured capital
- Property, plant and equipment: ₹ 1,920 Crores
- Manufacturing facilities: 6
- Assets under construction: ₹ 104 Crores
- Investments in operational excellence and health and safety
- Capital expenditure: ₹ 268 Crores

46

Intellectual capital
- Digitalisation/technology/process improvement initiatives
- R&D professionals employed: 94
- Sustained investments in R&D

52

Human capital
- Employees on payroll: 2,006
- Contractual employees and workers: 3,230
- Women employees: 106
- Total hours of training: 37,302
- Continuous investment in training and development and health and safety initiatives

48

Social and relationship capital
- Customers: 1,000+
- Strong distribution network
- Suppliers: 400+
- CSR expenditure: ₹ 14.97 Crores

56

Natural capital
- Environment expenditure: ₹ 17.96 Crores
- Investment in effluent plant and environment management system, environment/biodiversity conservation.
- Efficient use of Natural resources

64

Processes

Pillars of value creation
- Strong governance practices
- Effective risk management
- Deep culture of innovation
- Skilled people
- Environmentally sustainable operations

Research and development
Our team focusses on innovating new compounds/value-added products, improving processes of existing products, recovery of products from effluents

Raw material procurement
RM is procured from suppliers and transported to plants via water and surface transport

Value generated

Supply chain management
The products are sent to B2B customers across diverse sectors through water and surface transport.

Processing
We use various complex processes to manufacture products across Basic Intermediates, Fine & Speciality Chemicals, Performance Products and Phenolics. The effluents generated during the manufacturing process are recovered to develop by-products where possible and the rest are treated for safe disposal.

Outcomes

Financial capital
- Revenue: ₹ 6,845 Crores (Y-o-Y growth of 56%)
- EBITDA: ₹ 1,646 Crores (Y-o-Y growth of 30%)
- Profit After Tax: ₹ 1,067 Crores (Y-o-Y growth of 37%)
- EPS: ₹ 78
- Return on Capital Employed (RoCE): 40%
- Dividend: ₹ 7 per share (350%)

Manufactured capital
- 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
- Optimum capacity utilisation

Intellectual capital
- New products launched: 1
- Cumulative patent applications filed: 36
- Cumulative patents granted: 19

Human capital
- Lost Time Injury Frequency Rate (LTIFR): NIL
- Fatality: NIL
- Highly motivated employees

Social and Relationship capital
- Impacted 1.70+ Lakh lives through CSR activities
- Long term Customer Relationships
- Supplier engagements/training programmes: 4

Natural capital
- Water recycled: 3,73,113 KL
- No serious environmental incidents during the year

For providers of financial capital
We deliver consistent, profitable and responsible growth

For customers
Value to customers by providing high-quality and sustainable products

For our people
We strive to provide equal opportunities to all our employees, ensure capacity building, training, and a safe work environment.

For suppliers
We ensure an optimum supply chain with competent suppliers for seamless operations. We also engage and collaborate with our suppliers closely for knowledge enhancement, process improvements and product applications

For communities around us
We contribute towards improving the living conditions of communities around us through our CSR activities and, at the same time, ensure that our production processes do not have any adverse impact on the environment

Framework for Delivering on Objectives

Our strategy aims to deliver strong returns to shareholders, best-in-class and sustainable products for customers and consistent value to all stakeholders.

Strategic Focus Area 1

Expand capacities

Progress made during the year

- Commissioned expanded capacity of IPA and thereby doubled the capacity to 60,000 MTPA
- Commissioned captive power plant
- All manufacturing facilities operated at optimum capacity
- Greenfield land development at Dahej and brownfield expansion at Nandesari, Roha and Taloja plants to enhance capacity of key products
- Setting up world-class technology centre to strengthen R&D
- Elevated capacity utilisation on a sustained basis

KPIs

- Average capacity utilisation
- Cost optimisation
- Operational efficiency

FY 2022-23 priorities

- Planned capacity expansion is expected to add further volume growth in the coming future. These additional capacities will help the company strengthen market share
- Commissioning of Greenfield projects in a phased manner starting this year

Material issues addressed / impacted

- Supply chain efficiency and logistics management
- Growth and profitability
- Customer and supplier relationships

CAPITALS IMPACTED

Strategic Focus Area 2

Enhance margins

Progress made during the year

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

KPIs

- Average operating margin
- Cost of goods sold
- Earnings Per Share
- Profit Before Tax

FY 2022-23 priorities

- Improve operational efficiency of manufacturing and logistics network
- Continue to focus on growing product segment to achieve better margins

Material issues addressed / impacted

- Growth and profitability

Capitals impacted

Strategic Focus Area 3

Operational excellence and safety

Progress made during the year

- 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
- Ensuring better capacity utilisation and better process towards cost leadership
- All manufacturing facilities operated at optimum capacity
- Various steps have been taken for ensuring safety, like process automation to eliminate human error, enhanced training and frequent audits

KPIs

- Optimum plant utilisation
- Improve SHE aspects

FY 2022-23 priorities

- Continue to operate at optimum capacity
- Efforts to enhance efficiencies

Material issues addressed / impacted

- Health and safety
- Digitisation

CAPITALS IMPACTED

Strategic Focus Area 4

Widen product portfolio

Progress made during the year

- 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

KPIs

- Number of new products launched during the year

FY 2022-23 priorities

- To focus on new product development to drive growth
- Improve operational efficiency across the manufacturing network
- Logistics excellence

Material issues addressed / impacted

- Product innovation
- Sustainable chemistry

Capitals impacted

Strategic Focus Area 5

Sustainable growth

Progress made during the year

- Sustained alignment to Responsible Care, Together for Sustainability (TfS), and Nicer Globe affiliation: 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 and national regulatory requirements
- Significant improvement in Ecovadis score to 60% with silver medal

KPIs

- Reduction of specific freshwater consumption
- CSR spend, beneficiaries and impact
- Energy conservation efficiency

FY 2022-23 priorities

- To achieve 90+ Tfs score across all our Plants

Material issues addressed / impacted

- Climate change
- Health and safety
- Customer relationships
- Community development

Capitals impacted

Nurturing Long-term Relationships

At DNL, stakeholder engagement plays a critical role in our innovation investments, to develop high quality products with high growth potential. Further, we continuously engage with them to identify and address the issues that have a material impact on our long-term value creation abilities.

We have identified our stakeholders as those persons, groups or organisations who are directly impacted by our activities, as well as those foreseen to be reasonably impacted. A planned system of engagement exists to ensure the timely communication of accurate and relevant information to, and interaction with, each stakeholder group in a consistent manner.

Our policy for stakeholder engagement is available on the website at https://www.godeepak.com/responsible-chemistry/

	Key expectations	How we engage	Needs addressed by
Customers Customer feedback, or as we call it, the Voice of Customer, is key to process improvements, quality enhancement and cost optimisation	• Higher value proposition in terms of product quality and affordability • Supply reliability • Responsiveness to needs and technical queries • Robust grievance mechanism	• Personal meeting • Telephone calls • Email and virtual meetings	• Meeting all contractual obligations • Sustained communication and collaboration to meet their dynamically changing needs • Customised product development • Expansion in line with growing market demand • Timely deliveries of quality products
Investors As providers of capital, they are key to our growth and expansion plans	• Timely communication on financial performance of the Company • Seek inputs 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	• Annual General Meeting • Annual Report • Report on ESG initiatives • Quarterly earnings communication • Investor/analysts meet • Media releases • Company website • Dedicated investor's email id • Individual communication	• 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

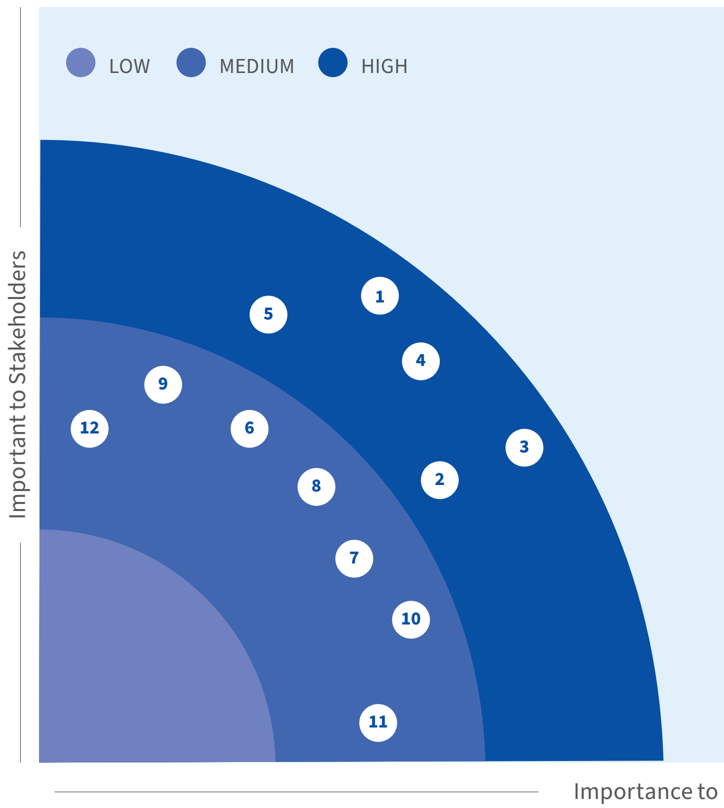
	Key expectations	How we engage	Needs addressed by
Community A harmonious relationship with the communities where we operate is key to our social license to operate; they are our partners in progress	• Sensitive and Responsive to urgent community needs • Equitable and inclusive development • Compliance 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 based on detailed need assessment are being carried out through CSR initiatives • The CSR projects focus on healthcare, education, skill building, livelihood and women empowerment. • Periodic review and impact analysis
Employees Our employees are at the centre of all our operations. Their collaborative skill and expertise are essential for our growth	• Professional growth opportunities • Engagement training and development • Mental and physical well-being and safety • Fair remuneration and reward Timely payment	• Senior leaders communication/talk • Performance review/appraisal meetings • Union meetings • Wellness initiatives • Employee engagement survey • Townhall meetings • Sports events • Social gatherings of employee and families • Celebration of festivals • Birthday celebrations	• Timely payment of salaries • Implementing 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 • Robust Learning & Development
Suppliers Our operations are closely linked with the timely availability of raw material that we source. These, in turn, have a material impact on the efficiency of our products	• 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
Government and regulatory bodies Key for ensuring compliance and uninterrupted operations	• Regulatory compliance • Social development and generating employment	• Meetings with local/state/ national government and ministries • Seminars, media releases and conferences • Member of industry associations	• Timely dissemination of relevant information to stakeholders • Robust governance through Board of Directors having expertise in relevant fields • Timely and accurate compliance of laws

Discerning Matters of Utmost Priority

To achieve long-term success as a responsible and sustainable business, it is important to understand and resolve the material issues impacting our Company.

Material issues are those areas which have a direct or an indirect bearing on our ability to create, preserve or deplete economic, environmental and social value for our business, our stakeholders and the society at large. We continually monitor relevant business developments, risks and opportunities, sustainability trends, changes in legislation and the perspectives and needs of our stakeholders.

Material Matters 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

Material issues

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 operational and saftey hazards. Process safety gaps and occupational health and safety (OHS) incidents may cause physical harm to our employees. 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 campaigns and training. To ensure the health and safety of employees during the ongoing pandemic, additional security and safety measures have been implemented. Despite the COVID-19 restrictions, we ensured that all the locations operated with the highest man, material and process safety.

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 practicsing sustainable manufacturing. This is reflected in our emphasis on utility reduction, recovery of 'value from waste', and adoption of clean technologies. We are relentlessly working towards improving our energy efficiency. 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. The operating environment was marked by rising input and energy costs and continued volatility in foreign exchange rates standing in the industry and our relationships with our customers, investors and the society at large.

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. DNL's venturing into the value chain as well as nimble footedness to shift to changing market continues to give resilience and support to our sustainable 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 are essential 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 that the 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, 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, structured approach for succession planning and building a leadership pipeline.

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. Cyber risks are an ever-expanding area as organisations battle a continuous wave of attacks, fraudsters and criminals.

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.

We have introduced processes, systems and tools for ensuring vigilant monitoring, system audit and reporting of suspicious activity.

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. The year was faced with constraints to in-bound and out-bound logistics as well as higher logistics and utility costs.

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 that enable timely delivery of customer orders. We leveraged our manufacturing excellence, world-scale integrated facilities and agile operations to deliver a consistent performance.

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 wing, 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 56 of this Report.

Upholding Best Practices

Our strong corporate governance structure is designed to ensure the success and longevity of our business. We hold ourselves and our partners to the highest standards of accountability. Our values guide our approach to ethical business practices, risk management, and public policy and advocacy.

Role of the Board

At DNL, the Board of Directors provide guidance, oversight and strategic direction to the Management in the achievement of its objectives based on our culture, ethics and values. The Board clearly understands the business dynamics and environment under which the Company operates and the challenges and opportunities associated with the business operations. This collaborative approach helps long-term sustainability of the business and maximising stakeholders' interest.

Board Composition and Diversity

The Board of the Company has an optimum combination of Executive and Non-Executive Directors. The Board consists of 12 Directors out of which, 3 are Executive Directors and 9 are Non-Executive Directors. Out of 9 Non-Executive Directors, 6 are Independent Directors including one-woman Independent Director. Our Board is composed of highly-skilled professionals who bring a diverse range of skills, perspectives and corporate experience to our Boardroom. The Board's expertise extends across Business, Finance, Law, IT, HR, Public Administration and Chemical Research.

62 Years
Median age of Directors

100%
Average attendance in Board meetings

5.11 Years
Average tenure of Independent Directors

Board Committees

The Board Committee operates under specific terms of reference which set out its role and responsibilities, composition and scope of authority.

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship and Investors Grievance Committee
- Corporate Social Responsibility Committee
- Project Committee
- Risk Management Committee

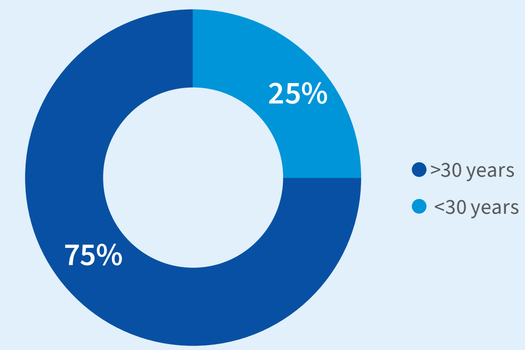
Ethical and Transparent Practices

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, we have 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.

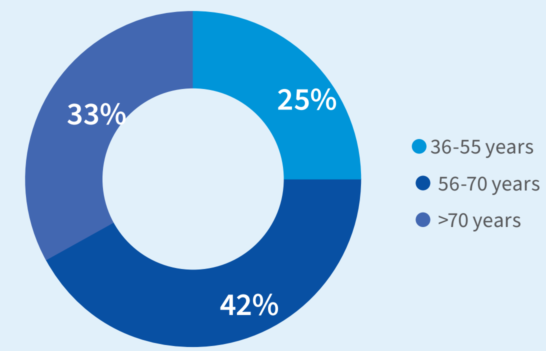
Code of Conduct

Our values and culture continue to be the cornerstone of governance. 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.

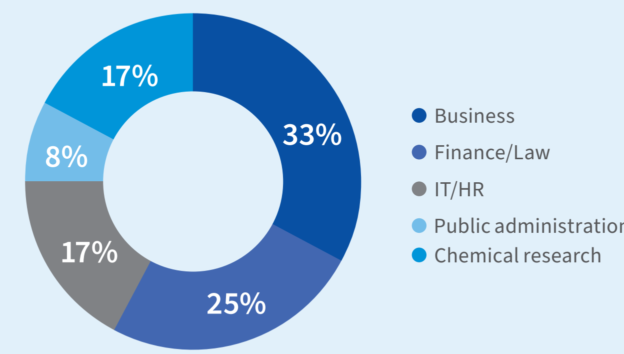
Diversity Based on Experience



Board Age Profile



Diversity Based on Expertise



Global Minded Leaders

Shri Deepak C. Mehta
Chairman & Managing Director
[DIN: 00028377]

With a career spanning almost five decades, Shri Deepak C. Mehta has been at the forefront of India's emergent Chemicals Industry, steering Deepak Group into a market leading position in the Chemical Intermediates sector. Shri Mehta belongs to a rare creed of entrepreneurs, who were ahead of their milieu, to focus exclusively on the sustainable aspect of business, and thereby achieve inclusive economic impact.

His vision and tireless efforts have materialised in letter, action and spirit of Deepak Group, bringing 'Responsible Chemistry' to life and instilling 'Value from Waste' as well as 'Triple Bottomline' elements at the heart of the Company's operations.

Under his auspicious leadership, Deepak Group has undergone revolutionary expansion and strategic diversification, foraying new products and segments, augmenting existing capabilities and an ever-increasing geographic penetration, both internationaland national. Today, Deepak Group is a recognised leader in Basic Intermediates, Fine & Speciality Chemicals and Performance Products alike, with marquee customers across 45+ countries spanning every continent on the globe.

Under his stewardship, Deepak Group has commissioned India's largest Phenol-Acetone plant, in Dahej, Gujarat, a state-of-the-art facility with IoT-enabled systems and cutting-edge green technology that have earned it the title of being the lowest thermal footprint facility in the world.

With Shri Deepak C. Mehta, at helm, the Company embraced 'Make in India' for the world and 'Atmanirbhar Bharat' by gaining scalability from its state-of-the-art manufacturing processes, creating a brand that evokes trust.

Apart from his active entrepreneurial engagements, Shri Mehta is a trustee at the Deepak Foundation, a philanthropic initiative, dedicated to improving the quality of life for the under- privileged and the needy. The Foundation is committed to improving life expectancy among women and children, who do not have access to basic medical facilities.

He is also associated with the BAIF Development Research Foundation, a not-for-profit organisation dedicated to empowering and transforming lives in rural India. An avid animal-lover, Shri Mehta is also a part of Vadodara Society for Prevention of Cruelty to Animals (VSPCA). He is a Member of the Board at GSFC University, and an Ex-Chairman at the Society for Village Development in Petrochemicals Area (SVADES).

Shri Mehta is deeply passionate about the development of India's industrial prowess. He has regularly chaired & steered committees at industry fora, fervently striving to propel the nation, on a global leadership stage. He is the Chairman of National Chemicals Committee-FICCI, and the Sector Skills Council, FICCI. He is also a former Chairman of FICCI Gujarat State Council.

He has served as a President at the Indian Chemicals Council (ICC) and been a member of 'Task Force on Chemicals Industry' constituted by the Government of India, to increase the competitiveness of India's Chemical Industry.

In 2020, Shri Deepak C. Mehta, was chosen, as the Entrepreneur of the Year (EOY), by EY. In the same year he was also selected among one of India Inc.'s top CEOs in the Chemical Sector for 2020.

Chairman: Risk Management Committee
Member: Corporate Social Responsibility Committee

Shri Maulik Mehta
Executive Director & CEO
[DIN: 05227290]

Shri Maulik Mehta is a Bachelor of Business Administration from the University of Liverpool, UK. He holds a master's degree in Industrial and Organisational Psychology from Columbia University, USA. Currently, he is pursuing the Owner/President Management from Harvard Business School which is an executive MBA program that enables him to maintain his focus on company management.

Shri Maulik Mehta is the Executive Director & Chief Executive Officer of the Company, since June, 2020. Shri Maulik Mehta took over the charge as the Chief Executive Office in an extremely challenging and uncertain environment during peak of pandemic Covid-19, where the focus was to see how the Company can save lives of people rather than the profitability. He has 14 years of experience in the areas of business development, strategy, human resources, external relations, patent and product development and has been responsible for the day-to-day business of the Company, as well as formulating the Group strategy. During the span of his career, he has coordinated various programs including profit maximising . He has been instrumental in developing strategy and undertook various initiatives which resulted in improving both top-line and bottom-line significantly. Shri Maulik Mehta has demonstrated excellent traits of leadership and under his guidance and aegis leadership all aspects of the business have been working in sync and in harmony.

Member: Risk Management Committee

Shri Sanjay Upadhyay
Director (Finance) & CFO
[DIN: 01776546]

Shri Sanjay Upadhyay is a qualified Cost Accountant and a Company Secretary. He has completed an Advanced Management Programme from Wharton, USA.

Shri Sanjay Upadhyay has over 40 years experience in the areas of Finance, Treasury, Taxation, Commercial, Secretarial and Corporate Restructuring. He oversees risk Management, Governance, Investor Relation and IT functions. Apart from these, he also has expertise in growth strategy, acquisitions, restructuring etc.

Shri Sanjay Upadhyay joined the Company in 1994. During the span of his career, he has held important positions in the Company. He was inducted in the Board as Director (Finance) from April, 2017 and is also the Chief Financial Officer of the Company. He is also on the Board of several companies within the Deepak Group.

In his role as CFO, he is focused on driving financial performance of the Company through rigour and synergy in capital allocation, investment management decisions and portfolio optimisation.

Member: Stakeholders' Relationship & Investors Grievance Committee, Corporate Social Responsibility Committee, Risk Management Committee

Shri Meghav Mehta
Additional Director
[DIN: 05229853]

Shri Meghav Mehta is a Mechanical Engineer from the Rochester Institute of Technology (New York, USA) with a specialisation in Material Science Technology and Alternative Energy.

Shri Meghav Mehta is an astute strategist and was instrumental in commissioning the Phenol plant as the Company's wholly-owned subsidiary, Deepak Phenolics Limited. Shri Meghav Mehta is Executive Director at Deepak Phenolics Limited since May, 2019. He has spearheaded multiple digital transformation initiatives in Deepak Group.

Shri Ajay C. Mehta
Non-Executive Director
[DIN: 00028405]

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 1989 till December 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.

Chairman: Stakeholders' Relationship & Investors Grievance Committee

Shri Sandesh Kumar Anand
Non-Executive Director
[DIN: 00001792]

Shri Sandesh Kumar Anand is a Bachelor of Engineering (Chemical) from Delhi University and has done a Petrochemical Course from I.I.P., Dehradun. He has completed an Advanced Management course from IIM Ahmedabad.

He has a rich experience of more than 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 also Member of various committees of State and Central Government and also advisor of Government on Chemical Weapons Convention.

Chairman: Project Committee
Member: Audit Committee, Nomination and Remuneration Committee, Risk Management Committee

Shri Sudhir Mankad
Independent Director
[DIN: 00086077]

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.

He has been serving as non executive Chairman of GIFT City project since 2007.

Chairman: Nomination and Remuneration Committee, Corporate Social Responsibility Committee

Member: Audit Committee

Dr. Richard H Rupp
Independent Director
[DIN: 02205790]

Dr. Richard H. 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.

Dr. 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.

Member: Project Committee

Padma Shri Dr. Swaminathan Sivaram
Independent Director
[DIN: 00009900]

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 Emeritus and INSA Emeritus Scientist at the Indian Institute of Science Education and Research (IISER), Pune.

He has authored over two hundred and forty-five 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 the 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.

Member: Corporate Social Responsibility Committee, Project Committee, Risk Management Committee

Shri Sanjay Asher
Independent Director
[DIN: 00008221]

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. established in 1830. He specialises in the field of corporate law and commercial law, cross-border mergers and acquisitions, joint ventures, mergers and acquisitions and capitals markets.

Member: Stakeholders' Relationship & Investors Grievance Committee, Audit Committee, Project Committee

Smt. Purvi Sheth
Independent Director
[DIN: 06449636]

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 business growth, leadership development, executing complex strategic engagements and repeatedly contributing to intellectual capital and organisational enhancement. She helps organisations create business opportunities and competitive advantage via Strategic HR & talent management. Effective in boosting and impacting business performance and productivity, Smt. Sheth has successfully elevated several businesses through advanced leadership processes and their implementation. She is an expert in translating solutions into practical and profitable applications. A skilled presenter, communicator and trainer, she has had great success impacting organisational and leadership performance.

Member: Nomination and Remuneration Committee

Shri Dileep Choksi
Independent Director
[DIN: 00016322]

Shri Dileep C. Choksi is a Chartered Accountant with a Bachelor's degree in Law, a member of the Institute of Cost Accountants of India.

Mr. Choksi has been a practising professional for the past 44 years. Prior to setting up C.C. Chokshi & Co. he was joint Managing Partner, National Leader - Tax and Financial Advisory Services of Deloitte, India until 2008.

His areas of specialisation include accounting, tax and corporate advisory services for domestic and international clients, finalising collaborations and joint ventures, corporate restructuring, turnaround and change management strategies, and analysing tax impact of various instruments. He is also member of the Society of Trust & Estate Practitioners Limited (STEP). He has also been on the Boards of the Taxation Committee of the Indian Merchant Chambers and the Bombay Chamber of Commerce & Industry.

He has worked with Mr. N.A. Palkhivala in the preparation of the most prominent book of Kanga and Palkhivala's – The Law and Practice of income tax (Eight Edition) – the last edition written by late Mr. N.A. Palkhivala and Mr. B. A. Palkhivala.

Chairman: Audit Committee

A Holistic Approach to Mitigating Uncertainties

We have stringent risk-management and internal controls framework to identify, assess, mitigate and monitor the risks and uncertainties facing our business. Our plans is built on the premise of creating and protecting value.

Effective risk management enables us to:

- Deliver on our strategic objectives
- Improve our decision-making, planning and prioritisation
- Pursue opportunities while continuing to mitigate our risks in a rapidly changing external environment
- Implement controls to mitigate or prevent risks from materialising
- Consider risk and reward and implement controls in the areas that matter most to us
- Comply with corporate governance requirements

The risk management framework is based on assessment of risks through proper analysis and understanding of the underlying risks before undertaking any transactions and changing or implementing processes and systems. This risk management mechanism is supported by regular review, control, self-assessments and monitoring of key risk indicators. We have adopted comprehensive Enterprise Risk Management Framework and Policy duly approved by the Board of Directors which is aligned with the requirement of ISO 31000 and COSO, which ensure identification all the risks, starting from shop-floor level.

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

Employee health and safety risk

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

Mitigating factors

- Presence of Central Safety Committee, comprising business heads and HSE professionals, to guide all safety-related aspects and conducts monthly HSE reviews with CEO
- 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
- Safety Audits are conducted regularly

Sustainability risk

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

Mitigating factors

- Our operations are aligned with requirements of Responsible Care, Together for Sustainability and EcoVadis
- 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
- Sustainability assessment through external rating agency i.e. EcoVadis

Product quality risk

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

Mitigating factors

- 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 risk

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

Mitigating factors

- Our diversified operation with wide range of products catering to multiple sectors across 45+ 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 which focuses on innovation 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 are focusing on manufacturing new agrochemical and pharma intermediates, and thus further diversifying our operations

Operational risk

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

Mitigating factors

- 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 risk

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

Mitigating factors

- Strong focus on decision making 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 ₹ 437 Crores as on March 31, 2022
- We effectively use cash flows to finance expansion projects and to repay debts. We are debt-free on net basis. We have improved our credit rating during the year strengthening our brand reputation

Digitalisation risk

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

Mitigating factors

- 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 (AI) and machine learning to use of data optimally

Raw material risk

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

Mitigating factors

- 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

Prudence in Decision-making and Action

Our strict financial discipline, careful capital allocation and robust risk management are essential elements for us to ensure healthy Financial Capital.

Material issues addressed

- Growth and profitability

SDGs impacted

Key risks considered

- Business risk
- Funding risk

Our approach

At DNL, we focus on delivering sustainable value to our customers and the wider fraternity of stakeholders, despite challenges such as industry volatilities or economic hardships. We take a longer view of the business and evolve an appropriate roadmap to strengthen the core fundamentals of our business.

Market capitalisation

The market capitalisation of the Company has grown at a robust CAGR of 77.94% since March 31, 2017 from ₹ 1,716 Crores to ₹ 30,609 Crores as on March 31, 2022. We have always believed in the support and trust provided by our shareholders, committing their wealth and supporting our growth story. We are committed to doing business the right way, by adopting best practices and continuously assessing our performance on financial as well as non-financial parameters.

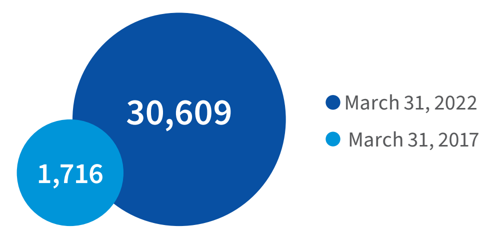
FY 2021-22 key highlights

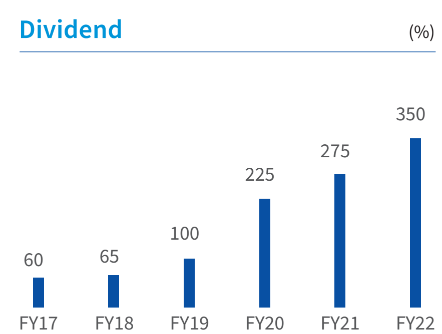
- Reported highest ever Revenue, EBITDA and PAT in the Company's history, despite a challenging operating environment that was marked by rising prices of key raw materials and other utilities, constraints in logistics and material movement as well as increased uncertainty in global trade on the back of Russia-Ukraine conflict
- Reported Consolidated PAT of ₹ 1,067 Crores in FY 2021-22 surpassing the milestone of ₹ 1,000 Crores in Annual PAT
- The Board of Directors has declared a Final Dividend of ₹ 7 per equity share (350%) of ₹ 2 each for FY 2021-22 towards rewarding the shareholders
- On a consolidated basis, Deepak Group stood debt free on the basis of net debt with strong Networth of ₹ 3,338 Crores, enabling ample scope to leverage the strong balance sheet for future expansion
- Credit rating agency ICRA upgraded DNL's rating outlook from AA (stable) to AA (positive) and DPL's credit rating has been enhanced from AA- (stable) to AA (Improved within a span of a year)

Value Creation

Consistently rewarded shareholder

Market Capitalisation (₹ Crores)





Growing with Prudence

The Company has achieved ROCE of over 30% on a standalone basis for more than 10 consecutive quarters now. On the balance sheet front, the financial position of Deepak is strong with a zero-debt position (net basis). We have not only attained net debt-free status but also steadily built-up surplus funds of ₹ 437 Crores, which have been invested in highly secured debt funds, as plans are firmed up for its eventual deployment in growth accretive expansion programmes.

Dear Stakeholders,

The year gone by was undoubtedly one of the most challenging years in recent memory. There were unprecedented macro shocks and circumstances challenged each aspect of our operations. However, owing to sheer zeal of overcoming these upheavals and using them as a springboard to leap up, the entire organisation ameliorated the odds to showcase a 'never-before' performance. I simply avail this opportunity to express my sincerest gratitude to one and all at Deepak and especially to the Board members for their unwavering confidence on the entire team.

We endeavour to maximise value for all stakeholders through the implementation of differentiated business strategies, optimum utilisation of resources and further refinement of business processes towards enhancement of our sustainable business model. The financial performance clearly indicates that even as we prioritised our communities, our people and our customers, we ensured that opportunities to maximise revenues, reduce expenses or tactically enhance the business were not foregone. While growing as a profitable business, the funds generated are utilised to create value across all other capitals, ensuring that the benefits of growth are far-reaching and sustainable.

We reported our highest ever Revenue, EBITDA and PAT despite facing plethora of challenges caused by severe volatility in prices of raw materials, constraints in availability and regular supply of inputs as well the challenges to logistics across global and domestic trade. This was further accelerated by the ongoing Russia-Ukraine war with consequent pressure on gas price, making many important intermediate materials dearer day by day.

We ended this year on a high note, with consolidated revenue increasing by 56% on a year-on-year basis accompanied by 37% year-on-year growth in PAT. The combination of high utilisation and focused pricing have enabled DNL to report its highest ever annual turnover. We faced unprecedented pressure on inputs and logistics prices during the year. However, the entire organisation could work towards better pricing, volume gains, increase in wallet and market share in almost all cases, as well as process improvement and cost leadership initiatives across business segments. The outcome is visible in the sustained growth performance.

The Company achieved ROCE of over 30% on a standalone basis for more than 10 consecutive quarters now. On the balance sheet front, the financial position of Deepak is very sound with a zero-debt position (net basis). We have not only attained net debt-free status but also steadily built-up surplus funds of ₹ 437 Crores, which have been invested in highly secured debt funds, as plans are firmed up for its eventual deployment in growth accretive expansion programmes.

Credit rating

Recognising the disciplined and improved financial position, the long-term credit rating of Deepak has improved from AA stable to AA positive by ICRA with a similar improvement for Deepak Phenolics' long-term credit rating which was upgraded from AA- stable to AA positive. Importantly, these upgrades reflecting improved credit worthiness have been realised in less than a year's time in the backdrop of tightening liquidity and a less favourable environment for capital raising.

Capex

Projects approved by the Board aggregating to ₹ 1,500 Crores are being implemented as per plan and commissioning is expected in a phased manner from FY 2022-23 to the next 12 to 24 months; this includes value-added products of Phenol and Acetone, adding new chemistry platforms, investing into upstream and downstream integration projects.

Working capital management

We have been vigilant on the realisability of inventory and receivables. Around the time the war broke out, with a rapid intensifying threat of sanctions on our Russian customer, we moved quickly and proactively to end our exposure.

We are closely monitoring customer requirements in Europe given the pressure caused by curtailment of Russian natural gas supplies. Given the dynamic nature of the global industry, we are also assessing the eventuality of supply assurance from China given it's zero tolerance policy for Covid. In a nutshell, we are constantly monitoring the situation and working to ensure uninterrupted operations while remaining cost effective.

It is critical to remain available to customers on a 24/7 basis and deliver on supply commitments as doing so during challenging times is what truly differentiates a provider like us across the global landscape. We are pleased that in almost all our products, we have increased both market share and wallet share of key accounts.

Qualified Institutions Placement (QIP)

DNL has received approval from its shareholders for fund raise through issue of additional equity shares through QIP route upto ₹ 2,000 Crores; while this resolution shall remain in force for a year upto January 26, 2023, we expect to launch it at an appropriate time.

Governance and Orientation

Our commitment to deliver superior customer satisfaction, consistent and competitive profitable growth remains stronger than ever. The competitive situation today shows that investing is imperative to be future-ready, which is part of our growth strategy. Integrity and transparency are our key governance pillars, and our governance practices and financial reporting have been in tandem with our goal of long-term value creation. Finally, I am grateful to all our stakeholders for their continued trust and support that makes DNL stronger with each passing day.

I express my sincere thanks and gratitude to all our stakeholders, including our shareholders, for being with us and having trust in us, during the challenging time.

Regards,

Sanjay Upadhyay
Director (Finance) & Chief Financial Officer

Ramping up Responsibly

We are prudently managing our capital investments to create a portfolio of assets that helps create value for our customers. The year saw us implement a host of measures that ensured continued operations at our plants despite the challenges created by the pandemic.

Material issues addressed

- Supply chain efficiency and logistics management

SDGs impacted

Key risks considered

- Raw material risk
- Operational risk

Our efforts are focused on operating efficiently while delivering high-quality products to create long-term value. We rely on cutting-edge plant facilities, stringent quality control processes, a strong distribution network, and an efficient supply chain model to deliver products in a safe and efficient manner.

Through our manufacturing facilities and infrastructure, we focus on operational excellence, continuous improvement, and innovation in manufacturing processes. We will continue to pursue best-in-class facilities and direct investments toward upgrading manufacturing facilities. We strive to provide customers with an exceptional value proposition and superior product quality. We are constantly upskilling employees in order to accelerate the adoption of technology in order to improve efficiency, productivity, and data security. In terms of input costs, this year has been difficult. We were able to mitigate the impact to the greatest extent possible by implementing targeted cost-cutting measures, inventory management, and strategic sourcing. With some lag, we were able to pass on the majority of the costs to customers.

Measures undertaken during the year to ensure uninterrupted plant operations

- Maintained the COVID -19 precautions during the post lock down also to ensure the employees safety which includes the awareness creation, employee motivation through meetings by maintaining the social distance, flexible working times without effecting the production activity
- A 12-hour shift twas introduced at the plant to reduce footfall and also to ensure minimal travel for employees and corresponding contacts
- Conducted mental wellness on-line programmes for the benefit of employees and their family members, to cope with the social stress
- Private vaccination camps were setup to protect the employees
- 100% of the workforce has been vaccinated and Booster doses have also been provided
- Buses operated by the Company, office spaces and places of work were regularly sanitised. In addition, powerful UV lamps were provided in the central air conditioning ducts to destroy the virus in the event it is circulating in closed air-conditioned rooms. This also ensured safety of people
- Sponsored PCR test, SpO2 test and as per required, RAT tests were carried out periodically to track the spread of the virus amongst Company employees.
- Work-from-home was put in place as per local guidelines and the Company's perception of the risk. Temperature and SpO2 monitoring was initiated upon resumption of offices
- Maintained warehouse and logistics efficiency during turbulent times
- ₹ 268 Crores - Capital Expenditure incurred
- ₹ 69 Crores - Operating Expenses incurred

Manufacturing excellence

We want to improve the flow and operation of our supply chain by incorporating sustainable practices that will allow us to meet our demands in a timely and organised manner. As a result, we are constantly leveraging technological advancements to develop newer products and methods of meeting customer demand.

We have adopted a process for evidence-based decision making and Plan-Do-Check-Act cycle for continual improvement at our manufacturing sites. The Plan-Do-Check-Act cycle is a model for carrying out change. It is an essential part of the lean manufacturing philosophy and a key prerequisite for continuous improvement of people and processes.

To re-emphasise our commitment to safety, all employees have been offered on-line courses by DuPont, world-renowned leaders in plant and process safety and its practices. More than 2,350 hours of training was imparted to employees under this arrangement.

Quality control

We have a robust system of measuring quality in accordance with defined standards. Quality maintenance is as per our customers requirement without any deviations by following the standard operating procedures in a strict manner. We have a full-fledged Quality Laboratory and Technical Services team to monitor and support Operations to maintain quality. Our products are BIS certified and meet all quality parameters.

Following are some of the highlights of our quality control system:

- Implementing the IMS system (QMS, EMS and OSHAS) in all the manufacturing sites
- Monitoring of the process parameters in the plant
- Proper reporting of test results for raw materials, process intermediates and finished product to respective stakeholders
- Timely communication of any deviation in the process to concerned department people
- Ensure proper calibration of the analytical instruments within time

Plan-Do-Check-Act cycle

Plan - Identify an opportunity and plan for change

Do - Implement the change on a small scale

Check - Use data to analyse the results of the change and determine whether it made a difference

Act - If the change was successful, implement it on a wider scale and continuously assess your results

Enhance efficiency and productivity

Initiatives undertaken for the efficiency and productivity improvement include expansion plan for higher volumes production, raw material quality fine tuning and glauber salt disposal to the waste. Energy audits are conducted through external parties and their suggestions have been implemented.

The 'State-of-the-art' Phenolics facilities demonstrated continuous improvement in the site energy consumption through our efforts:

Site energy index	
Year	mmKcal/MT
FY 2018-19	3.98
FY 2019-20	2.79
FY 2020-21	2.42
FY 2021-22	2.33

A Workplace that Inspires Growth

Our team members play the leading role in achieving our results, growth and innovations. We aim to offer them a superior professional experience, in an increasingly diverse and inclusive environment, guided by our non-negotiable value of safety for people above all else.

Material issues addressed

- Health and safety
- People strength and development
- Fair remuneration and growth opportunities for employees

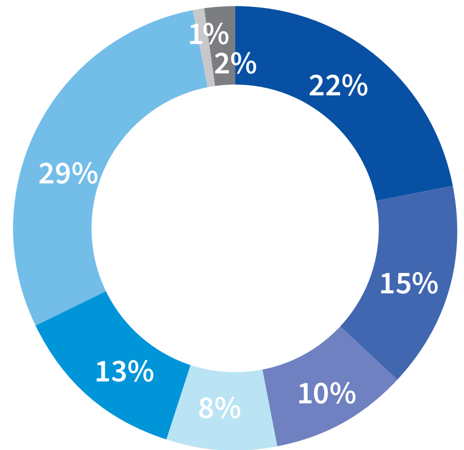
Key risks considered

- Employee health and safety risk
- Attrition

SDGs impacted

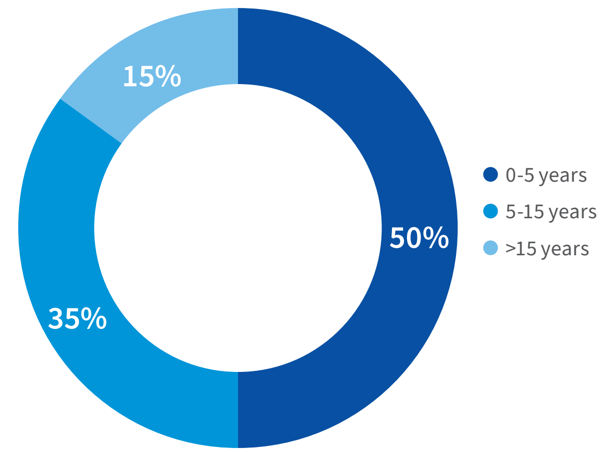
Our workforce is our most valuable asset as the growth and success of the Company depends on the contribution of our people. Our goal is to create a meritocratic organisation that empowers employees to take the right business decisions, by providing an open, safe and motivating work environment. We commit to fostering people by creating an environment that encourages learning and growth and enables us to build a next-generation organisation with a focus on promoting innovation, delivering business value and driving thought leadership.

Educational qualification



- BE / B.Tech - Chemicals
- BE / B.Tech - others
- Master's degree - Chemicals/ Chemistry
- Master's degree - Others
- Other Degree / Diploma - Chemicals
- Other Degrees
- PhDs
- Chartered Accountants, Company Secretaries and Cost Accountants

Experience



Learning and development

Learning and development is a key differentiator in the any industry. As the workplace and business environment evolve, companies that develop employees' skills for the long-term will be best prepared to respond to emerging trends and opportunities and attract the best talent. We have a wide range of learning and development approaches to develop our people. These include: on-the-job learning; mentoring and coaching; classroom training workshops; peer circles; and digital/mobile learning.

- Parivartan - Capability building initiative which includes learning interventions of 3-4 months covering aspects behavioural and technical skills. All interventions are in association with institutional organisations
- Launch of annual calendar and monthly deployment of technical/functional and behavioural trainings
- Certificate programmes - Project Management, Scaffolding, IMS-internal auditor, Awareness on Energy conservation, Design of Experiment

37,302
Training man-hours

90+
Training sessions

Diversity and Inclusion (D&I)

Across DNL, our practices reflect a promise to be an inclusive business. We are an equal-opportunity employer when it comes to attracting, retaining and developing new talent. These all help drive a respectful and inclusive workplace for our colleagues, better products for our customers and engagement with our communities.

Health and safety

Safety is not negotiable at DNL. We care for our team members and adopt practices to ensure their safety and health. Employee health and wellbeing directly impacts on business success. We aim to provide a productive and health promoting workplace and enables our employees to foster health and avoid work-related stress. This benefits the business through reduced absence and higher productivity, as well as improving the employee experience.

- Frequent medical check up of the employees
- During the pandemic, the Company took various measures like, RTPCR test, Vaccination, Work from Home, Alternate day working without any salary deductions
- To educate employees to wear helmet while driving the two-wheeler
- Awareness sessionsfor all employees on the importance of the safety and celebration of safety day
- Conducting safety talks with all the workers

CASE STUDY

Lifesaving incidence

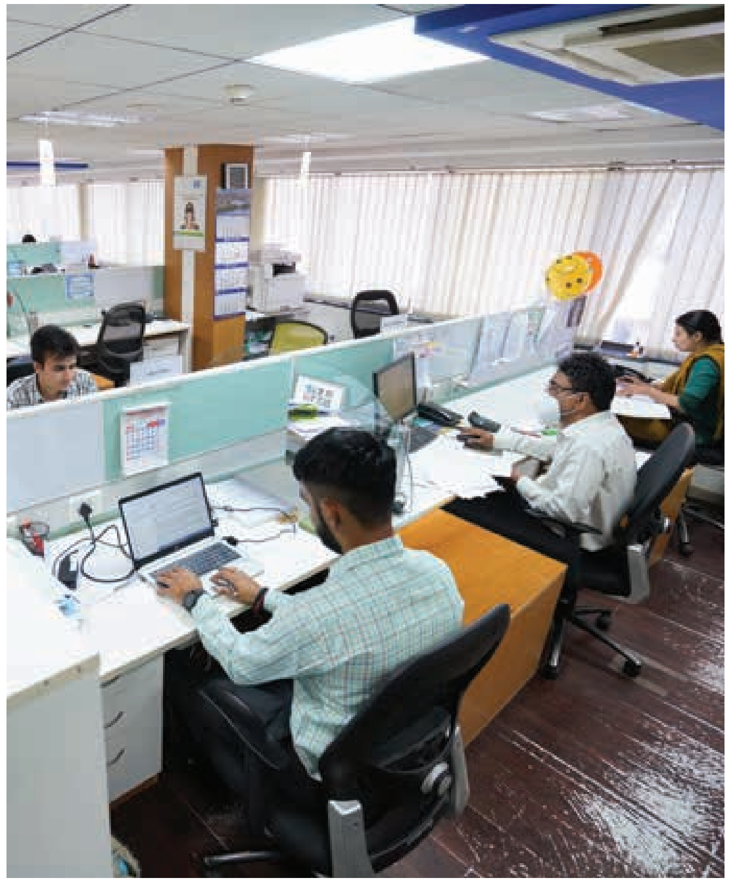
Shri Atul Raikwar, an employee of DNL, helped save the life of a person who was injured in a road accident.

By administering CPR to the injured for 15 minutes, he revived the person back to life, before the ambulance arrived.

Atul had received the training for CPR at DNL.

He was awarded a certificate and cash prize by the Indian Red Cross Society for his heroic act.

Deepak Group commemorates Atul Raikwar for implementing the safety training imparted, effectively and for inspiring others.



Employee engagement

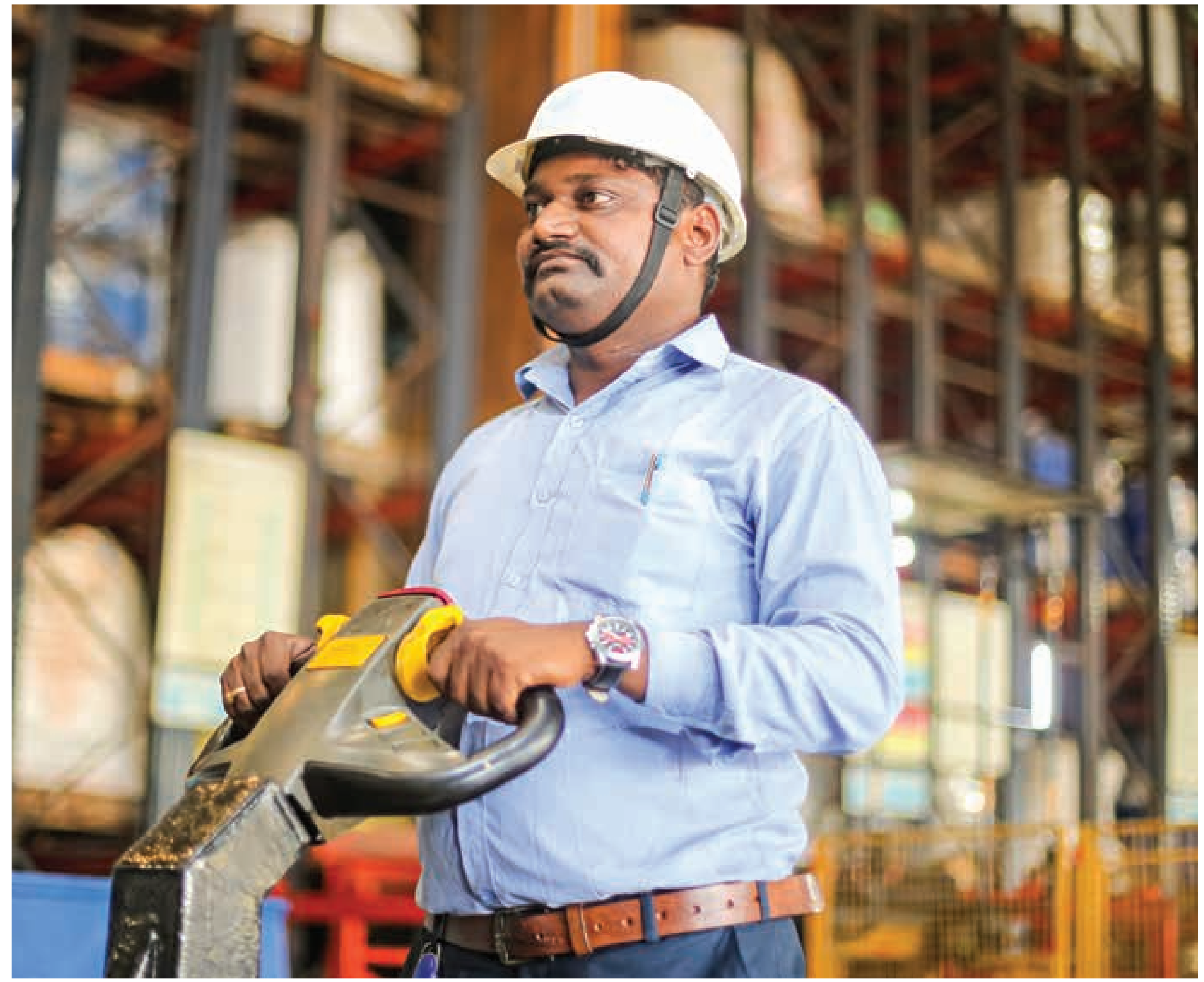
Empowerment and well-being of employees are of utmost importance and there is a strong belief that motivated employees are a key to organisational success. Regular employee engagement programs are conducted to ensure strong bonding between the employees and the Company. These initiatives also ensure a connect between DNL and the family members of the employees.

- Capability building initiatives
- Cadre-wise learning plan
- Fostering learning culture
- To sponsor employees to professional courses to enhance their skill and competencies
- Chairman's Award to recognise employee efforts and contribution

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 Gallup Q12 Survey. For FY 2021-22, DNL achieved an average engagement score of 4.1 out of 5.

Human rights

The Company is committed to protecting the fundamental rights of all individuals across the operations. As stated in the Code of Business Conduct and Ethics, the Company has zero tolerance regarding illegal and immoral practices such as child labour, forced labour and modern slavery, including human trafficking. We believe it is important to explicitly identify human rights as a part of our policies, procedures, and ethics training to create a harmonious and balance work environment.



Efficiency of Processes, Research and Technology

Material issues addressed

- Digitisation
- Product innovation

Key risks considered

- Product quality risk
- Digitalisation risk

SDGs impacted

We invested in our digital transformation journey which includes process transformation where we are working to establish new digital applications, data, analytics, APIs, and machine learning to other technologies, much focus within the corporate environment has been on new ways to reinvent business processes to lower costs, improve quality, or reduce cycle times. In essence, we are using a digital transformation journey to change traditional business models.

To keep up with the changing digital landscape, we have introduced several innovations.

New HRMS system: Implemented a new HRMS system for productivity enhancement. The main benefits include improved productivity, employee self-service, streamlined workflow, advanced security, a one-stop-shop for all HR needs, and ease of use. It automates HR recruitment and onboarding processes and helps the HR team in acquiring the best talent.

Best-in-class supply chain system: In the chemical Industry, transportation of raw material and finished products involve high transportation cost and timely and quality delivery of material to the customer is one of the important aspects of customer satisfaction. To optimise the cost and improve customer satisfaction, the IT team worked with the functional team to deploy a SAAS-based transport management system with integration to core ERP. System revealed hidden capacities - better visibility and tracking of the complete logistic cycle from contracting to transporter payment.

Dynamics CRM system: Deployment of Dynamics CRM application with real-time integration with core ERP. It streamlines business processes and connects customer data to help build relationships, increase productivity, and improve customer engagement. It also assists in the automation of tasks offer insights, and improves customer service. It provides an overview of customers and helps identify new business opportunities, share sales performance and key metrics and the promising buyers

Contract labour access control and Billing Management System have also been implemented.

Cyber security and GRC Initiatives

- Stringent access controls are in place
- Restrict the opening of the concurrent session in ERP and strengthen the password attempt and complexity
- Tightening the security of custom applications published over the internet
- Server/Client OS version and patch up-gradation to mitigate vulnerability/bugs

- Active Directory Hardware Refresh and Domain Migration
- O365 Anti-virus, Anti-malware, Anti-phishing, DLP policies implementation, and continuous monitoring
- Periodic Circulation of Cyber Safety advisories to improve Information security and controls

Research and Development

Our innovation infrastructure consists of a centralised research facility ('DRDC') at Nandesari, Gujarat. Recognised by the Department of Scientific & Industrial Research, Government of India, it is equipped with the latest instruments and equipment. DNL's R&D team is a purpose-driven team bringing about consistent breakthroughs in product innovation besides strongly partnering with all other internal stakeholders to create value for the overall organisation

We focus our R&D on:

- New product development
- New technology platform development to serve the niche requirements of our customers
- Improvement of productivity as well as yield in existing products
- Reduction of our resource consumption

DRDC also houses a state-of-the-art process engineering lab. This helps in generating scale-up related data for all the products which are developed in R&D Centre.

Piloting and Process Engineering lab mainly focuses on development and scale up of lab processes. The speed of lab scale development is increased with the application of Design of Experiments methodology using a specialised software for screening as well as optimisation mode. Parallel synthesisers are used for accurate experimental data generation and faster process development as well as optimisation using a specialised software.

To aid in new technology platform and continuous process development, we have invested in flow reactor, flow meters etc. under Process Engineering Research & Innovation (PERI).

Analytics plays a crucial role in supporting synthetic chemistry, hence the analytical capabilities for additional requirements are also enhanced by purchasing various new analytical tools such as Gas Chromatography (GC), Gas Chromatography/Mass Spectrometry (GCMS), High Performance Liquid Chromatography (HPLC), Liquid Chromatography/Mass Spectrometry (LCMS), Ultra Performance Liquid Chromatography (UPLC) and Ion Chromatography (IC). Analytical Lab has also been expanded to accommodate these additional instruments.

Technology

We are working on various new technology platform developments. In this regard, we have started work related to fluorination as well as Photo chlorination chemistry, high pressure oxidation reaction for adipic acid formation and gas solid reaction for salicylic acid formation. Miniplant set-ups such as Nitromethane (Azeotropic distillation skid) are built in DRDC premises for the development of chemistries related to the specific mentioned fields.

We are using lab scale CSTR set-ups for converting batch mode reactions into continuous mode to achieve better yield and quality with overall reduction in the cost of operations.

State-of-the-art pilot plants with kilo scale laboratory

In the further stage, we also have two state-of-the-art pilot facilities, one each situated at Roha, in Maharashtra and Nandesari, in Gujarat. The Pilots act as catalysts between R&D and commercial production of intermediates for Agrochemicals, Dyes, Pharmaceuticals etc., thereby allowing your Company to deliver quality product seamlessly. The Pilot facility boasts of stainless steel and glass lined reactors along with distillation columns for gas and liquid raw materials and is fully-equipped with advanced instruments, DCS (Distributed Control system) and utilities like chilled brine, low pressure steam, cooling water, temper water and more.

Development of idea to plant process (ITP)

The Technical Organisation is responsible for generating ideas for new products and processes, as well as developing sustainable processes for identified products and moving them as quickly as possible to a manufacturing plant. With this in mind, a team was conducting a critical review of the process from idea generation to technical development to production plant (ITP process). The activities were mapped for this purpose, relevant documents were formalised in terms of content and format, and SOPs/work instructions were documented to guide how these activities must be carried out.

The ITP project is targeted to define technical process flow (systematic approach), equipment, the infrastructure required, and the supporting document system.

The overall ITP concept includes:

1. Process flow:
   - Idea collection and assessment (ICA)
   - R & D process
   - Technology transfer
2. Responsible team identification
3. Responsibility matrix

Establishment of phase gate workflow

- The R&D process flow has been mapped keeping the stage-gate concept in mind. A stage-gate system is conceptual and operational roadmap for moving a new-product project from idea to launch. The work completed in each phase must meet a set of criteria before the project can move forward. This set of criteria articulates the maturity, feasibility, and ongoing business case of a project. These criteria are:

  I. **Gate Review:** This part of the phase gate review process assesses whether the work produced in the current phase is of a high quality and meets the manufacturing cost targets. This gate review helps in arriving at crucial decision of going ahead with the project or abandon or put on hold and review.

  II. **Business rationale:** This part of the phase gate review process seeks to ensure there is an ongoing business rationale for working on the project.

  III. **Action plan:** This part of the phase gate review process is in place to ensure that there are enough resources available to continue and complete the project.

Benefits of using the phase-gate process

- More efficient resource management as it helps to discard non-viable projects as early as possible to save expenditure and free capacity for other projects
- Increased likelihood of project success
- Business goals and project trajectory remain closely aligned

Digitalisation of ideas to plant trials

- We have deployed a highly secure web-based suite of tools to manage all data from ideas to commercial trials
- The system stores data in a structured format making it searchable preventing knowledge loss while controlling information flow

Benefits of ideas to plant trials

- Auto curate dashboards to connect Board rooms to Laboratory
- Record data generated in Laboratory once in a formatted document
- Formats designed to extract data/information
- Reports and presentations are created by the system through aggregation
- Ensures data integrity, data security, and data traceability
- Reduce the R&D review time and attendees in R&D review with management
- Reduce the time spent by scientists in making management reports significantly
- Open and transparent R&D team availability
- Using fortnightly reports and reduce the time of technical reviews
- No orphan data points and complete audit trail and tracebacks

Training of technical team

A workshop on 'Idea to Plant Process approach and Presentation Techniques' was organised. Participants were introduced to the salient feature of the ITP project approach namely stepwise acquisition and documentation of the data and their presentation to decision-making committees at a given point in the development. The complete R&D process mapping was explained in detail during the workshop.

Keeping in mind the importance of tailor-made presentations for helping the decision-making audience an additional Module of this workshop was focused on the art of communication. The session encompassed multiple aspects viz. scientific data collection, consolidation, presenting it in a concise and readable format, presentation, and communication techniques. Participants were trained in responding to questions to achieve buy-in from the stakeholders for the recommended next step.

Fostering Responsible Relationships of Trust

For us, acting responsibly and giving back is synonymous with good business practice and creating value for society by protecting and supporting our communities.

Material issues addressed
- Customer relationships
- Community development

Key risks considered
- Sustainability risk

SDGs impacted

1. Corporate Social Responsibility

In our commitment towards good corporate citizenship, we are determined to create a positive social change. Corporate Social Responsibility (CSR) attempts to transform the landscape of our businesses with a focus on creating value for indigent communities that desire a secure future by creating sustainable livelihoods for them.

Our CSR wings, Deepak Foundation and Deepak Medical Foundation, were started 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 working towards building equiality.

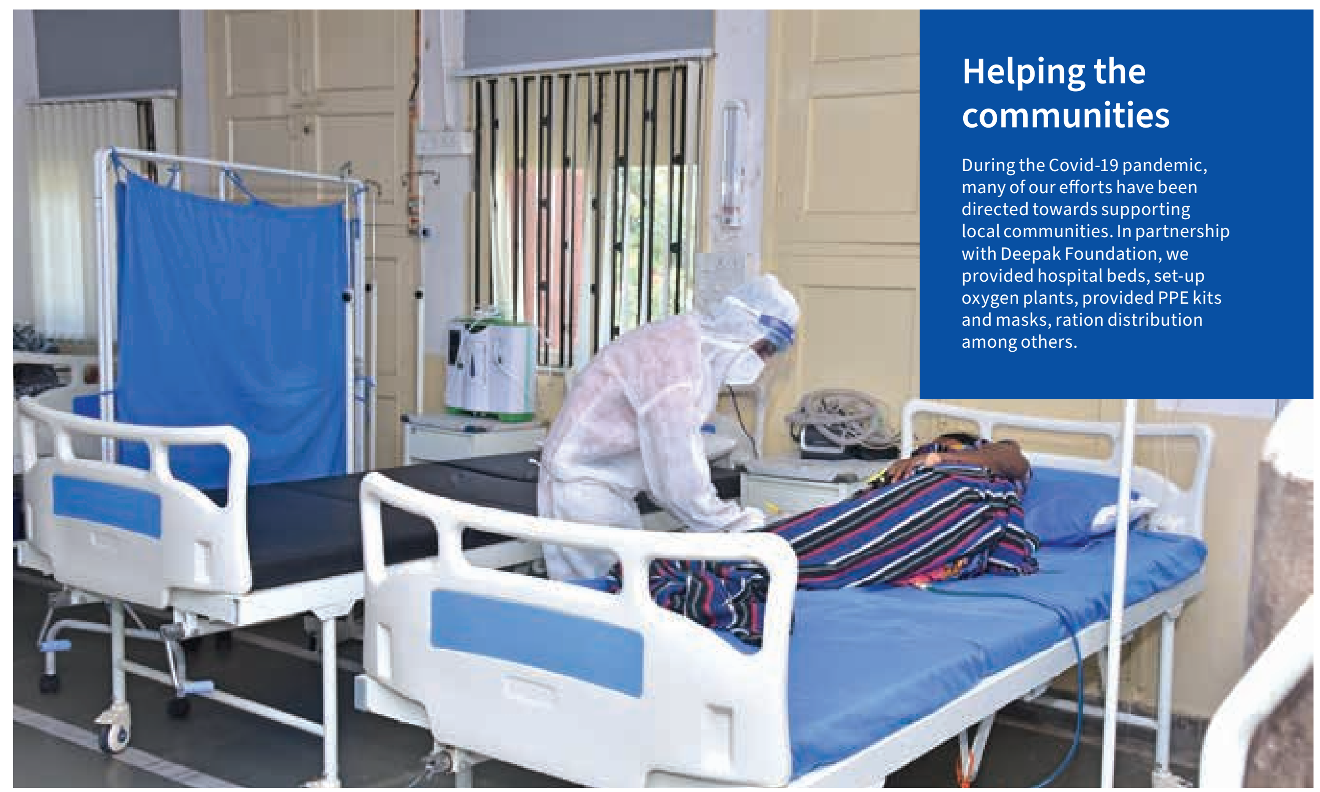
Improving Healthcare Ecosystem

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. Around 30,000 beneficiaries are catered fortnightly with

services like doorstep OPDs and referral services, specialist camps, anaemia prevention among adolescents and undernourished children, family planning counselling and immunisation of children aged below two years.

72,604
OPDs served through MHUs



Helping the communities

During the Covid-19 pandemic, many of our efforts have been directed towards supporting local communities. In partnership with Deepak Foundation, we provided hospital beds, set-up oxygen plants, provided PPE kits and masks, ration distribution among others.

Deepak Medical Foundation

Empaneled under Ayushman Bharat Scheme, the Deepak Medical Foundation Hospital, which is a 30-bed hospital, provides multi-Speciality health services to local communities. The ICU facility was upgraded with PSA plant to serve as a COVID Care Centre during the pandemic. The facility provides diagnostic, pharmacy, and de-addiction counselling services. Periodic health camps are conducted at community level and free-of -cost pediatric check-up was provided to around 3,000 pre-school children in 67 Anganwadi centers. During FY 2021-22, there was a 36% increase year-on-year in the number of OPDs and IP admissions saw an increase of 42% as compared to the previous year.

Project Karuna - Palliative Care Services for Cancer Patients

We entered into a partnership with Gujarat Urja Vikas Nigam Ltd. and are engaged in providing 24x7 palliative care services to cancer patients. In addition, we provide medical nutritional diets as prescribed by the treatment plan, physiotherapy sessions, prayer and meditation sessions, animal-assisted therapy, and a variety of recreational activities for the patients.

242
Total number of patients

38
Total staff

Deepak Pathology Laboratory & Diagnostic Center

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, wellbeing and early diagnosis of complications/diseases.

44,765
Tests

9,901
Patients

Its services include:

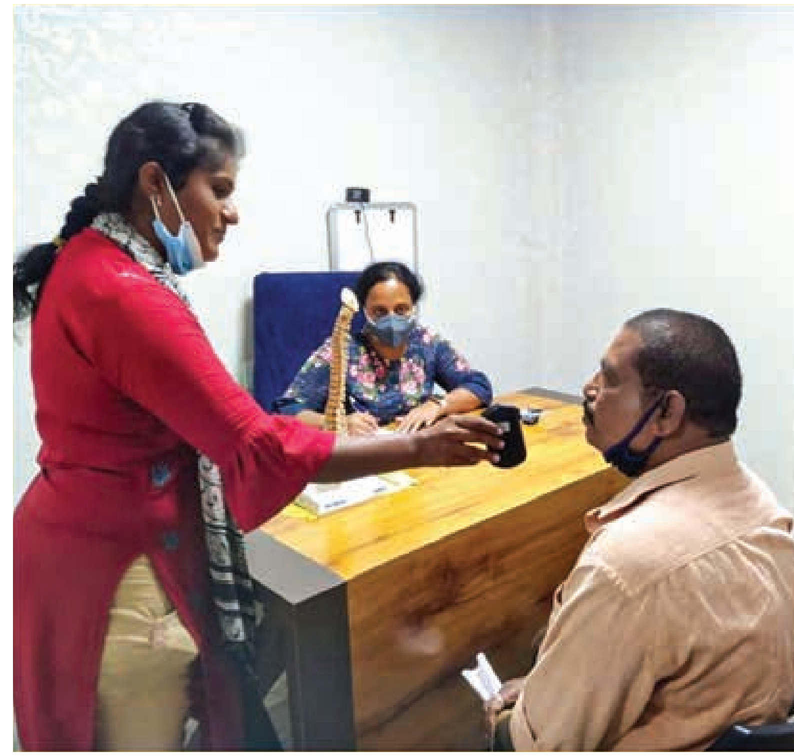
- Diagnostic and screening services for occupational services
- Medical laboratory services to employees and general population of Dahej PCPIR
- Biochemistry, haematology, medical microbiology and immunology tests, radiology and audiometry, spirometry, vision test and electrocardiogram (ECG) test

Tobacco-De-addiction Programme

The Deepak Medical Foundation hospital provides free consultation to people who are trying to quit tobacco. Our team members encourage people to follow the treatment and help them quit the habit. The team has rehabilitated 30 people.

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 136 addicts, motivating them to reduce alcohol consumption.



CASE STUDY

A life saving initiative

Kiranbhai Parmar (name changed) is 58 years old and lives with his wife in Nandesari. His uncle had the habit of smoking bidi (locally made cigarette). He was often sent to purchase them and then he got into habit of smoking the butts which were thrown away by his uncle at the age of 10 years. Gradually, he also became addicted. He felt that it helped him to relax during his labour work. He used to consume 2 packets of Bidi (12 per packet) every day.

A field team member of the Deepak Foundation visited his house a year ago, to enroll him in the de-addiction programme. He got interested and agreed to quit his habit as it was causing health issues such as frequent coughing and lack of sleep. He visited the hospital and took treatment as directed by the psychiatrist. He followed the treatment for almost six months and then discontinued. The team members re-visited and motivated him to adhere to the treatment regime and continue counselling sessions. He restarted the treatment for about three months. Now, after consistent efforts, he gradually reduced consumption and now totally quit smoking Bidi. He is happy and feels that his health is better, he doesn't have cough and can sleep better. He believes this saved his life.

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.

We also support remedial coaching for children in grades seventh to tenth who have poor academic performance. Over the year we have helped many children by encouraging them and their family members to focus on studies. We provided extra guidance to students who could not keep up with the pace of other students to ensure that the rate of dropouts is reduced.

5,427
Total children enrolled

80
No. of local vidya sathis

CASE STUDY

Journey of a Vidyasaathi

Gayatri had dropped out from her education due to family financial constraints. Later, Gayatri was looking towards earning to help her family during lockdown. At this time, she reached out to Deepak Foundation and became involved as an investigator in baseline assessment process and later worked as a vidyasaathi in the education campaign under the project Vivek Vidya. She could build her social capital by meeting various stakeholders like parents, community leaders, teachers etc. through this platform.

CASE STUDY

Encouraging Education

Arya, Arpita, Rohit, and Rohan Parmar age 9,7,6,3 respectively, are living with their mother and father. Arpita and Arya were not allowed to go to school as they were responsible for Rohan's care. Deepak Foundation's remedial and storytelling sessions started in their area. Despite the resistance from their mother, Arya and Arpita attended the sessions. The field executive visited her mother frequently and counselled her the importance of education. Now she is ready to send her children to the school. Field executive met school principal for their admission in the school. Her mother also observed changes in her children, which made her proud.

Promoting Women Empowerment

Project Neem Sattva

Deepak's CSR initiative, Neem Sattva skilled 100 SHG women in Suva village, Bharuch, Gujarat in product development and marketing of neem-based products to create a livelihood

opportunity for them. 25 women SHG members are earning an average monthly income of ~ ₹ 1,951. Around 2,813 litres of handwash and 1,296 kgs of soap were produced.

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. 113 women are engaged in Udyojika with a cumulative saving of ₹ 1.66 Lakhs.

Skill development and entrepreneurship support

We are supporting various entrepreneurial activities like fodder-making, paper bag making, tailoring and apparel-making, phenyl-making and nursey. A total of 165 women have been trained out of which 136 women are engaged in Income generation. The average income per woman was about ₹ 4,857.

Supporting Marginalised Farmers

Abhivruddhi

The project was initiated in March 2021 with an objective to provide support ecosystem to 9 Farmer Producer Organisations (FPOs). We provide support in FPO management, production, processing, value addition and market linkages. We also provide support linkages with bank, credit & government schemes. A total of 863 famers were collectivised during the year and ₹ 6.6 lakhs of share equity was mobilised.

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. Under this initiative Uniforms & learning kits were provided to over 2,800 pre-school children. A free bi-annual paediatric medical check-up was conducted for children. Around 500 malnourished children below the age of 5 years were provided with dry nutritious meal and one-to-one counselling with parents was done. 1,000 days tracking of 300 pregnant and nursing mothers was done. We followed up with 592 adolescent girls for IFA compliance and dietary counselling.

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.

During the year, housekeeping cum cookery course was conducted at Halol and Vadodara in Gujarat to help women develop these skills. 68 Trainees registered for the course and the average earning per month was around ₹ 6,137.

The Home Aide programme was conducted in Vadodara, Gujarat and in Hyderabad, Telangana. A total of 18 batches were conducted during the year and 429 beneficiaries were registered. The average income per month per trainee was around ₹ 6,302 to ₹ 9,767.

Vocational Training to Special Children

Samaj Suraksha Sankul

Samaj Suraksha Sankul is a childcare institute for boys for which a public -private partnership MoU was inked with the Dept. of Social Justice & Empowerment for its operations and management in Vadodara. The objective is to nurture children with special needs in a safe, inclusive and supportive environment through education, therapeutic interventions and family support services. The project offered a wide range of services. A total of 234 beneficiaries have been rehabilitated since 2017.

Facilitating Utilisation of Government Schemes & Services

We are supporting Project Sangaath, a unique communitybased intervention aimed at increasing convergence of eligible households under the government schemes and social safety net programmes. A total of 21,481 beneficiaries were facilitated.

We are also undertaking this project in 24 villages across Bharuch, Gujarat (17 villages), Morbi, Gujarat (4 villages), and Yamunanagar, Haryana (3 villages). Under the project, we have established Jan Suvidha 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.

6,829
Households provided with Adhikaar Cards

42
Schemes Facilitated

5,828
Households benefited

2. Customers

We consider customer satisfaction to be the ultimate measure of our market success. We implement a variety of initiatives to foster customer relationships in order to establish ourselves as a reliable and long-term partner of choice. Through continuous engagement and innovation, the values are built on the foundation of long-term, transparent, and trust-based relationships. To ensure that customer feedback is incorporated, and corrective action is taken, robust systems and resolution mechanisms are in place.

Delivering High Quality Products

- Adhering to the IS standard globally and 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 ensuing a win-win situation

30+
Products

56+
Applications

1,000+
Customers

Customers across
45+
countries

Our marquee clientele

Reliance	Unilever	Bayer CropScience		BASF	UPL
Sumitomo Bakelite Co.,Ltd.	Henkel	Goodyear	Lupin	Aurobindo	Dr.Reddy's
Biocon	Zydus Cadila		Merck	Sun Pharma	ipca
Jubilant Ingrevia	Galaxy	International Paper		Cadila	Hetero
Matrix	Divi's	Prasol	Clean Science	Camlin	Greenlam
Virgo	PI	Dorf Ketal	Itochu	Lanxess	Stylam
Oriental Aromatics	Ineos Styrolution	Rain	Colourtex	Atul	NecLife
Aarti Industries Limited	IOL	Unichem		Syngenta	Finar
Alembic	Aarti Drugs Ltd.	Avantor	NOCIL Limited	IndianOil	CABB

3. Suppliers

We procure all the key raw materials from reliable and sustainable sources by establishing strong relationship with suppliers and other business partners to ensure uninterrupted operations and business continuity. We firmly believe in fostering the supply chain with high standards of health and safety, human rights, business integrity and the environment protection, among other parameters.

400+
No. of suppliers

Supplier screening assessment

Suppliers are key to meeting our business objectives as well as social, environmental commitments and overall business sustainability. Hence choosing the right partners in this journey is a critical step.

- Identification of new potential manufacturer / vendor
- Co-ordinate with vendor for material quality specification
- To obtain the pre-shipment samples against the specification to provide by QA/QC-Incharge for pre-assessment approval
- Evaluate whether vendor fullfil all government compliances, follow DNL rules/SOP
- Ensure supplier follow all safety standards (Ecovadis)
- Regular audits of vendor site

Responsibility to the Planet, Resources and People

We understand the relevance of sustainable development, and we seek to go beyond compliance with environmental legislation. We invest in technologies and initiatives to make our operations increasingly eco-efficient, optimising the use of natural resources and reducing negative impacts on the environment.

Material issues addressed

- Climate change

Key risks considered

- Sustainability risk

SDGs impacted

11 Sustainable Cities and Communities, 12 Responsible Consumption and Production, 13 Climate Action

Our approach to sustainable development

- Sustained investment in cleaner and cost-efficient technologies
- Reduce, reuse and recover for resource conservation and sustainable growth
- Reduce carbon footprint
- Conserve natural resources
- Minimise discharge and disposal

Emission management

To reduce emissions at our facilities, we are shifting to renewable energy, and our R&D is continuously working to improve product yield. Our process team is working to reduce emissions through technological advancement. In addition, we are working on carbon offsetting for the carbon we generate by planting trees. To reduce emissions, we have installed electrostatic precipitators, bag filters, and scrubber systems in the boilers throughout the year. We have also replaced older inefficient boilers with newer ones that will emit significantly less pollution.

	Value (Metric tonnes Co_2e)	
GHG Emission	FY 2021-22	FY 2020-21
Scope-1	6,65,396	6,31,850
Scope-2	1,76,099	1,55,203
Total	**8,41,495**	**7,87,053**
Specific GHG Emission*	123	180

* MT CO_2e per Crore ₹ of Revenue

Water management

Water conservation is critical in the fight against depletion of this precious resource. Fresh water availability is becoming increasingly difficult in many parts of the world. By mapping various factors and considerations, we hope to become self-sufficient in our water consumption and the risks associated with it. This approach assists us in prioritising our future goal of water positivity. Our primary focus is on recycling water back into operations in order to reduce our reliance on fresh water supplies. We are planning to achieve zero-liquid discharge (ZLD) for our facilities in order to achieve this goal. Because we do not harvest water directly from any source, our operations have no direct impact on any water body.

3,73,113 KL

Water recycled

Waste management

The management of natural resources and reducing the environmental impact of materials and manufacturing technologies is a key area of importance. We are dedicated to the efficient use of raw materials and the reduction of waste generation. Our strategic focus on converting waste into marketable products not only reduces waste but also improves material efficiency. The waste generated during our manufacturing process is disposed off responsibly and in accordance with regulatory requirements. We adhere to the Pollution Control Board's air emission standards and do not use any ozone-depleting substances (ODS) in our manufacturing processes.

Major initiatives

- Converting by products into value added products
- Reducing packing waste by using efficient packing materials
- Developing products from waste

32%

Reduction in Specific GHG Emission (MT CO_2e per Crore ₹ of Revenue)

13,000+

Trees Planted in FY 2021-22

Management Discussion and Analysis Report

GLOBAL ECONOMIC SCENARIO

The global economy began a slow march towards a recovery at the start of the fiscal year in face of the continued impact from the events of the prior year. The eventual and rapid spread of the Delta variant and the threat of new variants contributed to the increased uncertainty about overcoming of the pandemic. In addition, governments were faced with multidimensional challenges ranging from subdued employment growth, rising inflation, food insecurity to the the loss of human lives. The mass vaccinations drives along with governmental impetus have reset the pace of recovery even as the geopolitical crisis with the war in Ukraine looms large.

FY 2021-22 was characterised by shocks from rising commodity prices including energy and crude with inflationary pressures. Towards the end of the fiscal year, the conflict between Ukraine and Russia contributed to further disequilibrium for the global economy. As a result, in April 2022, the IMF reduced its global growth forecasts for the calendar year 2022 from 4.4% to 3.6% due to significantly worsening prospects for the world economy. The World Bank projects growth in CY2023 to further reduce on the back of a weaker near-term outlook for global growth, higher food and energy prices and detrimental supply chain disruptions due to fragmentation of the world economy into rival blocs.

These stated factors have challenged the pace of recovery in developed nations around the world. After having bounced back to 5.2% in 2021, growth in advanced economies is projected to moderate to 3.3% in 2022 as the Omicron scare weighed on economic activity at the beginning of the year impacting the consumption patterns. In the United States, growth is expected to slow down to 3.7% in 2022 and 2.3% in 2023. In Japan, however, growth is expected to increase to 2.4% in 2022 from 1.6% in 2021 owing to the delay in the release of pent-up demand following last year's pandemic resurgence and additional fiscal stimulus legislated in December. In Europe, growth is expected to moderate to 2.8% in 2022 and 2.3% in 2023. With heavy lockdowns, China too has seen remarkably slower growth than expected. Growth is expected to moderate to 4.4% in 2022.

Asia: Overcoming Challenges

Within Asia, the South Asian region witnessed recovery in economic activity following the second wave of COVID-19. Some of the economies reported resilient progress, witnessing a stabilisation in domestic demand. Moreover, macroeconomic and fiscal policies in the region remained generally accommodative to stimulate consumption. Vaccination in the second-half of 2021 increased to over four times the pace in the first half, registering a total of around 1.8 billion vaccinations in the region. In the East Asia and Pacific region, the recovery has gained momentum, with the exception of China. However, economic activity remains dampened owing to further localised waves of the pandemic and persistent supply chain disruptions which have impacted global trade.

In China, which emerged rapidly from the first wave, consumer spending has remained subdued due to the Delta variant of COVID-19 and recurring lockdowns and mobility restrictions. In addition, significant policy tightening, and property and financial market curbs also contributed to the slowdown in the second half of 2021. Growth is expected to slow down to 5.1% for 2022-23 owing to the diminishing support from exports.

The World Bank has projected that growth in the South Asian region will accelerate to 7.6% in 2022 on the back of easing of pandemic-related restrictions and better prospects in Bangladesh, India and Pakistan, after which it is expected to slow down to 6% in 2023.

In the Eastern Asia and Pacific region, growth is projected to slow down to 5.2% on average in 2022-23, majorly due to slowdown in China. Countries that rely largely on tourism like Thailand, Philippines and Malaysia are expected to remain impacted due to subdued international travel.

Global GDP growth forecast (%)

Particulars	Actual	Projections	
	2021	**2022**	2023
World Output	6.1	**3.6**	3.6
Advanced Economies	5.2	**3.3**	2.4
United States	5.7	**3.7**	2.3
Eurozone	5.3	**2.8**	2.3
Japan	1.6	**2.4**	2.3
United Kingdom	7.4	**3.7**	1.2
Other Advanced Economies	5.0	**3.1**	3.0
Emerging Market and Developing Economies	6.8	**3.8**	4.4
China	8.1	**4.4**	5.1
India	8.9	**8.2**	6.9

Source: International Monetary Fund (IMF)

Indian Economic Scenario

Shrugging off the significant impact of the highly transmissible Omicron variant, India is projected to deliver a faster rate of recovery compared to the rest of the world, as per IMF. This robust recovery is expected to be achieved due to wide ranging reform, sustained fiscal and monetary initiatives supported by a successful vaccination drive at scale. India is also set to benefit from collaborations and partnerships including multiple free-trade agreements.

In February 2022, the Ministry of Finance, in its Union Budget, projected an economic growth of 9.2%, the highest among all large economies, while the RBI expects GDP growth for to be 7.8%. Through the Union Budgetfor FY 2022-23, the Government of India announced host of a initiatives to stimulate growth and increase spending across sectors. It expects 6 million new jobs in 14 different industries to be created under the PLI scheme, generating an additional revenue of ₹ 30,00,000 crores. The PM Gati Shakti National Master Plan is expected to give major boost to economic transformation, seamless multimodal connectivity, and logistical efficiency across roads, railways, airports, ports, mass transport, waterways and logistics infrastructure. Towards the agricultural economy, the Government announced direct payment of ₹ 2.37 lakh crores to 16.3 million farmers for wheat and paddy procurement. NABARD will facilitate a blended capital fund to finance agricultural and rural enterprise startups. Moreover, the RBI in its Monetary Policy Committee meeting held in February 2022 kept repo rates unchanged, thereby maintaining an accommodative policy stance. This shows the efforts of both the Government and RBI in creating an environment conducive to growth.

National Statistical Office's First Advanced Estimates (% change of Indian GDP over fiscal years)

	2019-20	2020-21	2021-22
GDP	4.2%	-7.3%	9.2%

Source: Ministry of Statistics and Programme Implementation (MOSPI)

The spread of Omicron variant towards the end of FY 2022-23 and the inflation in input prices and utility costs, combined with the international geopolitical tensions in Asia and Europe have hampered the ongoing growth momentum in the Indian economy. Having said that, the country has done well in navigating through some of these challenges given the high level of integration plants. IMF has forecasted India's economic growth for the fiscal to be 9%. Meanwhile, the World Bank expects India's real GDP to grow at 8.7% in 2022.

Overall, the Indian economy is expected to benefit from resumption of contact-intensive services and fiscal & monetary support. Further, the investment outlook is expected to improve with more private investment coming in, particularly in manufacturing, as a result of PLI schemes announced and increased infrastructure investment. In addition, the structural reforms and recovery in the financial sector will support the growth outlook.

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Industry Outlook and Trends

The global chemical industry is presently valued at about US$5,027 billion, with China accounting for the majority of market share at 39%, followed by the European Union at 15%, and the United States at 13%. India holds a 4% market share in the worldwide chemical market. Within the global chemical industry, 'Commodity' chemicals form ~80% of the market, with rest 20% being constituted by 'Speciality' chemicals. In terms of trade, globally around 25% of the total speciality chemical production is exported, with China being the largest exporter contributing ~18% to the total exports (Source: FICCI).

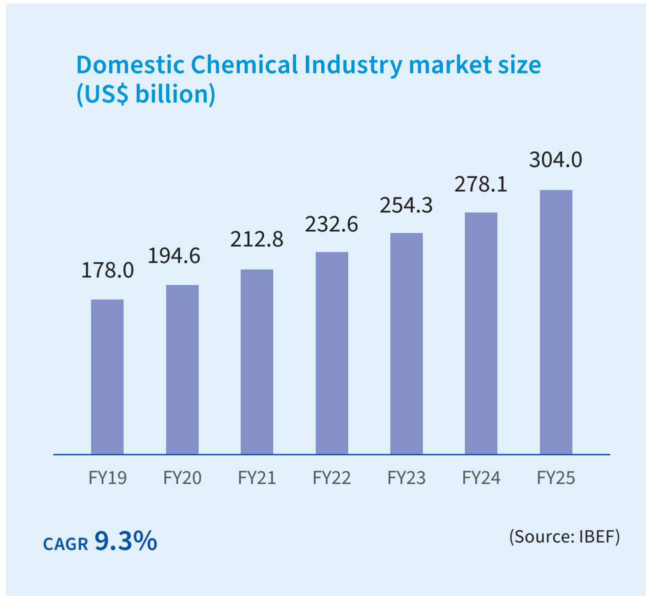
The global chemicals market is expected to grow at a CAGR of 6.2%, to achieve US$ 6,780 billion by 2025, driven by swift revival in the speciality chemicals segment. Growing demand for speciality inputs in essential services segments such as pharmaceuticals, personal health & hygiene and agrochemicals etc. are likely to act as key drivers.

Past few decades have witnessed a structural shift in Chemical manufacturing from EU and North America to Asia and in particular China. On the back of rapid industrialisation, large scale manufacturing facilities, low manufacturing costs and availability of finance at optimal cost, China's share of speciality chemical manufacturing grew manifold over last two decades, from about 6% in 2000. APAC is likely to continue to grow at a comparatively rapid pace with a CAGR of 7-8% over 2019-24 led by China and India.

As the industry moves into 2022, strong demand for both commodity and speciality chemicals should keep prices robust throughout the year. The industry will also experience increased capital expenditure as leading industry players focus on building capacities through both organic and inorganic routes. Having said that, the pressure on margin persists amid raw material cost inflation across the value chain.

Domestic Chemical Industry

The Indian chemical industry stood at US$ 213 billion in FY21, and is expected to reach US$ 304 billion by FY 2024-25 registering a CAGR of 9.3% from FY 2018-19 to FY 2024-25. To achieve this, an investment of ₹ 8 lakh crores is estimated in the Indian chemicals and petrochemicals sector by 2025.



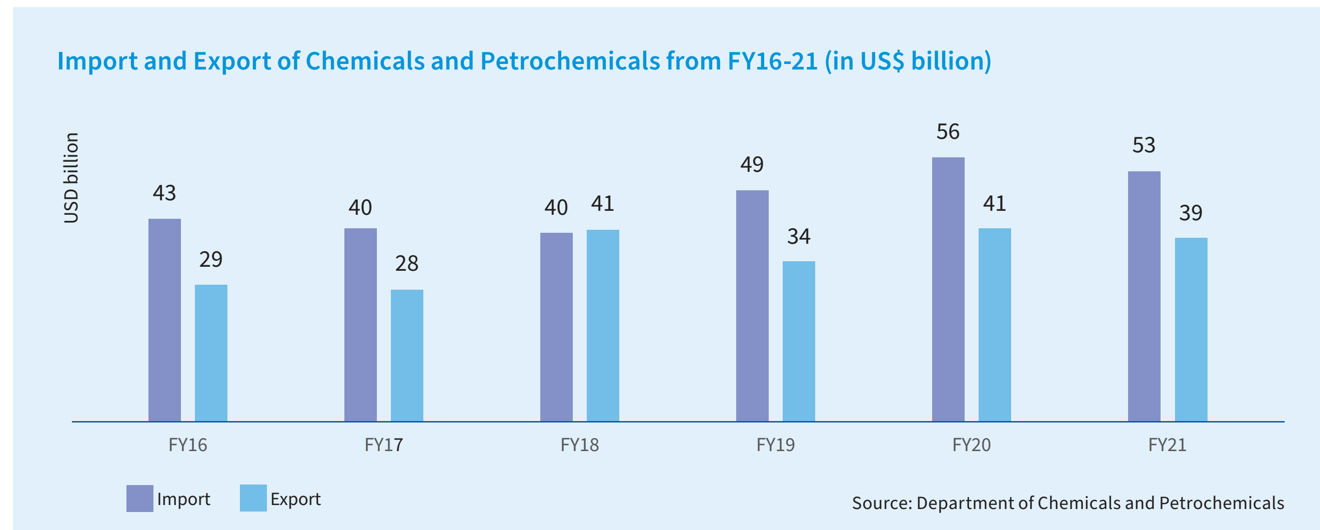
The speciality chemicals constitute 22% of the total chemicals and petrochemicals market in India. The demand for speciality chemicals is expected to rise at a 12% CAGR between 2019-22. Indian manufacturers have recorded a CAGR of 11% in revenue between FY 2014-15 and FY 2020-21, increasing India's share in the global speciality chemicals market to 4% from 3%. The petrochemicals demand is expected to record a 7.5% CAGR between 2019 and 2023, with polymer demand increasing at 8%. The Indian agrochemicals market is expected to register an 8% CAGR to reach US$ 3.7 billion by FY 2021-22 and US$ 4.7 billion by FY 2024-25. In October 2021, exports of organic and inorganic chemicals increased 42% Y-o-Y to reach US$ 2.56 billion.

Improving macro-economic factors would fuel growth in end user segments such as textiles, personal and home care, agrochemicals etc. This along with increase in India's per capita speciality chemical consumption, which remains significantly lower compared to developed markets, will drive incremental upside. Tighter environmental norms have caused multiple plant shutdowns in China and other developed economies, causing MNCs to shift their manufacturing requirements to alternate geographies like India, resulting in strong demand visibility for Indian manufacturers. Consequently, acceleration in capex plans of domestic chemical companies, incremental integration in value chain and exploration of newer opportunities (high-margin businesses) is expected to materially contribute to revenue and margin expansions.

Focus on Reducing Chemical Imports

In the past two decades, the world has witnessed significant rise of China as a major supplier of chemicals where its share of global chemicals production has increased from mere 6% in CY2000 to ~25% in CY2020. Having said that, China's cost-competitiveness has recently deteriorated as a result of rising environmental costs and diminishing Government subsidies. For instance, the Chinese Government brought about stringent policies for environment protection in January 2015, such as mandatory effluent treatment plants, green tax levy. These steps have impacted profitability dynamics of local Chinese chemical companies as they would require more CAPEX to ramp up production while complying to safety norms. China has also made it mandatory for medium and small enterprises (MSME) chemicals companies to relocate to dedicated chemical zones which has further elevated costs for setting up new facilities. China's carbon neutral commitment target by CY2060 is one major reason behind stringent environmental norms and tightening of financing options for polluter companies. Subsequently, its industry is facing structural headwinds, which has impacted global supply chains. These factors are increasingly forcing global majors to relook at Chinese supplies, which is why they are building an alternate presence, thereby benefitting Indian chemicals players who are making sustained investments in R&D and environment, health and safety protocols. In addition, cost-competitive manufacturing and adequate technical knowledge makes India a suitable choice for global majors.

The Government of India is focused on improving chemical industry's competitiveness and manufacturing share in the overall economy. Its FY 2033-34 vision for the chemicals and petrochemicals sector emphasises on ways to enhance domestic output, reduce import dependency and promote investment. It also overhauls the Petroleum, Chemicals and Petrochemicals Investment Region (PCPIR) policy to encourage investment of ₹ 20 trillion by FY 2034-35. All this is likely to meaningfully reduce India's import dependence of basic raw material coming from neighbouring countries including China.



Structural Growth Drivers for India

Shift in customers' preferences – Customers are increasingly getting interested in environmentally friendly and socially responsible products and services. Moreover, they are becoming conscious of health and hygiene and are demanding greener and safer products.

Increasing middle class and working population - By 2025, India's working population is expected to increase by 33% to reach 1.14 billion along with tripled income levels. The average median age of the country shall be 37 years by 2050.

Source: https://www.un.org/en/development/desa/population/publications/pdf/ageing/WorldPopulationAgeing2019-Highlights.pdf

Increasing adoption of speciality products - Growing health and hygiene awareness has resulted in increased adoption of nutraceutical ingredients such as vitamins, amino acids, and so on, as well as personal and home care ingredients such as emollients, surfactants, active ingredients, and so on. With rapid urbanisation and industrialisation, demand for engineering plastics and high-performance materials is increasing, driven by growth in automotive, electronics, consumer goods, construction, and other sectors. With increased demand for personal and public place disinfestation following Covid19, the chloro-alkali, ethanol, personal care, and surfactant industries are expected to grow significantly in the near future.

Increasing focus on R&D - Chemical companies are investing in R&D activities to develop their niche in the market. They are also trying up to develop green products and chemistries.

Energy efficiency - The Government of India is prioritising energy affordability and security measures as an integral part of the country's economic development. Industrial sectors achieved an energy savings of 1.4 exajoule between 2014-2018 driven by the Perform, Achieve and Trade (PAT) scheme. Continued energy efficiency measures are leading to an increase in the demand for plastic insulations – polystyrene and polyurethanes, low thermal conductivity and light-weight polycarbonates, etc.

Source: Knowledge Paper on Indian chemical and petrochemical industry (PWC and FICICI)

Increasing per capita consumption – The current per capita consumption of chemical products in India is about one-tenth of the global average and is expected to double by 2025.

Digitalisation and Industry 4.0 – Digitalisation offers competitive advantages through improved integration, better operations management, and innovation and new-age digital business tools. Chemical companies are implementing digitalisation initiatives and tools in their supply chains, demand planning and pricing strategies.

Increasing M&A and investment related activity – Downstream value-added opportunities, healthy demand of speciality chemicals and realignment of portfolios are the key drivers of strong M&A and investment activities. Global oil and gas majors, and leading chemical companies are looking for downstream opportunities in India and other high-growth economies. The trend has already begun with Saudi Aramco, Total and BASF showing interest in the Indian chemical industry.

Structural shift from China – Consolidation in the industry, environmental reforms and tightened financing is changing the structure of China's chemical industry, resulting in uncertainty for companies dependent on the country for their supply of raw material. In addition, the Covid-19 outbreak has compelled companies to move their supplier base and look for alternative locations such as India that offer stability as well as advantage on low-cost labor and favorable investment policies.

Innovation and sustainability – Adding value by balancing the economic, social and environmental impact of the pandemic is becoming an overarching management principle in the chemical industry value chain. Chemical companies are incorporating sustainability and green-chemistry initiatives by constantly innovating products, technologies and processes, while closely working with customers and suppliers across the value chains.

Favorable Government Policy – Various policies announced by the Government of India to strengthen the Indian chemical sector will help in potentially doubling the revenues by 2025. Key initiatives include consent for 100% FDI in chemical sector under automatic route, redesigned the Petroleum Chemicals and Petrochemicals Investment Region (PCPIR) policy (2020-2035) which targets to attract a combined investment of US$ 142 billion by 2025, US$ 213 billion by 2030 and US$ 284 billion by 2035. Further, it introduced a Production-Linked scheme (PLI) to boost India's manufacturing capabilities and exports, with a total outlay of ₹ 18,600 crores. Reduction in custom-duty for various products, providing research & development support and the Make in India campaign will further benefit the sector. The Government aims to increase the manufacturing sector's share in GDP to 20% by 2025.

Industry Outlook

Going forward, the potential for strong growth in Indian economy, with GDP likely to double to US$ 5 trillion over next decade, creates a large opportunity for Indian Chemical companies. End-use sectors such as agriculture, consumer and retail, infrastructure, auto and electronics, and healthcare could drive ~50% of incremental demand in chemicals. In addition, low labor cost, lower CAPEX requirement (than developed countries) for capacity expansion and supportive Government policies would be additional levers contributing to growth. Moreover, the Government of India identifies the Chemical industry as a key growth driver, with this sector expected to account for 25% of GDP in manufacturing by 2025. Under the Union Budget 2022-23, the Government has allocated ₹ 209 crore (US$ 27.43 million) to the Department of Chemicals and Petrochemicals.

(Source: IBEF)

Key growth influencers

- Improving disposable income, population median age, urbanisation, and increased penetration and demand from rural markets
- Transition of consumption and production to Asian and Southeast Asian countries in several industries, resulting in increased demand for chemicals and petrochemicals
- Consumer preferences moving toward healthy lifestyle and eco-friendly products
- By 2023, there is an opportunity to manufacture US$111 billion worth of chemical products for domestic application
- Under the Atmanirbhar Bharat Abhiyaan, a roduction-linked incentive scheme has been introduced in the chemical sector to increase domestic manufacturing and exports of various chemicals

Furthermore, as global conglomerates look to de-risk their China-reliant supply chains, India's chemical sector has the potential for enormous expansion. Moreover, to prevent dumping of chemicals into the country, the Government has initiated several actions, including ADD, mandating BIS-like certification for imported chemicals, etc. It has also established a 2034 vision for the chemicals and petrochemicals sector to explore opportunities to enhance domestic production, reduce imports, and encourage investment in the sector. The intention is to establish an end-to-end manufacturing ecosystem through cluster development approach across the country.

(Source: IBEF)

Sources:
https://www.ibef.org/industry/chemical-industry-india.aspx
https://www.pwc.in/assets/pdfs/publications/2021/india-a-global-manufacturing-hub-for-chemicals-and-petrochemicals.pdf
2022 chemical industry outlook – Deloitte
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Performance of the Company

Deepak Nitrite Limited ('the Company') delivered an encouraging performance during the year, despite a challenging macro environment. Strong gains in Strategic Business Units (SBUs) drove healthy revenue growth, that was specifically bolstered by superior performance across all segments. Deepak continues to employ a dynamic strategy based on expected demand for key products, thereby fueling growth and aiding profitability. This is possible as the Company remains vigilant to the newer opportunity presented by improving operating environment and changes in global supply chains. Operational environment during the year under review was challenging, with escalating costs across value chain. Raw material prices remained elevated together with heightened utility costs including power and fuel. This was in addition to logistical issues that persisted throughout year. Within this backdrop, the Company implemented its planned production strategy effectively and efficiently, to meet its supply commitments, and ensure reliable and steady supplies without much disruption.

As a process, the Company's business segments are interconnected. As a result, increased margins in one segment may result in lower margins in another. This year has been extremely successful for the BI, PP and Phenolics segment supported by positive industry dynamics. In the Fine & Speciality Chemicals segment (FSC), since most of the contracts are long-term, there is some latency in passing on input costs. Price increases are being deferred tactically in some instances to build relationships and increase wallet share of customers. Your Company has been able to either maintain or gain market share in almost all products. By proactively assessing the market situation and ensuring supplies, the Company has been able to pass on the rise in raw material costs in most cases, thereby protecting margins. Although this has been done with some time lag, the effect of which will be more visible in the ensuing year.

In the recent times, undercurrents of Ukraine-Russia war are being felt across economies. Every commodity, from oil to wheat to chemicals, is facing a price increase due to congested supply chain network. Gaining ground from Covid-19 spurred higher logistics and freight costs, as well as China-plant shutdowns, particularly in the chemical sector. Today, the chemical industry is under pressure due to heightened volatility in the crude oil prices and related petrochemical intermediates owing to the Russia-Ukraine conflict. This will also cause margin pressure for some chemical companies who are highly dependent on imports.

In the Financial Year 2022, Revenue from operations including other income stood at ₹ 6,845 crores, higher by 56% when compared to last year. Despite a challenging backdrop, the Company has demonstrated immense agility to continue its operations uninterrupted, while fulfilling the supply commitments of customers. EBITDA registered 30% gains over the previous year and stood at ₹ 1,646 crore. The Company undertook several enhancements in the product mix, improved

Revenue contribution from the domestic market stood at 78%, while 22% came in from exports. Domestic revenues grew by 71%, while steady demand in key export geographies resulted in 20% increase in export revenues.

In FY2021-22, the Company announced a dividend of ₹ 7 per share, equal to 350% of face value. It continues to distribute the gains of long-term growth while maintaining focus on value generation for all stakeholders.

realisations and made cost reduction efforts which helped deliver better margin profile. Profit Before Tax (PBT) came in at ₹ 1,434 crores, up by 38% from last year. Profit After Tax (PAT) stood at ₹ 1,067 crores, delivering a growth of 37% compared to the previous financial year.

The Company was able to maximise utilisation at its facilities while competing in both domestic and export markets, leading to improved profitability. Overall, the demand outlook remains resilient, with most industries returning to pre-COVID production levels and incremental demand coming from strategic shift in the global supply chain from China to other countries, notably India.

Headquartered in Vadodara, Gujarat, Deepak Nitrite is one of India's leading chemical intermediates companies. Your Company offers a wide range of products that are defined as Basic Intermediates (erstwhile Basic Chemicals), Fine and Speciality Chemicals (FSC), Performance Products (PP), and Phenolics. It has a diverse portfolio of chemical intermediates that satisfy a wide range of end-user industries in India and around the world, including dyes and pigments, agrochemicals, laminates, auto, construction, pharmaceuticals, plastics, textiles, paper, home & personal care. The Company's facilities are strategically located in Gujarat, Maharashtra, and Hyderabad (Telangana), with the R&D facility in Nandesari (Gujarat). Its products are manufactured in six primary sites and are certified by Responsible Care. Today, the Company is seen as an Indian multinational that continues to expand its market share in nearly all of its core products. Over the years, it has significantly extended its global footprint in major countries such as Europe, the United States, Japan, Latin America, the Middle East and Far East Asia among others, with exports to about 30 nations. In terms of cost leadership across major products, it has been an unchallenged leader for several decades now. Your Company has a vision of growing its footprint in high-value intermediates, and is on track to accomplish this through tactical initiatives and aggressive growth plans.

BASIC INTERMEDIATES (ERSTWHILE BASIC CHEMICALS)

The Basic Chemicals (BC) SBU has been renamed as Basic Intermediates (BI). This was done in line with global shift in supply chain, and to realign towards a model of providing security of supply of high-quality intermediates Deepak Nitrite produces nitrites, toluidines and fuel additives. Cost leadership is key to achieving the competitive advantages essential to stimulate profitable growth.

User Industries for Basic Intermediates:

- Colorants
- Rubber chemicals
- Explosives
- Dyes
- Pigments
- Food colors
- Pharmaceuticals
- Petrol & diesel blending
- Agrochemicals

In FY 2021-22, BI segment registered total revenues of ₹ 1,261 crores, higher by 66% over the previous year. This segment has been the key beneficiary of shift in global supply chains which is expected to further elevate based on promising demand trajectory. Despite adverse macroeconomic situation and temporary disruption in RM availability, the Company continues to meet its delivery commitments. EBIT stood at ₹ 313 crores, and grew by 61% over the previous year.

FINE & SPECIALITY CHEMICALS

In the Fine & Speciality Chemicals segment (FSC), the Company manufactures specialised products which are customised to client's specification. It includes niche products that require better understanding of multiple chemistries with greater value addition. They are manufactured in-house by leveraging the Company's expertise in process engineering and technical expertise. Company manufactures Speciality Chemicals such as Xylidines, Oximes, and Cumidines, among other products. As these products are custom-made to the client's specifications, they are often produced in smaller quantities but commands higher price. Product quality, deep linkages, reliable and efficient supply chain, and conformity with worldwide standards are all essential for these products.

User Industries for Fine & Speciality Chemicals:

- Agro-chemicals
- Colorants
- Pigment
- Pharmaceuticals
- Personal Wellness

Fine & Speciality Chemicals segment revenue increased by 10% to ₹ 846 crores in FY2021-22. EBIT for this segment de-grew by 23%. FSC segment demonstrated agility, and navigated through multiple headwinds during the year, from logistic disruptions to elevated RM costs and utilities.Despite these aberrations, the Company reported resilient performance and expects solid demand across end-user segments that will drive incremental gains in the ensuing years. Due to the nature of contracts in this segment, prices are not immediately passed on, but rather with a time lag. Better demand visibility, higher revenues from new multiyear contracts, and ability to pass on cost increases will aid performance in the FSC segment consequently increasing wallet and market share for all key accounts.

PERFORMANCE PRODUCTS

Your Company's Performance Products (PP) segment is responsible for manufacturing two core products: Optical Brightening Agents (OBA) and DASDA. These products are unique in nature and contribute distinct features to the final output. The Company is a completely integrated manufacturer of OBA, employing toluene as a feedstock for PNT and then DASDA and OBA. These products meet strict efficiency and technical requirements. The Company has created a strong global clientele and strategically put the right products in the correct geographical areas, owing to its competence and technical know-how.

User Industries for Performance Products:

- Paper
- Detergents
- Textiles

During the year, PP segment delivered strong performance with revenue of ₹ 529 crores, higher by 74%. EBIT improved at the rate of 335% to ₹ 99 crores. Better demand for DASDA resulted in higher realisation gains. Overall volumes in the PP segment increased by 26%. This growth trajectory is projected to continue due to favorable market dynamics. Based on the fully integrated approach, the Company is well positioned to capture incremental demand from key end-use sectors which have all resumed production to pre-COVID levels.

DEEPAK PHENOLICS LIMITED

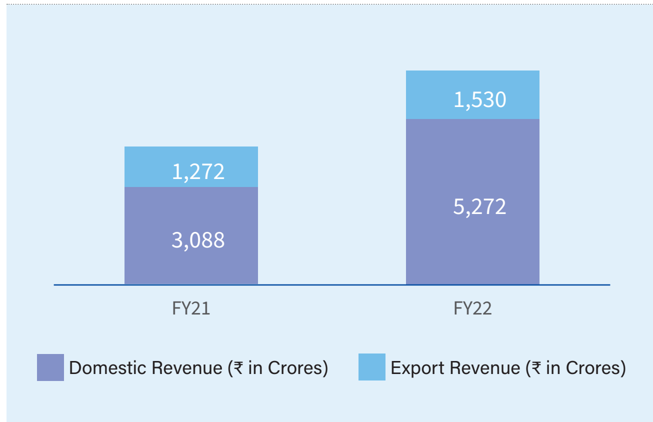
Deepak Nitrite Limited's wholly owned-subsidiary Deepak Phenolics Limited (DPL), commenced its commercial production at its mega Phenol & Acetone plant in Dahej, Gujarat, in November 2018. In addition, your Company established a plant to manufacture 30,000 MTPA of Isopropyl Alcohol (IPA) from acetone, in-line with its objective of moving into value-added downstream products with captive raw material usage. Later, it undertook a brownfield expansion of IPA which was commissioned in December, 2021. This has doubled IPA capacity to 60,000 MTPA. Your Company will continue investing in downstream products to sustain business momentum and profitability.

DPL's market share in Phenol has expanded to more than 50% in-line with favorable demand in India and key export geographies. Your company has already positioned itself as the most trusted player in the domestic phenol and acetone sector. Phenolics business has delivered promising gains, during FY 2021-22. Increased contribution has resulted from forward integration into value-added derivatives such as IPA. The doubling of IPA capacity will further allow your Company to reduce India's dependency on imports. In the Phenolics business, revenues grew by 68% to ₹ 4,291 crores in FY 2021-22. While EBITDA ₹ 974 crores, translating into EBITDA margin of 23%. Isopropyl Alcohol (IPA) contributed 7% to phenolics revenue, with 22% of Acetone consumed captively.

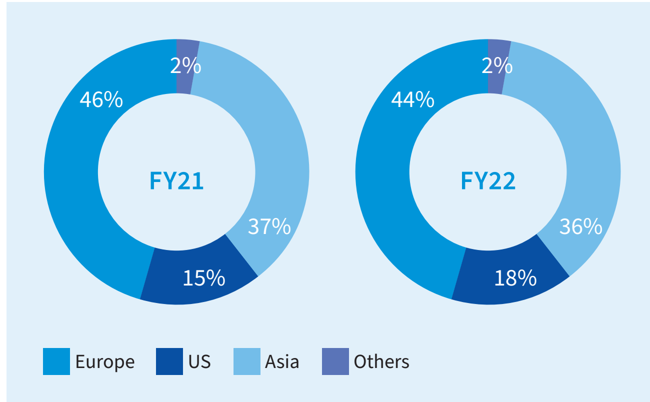
GEOGRAPHICAL PERFORMANCE

Domestic Revenues for FY2021-22 stood at ₹ 5,272 crores when compared to ₹ 3,088 crores in FY2020-21. Revenue contribution from Exports stood at ₹ 1,530 crores, up by 20% when compared to ₹ 1,272 crores in the previous financial year. On a Standalone basis, mix of Domestic versus Exports has been 58 :42 in FY2021-22.

Domestic revenues increased by 71% during the year, owing to steadfast demand recovery in key end-user industries as well as benefit accruing from global supply chain disruptions. The Company maintained its position as a leading supplier of choice for key domestic customers with cost leadership. Production efficiencies combined with favorable product mix resulted in robust volume growth for select products.



Exports delivered a growth of 20% in the period under review as a result of deepening customer engagements in key geographical regions and overall shift in the global supply chain on the back of China+1 strategy. This momentum was further elevated by your Company's efforts of running plants at optimum utilisation levels with streamlined processes. During the year, Europe contributed 44%, as compared to 46% in the previous Financial Year. Contribution from Asia stood at 36%, while the contribution from US improved to 18%.



RISK MANAGEMENT

Your Company is subjected to a broad range of risks as a leading participant in the chemical sector with worldwide scale of operations. A systematic structure-based strategy is used to implement risk management. The risk management and prevention frameworks are intended to fortify the Company's operational capabilities by leveraging a portfolio of best-in-class products serving a diverse range of end user industries.

The Company continues to prioritise the establishment of integrated leadership and succession planning strategies, as well as the evaluation of alternatives to improve institutional performance. Therefore, risk management has consistently been an essential part of the operations. Effective internal control systems, well defined risk management framework, and adopted strategies support the responsibilities of various business segments in respect of risk mitigation. These responsibilities also serve as a solid foundation for effective risk management policies, their successful implementation, independent supervision, internal audit reporting, and corporate management community.

The Company has implemented suitable measures to assess and manage underlying business risks effectively. The Company has a system of identifying risks from the lowest rung of the Company which is periodically assessed for mitigation by the relevant departmental head. As a result, the competent and experienced team handles the challenges of raw material pricing, commodity risks, and currency fluctuations with efficiency. Management has put in place appropriate measures and is working hard to reduce the adverse impact of these uncertainties on its operational activities.

INTERNAL CONTROL FRAMEWORK

The Company has a Corporate Governance structure that governs its operations, and the management team follows sound financial policies, as well as processes and systems. Your Company's Risk Management Framework and Planning & Review Processes offer the required foundation for internal financial controls on its financial statements. The planning is anchored on major operating policies that have been carefully chosen by the Management and approved by the Committees

Significant changes in key financial ratios (standalone)

Key Financial Ratios	FY 2021-22	FY 2020-21	Change (%)	Reason
Debtors Turnover Ratio	5.56	5.03	11%	Amidst higher revenue, efficient collections from trade receivables
Inventory Turnover Ratio	5.21	4.09	27%	Revenue growth and efficient inventory operations during the year has led to faster inventory churning and thereby this ratio has improved
Interest Coverage Ratio	1533.74	173.71	783%	Major improvement due to minimum borrowings
Current Ratio	4.95	2.95	54%	The current assets include current investment which has increased by ₹ 311 Crores as compared to previous year. Also, the Trade Receivables are higher on account of higher sales realisation.
Debt Equity Ratio	0.01	0.00	-	The Company is Net Debt-free as on the Balance Sheet date.
Return on Net Worth (%)	23.71%	21.27%	12%	Higher revenue resulted in higher profits
Operating Profit Margin (%) (EBIT)	24.90	26.50	-6%	
Net Profit Margin (%) (PBT)	24.90	26.30	-5%	

and the Board. These policies are reviewed and enhanced on a routine basis. These processes, SOPs, and controls are evaluated by key management and audited by an Internal Audit Team, whose findings and recommendations are reviewed by the Committee and accordingly implemented. The Company has effective internal financial controls in place in terms of financial statements. These controls are evaluated throughout the year, considering the most significant features of internal controls. Based on the findings of such an assessment undertaken by key management, no reportable material deficiency, or substantial deficiencies in the implementation of internal financial controls were found. The company utilises regular audit and review techniques to reinforce the programmes on an ongoing basis.

HUMAN RESOURCE DEVELOPMENT

As of March 31, 2022, Deepak Group had 2006 permanent employees. The Company's Human Resource Development strategies are guided by the essential concepts of relevance, continuity, and fairness. Numerous methods are being applied across segments to improve talent management, skill development, and efficiency. All of this has resulted in significant increase in talent management, retention, and commitment.

In order to build and develop value for the Indian chemical industry and its stakeholders, HR department continues to align its strategic interventions and procedures with a long-term vision. This is one of the most critical variables in increasing business performance. The assurance of talent management remains critical in attracting and maintaining 'best-in-class' talent. Individual and team performance are also linked to the Company's overall strategic goals through performance management. Our diversity, equity and inclusion approach focus on hiring, developing, and retaining the best people. A diverse workforce, supported by an inclusive and caring environment that respects and nurtures people, is a way to improve our safety and business performance.

SWOT ANALYSIS

STRENGTHS

Comprehensive Product Portfolio for a Wide Range of End-use Sectors: Products are segregated into four segments, namely Basic Intermediates, Fine and Speciality Chemicals, Performance Products and Phenolics. With a diversified product offering, the Company satisfies the requirements of key customers who procure multiple products across different categories. Broad product portfolio caters to wide range of end-use sectors like dyes & pigments, agrochemicals, pharmaceuticals, plastics, textiles, paper, home & personal care segments, petro-derivates laminates, auto, plywood in India and overseas. This assists the organisation in obtaining new clients and addressing a huge spectrum of their demands. As a process, the Company reorganises and enhances its product offerings time to time by leveraging its production expertise and knowledge of complicated chemistries to build a differentiated portfolio catering to variety of applications. This protects your Company's business from any risks associated with the obsolescence of a specific product or category.

Global Customer Base & Strong Relationships: The Company has a strong distribution network that spans 30 nations across six continents. It has established a strong presence in key regions around the world, such as the United States, Europe, and China, in addition to India. Its customer-centric approach, combined with long-term relationships, has helped create and sustain strong connections with majority of India's and world's key customers. The Company's customer commitment is a key virtue, and its diverse product line ensures that the company is not dependent on a particular application to achieve success. Moreover, Deepak Nitrite is uniquely positioned to ride on the growing demand trajectory from overseas customers because of China+1 strategy. As significant volumes of existing and future products are supplied as part of long-term formula-linked arrangements, your company anticipates a deeper engagement between Deepak and its strategic customers.

Strong Focus on EHS and Sustainable Manufacturing: Customers have recognised your Company's ability and its manufacturing practices with keen focus on environment, health, and safety to drive business sustainability. As the Company approaches the next stage of transition into a diversified chemical company, it will be able to maintain its leadership position in its present value chain while also dedicating itself to innovative platforms and greener products. Your company will continue to emphasise on the twin pillars of process intensification and operational excellence in a responsible and sustainable manner.

Efficient Supply Chain Management: Over the years, the Company has implemented its operational schedules effectively and efficiently, as well as fulfilled its supply commitments, to assure consistent and predictable deliveries to consumers. Your Company's manufacturing expertise in the chemical value-chain has ensured that it can handle logistics and supply chain with huge volumes. With proper use of technology, the Company's pan-India supply chain fosters tight relationships with vendors and consumers, assuring quality service and in-market performance. Deepak Phenolics is a prime example of a worldwide mega-scale plant, with massive flow of both raw materials and finished items transported in the most efficient and timely manner possible.

Innovation & Technical Expertise: The Company's R&D efforts are geared towards innovating new compounds and developing value-added products from by products, in addition to consistently evaluating existing opportunities and processes to drive efficiencies and cost savings. Your Company has carved out a position for itself by introducing newer and more innovative products premised on strong technical skills and knowledge of complex chemical processes. The Company's excellent execution capabilities and proven track record are key components in enabling it to actively shift into an R&D and innovation-led business.

Robust Management Team: The Company's key management personnel comprises of renowned individuals with vast industry experience and an insight of market nuances. The Code of Responsible Care and Ethical Principles are highly imbibed amongst the management. The present management team has tremendously contributed to the Company's success. It remains focused on driving gains for high-margin products, with emphasis on R&D and greater wallet share from existing customers.

WEAKNESSES

Uncertainty in Raw Material Prices & Other Costs: Challenging operating environment can be defined with increasing input costs and supply limitations, particularly higher utility costs such as power and fuel. Demand & supply, overall political and economic conditions, supply chain natural calamities, pandemics, and competitive pressure are all factors that can affect the availability and prices of raw materials, and there are underlying unknown variables in estimating such factors, regardless of the methodologies and forecast mechanism. Your Company has agile material and logistics team to mitigate such adverse implications.

Limited Availability of Renewable Resources: Given the increasing magnitude and scope of reactions within several chemistries, manufacturing processes require an uninterrupted and clean source of energy. The Company usually depends on conventional fuels such as coal and furnace oil for power generation as non-traditional energy sources are unsustainable and other alternative sources have their own challenges. Your Company continues to evaluate and implement various techniques to grow its ecological footprint. It also recognises that improving energy efficiency is one method of lowering greenhouse gas emissions.

Foreign Exchange Fluctuations: Exchange rate fluctuation is an operational risk for all export businesses, and how you minimise this risk is fundamental to the business. In recent years, the level of uncertainty has escalated, and the Company has taken several precautions to safeguard itself from unexpected movements. The Company is exposed to some exchange rate risk as a result of increased exports; however, this risk is addressed through dynamic hedging techniques.

OPPORTUNITIES

Enhanced Scope for Import Replacement: From the Company's first product 'Sodium Nitrate' to its latest foray into 'Phenol and Acetone, the Company has aligned its focus on products where domestic demand was largely import dependent. Import substitution has always been a major driver of the Company's overall business plan. Your Company has effectively replaced imports of critical products like phenol and acetone among others, sparing millions of dollars in foreign exchange and achieving self-reliance. Your Company continues to focus on launching value-added downstream products with the goal of substituting imports primarily to capitalise on the more favourable demand scenario.

Beneficial Government Schemes: As a result of Government's 'Make in India' campaign, several companies have been invited to manufacture their products in India. Other initiatives like 'Atmanirbhar Bharat' and several PLI schemes, should place India on a solid footing in comparison to the global players. This will not only make it easier for businesses to secure regulatory approvals, but it will also open a plethora of opportunities for overseas partnerships. Your Company will take effective advantage of all these initiatives and Government support to achieve its growth aspirations.

Promising Outlook of Exports from India: As global majors seek to reduce their dependency on China, a number of possibilities have arisen for established chemical intermediates companies located in India to showcase their competencies on a worldwide scale. Owing to favorable demand scenario, Indian chemical exporters are building scale by expanding their horizons to leverage this structural shift in demand. This will help India demonstrate its capabilities on a global stage and encourage Indian exporters to reinvest in R&D to strengthen production efficiency.

THREATS

Obsolescence Risk: Existing products are constantly at risk of becoming obsolete as a result of introduction of fresh technologies and techniques. The discovery of innovative products with more efficient processes for generating chemical compounds could undermine the viability of current product lines. This might result in lower demand for older products or replacement of existing processes where company's competence has been accumulated over the years. Given its leadership position in numerous product categories, your Company is rather protected from such threats. It also evaluates and enhances its processes on a continuous basis, for any technological advancements.

Availability of Skilled Workforce: Chemical processes and mechanisms involve specific expertise and recruiting capable workers with this knowledge can be challenging at times. Likewise, there are times when technically trained personnel are in short supply in India. In order to retain and expand the current talent pool, your Company undertakes initiatives to provide intensive training for professional advancement, awareness of industry complexities, and adherence to international best practice.

External headwinds: The Company delivers to a diverse set of end-user industries. Therefore, while alleviating concerns regarding client concentration, it exposes it to the demand-supply dynamics of multiple sectors. India is a key market for the Company, accounting for majority of total revenue. Any slowdown in the domestic market will place earnings visibility at jeopardy.

MANAGEMENT OUTLOOK

The Company is a leading chemical intermediate company with a diverse product portfolio that encompasses through three Strategic Business Units (SBU) namely, Basic Intermediates (erstwhile Basic Chemicals), Fine and Speciality Chemicals, and Performance Products. Deepak Phenolics Limited (DPL) is a wholly owned subsidiary of the Deepak Nitrite, formed with an intention of seizing the import substitution opportunity in India's chemical industry. Currently, it manufactures phenol, acetone, and IPA, and has reportedly achieved a more than 50% market share in the country by substituting majority of phenol and acetone imports. It also aims to expand its footprint in high-value intermediates to leverage and synergise the Company with DPL and has announced the formation of a new subsidiary named Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited).

The Company is in an advantageous position to accomplish its 'Make in India for the World' goal, thanks to strong end-user demand, expanding Indian economy and China+1 strategy. The Company's diverse business model with comprehensive experience of building mega-scale projects for chemicals such as phenol demonstrates its best-in-class process management capabilities and provides assurance about its future plans. The Company is transitioning from a bulk chemical-focused entity to a high-margin chemical intermediates-focused Company. Over the next 2-3 years, the business plans to invest ~₹ 15 billion in new downstream products and sophisticated chemistry platforms as a part of its next phase of expansion, thus elevating itself towards path of solvents major in the world.

Looking ahead, the Company's future growth will be driven by planned expansion projects across SBUs as well as strategic introduction of numerous downstream chemicals and complex chemical platforms. The Company will continue to be vigilant and will capitalise on the opportunities that arise as a result of swift transformations in the industry landscape. Entry into newer solvents will diversify the Company's product portfolio, broaden its client base, and increase the percentage of complex, high-margin products in the mix, thereby improving the business proposition.

Basic Intermediates (erstwhile Basic Chemicals) – Legacy business riding on healthy demand trajectory

Basic Chemicals, now renamed Basic Intermediates (BI), are standardised commodity chemicals manufactured and delivered in high volumes with moderate margins. It is a key building block for the chemical value chain. The entry barriers are significantly low, and your Company leverages its cost leadership and largescale production within the segment to increase volumes and profitability. The perks of cost leadership have enabled the company to achieve a market share of more than 75% in products such as sodium nitrate/ nitrite. It will continue to be a major revenue contributor since India has a large local demand that is growing at a rapid pace. Moreover, the Company has realigned this segment to provide security of supply of high-quality intermediates to strategic customers. The Company is implementing the backward integration project which shall make it much more sustainable and margin accretive.

The Company's basic intermediates revenues have increased by 66% in FY22 despite the adverse macro environment. Your company has recently completed a brownfield expansion that has increased its capacity in the BI segment. Furthermore, it anticipates that the performance will be sustained owing to shift in the global supply chain as well as a promising demand landscape.

Fine & Speciality Chemicals (FSC) – Niche products targeted for varied end-use cases; moving up the value-chain with multiyear contracts

Under the FSC segment, the Company produces specialised products that require multiple steps with sound process engineering capabilities. The products are created in-house, utilising the company's process expertise and technological skills. Since they cater to niche segments and are highly customised, these products have higher and more sustainable margin trajectory. After building its competence in basic chemicals over the last five decades by perfecting the processes of nitration, hydrogenation, oxidation, and diazotization, it is now putting this knowledge to right use by incorporating it into value-added products and platforms. Sticky relationships and presence across the value chain is a key differentiator.

FSC segment has grown at an annual rate of 16% from FY19 to

FY22, owing to a rising product portfolio complemented by R&D investments and brownfield expansions. Forward integration of basic chemicals is generating attractive gains for the company, while deepening relationships is leading to higher wallet share. Key levers will be solid demand trajectory and benefits from multiyear deals contracted. Furthermore, it intends to enter the contract manufacturing market (CRAMS) by leveraging its existing relationships with large customers. However, exceptional rise in raw material prices is being vigorously monitored to limit any significant impact on the margin profile.

Performance Products (PP)– Fully integrated model safeguards from volatility in prices and demand-supply dynamics

Within PP segment, the Company manufactures DASDA (di-amino stilbene disulfonic acid) which it acquired from Vasant Chemicals in FY07 and OBA (optical brightening agents), which it started manufacturing at Dahej in FY14. Your Company sources its DASDA requirement for OBA from its Hyderabad plant. Rest is sold in the open market. PP has continuously upgraded its manufacturing facilities along with innovative formulations focussing customer delights which has substantially increase customer confidence and dependability on the Company products supply, quality and price. The Company distinguishes itself as a fully integrated manufacturer of OBA, with processes beginning with the conversion of basic input toluene into PNT, then into DASDA, and last into OBA. Due to continuous disruption in China which is a dominant player, DASDA prices have remained volatile over the past couple of years.

PP segment grew at a CAGR of 15% between FY17 to FY22 due to sustained demand and limited expansion by existing players. DASDA and OBA prices have firmed based on solid demand recovery in key end-user industries of textiles, detergent, and paper. This is likely to continue and the Company stays well poised to capture incremental demand.

Deepak Phenolics (DPL) – Import substitution holds key; performance to elevate post introduction of value-added downstream derivatives

DPL is a market leader in the domestic phenol and acetone segment. It also manufactures IPA with captive consumption of acetone. In December 2021, it has doubled the IPA capacity to 60,000 MTPA. With domestic market share of more than 50%, DPL is presently well established and moving in the right direction to expand its presence in value-added downstream derivatives of phenol and acetone.

Based on elevated utilisation levels and a strong demand environment, net imports of these products have reduced considerably, while demand has been rapidly growing due to varied end-user applications. During FY22, DPL has consistently reported higher average capacity utilisation on a sustained basis backed by production efficiencies. The Company aims to add high-value solvents, which are forward integrated projects at an investment of ₹ 7 billion, which is expected to be completed by FY24. Life sciences, paints and coatings, among other industries will greatly benefit from these products. Given the rising demand from the laminates and plywood industry, the Company believes phenol consumption in India is likely to grow in double digits over near to medium term.

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'

Financial Highlights for the last Ten Years

(₹ in Crore)

Sr. No.	Particulars	UOM*	Ind-AS										Indian GAAP			
			Consolidated				Standalone									
			2021-22	2020-21	2019-20	2018-19	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
1	Total Income	₹ in Crores	6,845	4,382	4,265	2,715	2,582	1,823	2,237	1,795	1,491	1,324	1,337	1,329	1,271	1,030
	YoY Growth	%	56.22	2.73	57.08	60.80	41.63	-18.52	24.67	20.38	12.56	-0.96	0.61	4.55	23.42	29.94
2	EBITDA	₹ in Crores	1,646	1,269	1,061	429	716	550	804	308	214	152#	168	140	114	81
3	Profit / (Loss) Before Taxation	₹ in Crores	1,434	1,042	806	268	642	479	706	212	122	74#	91	68	58	53
	Percentage to Total Income	%	20.96	23.78	18.91	9.87	24.87	26.28	31.56	11.84	8.19	5.58	6.83	5.10	4.57	5.10
4	Profit / (Loss) After Taxation	₹ in Crores	1,067	776	611	174	486	355	544	138	83	52#	65	53	38	38
	Percentage to Total Income	%	15.58	17.71	14.33	6.40	18.83	19.47	24.32	7.69	5.60	3.92	4.87	4.02	3.01	3.67
5	Equity	₹ in Crores	27	27	27	27	27	27	27	27	27	26	23	21	10	10
6	Net worth	₹ in Crores	3,338	2,347	1,572	1,072	2,256	1,845	1,491	1,058	944	732	476	347	308	281
7	Debt	₹ in Crores	301	578	1,099	1,187	14	-	208	328	462	574	495	545	505	335
8	Dividend on Equity Capital	₹ in Crores	95##	75	61**	27	95##	75	61**	27	18	16	14	10	10	8
	Percentage	%	350##	275	225**	100	350##	275	225**	100	65	60	60	50	100	80
9	EPS	₹	78.20	56.88	44.80	12.73	35.65	26.01	39.89	10.12	6.34	4.43	6.07	5.11	36.63	36.15
10	Book Value*#	₹	245	172	115	79	165	135	109	78	72	62	44	34	294	268
11	Net Debt/ Equity Ratio	x	0.00	0.15	0.68	1.08	0.00	0.00	0.14	0.30	0.43	0.64	0.89	1.56	1.62	1.16

*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 Shares 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.

CORPORATE INFORMATION

CHAIRMAN EMERITUS

Shri C. K. Mehta

BOARD OF DIRECTORS

Shri Deepak C. Mehta
Chairman & Managing Director

Shri Maulik Mehta
Executive Director & Chief Executive Officer

Shri Sanjay Upadhyay
Director (Finance) & Chief Financial Officer

Shri Ajay C. Mehta
Non-Executive Director

Shri S. K. Anand
Non-Executive Director

Shri Meghav Mehta*
Additional Director

Shri Sudhir Mankad
Independent Director

Dr. Richard H. Rupp
Independent Director

Dr. Swaminathan Sivaram
Independent Director

Shri Sanjay Asher
Independent Director

Smt. Purvi Sheth
Independent Director

Shri Dileep Choksi
Independent Director

* Appointed as an Additional Director with effect from May 4, 2022.

AUDIT COMMITTEE

Shri Dileep Choksi
Chairman

Shri Sudhir Mankad
Member

Shri S. K. Anand
Member

Shri Sanjay Asher
Member

STAKEHOLDER'S RELATIONSHIP & INVESTORS GRIEVANCE COMMITTEE

Shri Ajay C. Mehta
Chairman

Shri Sanjay Asher
Member

Shri Sanjay Upadhyay
Member

NOMINATION & REMUNERATION COMMITTEE

Shri Sudhir Mankad
Chairman

Shri S. K. Anand
Member

Smt. Purvi Sheth
Member

RISK MANAGEMENT COMMITTEE

Shri Deepak C. Mehta
Chairman

Shri S. K. Anand
Member

Shri Sanjay Upadhyay
Member

Shri Maulik Mehta
Member

Dr. Swaminathan Sivaram
Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Shri Sudhir Mankad
Chairman

Dr. Swaminathan Sivaram
Member

Shri Deepak C. Mehta
Member

Shri Sanjay Upadhyay
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 – 400 078.

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

STATUTORY 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: +91-265-2765344
E-mail: investor@godeepak.com
Website: www.godeepak.com

PLANTS

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

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

Roha Division
Plot Nos. 1 to 8 and 26 to 31
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 Mandal, Dist. Ranga Reddy,
Hyderabad – 500 055, Telangana

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

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

Deepak Chem Tech Limited
(Formerly known as Deepak Clean Tech Limited)
Plot No. D-II/6/1 & 6/1A,
GIDC, Dahej, Dist. Bharuch, Gujarat

Notice

NOTICE is hereby given that the Fifty First Annual General Meeting of **DEEPAK NITRITE LIMITED** will be held on **Wednesday,** the **August 3, 2022** at **11:30 A.M.** through Video Conferencing /Other Audio Visual Means to transact the following businesses:

ORDINARY BUSINESS:

1) To receive, consider, approve and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2022, 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 Standalone 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, 2022 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, 2022, together with the Reports of 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, 2022 along with the Auditor's Report thereon be and are hereby received, considered, approved and adopted.**"**

3) To declare dividend of ₹ 7.00 (Rupees Seven only), being 350%, per equity share of face value of ₹ 2.00 (Rupees Two only) each for the Financial Year ended March 31, 2022.

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

   "RESOLVED THAT the dividend of ₹ 7.00 (Rupees Seven only) being 350% per equity share of face value of ₹ 2.00 (Rupees Two only) each amounting to ₹ 95,47,51,287/- (Rupees Ninety Five Crores Forty Seven Lakhs Fifty One Thousand Two Hundred Eighty Seven only), for the Financial Year ended March 31, 2022, as recommended by the Board of Directors, be and is hereby approved.**"**

4) To appoint a Director in place of Shri Ajay C. Mehta (DIN: 00028405), 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 Ajay C. Mehta (DIN: 00028405), 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, be and is hereby re-appointed as Director of the Company, liable to retire by rotation.**"**

5) To appoint a Director in place of Shri Sanjay Upadhyay (DIN: 01776546) and 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 Sanjay Upadhyay (DIN: 01776546) 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, be and is hereby re-appointed as Director of the Company, liable to retire by rotation.**"**

6) To consider and approve re-appointment of Auditors.

   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 139, 141 and 142 of the Companies Act, 2013 read with Rule 3, 4 and 6 of the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) be and is hereby re-appointed as the Statutory Auditors of the Company for another term of five (5) years from the conclusion of 51st Annual General Meeting of the Company up to the conclusion of 56th Annual General Meeting of the Company on such remuneration as mentioned in the Explanatory Statement annexed to this Notice.

Notice (Contd.)

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.**”**

SPECIAL BUSINESS:

7) To consider and ratify the remuneration of the Cost Auditors for the Financial Year 2022-23.

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, traveling 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, 2023, 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.**”**

By Order of the Board of Directors

Arvind Bajpai
Company Secretary
Membership No.: F6713

Place : Vadodara
Date: May 4, 2022

Registered Office:
Aaditya-I, Chhani Road,
Vadodara – 390 024, Gujarat
Tel: +91-265-2765200, 396 0200
Fax: +91-265-2765344
Email: investor@godeepak.com
Website: www.godeepak.com
CIN: L24110GJ1970PLC001735

Notice (Contd.)

GENERAL NOTES:

1. In view of precautionary measures to contain spread of COVID-19 and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 21/2021 dated December 14, 2021 and Circular No. 02/2022 dated May 05, 2022 (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. The Board of Directors at their meeting held on May 4, 2022, keeping in mind the uncertainties about Government restrictions on gathering of people in an unfortunate event of rising cases of Covid-19, authorised the Chairman & Managing Director to decide the mode of holding 51st Annual General Meeting (“AGM”). In view of rising Cases of COVID-19 and as a safety measure, the Chairman & Managing Director of the Company decided to hold the AGM through VC/OAVM. Hence, in compliance with the Circulars, the 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 authorised representatives to attend the AGM through VC/OAVM and participate thereat 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.

4. In compliance with the Circulars, Notice of the AGM along with the Annual Report for the Financial Year 2021-22 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 2021-22 will also be available on the Company’s website www.godeepak.com, and 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 mode and with the Company’s Registrar & Share Transfer Agent i.e. Link Intime India Private Limited (“RTA”) in case the shares are held by them in physical mode.

6. Process for Registration/updation of E-mail ID, PAN, Bank Account Details and other details:

Type of Holder	Process to be followed	
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, Link Intime India Private Limited either by email to vadodara@linkintime.co.in or by post to B-102-103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Near Radhakrishna Chhar Rasta, Akota, Vadodara – 390 020 Tel: 0265-2356794 / 6136000	
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes/update thereof for securities held in physical mode	Form ISR-1
	Update of signature of securities holder	Form ISR-2
	For nomination as provided in the Rules 19 (1) of Companies (Share capital and debenture) Rules, 2014	Form SH-13
	Declaration for opting out of Nomination	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3)/Change of Nominee	Form SH-14
	Form for requesting issue of Duplicate Certificate and other service requests for shares/ debentures/ bonds, etc., held in physical form	Form ISR-4
	The forms for updating the above details are available at: https://www.godeepak.com/investor-related-forms/	
Demat	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 RTA. Changes intimated to the Depository Participant will then be automatically reflected in the Company’s records which will help the Company and its RTA to provide efficient and better services to the Members.	

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.

Notice (Contd.)

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 27, 2022, 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 ('SEBI") 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 RTA.

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 dematerialised form with effect from April 1, 2019. Therefore, the Members are requested to take prompt action to dematerialise the Equity Shares of the Company. The Members may contact the Company or the Company's RTA for assistance in this regard.

10. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the businesses under Item Nos. 6 and 7 of the Notice, is annexed thereto. Further, the relevant details with respect to Item Nos. 4 and 5 pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking re-appointment at this AGM are also annexed to the Notice as Annexure-I.

11. The Members can join the AGM through VC/OAVM mode, 30 minutes before and after 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 1000 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 served basis.

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. August 3, 2022. 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 **Wednesday, July 27, 2022** to **Wednesday, August 3, 2022** (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 4, 2022, has recommended a final dividend of ₹ 7.00 (Rupees Seven only) per equity share for the Financial Year 2021-22. The date of Book Closure for the purpose of dividend as mentioned above is from Wednesday, July 27, 2022 to Wednesday, August 3, 2022 (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 dematerialised mode) and with the Company's RTA (where shares are held in physical mode) to receive dividend 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 return for preceding one year 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

Notice (Contd.)

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. PAN is mandatory for Members providing Form 15G / 15H or any other document as mentioned above.

Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / nil withholding tax.

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 in case PAN is not available, 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 (i) 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.
- FPI shareholders shall, in addition to above documents, also provide SEBI Registration Certificate as FII / FPI
- 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 27, 2022.

No communication would be entertained from Members after July 27, 2022 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 a Member, there would still be an option available with the Member to file the return of income and claim an appropriate refund, if eligible.

The Company shall arrange to e-mail the soft copy of TDS certificate to Members at their 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 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 2014-15 is due for transfer to IEPF Fund in August, 2022. Members who have not yet encashed their dividend warrant(s) pertaining to the dividend for the Financial Year 2014-15 onwards, are requested to lodge their claims for the same with the Company or Registrar and Share Transfer Agent 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 Form 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 Listing 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 authorised agency. The facility of casting votes by a Member using remote e-Voting system as well as voting during 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 dematerialised mode, physical mode and for Members who have not registered their e-mail 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 Scrutiniser, to scrutinise the voting during the AGM and remote e-Voting process in a fair and transparent manner.

20. Members holding shares either in physical or dematerialised form, as on **Wednesday, July 27, 2022** ("Cut-off Date"), may cast their votes electronically. The e-Voting period commences on **Sunday, July 31, 2022 (9:00 A.M. IST)** and ends on **Tuesday, August 2, 2022 (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 27, 2022**.

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 Member of the Company after the Notice is sent and holding shares as of the Cut-off Date, i.e. July 27, 2022, 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 Member of the Company after the Notice is sent and holding shares as of the Cut-off Date, may follow steps mentioned in the Notice under 'Instructions for e-Voting'.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for individual shareholders holding securities in demat mode

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.	1. Existing **IDeAS** user can visit the e-Services website of NSDL viz https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the **"Beneficial Owner"** icon under "**Login"** which is available under **'IDeAS**' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/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. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. 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. 4. Shareholders/Members can also download NSDL Mobile App **"NSDL Speede"** facility by scanning the QR code mentioned below for seamless voting experience. NSDL Mobile App is available on App Store Google Play
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) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. 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 Forget User ID and Forget Password option available at abovementioned website.

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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 joining virtual meeting 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.

   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.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) 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******.
b) 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**************
c) For Members holding shares in Physical Form.	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***

5. 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 as mentioned below in process for those shareholders whose e-mail ids are no registered.

6. 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.

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

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

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

Step 2: Casting vote electronically and joining General Meeting 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 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

INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting during the AGM is same as the instructions mentioned above for remote e-Voting.

2. Only those Members/ shareholders, who will be present at the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting during the AGM shall be the same person mentioned for remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Members may note that the 51st Annual General Meeting of the Company will be convened through VC/OAVM in compliance with the applicable provisions of the Companies Act, 2013, read with the Circulars. The facility to attend the AGM through VC/OAVM will be provided by the Company through NSDL. Members may access the same at https://www.evoting.nsdl.com.

2. Member 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.

3. After successful login, you can see link of "VC/OAVM link" placed under "**Join 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.

4. 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.

5. 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.

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

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7. 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.

8. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore, recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

9. Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the AGM.

10. 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 latest by July 27, 2022. 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.

Notice (Contd.)

General Guidelines for shareholders

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 authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to dinesh.joshi@kanjcs.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution/ Power of Attorney/ Authority Letter etc. by clicking on **"Upload Board Resolution/Authority Letter"** displayed under **"e-Voting"** tab in their login.

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 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 the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal, Asst. Vice President or Ms. Pallavi Mhatre, Senior Manager at evoting@nsdl.co.in.

Process for those shareholders whose email ids are not registered with the depositories for obtaining user id and password and registration of e-mail ids for e-voting for the Resolutions set out in this Notice:

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

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card).

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card).

3. If you are an Individual shareholders 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 joining virtual meeting for Individual shareholders holding securities in demat mode.

4. 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 required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

Other Instructions

- The Scrutiniser 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 submit, not later than 48 hours of conclusion of the AGM, a consolidated Scrutiniser'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 Scrutiniser'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. 6

The Members of the Company, at the 46th Annual General Meeting held on June 26, 2017, appointed Deloitte Haskins & Sells, LLP, Chartered Accountants, as Statutory Auditors for a term of five years from conclusion of the 46th Annual General Meeting of the Company till the conclusion of 51st Annual General Meeting of the Company. Accordingly, the first term of appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants, as Statutory Auditors of the Company is upto the conclusion of the ensuing 51st Annual General Meeting.

The Board of Directors of the Company, upon recommendation of Audit Committee has approved, subject to approval of shareholders, the re-appointment of Deloitte Haskins & Sells, LLP, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of 51st Annual General Meeting of the Company till the conclusion of 56th Annual General Meeting of the Company.

As per provisions of Section 139 of the Companies Act, 2013, an audit firm can be appointed or re-appointed up to two terms of five consecutive years. Accordingly, Deloitte Haskins & Sells, Chartered Accountants are eligible for re-appointment for a further period of five years. Deloitte Haskins & Sells, LLP, Chartered Accountants have given their consent for their re-appointment as Statutory Auditors of the Company and a certificate has also been obtained confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the rules made thereunder.

As confirmed to the Audit Committee and stated in their report on financial statements, the Statutory Auditors have reported their independence from the Company and its subsidiary according to the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the ethical requirements relevant to audit. Based on the recommendations of the Audit Committee and the Board of Directors, it is proposed to re-appoint Deloitte Haskins & Sells, LLP, Chartered Accountants, (Registration No. 117366W/W-100018), as the Statutory Auditors of the Company for the second and final term of five (5) consecutive years, to hold office from the conclusion of ensuing 51st AGM till the conclusion of the 56th AGM of the Company.

The remuneration proposed to be paid to the Statutory Auditors for Financial Year 2022-23 is ₹ 82,00,000/- (Rupees Eighty Two Lakhs only) plus applicable taxes and out of pocket expenses.

For the subsequent years of their term of appointment, the remuneration shall be decided by the Board of Directors based on recommendation of the Audit Committee and agreed by Statutory Auditors from time to time.

Deloitte Haskins & Sells, LLP is registered with Institute of Chartered Accountants of India with Firm Registration No. 117366W/W-100018. Deloitte Haskins & Sells, LLP, Chartered Accountants serves several large listed and unlisted companies in all the business sectors.

In view of the above, approval of Members is being sought for the Ordinary Resolution as set out at Item No. 6 of the Notice to re-appoint Deloitte Haskins & Sells, LLP, Chartered Accountants, as Statutory Auditors of the Company and to fix their remuneration.

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 Board of Directors, on the recommendation of the Audit Committee, has approved the re-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, 2023. Upon 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 being sought for the Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending March 31, 2023.

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. 7 of the Notice.

The Board recommends Ordinary 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.: F6713

Place: Vadodara
Date: May 4, 2022

Registered Office:
Aaditya-I, Chhani Road,
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E-mail: investor@godeepak.com
Website: www.godeepak.com
CIN: L24110GJ1970PLC001735

Annexure – I to the Notice

Additional information for the Directors seeking appointment / re-appointment at the AGM as required under Regulation 36 of Listing Regulations:

Name of Director	Shri Sanjay Upadhyay
DIN	01776546
Date of Birth	July 20, 1961
Age	60 Years
Brief Resume covering Expertise in specific functional areas and Experience	Shri Sanjay Upadhyay is a qualified Cost Accountant and a Company Secretary. He has completed an Advanced Management Programme from Wharton, USA. Shri Sanjay Upadhyay has over 40 years experience in the areas of Finance, Treasury, Taxation, Commercial, Secretarial and Corporate restructuring. He oversees risk management, governance, investor relation and IT functions. Shri Sanjay Upadhyay joined the Company in 1994. During the span of his career, he has held important positions in the Company. He was inducted on the Board as Director (Finance) from April, 2017 and is also the Chief Financial Officer of the Company. He is also on the Board of several companies within the Deepak Group. In his role as CFO, He is focused on driving financial performance of the Company through rigour and synergy in capital allocation, investment management decisions and portfolio optimisation.
Qualifications	Associate Member of the Institute of Cost Accountants of India and Fellow Member of the Institute of Company Secretaries of India. Advanced Management Programme from Wharton, USA.
Directorships held in Companies	**Listed Companies** Deepak Nitrite Limited **Unlisted Companies** Deepak Phenolics Limited Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited) Deepak Novochem Technologies Limited
Membership / Chairmanship of Committees of Public Companies	**Deepak Nitrite Limited** Risk Management Committee- Member Corporate Social Responsibility Committee – Member Stakeholders' Relationship & Investors Grievances Committee – Member **Deepak Novochem Technologies Limited** Audit Committee – Chairman Nomination and Remuneration Committee – Chairman Corporate Social Responsibility Committee – Member **Deepak Phenolics Limited** Nomination and Remuneration Committee – Member Audit Committee-Member Corporate Social Responsibility Committee – Member Project Committee- Member
Shareholdings in the Company, including Shareholding as a Beneficial Owner	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 2021-22.	Fixed pay: ₹ 3.53 Crores Variable pay: ₹ 0.52 Crores (for the Financial Year 2020-21 paid in the Financial Year 2021-22) Total: ₹ 4.05 Crores
Terms and Conditions of appointment/ re-appointment along with details of remuneration sought to be paid	Liable to retire by rotation. Not entitled for sitting fees.
Date of first appointment on the Board	April 28, 2017
The number of Meetings of the Board attended during the Financial Year 2021-22/ during the tenure of their appointment	No. of Board Meetings held – 5 No. of Board Meetings attended – 5

Notice (Contd.)

Name of Director	Shri Ajay C. Mehta
DIN	00028405
Date of Birth	July 28, 1959
Age	62 Years
Brief Resume covering Expertise in specific functional areas and Experience	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 1989 till 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.
Qualifications	Science Graduate with Honours from University of Mumbai and Master of Science (Chemical Engineering) from the University of Texas, USA
Directorships held in Companies	**Listed Companies** Deepak Nitrite Limited Tribhovandas Bhimji Zaveri Limited **Unlisted Companies** Deepak Novochem Technologies Limited Blueshell Investment Private Limited Sofotel Infra Private Limited Prolific Credits and Capital Private Limited Lakaki Works Private Limited Deepak Assets Reconstruction Private Limited Crossover Advisors Private Limited Satej International Resources Private Limited (Previously Known as Synergy Li Power Resources (India) Private Limited Shalimar Distributors and Investments Private Limited Form3d Solutions Private Limited Blackhill Investments Private Limited Deepak Research and Development Foundation
Membership / Chairmanship of Committees of Public Companies	**Deepak Nitrite Limited** Stakeholders' Relationship & Investors Grievances Committee – Chairman **Tribhovandas Bhimji Zaveri Limited** Audit Committee Member Stakeholder Relationship Committee – Chairman
Shareholdings in the Company, including Shareholding as a Beneficial Owner	Nil
Disclosure of relationships between directors inter-se.	Shri Ajay C. Mehta is brother of Shri Deepak C. Mehta and uncle of Shri Maulik Mehta and Shri Meghav Mehta.
Remuneration received from the Company in the Financial Year 2021-22.	Sitting Fees : ₹ 0.02 Crores Commission : ₹ 0.10 Crores (for the Financial Year 2020-21 paid in the Financial Year 2021-22) Total : ₹ 0.12 Crores
Terms and Conditions of appointment/ re-appointment along with details of remuneration sought to be paid	He shall be liable to retire by rotation. He shall be entitled for the sitting fees for attending meetings of Board or Committee thereof and payment of Commission on Net Profit as approved by the Shareholders.
Date of first appointment on the Board	December 1, 1989
The number of Meetings of the Board attended during the Financial Year 2021-22/ during the tenure of their appointment	No. of Board Meetings held – 5 No. of Board Meetings attended – 5

Notice (Contd.)

Information at a glance:

Particulars	Details
Time and Date of AGM	11:30 a.m. IST, Wednesday, August 3, 2022
Mode	Video Conferencing and Other Audio Visual Means
Webcasts and transcripts	https://www.godeepak.com/financial-result/
Book Closure period	July 27, 2022 to August, 3, 2022
Final Dividend Payment date	Within 30 days from the date of declaration of Dividend
Cut-off date for E-Voting	Wednesday, July 27, 2022
E-Voting start time and date	9:00 a.m. Sunday, July 31, 2022
E-Voting end time and date	5:00 p.m. Tuesday, August 2, 2022
Name, address and contact details of E-Voting service provider	Contact Details Mr. Amit Vishal Assistant Vice President Ms. Pallavi Mhatre Senior Manager National Securities Depository Limited 4th Floor, A wing, Trade world, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, India E-mail ID: amitV@nsdl.co.in pallavid@nsdl.co.in evoting@nsdl.co.in Contact Number : 1800 1020 990, 1800 223 430
Name, address and contact details of Registrar and Transfer Agent	Shri Alpesh Gandhi Asst. Vice President Link Intime India Private Limited B-102-103, Shangrila Complex, 1st Floor, Opp. HDFC Bank, Near Radhakrishna Chhar Rasta, Akota, Vadodara – 390 020 Tel: 0265- 2356 573 / 6136000

By Order of the Board of Directors

Arvind Bajpai
Company Secretary
Membership No.: F6713

Place : Vadodara
Date : May 4, 2022

Registered Office:
Aaditya-I, Chhani Road,
Vadodara – 390 024, Gujarat
Tel: +91-265-2765200, 396 0200
Fax: +91-265-2765344
Email: investor@godeepak.com
Website: www.godeepak.com
CIN: L24110GJ1970PLC001735

Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the Fifty First (51st) Annual Report and the second 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, 2022. 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, 2022 is summarised below:

(₹ in Crores)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Total Revenue (Gross)	**2,581.85**	**1,822.68**	**6,844.80**	**4,381.27**
Operating Profit Before Depreciation, Finance Cost, Exceptional Item and Tax (EBITDA)	**716.15**	**549.61**	**1,646.19**	**1,268.55**
Less: Depreciation and Amortisation expenses	72.54	66.88	177.70	152.63
Less: Finance Costs	1.60	4.12	34.04	74.20
Profit before Tax	**642.01**	**478.61**	**1,434.45**	**1,041.72**
Less: Tax expenses	155.80	123.89	367.81	265.91
Net Profit for the Year	**486.21**	**354.72**	**1,066.64**	**775.81**
Other Comprehensive Income	0.06	(1.30)	0.17	(1.07)
Total Comprehensive Income for the Year	**486.27**	**353.42**	**1,066.81**	**774.74**
Surplus brought forward from previous year	1,288.07	934.73	1,789.97	1,015.31
Balance available for Appropriation	**1,774.54**	**1,288.07**	**2,856.98**	**1,789.97**

Your Company continues to take precautions at all facilities and offices and has complied with all prescribed norms while operating its facilities during the Financial Year to ensure safety and well-being of employees. Deepak Nitrite continues to prioritise the health and well-being of its associates and the communities it serves and has strived to ensure that all of its employees and their families are completely vaccinated. The Company is proud to claim a 100% vaccination record across its operations.

Without doubt, your Company's business model has been put to test by the ongoing global pandemic. The fundamental characteristics of placing the customer first, focusing on high quality of product and efficient execution, diversified operations as well as committed and motivated manpower have enabled the Company to navigate the uncertainties and emerge stronger through the unprecedented challenges.

PERFORMANCE REVIEW

Standalone

Your Company performed well amid a challenging macro environment, maintaining its performance momentum during the Financial Year 2021-22. Aside from the instability induced by the second wave of Covid-19 in India, the operational performance was marked with rising input and energy costs, fluctuating foreign exchange rates, inbound and outward logistic constraints coupled with higher logistics costs, owing to various macroeconomic and geo-political reasons. Your Company has leveraged its manufacturing expertise, large facilities and nimble operations to ensure efficient performance backed up with a strong financial position. Further, your Company has undertaken several Project investments to accelerate its growth momentum going forward.

The economic ramifications of the Ukraine-Russia conflict are being felt around the world. Every commodity, from oil to cereals to chemicals, is facing a price increase owing to disrupted supply chains. Chemical sector had just turned around after gaining ground from Covid-19 induced disruptions. However, the Russia-Ukraine stand-off has emerged as a cause of concern for the sector, as availability of several key building blocks is constrained leading to impact on margins for key industry participants in the near future. Substantial impact is arising on account of the sharp rise in the prices of crude oil which is a key raw material for many players. Sanctions on commodities formerly exported from Russia, voluntary export limits, and measures to reduce oil and gas imports will all have an impact on global trade. If the war persists, established trade channels may be significantly destabilised leading to trade flows getting significantly reshaped.

Notwithstanding these challenges, Deepak Nitrite's business performance has been strong, with Y-o-Y growth in all its Strategic Business Units ('SBUs') towards the end of the year. In FY 2021-22, total revenue, including other income, was ₹ 2,581.85 Crores, up from ₹ 1,822.68 Crores in FY 2020-21, a 42% increase. EBITDA for FY 2021-22 was ₹ 716.15 Crores, up 30% from ₹ 549.61 Crores in the previous year. In FY 2021-22, Profit Before Tax ('PBT') was ₹ 642.01 Crores, up from ₹ 478.61 Crores in FY 2020-21, a 34% increase. Profit After Tax ('PAT') was ₹ 486.21 Crores in FY 2021-22, up 37% from ₹ 354.72 Crores the previous year.

The first half of FY 2021-22 witnessed contrasting business challenges, with strong demand at the outset succumbing to sharp rises in raw material, utility, and logistics costs. Within this backdrop, the Company's efforts to focus on cost management and operational excellence enabled to alleviate the worst of the volatility. Across all businesses, your Company has endeavored to maintain and grow its market share while sustaining or increasing its profitability. During the year, depreciation and finance costs amounted to ₹ 72.54 Crores and ₹ 1.60 Crores, respectively. Your Company is net debt-free as of March 31, 2022, and its operational surplus of ₹ 436.79 Crores is invested in liquid mutual funds, which offer liquidity, stability, and greater yields.

Domestic revenues grew by 52% to ₹ 1,454.16 Crores in FY 2021-22, from ₹ 954.25 Crores in FY 2020-21, owing to consistent demand from key end-user industries, also bolstered by targeted initiatives on the product-mix front. Domestic requirements for chemical intermediates are on an upswing, presenting new opportunities for companies like yours. While Export revenue came in at ₹ 1,056.89 Crores, up from ₹ 854.89 Crores recorded in the previous year. Export performance was driven by focused approach while several countries where customers are located, were experiencing faster return to normalcy with positive demand trajectory. Moreover, international customers are reinforcing their supply chains and are seeking a strategic shift from a philosophy of 'just in time' to 'just in case' – a move that benefits your Company's wide portfolio of key intermediates.

Your Company has the potential to take advantage of the situation and accelerate in the medium term to long term. With its unique product mix and several decades of manufacturing experience, Deepak Nitrite is an outstanding candidate to lead the India's chemical manufacturing trend. This, combined with contributions from existing brownfield expansions and upcoming greenfield projects with value added forward integration, will strengthen the competitiveness and places your Company aptly to grow its market share, thereby generating value for all stakeholders.

Deepak Phenolics Limited

Deepak Phenolics Limited ('DPL'), is a wholly owned material subsidiary of your Company, engaged in business of manufacture of Phenol, Acetone, Cumene and Isopropyl Alcohol ('IPA').

FY 2021-22 started with very good demand for Phenol and Acetone, and prices remained buoyant on the back of regional manufacturing disruptions and at the same time strong demand in global markets. Though, global markets suffered by trade conflicts, unavailability of vessels, political uncertainties, heightened volatility in commodity prices, demand for chemical and petrochemical products witnessed significant increase, especially in Indian sub-continent, with crude oil prices started climbing to new levels and by start of third quarter of the Financial Year, crude oil prices crossed hundred US dollar mark. Other commodity prices in non-ferrous and ferrous metals segments climbed to highest ever levels mainly due to Russia and Ukraine war followed by plethora of sanctions imposed by US and EU on Russia.

With healthy demand across all applications for all products of DPL and highest ever prices of Phenol and Acetone, DPL has demonstrated encouraging performance on sustained basis in FY 2021-22, despite the challenges pertaining to feedstocks as well Covid-19. In FY 2021-22, DPL reported Revenues of ₹ 4303.42 Crores as against ₹ 2563.48 Crores in FY 2020-21 with Profit After Tax of ₹ 624.36 Crores in FY 2021-22 as against ₹ 421.16 Crores in FY 2020-21, registering a growth of 68% and 48%, respectively. Phenol business demonstrated encouraging performance on a sustained basis, largely attributable to strong demand in India and excellent operations carried out by the team. DPL also exported smaller quantities to high-demand markets. Inspite of steep challenge posed by peak of second wave of Covid-19, especially in availability of logistics and manpower, the facility continued to operate at high utilisation level.

As the next phase of growth is undertaken with deployment of ₹ 700 Crores, the Group's product mix is expected to change to more specialised products, both upstream and downstream, with higher captive consumption of both Phenol and Acetone. The value chain integration of chemical intermediates is expected to result in increased value addition.

In a key development, the brownfield expansion of IPA has been successfully completed in December, 2021. As a result, the capacity for IPA has doubled to 60,000 MTPA. DPL is on the right track of becoming a diversified chemical major, where the business trajectory will continue to endure, with focus on innovation. DPL aims to become a world-class supplier of solvents, which are well integrated with its wide product basket and process competencies.

Consolidated

Your Company's total revenue, including other income, was recorded at ₹ 6,844.80 Crores in the Financial Year 2021-22, gaining 56% from ₹ 4,381.27 Crores in the previous year. This was attributable to recovery in standalone operations, across all segments, which was aided by DPL's significantly improved performance. Even though several end-user industries were yet to recover to pre-Covid levels of activity, the Company and DPL have actively catered to both domestic and overseas markets to drive higher volumes and capitalise on favourable realisation trends. Against this backdrop, your Company has implemented its operational plan effectively and efficiently, as well as met its supply commitments, ensuring reliable and predictable deliveries to customers. Overall, the Group has been responsive to maximise the benefits of improved operating environment.

In FY 2021-22, EBITDA was ₹ 1,646.19 Crores, up 30% from ₹ 1,268.55 Crores in FY 2020-21. The improved operating performance in the current year-to-date has driven EBITDA.

Profit Before Tax ('PBT') stood at ₹ 1,434.45 Crores as compared to ₹ 1,041.72 Crores in FY 2020-21, while Profit After Tax ('PAT') came in at ₹ 1,066.64 Crores as compared to ₹ 775.81 Crores in FY 2020-21, representing a strong growth of 38% and 37% respectively. Even though the economy is still recovering from the effects of various macro-economic and geo-political factors including the pandemic, the Company was able to report accelerated PAT performance. Depreciation and Finance costs during the year stood at ₹ 177.70 Crores and ₹ 34.04 Crores, respectively.

Domestic Revenues stood at ₹ 5,272.15 Crores from ₹ 3,088.06 Crores in FY 2020-21, up by 71%, while Revenue from Exports grew by 20% to ₹ 1,530.04 Crores as compared to ₹ 1,271.69 Crores last year. Overall, the demand outlook appears to be robust, with most industries returning to pre-COVID production levels and incremental demand resulting from a strategic shift in the global supply chain from China and Russia to other countries, including India. As a result of increasing dependence on India, your Company is optimistic about manifold opportunities that have emerged and is well poised to capitalise these prospects.

DIVIDEND

Based on the Company's healthy performance, the Board of Directors of your Company is pleased to recommend a Dividend of ₹ 7/- (Rupees Seven only) per Equity Share of ₹ 2/- (Rupees Two only) each for the year ended March 31, 2022. The total Dividend outgo amounts to ₹ 95.48 Crores.

The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, July 27, 2022 to Wednesday, August 3, 2022 (both days inclusive) for the purpose of payment of the Dividend for the Financial Year ended March 31, 2022 and 51st Annual General Meeting of the Company.

Pursuant to the Finance Act, 2020, Dividend income is taxable in the hands of the shareholders effective from April 1, 2020 and the Company is required to deduct tax at source from Dividend paid to the Members at prescribed rates as per the Income Tax Act, 1961.

According to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), top 1,000 listed entities based on market capitalisation, calculated as on March, 31 of every Financial Year are required to formulate a Dividend Distribution Policy which shall be disclosed on the website of the listed entity and a weblink shall also be provided in their Annual Reports. Accordingly, your Company has adopted the Dividend Distribution Policy and the same can be accessed using the following link: https://www.godeepak.com/investor-compliances/.

TRANSFER TO RESERVES

The Board of Directors has decided to retain the entire amount of profit for FY 2021-22 appearing in the statement of profit and loss.

SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital of the Company as on March 31, 2022 was ₹ 27.28 Crores comprising of 13,63,93,041 Equity Shares of ₹ 2/- each. The Company has not issued any Equity Shares during FY 2021-22. There was no change in Share Capital during the year under review.

FINANCE

Your Company aims to maintain a reasonable amount of debt while balancing its capital structure on a consolidated level while adhering to strict criteria to efficiently manage its working capital requirements.

Though the Company has remained net debt free, sound credit rating has helped the Company in its activities like sourcing, bank charges etc. Owing to additions of certain Property, Plant, and Equipment, there has been increase in depreciation during the year under review. Your Company has a specialised professional team that monitors foreign exchange exposure and dynamically reduces the risk associated with it. Your Company has been able to manage its cash flow position effectively, thanks to the team's dynamic and proactive management. On a Standalone basis, Net Debt: Equity as on March 31, 2022, has been nil same as last year.

Your Company is well placed in the industry, delivering quality guided by a robust product mix. Thus, on the back of steady performance during the year, ICRA has reaffirmed the long-term credit rating at "ICRA AA/Positive" (from "ICRA AA/Stable") 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, ability to cater to varied end use segments, diversified product portfolio, constant improvement and efficient operations.

During FY 2021-22, the Company had obtained approval from the shareholders by passing Special Resolution through Postal Ballot on January 27, 2022, for raising of funds in one or more tranches, by issue and allotment of equity shares and/or eligible securities by way of Qualified Institutions Placement ("QIP") for an aggregate amount upto ₹ 2,000 Crores. Considering the volatile capital market and since the Special Resolution is valid for one year, your Company will launch the QIP at an appropriate time for raising funds.

In case of the Company's wholly owned subsidiary, Deepak Phenolics Limited, ICRA has upgraded the long-term credit rating by one notch i.e. from "ICRA AA-/Stable" to "ICRA AA/Positive" and reaffirmed the short term credit rating at "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 nil as of March 31, 2022 compared to 0.15x as of March 31, 2021.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Act, Shri Ajay C. Mehta (DIN: 00028405) and Shri Sanjay Upadhyay (DIN: 01776546) retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offered themselves for re-appointment. The Board recommends their re-appointment.

The Members of the Company at their 50th Annual General Meeting held on July 30, 2021, approved:

(a) re-appointment of Shri Maulik Mehta (DIN: 05227290) as the Executive Director & Chief Executive Officer of your Company for further period of five (5) years with effect from May 9, 2021.

(b) 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 Listing Regulations.

During the year under review, Shri Sanjay Upadhyay (DIN: 01776546) has been re-appointed as the Director (Finance) & Chief Financial Officer of the Company, for further period from April 28, 2022 up to July 31, 2026, subject to approval of Members of the Company.

The Board of Directors at their meeting held on May 4, 2022 considered and approved the appointment of Shri Meghav Mehta (DIN: 05229853) as an Additional Director (Non-Executive Non-Independent) of the Company with effect from May 4, 2022.

Independent Directors

Based on the recommendations of Nomination and Remuneration Committee, the Board of Directors, at their meeting held on May 4, 2022, recommended to the Members of the Company for their approval, by way of Special Resolution through Postal Ballot, re-appointment of Shri Sanjay Asher (DIN: 00008221) and Smt. Purvi Sheth (DIN: 06449636) as Independent Directors of the Company for the second term of three (3) consecutive years with effect from June 28, 2022.

The Board of Directors at their meeting held on May 4, 2022 and based on recommendations of Nomination and Remuneration Committee also recommended to the Members of the Company for their approval, by way of Special Resolution through Postal Ballot, appointment of Shri Punit Lalbhai (DIN: 05125502), Shri Vipul Shah (DIN: 00174680) and Shri Prakash Samudra (DIN: 00062355) as Independent Directors of the Company for a term of three (3) consecutive years with effect from August 8, 2022.

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 meets 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 Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company during the year ended March 31, 2022.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with your Company, other than receipt of sitting fees for attending meetings of Board or Committees thereof, commission on net profits as approved by the Members of the Company and reimbursement of expenses incurred by them for attending meetings of Board or Committees thereof.

Shri Deepak C. Mehta is also the Chairman & Managing Director of the Company's wholly owned subsidiary, 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.

KEY MANAGERIAL PERSONNEL

Pursuant to provisions of Section 203 of the Act, Shri Deepak C. Mehta, Chairman & Managing Director, Shri Maulik 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, 2022. There has been no change in the Key Managerial Personnel of the Company during the year ended March 31, 2022.

NUMBER OF MEETINGS OF THE BOARD AND COMMITTEES OF THE BOARD

During FY 2021-22, five (5) meetings of Board of Directors of the Company were held. The maximum time gap between any two meetings was not more than 120 days, as prescribed by the Act and Listing Regulations. For details of meetings of the Board of Directors and Committees 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 Annual Report.

BOARD EVALUATION

Pursuant to the requirement of the Act and the Listing Regulations and upon recommendation of the Nomination and Remuneration Committee, the Board has adopted a Performance Evaluation Policy specifying the criteria for effective evaluation of Board, its Committees and individual Directors. The performance evaluation criteria for Independent Directors are also provided in the Performance Evaluation Policy as adopted by the Board.

The process of performance evaluation is in line with the provisions of the Act and the Listing Regulations, and the Board has carried out an annual evaluation of its own performance, its Committees and individual Directors, based on the criteria as provided in the Performance Evaluation Policy.

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 4, 2022. Based on such evaluation, the Board is of the view that all Independent Directors are having thorough knowledge, expertise and experience in their

Director's Report (Contd.)

respective areas. They also have very good understanding of the Company's business and the general economic environment it operates. They devote quality time and full attention to understand key issues relating to business of the Company and advising on the same. Their valuable contribution has certainly improved the governance standards within the Company.

The criteria for evaluation of performance of Independent Directors are:

- 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.

The performance of the Committees was also evaluated by the Board after seeking inputs from the Committee members. Based on such evaluation, the Board is of the view that various Committee of Directors are well constituted by way of having optimum number of Independent Directors with precise Terms of Reference/Charter. The respective Committees actively discussed various matters and effective suggestions were made concerning business, operations and governance of the Company.

Your Directors have expressed their satisfaction to the evaluation process.

As required under the provisions of the Act and the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on March 10, 2022 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.

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 S. K. Anand, Non-Executive Non-Independent Director. 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. 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

In line with the requirements of the Companies Act, 2013, Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/ W-100018) was appointed as Statutory Auditor of the Company at the 46th Annual General Meeting ('AGM') to hold office from the conclusion of the said AGM till the conclusion of the 51st AGM of the Company. Accordingly, the first term of office of Deloitte Haskins & Sells LLP, as Statutory Auditors of the Company is upto the conclusion of 51st AGM.

The Board of Directors, based on the recommendations of the Audit Committee, at its meeting held on May 4, 2022, approved and has recommended to the Members of the Company for their approval at the ensuing AGM, the re-appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/ W-100018) as the Statutory Auditors of the Company for further term of five (5) consecutive years, to hold office from the conclusion of 51st AGM till the conclusion of the 56th AGM of the Company.

During the year, the Statutory Auditors have confirmed that they satisfy the independence criteria required under the Act.

STATUTORY AUDITORS' REPORT

The observations made in the Auditor's Report of Deloitte Haskins & Sells LLP, Chartered Accountants, Statutory Auditors, for the year ended March 31, 2022, 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. There were no instances of frauds identified by the Statutory Auditors during the FY 2021-22.

The Standalone and Consolidated Financial Statements of the Company have been prepared in accordance with Ind AS notified under Section 133 of the Act.

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, 2022 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 2022-23.

SECRETARIAL AUDITORS' REPORT

The Secretarial Audit Report of KANJ & Co. LLP, Company Secretaries, Pune, for the year ended March 31, 2022 in Form No. MR-3 is annexed as Annexure - A, which forms part of this Report.

Director's Report (Contd.)

The observations made in the Secretarial Audit Report of KANJ & Co. LLP, Company Secretaries, Pune for the year ended March 31, 2022 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.

As per the requirement of Act and the Listing Regulations, Secretarial Audit of DPL, a material unlisted subsidiary was undertaken by Samdani Shah & Kabra, Company Secretaries, Vadodara for the Financial Year 2021-22. The said Secretarial Audit Report confirms that DPL has complied with the provisions of the Act, Rules, Regulations and Guidelines and that there were no deviations or non-compliances. The Secretarial Audit Report of DPL is annexed to this Annual Report as Annexure-B.

COST AUDITORS

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

The Board of Directors, on the recommendation of the Audit Committee, appointed B. M. Sharma & Co., Cost Accountants, as Cost Auditors to conduct audit of the Company's cost records for FY 2022-23 at a remuneration of ₹ 8,00,000/- (Rupees Eight Lakhs only) plus applicable taxes, traveling and out of pocket expenses. The Cost Auditors, B. M. Sharma & Co., Cost Accountants, have confirmed that they are free from disqualification specified under Section 141 (3) and Section 148 (3) read with Section 141 (4) of the Act and that the appointment meets the requirements of the Act. They have further confirmed their independent status and an arm's length relationship with the Company. 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. An Ordinary Resolution for the ratification of remuneration of Cost Auditors for FY 2022-23 is provided in the Notice under Special Businesses.

Your Directors recommend the same for approval by the Members of the Company.

The Cost Auditor's Report will be filed within the prescribed period of 180 days from the close of the Financial Year. The Cost Auditor's Report for FY 2021-22 does not contain any qualifications, reservations, adverse remarks or disclaimers.

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 2022-23.

The Internal Audit function reports its findings and status thereof to the Audit Committee on a quarterly basis.

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 and the Rules made thereunder.

RISK MANAGEMENT

Risk Management is important to define, assess and track business threats and obstacles throughout the organisation. Towards this, your Company has adequate measures in place and has adopted a comprehensive Enterprise Risk Management Framework and Policy duly approved by the Board of Directors which is aligned with the requirement of ISO 31000 and COSO. The Risk Management Framework and Policy ensures sustainable business growth with stability and encompasses establishment of structured and intelligent approach to Risk Management at the Company.

In compliance with the requirement of Regulation 21 of the Listing Regulations, your Company is having a duly constituted Risk Management Committee. The Committee evaluates the performance of your Company against perceived risks, develops methods to classify potential and evolving risks that may adversely impact the overall risk exposure of the Company, and determines the strategic plan and framework of Risk Management. The details about the Risk Management Committee have been provided in the Report on Corporate Governance which forms part of this Annual Report.

The Board of Directors periodically evaluates the processes for Risk Identification and Risk Mitigation. The Risk Register is regularly assessed and updated to make sure that the relevant risks are suitably identified, and mitigation mechanisms are effective to control them. This provides a constructive and value-added analysis mechanism that helps to maintain an appropriate level of risk profile in a rapidly evolving ecosystem.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal control plays a pivotal role in any organisation and your Company has sufficient Internal Control mechanisms in place including Internal Financial Controls. The Internal Control Framework is implemented by written policies, rules, and protocols to maintain adherence with laws and regulations, processes, and legislation, and that all resources are secured and protected against loss from unlawful use or disposal, and that such transactions are appropriately permitted, registered, and documented.

During FY 2021-22, the Internal Auditor performed comprehensive assessments at all locations and across all functional departments. The internal audit function provides independent and reasonable assurance about the adequacy and operating effectiveness of the internal controls to the Audit Committee. The Audit Committee regularly reviews the internal audit findings and corrective measures are undertaken to ensure the efficiency of the Internal Control system and processes.

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

The Statutory Auditors have confirmed the adequacy of the Internal Financial Control systems over Financial Reporting and 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

The Company encourages open and transparent system of working and dealing among its stakeholders. Pursuant to provisions of Section 177 (9) of the Act, read with Regulation 22 (1) of the 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 victimisation 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 was denied access to the Audit Committee.

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

DEPOSITS FROM PUBLIC

During FY 2021-22, the Company has not accepted or renewed any Deposits covered under Chapter V of the Act. As on March 31, 2022, 35 warrants aggregating to ₹ 7,23,507 and interest of ₹ 409 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. The said amount, having become due for transfer to Investor Education and Protection Fund ('IEPF'), have been transferred to IEPF on May 4, 2022. 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, 2022.

RELATED PARTY TRANSACTIONS

There are no material related party transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other related parties, 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.

None of the Directors has any material pecuniary relationships or transactions vis-a-vis the Company.

In line with the requirements of the Act and the Listing Regulations, the Company has formulated a policy on Related Party Transactions.

During the year under review, the Policy has been amended to incorporate the regulatory amendments in the Listing Regulations.

The updated Policy can be accessed on the Company's website at www.godeepak.com.

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 at 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.

The Consolidated Financial Statements include the financial performance of following subsidiaries:

- Deepak Phenolics Limited
- Deepak Nitrite Corporation Inc.
- Deepak Chem Tech Limited (formerly known as Deepak Clean Tech Limited)

Your Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 16 (1) (c) of the 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

Deepak Phenolics Limited, a wholly owned subsidiary, is in the business of manufacturing Phenol, Acetone and their downstream products. Phenol and Acetone are manufactured at DPL's state-of-the-art facility in Dahej, Gujarat.

DPL's Revenue from operations came in at ₹ 4,303.42 Crores and Profit After Tax stood at ₹ 624.36 Crores as of March 31, 2022.

(b) Deepak Nitrite Corporation Inc. (USA)

Deepak Nitrite Corporation Inc. ('DNC') is a wholly owned subsidiary based in the United States. This Company was formed to support your Company's marketing needs in North and South America. DNC's Total Revenue stood at USD 19,490, with a net income of USD 509 during FY 2021-22.

(c) Deepak Chem Tech Limited (formerly known as Deepak Clean Tech Limited)

Your Company has incorporated a wholly owned subsidiary company viz. Deepak Chem Tech Limited ('DCTL') (formerly known as Deepak Clean Tech Limited). This subsidiary was incorporated to carry out business of manufacturing of chemical intermediates and is yet to start production. During FY 2021-22, DCTL's Total Income stood at ₹ 1,27,481 and the Net Loss was ₹ 2,60,79,323.

The Audited Consolidated Financial Statements of the Company for FY 2021-22, together with the Auditor's Report, constitute part of this Annual Report in compliance with the terms of the Act, Regulation 33 of the Listing Regulations, and applicable Accounting Standards. A declaration in the specified Form No. AOC-1, detailing the salient features of the Company's subsidiaries, associates, and joint venture companies, is appended 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, 2022 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 2021-22.

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, 2022, 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 your Company at the end of the Financial Year ended March 31, 2022 and of the profit of your 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 your 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 your 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 Listing Regulations read with Schedule V of the said Listing Regulations forms an integral part of the Annual Report. The requisite Certificate from a Practicing 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 Business Responsibility Report ('BRR') is one of the avenues to communicate the Company's obligations and performance to all its stakeholders.

The BRR forms part of this Report and is annexed as Annexure - C.

INTEGRATED REPORTING

We at Deepak, are committed to transparency in our stakeholder communications. Your Company started the journey of Integrated Reporting <IR> with 50th Annual Integrated Report for the Financial Year 2020-21. This year also, the Integrated Report is prepared based on the <IR> framework issued by the Value Reporting Foundation, formerly known as the International Integrated Reporting Council, that encompasses reporting of six capitals used by an organisation for stakeholder value creation.

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of Regulation 34 (2) (e) of 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 pioneered various CSR initiatives since decades and it continues to remain committed to serve the society. During the year under review, the Company, alongwith its wholly owned subsidiary, Deepak Phenolics Limited, through the CSR programmes, have impacted the lives of many people from some of the most weakest sections of society, including a sustained and significant response to the COVID-19 pandemic during severe second wave in the year 2021. The Company implements its CSR programmes primarily through Deepak Group's CSR arm viz. Deepak Foundation and Deepak Medical Foundation, which works in close collaboration with public systems and partners.

The Company's signature CSR programmes are primarily aimed to bring positive change addressing critical development issues in healthcare, education, skill building and Community Development. The Company also focuses on development imperatives of communities proximate to its operations through multiple initiatives including improving health through Mobile Health Units, de-addiction drives, enhancing household livelihoods, empowering women and youth.

The Company has constituted a CSR Committee, chaired by Shri Sudhir Mankad, as Chairman, and Dr. Swaminathan Sivaram, Shri Deepak C. Mehta, Shri Sanjay Upadhyay as members. The composition of the CSR Committee is in accordance with Section 135 of the Act.

During the year under review, the Company has spent ₹ 9.92 Crores on CSR activities, against the requirement of ₹ 9.87 Crores, being more than 2% of average Net Profits for the preceding three years. The Annual Report on CSR activities, in terms of Section 135 of the Companies Act, 2013 ('the Act') and the Rules framed thereunder, is annexed to this Report as Annexure-D.

The Company has in place a CSR Policy based on the activities permitted under Schedule VII of the Act 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/uploads/2021/05/DNL-CSR-Policy.pdf.

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 - E and is also available on the Company's website at www.godeepak.com.

PARTICULARS OF EMPLOYEES

The statement pertaining to particulars of employees pursuant to Section 197 of the Companies Act, 2013 (the 'Act') read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including amendments thereof), forms part of this Report. However, the above mentioned statement is not being sent to the Members along with the Annual Report in accordance with the provisions of Section 136 of the Act.

The aforesaid information is available for inspection by the Members up to the date of the ensuing Annual General Meeting ('AGM'), on all working days, during business hours, at the Registered Office of the Company. Members who are interested in obtaining the said particulars may please write to the Company Secretary.

The details of remuneration of Directors and Employees 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 (including amendments thereof), are given as an Annexure-F and forms part of this Report.

ANNUAL RETURN

Pursuant to Section 134 (3) (a) and 92 (3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 (including amendments thereof) notified by Ministry of Corporate Affairs, the Annual Return of the Company for the Financial Year ended March 31, 2022 has been placed on the website of the Company at 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, with Rule 8 (3) of the Companies (Accounts) Rules, 2014 is attached as Annexure - G 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 2021-22 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.

There was no application made or proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

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 ("ICSI") 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.

(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 well-equipped Research and Development Centre ('DRDC') at Nandesari, Gujarat.

DRDC is crucial to your Company's success with its ability to develop advanced intermediates which requires complex chemistry and engineering. This drives its portfolio expansion with a time-bound product development and scale-up process.

DRDC is recognised by Department of Scientific and Industrial Research ('DSIR'), New Delhi, on behalf of the Government of India and the recognition has been extended from time to time. DSIR has vide letter October 14, 2020, has extended the recognition of DRDC for a further period up to March 31, 2023.

State-of-the-art pilot plants with kilo scale laboratory

Your Company also has two state-of-the-art pilot facilities, one each situated at Roha, in Maharashtra and Nandesari, in Gujarat. The Pilots act as catalysts between R&D and commercial production of intermediates for Agrochemicals, Dyes, Pharmaceuticals etc., thereby allowing your Company to deliver quality product seamlessly. The Pilot facility boasts of stainless steel and glass lined reactors along with distillation columns for gas and liquid raw materials and is fully-equipped with advanced instruments, DCS (Distributed Control system) and utilities like chilled brine, low pressure steam, cooling water, temper water and more.

SAFETY, HEALTH & ENVIRONMENT

Your Company is committed to ensure a sound Safety, Health and Environment ("SHE") performance related to its manufacturing processes, products and services. It is continuously taking various steps to develop and adopt safer process technologies, unit operations and sustainable systems

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 processes, 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 Research & Development 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 recognised guidelines, such as the principles of the United Nations' Global Compact, the International Labour Organisation ("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.

As per materiality analysis 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 systematic incident reporting system. All incidents including near misses are also logged into the safety MIS and corrective and preventive actions based on that are tracked through internally developed software. Each incident is analyzed for their root-causes and required precautions are taken to prevent the recurrences. Each technological change and projects undertaken by the Company are made to undergo HAZOP studies before implementation. All plant-setting changes are first approved through Management of Change procedure before implementation followed by pre-start up safety reviews. 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 are implemented. All Manufacturing Units including Corporate Office are certified with the latest standard of ISO 9001, ISO 14001 and ISO 45001. Scheduled safety awareness programs are conducted across plants to achieve continuous improvement in terms of process safety, workplace safety and behavioral 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 minimising 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's commitment to environmental protection extends beyond the scope of legal requirements. It has implemented chemical industry's Responsible Care® system and have set out the basic principles fully aligned with UN Sustainable Development Goals. The Company has taken various initiatives for resource conservation, and reduction in energy consumption 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.

Your Company has carried out Sustainability assessment through EcoVadis, a globally recognised organisation and have received silver medal with 60% score. The Company has target for even better assessment score in the next review from silver to gold medal. It has also started assessing Green House Gas (GHG) emissions and taken initiatives to reduce the same.

HUMAN RESOURCES

Strong, skilful and trained workforce is the most valuable resource for the Company. Your Company continues its endeavour of investing in Human Talent and Talent Management Processes through its various interventions to improve competencies, capabilities, skills and potential of its workforce. This is essential to withstand the challenges posed by the everchanging business environment. The Company's Human Resource initiatives and engagement activities have enabled the Company not only sail through the challenging times witnessed recently, but has helped your Company in attracting, developing, nurturing, and retaining right talent and keeping them motivated. In view of the growth plans of the Company, an important strategic focus continues to not only nurture the workforce, but also to train and encourage them to take up the challenges of the future.

INSURANCE

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

The Company has in place Directors & Officers Liability Insurance (D&O) for all its Directors (including Independent Directors) and members of the Senior Management Team for such quantum and risks as determined by the Board in line with the requirement of Regulation 25 (10) of the Listing Regulations.

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

The Company has Zero tolerance towards sexual Harassment and 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 is duly Constituted all 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

Director's Report (Contd.)

regard, the Company has been conducting various programme on a continuous basis across its all locations.

During FY 2021-22, no complaint was received from any employee and hence no complaint is outstanding as on March 31, 2022 for redressal.

GREEN INITIATIVES

In commitment to keep in line with the Green Initiatives and going beyond it, electronic copy of the Notice of 51st Annual General Meeting of the Company including the Annual Report for FY 2021-22 are being sent to all Members whose address are registered with the Company/Depository Participant(s).

ACKNOWLEDGEMENT

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 4, 2022

Annexure - A

FORM NO. MR 3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2022

[Pursuant to 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 – 390 024, Gujarat.

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and adherence to good corporate practices by Deepak Nitrite Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provide us a reasonable basis for evaluating the corporate conduct/ statutory compliances and expressing our opinion thereon. Based on our verification of 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 authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering Financial Year ended on March 31, 2022, 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, 2022 according to the provisions of:

i. The Companies Act, 2013 ('the Act') and Rules made thereunder;

ii. The Securities Contract (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) The 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 Requirement) Regulations, 2018;

  d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; No event 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; 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; No event 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, 2021; No event 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; No event 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 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 Disclosure Requirements) Regulations, 2015.

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

We Further Report That:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and 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 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 decisions in the Board meetings were carried through majority while there was no dissenting members' views and hence not captured and recorded as parts of the minutes.

We further report that there were 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 except the following:

1. Re-appointment of Shri Maulik Mehta (DIN: 05227290) as Executive Director & Chief Executive Officer of the Company for which necessary approvals were obtained.

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

3. Approval from Members of the Company through Postal Ballot for raising of funds in one or more tranches, by issue and allotment of Equity Shares and/or eligible securities by way of Qualified Institutions Placement ("QIP") for an aggregate amount up to ₹ 2,000 Crores.

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

Dinesh Joshi
Designated Partner
Membership No.: F3752
CP No.: 2246
UDIN: F003752D000265123

Date: May 4, 2022
Place: Pune

To,
The members,
Deepak Nitrite Limited,
Aditya-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.

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 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.

For **Kanj & Co. LLP**
Company Secretaries

Dinesh Joshi
Designated Partner
Membership No.: F3752
CP No.: 2246
UDIN: F003752D000265123

Date: May 4, 2022
Place: Pune

Annexure-B

Secretarial Audit Report

for the Financial Year ended March 31, 2022
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
Deepak Phenolics Limited
First Floor, Aaditya-II,
National Highway No.8,
Chhani Road,
Vadodara-390024,
Gujarat, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Deepak Phenolics Limited** ("Company"). Secretarial Audit was conducted in a manner that provide 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 authorised 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, 2022 ("review period"), 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 review period, according to the provisions of:

i. The Companies Act, 2013 ("Act") and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Securities and Exchange Board of India ("SEBI") (Depositories and Participants) Regulations, 1996 / 2018, to the extent applicable;
v. SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, to the extent applicable;
vi. 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;
vii. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 are not applicable to the Company being an Unlisted Public Company.

We have also examined compliance with all the applicable and approved Secretarial Standards issued by The Institute of Company Secretaries of India. Being an Unlisted Public Company, clauses / regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are not applicable to the Company.

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

We further report that;

A. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the review period, were carried out in compliance with the provisions of the Act;

B. Adequate notice is given to all the 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 clarification on the Agenda items before the meeting and for meaningful participation at the meeting;

C. As per the Minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;

D. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable Laws, Rules, Regulations and Guidelines;

E. During the review period there were no specific instances / actions in pursuance of the above referred Laws, Rules, Regulations, Guidelines, etc., having a major bearing on the Company's affairs except modification in the terms and conditions of Optionally Convertible Redeemable Preference Shares and redemption thereof. During the review period, the Optionally Convertible Redeemable Preference Shares were converted into Non-Cumulative Non-Convertible Redeemable Preference Shares and thereafter 2,80,00,000 7% Non-Cumulative Non-Convertible Redeemable Preference Shares of ₹ 100/- each constituting the entire Preference Share Capital of the Company were redeemed fully in multiple tranches.

S. Samdani
Partner

Samdani Shah & Kabra
Company Secretaries
FCS No. 3677; CP No. 2863

PR# 1079/2021
ICSI UDIN: F003677D000171713
Date: April 26, 2022;
Place: Vadodara

Appendix A

The Members,
Deepak Phenolics Limited,
First Floor, Aaditya-II,
National Highway No.8,
Chhani Road,
Vadodara-390024,
Gujarat, India.

Our Secretarial Audit report of even date is to be read along with this letter, that:

i. Maintenance of Secretarial records and compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the management of the Company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these Secretarial records and compliances based on such verification and audit.

ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of 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.

iii. Wherever required, we have obtained the management representation about the Compliance of Laws, Rules and Regulations and happening of events etc.

iv. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

S. Samdani
Partner

Samdani Shah & Kabra
Company Secretaries
FCS No. 3677; CP No. 2863

PR# 1079/2021
ICSI UDIN: F003677D000171713
Date: April 26, 2022;
Place: Vadodara

Annexure-C

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, 2021 to March 31, 2022
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) Optical Brightening Agent c) Methoxylamine Hydrochloride solution
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)	:	₹ 2,511.05 Crores
3	Total Profit After Taxes (INR)	:	₹ 486.21 Crores
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	The Company's total spending on CSR for the Financial Year 2021-22 is ₹ 9.92 Crores which is 2.04% of PAT.
5	List of activities in which expenditure in 4 above has been incurred:		

A. Health Care

- Establishment of 40 Bed Covid Care Centre
- Oxygen Plants of 25 Nm^3 capacity for Covid Care Centres
- Setting up of Palliative Care Facilities
- Mobile Health Units
- Help Desk Project
- De-addiction and Counselling Centres
- Laboratory & Diagnostic Services
- Health & Wellness Centre
- Four Wheelers for Health Camp & Hospital Equipment

B. Skill Development/ Education

- English & Math Education at Nandesari School
- Integrated Child Development Scheme (ICDS)
- Home Health Aid Course
- Mobile Library
- Samaj Suraksha Sankul- Vocational Training
- Entrepreneurial Activities through SHG
- Housekeeping and Cookery Course
- Udyojika Roha
- Consortium for inclusive Education

C. Research

- Sangaath (Help Desk)
- Demographic Surveillance Study (DSS)

Business Responsibility Report (Contd.)

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	a	DIN Number	05227290
		b	Name	Shri Maulik Mehta
		c	Designation	Executive Director & CEO
	b) Details of the BR head	a	DIN Number	05227290
		b	Name	Shri Maulik Mehta
		c	Designation	Executive Director & CEO
		d	Telephone Number	0265-3960200
		e	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 marginalised.
P5	Businesses should respect and promote Human Rights.
P6	Businesses 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

S. No.	Question(s)	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Y	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 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.								

Business Responsibility Report (Contd.)

S. No.	Question(s)	P1 P2 P3 P4 P5 P6 P7 P8 P9
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 authorised 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/ and at https://www.godeepak.com/responsible-chemistry/ 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 Company publishes Business Responsibility Report annually as part of its Annual 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 is committed to the highest standards of integrity and behavior and ensure compliance and adherence to law and internal policies through its compliance systems. The Board of Directors of the Company has 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 2021-22.

Business Responsibility Report (Contd.)

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) Optical Brightening Agent c) Methoxylamine Hydrochloride solution
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-G relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo of Director's Report.
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 and fabrication and safety, health and environment.
5.	Does the Company have a mechanism to recycle products and waste?	Yes.

Principle 3: Businesses should promote the wellbeing of all employees

1.	Total number of Employees	There were 1,601 permanent employees as on March 31, 2022.
2.	Total number of employees hired on temporary/contractual/ casual basis	There were 1,923 employees hired on temporary/contract/casual basis as on March 31, 2022.
3.	Number of permanent women employees.	There were 40 permanent women employees as on March 31, 2022.
4.	Number of permanent employees with disabilities	There were 2 permanent employees with disabilities as on March 31, 2022.
5.	Do you have an employee association that is recognised by management	Yes, the Company has recognised unions in Nandesari, Roha, Taloja and Hyderabad.
6.	What percentage of your permanent employees is members of this recognised employee association?	24.01% of the total permanent employees are members of recognised 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.

S. 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?

S. No.	Employees Category	Employee imparted safety training	Employees imparted skill up - gradation training
a.	Permanent Employees	100%	33%
b.	Permanent Women Employees	100%	77%
C.	Casual/Temporary/Contractual Employees	100%	60%
d.	Employees with Disabilities	100%	100%

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

1.	Has the Company mapped its internal and external stakeholders?	The Company has mapped its internal and external stakeholders. They are community, consumers, customers, employees, Government, lenders, NGOs and the Shareholders.
2.	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders.	None of the stakeholders are identified as disadvantaged, vulnerable and marginalised.
3.	Special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders	The Company engages with community through its CSR initiatives. Please refer to page no. 56 to read about CSR initiatives.

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 Subsidiary and Contractors.
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 in the Financial Year 2021-22 related to Human Rights.

Principle 6: Businesses 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, Joint Ventures, 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 were no material show cause / legal notices received from Central and State Pollution Control Boards which are pending as at the end of Financial Year 2021-22.

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, 2022, 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. GEO: Gujarat Employees Orgranisation d. ICC: Indian Chemical Council e. CII- Confederation of Indian Industry

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 programmes/initiatives/ projects in pursuit of the policy related to Principle 8?	The Company takes up programme/ initiatives/ projects in pursuit of the principle of inclusive growth and equitable development in pursuance of its Corporate Social Responsibility ('CSR') Policy. The details about the CSR initiatives undertaken during the Financial Year 2021-22 are disclosed on page no. 56.
2.	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organisation?	The programmes/projects are undertaken through Implementing CSR arms of Deepak Group viz. Deepak Foundation and Deepak Medical Foundation.
3.	Have you done any impact assessment of your initiative?	The CSR programmes and their impacts/ outcomes are monitored and reviewed by the CSR Committee of the Board and the management periodically, to understand the impact of these programmes.
4.	What is your Company's direct contribution to community development projects.	During the Financial Year 2021-22, the Company spent ₹ 9.92 Crores on various CSR initiatives, detailed in Annexure-D 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 programmes/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 2021-22.
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 2021-22.
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

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

Place: Vadodara
Date: May 4, 2022

Annexure - D

Report on Corporate Social Responsibility

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2021-22

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. Swaminathan Sivaram	Member - ID	3	3
3)	Shri Deepak C. Mehta	Member – ED	3	3
4)	Shri Sanjay Upadhyay	Member – ED	3	3

Abbreviations: ED: Executive Director; ID: Independent Director

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

6. Average Net Profit of the Company as per Section 135(5). : ₹ 493.43 Crores
7. (a) Two percent of average net profit of the company as per section 135(5) : ₹ 9.87 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). : ₹ 9.87 Crores

8 (a) CSR amount spent or unspent for the Financial Year:

₹ in Crores

Total Amount Spent for the Financial Year	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
9.92	NA	NA	NA	NA	NA

Report on Corporate Social Responsibility (Contd.)

(b) Details of CSR amount spent against ongoing projects for the Financial Year:

₹ in Crores

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project	(8) Amount spent in the current Financial Year	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6)	(10) Mode of Implementation - Direct (Yes/No)	(11) 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

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project (State District)	(6) Amount spent in the current Financial Year	(7) Mode of Implementation - Direct (Yes/ No)	(8) Mode of Implementation - Through Implementing Agency (Name, CSR Registration number)
1.	Help Desk Project	Health	Yes	Gujarat (Vadodara)	0.27	No	
2.	De-addiction & Counselling Centre	Health	Yes	Telangana (Hyderabad)	0.35	No	
3.	Mobile Health Unit	Health	Yes	Gujarat (Dahej)	0.43	No	
4.	Mobile Health Unit	Health	Yes	Maharashtra (Roha)	0.34	No	
5.	Mobile Health Unit	Health	Yes	Gujarat (Dugdha)	0.33	No	
6.	Mobile Health Unit	Health	Yes	Maharashtra (Taloja)	0.34	No	
7.	De-addiction Centre	Health	Yes	Gujarat (Nandesari)	0.19	No	
8.	Laboratory & Diagnostic Service	Health	Yes	Gujarat (Dahej)	0.42	No	
9.	Health & Wellness Centre	Health	Yes	Gujarat (Dahej)	0.14	No	
10.	Mobile Library Roha	Education	Yes	Maharashtra (Roha)	0.30	No	
11.	ICDS Program	Education	Yes	Gujarat (Nandesari)	0.46	No	
12.	Remedial Education in English & Math at Nandesari School	Education	Yes	Gujarat (Nandesari)	0.08	No	Deepak Foundation (CSR00000353)
13.	Mobile Library	Education	Yes	Gujarat (Nandesari)	0.32	No	
14.	Mobile Library	Education	Yes	Telangana (Hyderabad)	0.31	No	
15.	Home Health Aide Course	Skill Building & Livelihood	Yes	Gujarat (Vadodara)	0.64	No	
16.	Entrepreneurial Activities SHG	Skill Building & Livelihood	Yes	Telangana (Hyderabad)	0.07	No	
17.	Samaj Suraksha Sankul-Vocational Training	Skill Building & Livelihood	Yes	Gujarat (Nandesari)	0.19	No	
18.	Housekeeping and Cookery Course	Skill Building & Livelihood	Yes	Gujarat (Vadodara)	0.09	No	
19.	Udyojika Roha	Skill Building & Livelihood	Yes	Gujarat (Vadodara)	0.11	No	

Report on Corporate Social Responsibility (Contd.)

₹ in Crores

(1) Sr. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project: State (District)	(6) Amount spent in the current Financial Year	(7) Mode of Implementation - Direct (Yes/ No)	(8) Mode of Implementation - Through Implementing Agency: Name (CSR Registration number)
20.	Demographic Surveillance Study (DSS)	Research & Development	Yes	Maharashtra (Roha) Gujarat (Nandesari) Telangana (Hyderabad)	0.37	No	
21.	Sangaath (Help Desk)	Research & Development	Yes	Gujarat (Nandesari)	0.27	No	Deepak Foundation (CSR00000353)
22.	Sangaath (Strengthening utilisation of Govt Schemes & services)	Health	Yes	Maharashtra (Roha)	0.50	No	
23.	Establishment of 40 bed COVID care center	Health	Yes	Gujarat (Nandesari)	1.59	No	
24.	Skill Training for Palliative Care attendants	Health	Yes	Gujarat (Vadodara)	0.06	No	Deepak Medical Foundation (CSR00002694)
25.	Sangaath		Yes	Naswadi, Chhota Udepur	0.11	No	
26.	Consortium for inclusive Education	Education	Yes	Gujarat (Vadodara)	0.19	No	
27.	Contribution towards setting up of Palliative care facilities	Health	Yes	Gujarat (Vadodara)	0.30	No	
28.	Oxygen plant for Nandesari Covid Care centre 15 Nm^3 and 10 Nm^3 for Dahej, Oxygen Concentrators, Pulse Oximeter etc.	Research & Development	Yes	Gujarat (Nandesari & Dahej)	0.60	Yes	N.A.
29.	Civil Electrical and Safety Equipments	Health	Yes	Gujarat (Nandesari & Dahej)	0.20	Yes	N.A
30.	Contribution to Medical Care Centre Trust	Health	Yes	Gujarat (Vadodara)	0.35	No	Medical Care Trust (CSR0003940)
	TOTAL				**9.92**		

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 9.92 Crores

(g) Excess amount for set off, if any : ₹ 0.05 Crores

₹ in Crores

Sr. No.	Particular	Amount
(i)	Two percent of average Net Profit of the company as per section 135(5)	9.87
(ii)	Total amount spent for the Financial Year	9.92
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.05
(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)]	0.05

Report on Corporate Social Responsibility (Contd.)

9. (a) Details of Unspent CSR amount for the preceding three Financial Year(s):

₹ 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:

₹ in Crores

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration.	Total amount allocated for the project r	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
					NA			

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)

Place : Vadodara
Date : May 4, 2022

ANNEXURE-1

A. Name and Address of the Entity under whose name the Capital Asset is registered:

Deepak Foundation, Nijanand Ashram premises, Adjoining, L&T Knowledge City, NH No. 8, Vadodara-390019, Gujarat, India

Sr. No.	Date of Creation or Acquisition of Capital Asset	Amount of CSR Spent on Capital Asset (Amount in ₹)	Details of the Capital Asset	Location of Capital Asset
Help Desk Project				
1	November 30, 2021	10,054	Furniture & Fixture	Vadodara
2	February 23, 2022	32,000	Mobile	
3	February 24, 2022	12,080	Computer & Printer	
De-addiction & Counselling Center				
4	November 12, 2021	9,250	Computer, Printer and Tablets	Hyderabad
5	March 31, 2022	72,000	Computer, Printer and Tablets	
6	June 22, 2021	10,999	Furniture & Fixture	Nandesari
7	March 23,2022	49,900	Computer, Printer and Tablets	
8	March 29, 2022	36,000	Computer, Printer and Tablets	
Mobile Health Unit				
9	March 28, 2022	1,28,600	Computer, Printer and Tablets	Dahej
10	March 28, 2022	7,338	Medical Equipment	
11	March 28, 2022	1,904	Medical Equipment	
12	March 30, 2022	1,68,200	Computer, Printer and Tablets	Dugdha
13	March 28, 2022	61,000	Computer, Printer and Tablets	
14	March 28, 2022	5,456	Medical Equipment	Roha
15	March 28, 2022	1,44,000	Computer, Printer and Tablets	
16	March 29, 2022	5,200	Computer, Printer and Tablets	Taloja
Laboratory & Diagnostic Service				
17	June 14, 2021	77,500	Computer, Printer and Tablets	Dahej
18	August 31, 2021	29,000	Refrigerator	
19	March 24, 2022	54,000	Computer, Printer and Tablets	
20	March 30, 2022	17,499	Mobile	
21	March 30, 2022	85,000	Medical Equipment	
22	March 31, 2022	15,000	Computer, Printer and Tablets	
Mobile Library				
23	June 7, 2021	12,585	Office Equipment	Nandesari
24	July 16, 2021	2,100	Office Equipment	
25	August 31, 2021	24,510	Office Equipment	
26	October 19, 2021	23,882	Office Equipment	
27	December 31, 2021	41,152	Office Equipment	
28	February 8, 2022	37,178	Office Equipment	
29	March 12, 2022	19,389	Office Equipment	
ICDS Program				
30	June 19, 2021	10,999	Furniture & Fixture	Nandesari
31	February 24, 2022	17,700	Furniture & Fixture	
Remedial Education in English & Maths at Nandesari School				
32	May 17, 2021	10,999	Office Equipments	Nandesari
33	November 30, 2021	10,030	Furniture & Fixture	

Annexure - 1 (Contd.)

Sr. No.	Date of Creation or Acquisition of Capital Asset	Amount of CSR Spent on Capital Asset (Amount in ₹)	Details of the Capital Asset	Location of Capital Asset
Home Health Aide Course				
34	August 23, 2021	15,440	Office Equipment	Hyderabad
35	August 31, 2021	54,575	Furniture & Fixture	
36	February 28, 2022	37,500	Computer, Printer and Tablets	
37	October 22, 2021	1,05,324	Office Equipment	Vadodara
38	January 31, 2022	50,300	Office Equipment	
Entrepreneurial Activities SHG Nandesari				
39	March 16, 2022	34,220	Furniture & Fixture	Nandesari
Demographic Surveillance Study (DSS)				
40	December 31, 2021	55,286	Office Equipment	Hyderabad
41	February 28, 2022	1,44,000	Computer, Printer and Tablets	
42	March 31, 2022	43,200	Computer, Printer and Tablets	Vadodara
43	March 28, 2022	34,380	Office Equipment	Nandesari
Sangaath				
44	August 18, 2021	10,500	Computer, Printer & Tablet	Nandesari
45	October 19, 2021	3,422	Furniture & Fixtures	
46	December 31, 2021	10,030	Furniture & Fixtures	
47	March 14, 2022	76,000	Computer, Printer & Tablet	
48	March 29, 2022	1,98,000	Computer, Printer & Tablet	
49	March 31, 2022	8,024	Furniture & Fixtures	
50	October 12, 2021	1,54,686	Computer, Printer & Tablet	Roha
51	October 21, 2021	1,01,000	Computer, Printer & Tablet	
52	November 12, 2021	33,500	Furniture & Fixtures	
53	November 26, 2021	2,400	Computer, Printer & Tablet	
54	December 31, 2021	2,65,060	Furniture & Fixtures	
55	January 17, 2022	99,500	Computer, Printer & Tablet	
56	January 31, 2022	57,669	Computer, Printer & Tablet	
57	January 31, 2022	41,681	Office Equipment	
58	February 24, 2022	15,200	Computer, Printer & Tablet	
59	February 28, 2022	1,74,050	Computer, Printer & Tablet	
60	February 28, 2022	51,720	Office Equipment	
61	March 14, 2022	54,600	Furniture & Fixtures	
62	March 17, 2022	73340	Furniture & Fixtures	
63	March 17, 2022	2,87,705	Computer, Printer & Tablet	
64	March 24, 2022	36,200	Computer, Printer & Tablet	
65	March 30,2022	1,27,600	Computer, Printer & Tablet	Naswadi
66	March 31, 2022	31,620	Computer, Printer & Tablet	
67	March 31, 2022	19,000	Furniture & Fixtures	
68	December 27, 2021	81,100	Computer, Printer & Tablet	
69	December 31, 2021	800	Computer, Printer & Tablet	
70	January 13, 2022	1,28,000	Computer, Printer & Tablet	
71	January 13, 2022	4,480	Office Equipments	
72	March 12, 2022	9,500	Furniture & Fixtures	
73	March 14, 2022	44,000	Computer, Printer & Tablet	
74	March 23, 2022	4,990	Computer, Printer & Tablet	
75	March 31, 2022	59,500	Computer, Printer & Tablet	

Sr. No.	Date of Creation or Acquisition of Capital Asset	Amount of CSR Spent on Capital Asset (Amount in ₹)	Details of the Capital Asset	Location of Capital Asset
Skill Training for Palliative Care Attendant				
76	March 21, 2022	97,200	Computer, Printer & Tablet	Vadodara
77	March 30, 2022	74,600	Computer, Printer & Tablet	
Consortium for inclusive education				
78	March 31, 2022	8,999	Office Equipment	Vadodara
79	March 31, 2022	49,900	Computer, Printer & Tablet	
80	March 31, 2022	21,000	Furniture & Fixtures	
Vocational Training				
81	March 31, 2022	1,82,446	Furniture & Fixtures	Vadodara

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 (Amount in ₹)	Details of the Capital Asset	Location of Capital Asset
Establishment of 40 Bed Covid Care Centre				
1	April 28, 2021	1,00,000	Office Equipment	Nandesari
2	April 30, 2021	2,88,000	Medical Equipment	
3	May 1, 2021	18,349	Office Equipment	
4	May 1, 2021	26,20,800	Medical Equipment	
5	May 10, 2021	2,77,760	Medical Equipment	
6	May 26, 2021	2,50,000	Office Equipment	
7	June 30, 2021	2,12,990	Medical Equipment	
8	August 13, 2021	24,500	Office Equipment	
9	August 16, 2021	2,200	Office Equipment	
10	November 29, 2021	9.68,800	Medical Equipment	
11	February 22, 2022	23,000	Office Equipment	
12	March 2, 2022	82,000	Medical Equipment	
13	March 14, 2022	67,500	Office Equipment	
14	March 15, 2022	85,000	Medical Equipment	

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)

Place : Vadodara
Date : May 4, 2022

Annexure - E

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 harmonise 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 specialisation 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. Familiarisation Programme for Independent Directors

The Company shall familiarise 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.

Nomination and Remuneration Policy (Contd.)

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 25% of cost to the Company or such other amount as may be decided by the board of directors from time to time upon recommendation of Nomination and Remuneration committee.

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.

Nomination and Remuneration Policy (Contd.)

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.

The sitting Fees payable to Independent Director/ Directors other than Managing Director and Whole-time Director shall be decided by the Board of Directors from time to time and shall be reviewed every 3 (Three) years.

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 authorise 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 authorised 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 4, 2022

Annexure - F

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, 2022 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, 2022:

Name of the Director/ KMP	Remuneration* (₹ in Crores)	% Increase in Remuneration in the FY 2021-22	Ratio to Median Remuneration
Shri Deepak C. Mehta, Chairman & Managing Director	6.99	0.72	117.68
Shri Sanjay Upadhyay, Director (Finance) & CFO	4.32	20.33	72.73
Shri Maulik Mehta, Executive Director & CEO	3.29	26.54	55.39
Shri Ajay C. Mehta, Non-Executive Director	0.15	50.00	2.53
Dr. Richard H. Rupp, Independent Director	0.45	0.00	7.58
Shri Sudhir Mankad, Independent Director	0.22	10.00	3.70
Shri S. K. Anand, Non-Executive Director	0.25	25.00	4.21
Dr. Swaminathan Sivaram, Independent Director	0.18	20.00	3.03
Shri Sanjay Asher, Independent Director	0.18	20.00	3.03
Smt. Purvi Sheth, Independent Director	0.18	20.00	0.03
Shri Dileep Choksi, Independent Director	0.20	33.33	3.37
Shri Arvind Bajpai, Company Secretary	0.76	16.92	NA

* Excluding sitting fees, wherever applicable.

Notes:

1. In the Financial Year 2021-22, there was an increase of 12.60% in the median remuneration of employees.
2. There were 1,601 permanent employees on the rolls of the Company as on March 31, 2022.
3. Average Percentile increase already made in the salaries of employees other than Managerial Personnel in the last Financial Year was 10.10 % and average percentile increase in remuneration of Managerial Personnel was 15.86%.

   Shri Deepak C. Mehta, Chairman & Managing Director of the Company is also the 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 2021-22, the Commission to Shri Deepak C. Mehta from DPL is ₹ 18.00 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 & Remuneration Policy of the Company.

For and on behalf of the Board

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

Place : Vadodara
Date : May 4, 2022

Annexure - G

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:

- Energy Audits are conducted at all locations and energy conservation initiatives are being implemented.
- Chilling compressors consuming high power are being replaced with energy efficient chilling compressors to reduce specific power consumption.
- Low efficiency old motors are being replaced with high efficient IE3 motors.
- 125 watts HPMV lamp are being replaced with 39 watts LED.
- High power consuming motors are being provided by VFD (variable frequency drive) to reduce energy consumption.

(ii) Steps taken for utilising alternate sources of energy:

- Use of PRT (pressure reducing turbine) to generate power in place of PRV (pressure reducing valve).
- Use of alternate source such as Solar power is under consideration.

(iii) Spend on energy capex in FY 2021-22:

- Total ₹ 6.39 Crores capex are approved related to energy conservation.

(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 yield improvement, cost reduction, product development or import substitution:

- Innovative 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.
- Batch Process yield improvement been successfully demonstrated and running commercially for better sustainability in the market and cost reduction to build profit.

(iii) Information regarding technology imported, during the last 3 years: Nil

(iv) Information regarding in-house technology developed, during the last 3 years: 3 nos

(v) Expenditure incurred on Research and Development:

₹ in Crores

Particulars	2021-22	2020-21
a) Capital	7.43	4.92
b) Recurring	14.86	10.27
Total	22.29	15.19
Total R&D expenditure as a percentage to total turnover	**0.89%**	**0.84%**

(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	2021-22	2020-21
Total Foreign Exchange Earned	1056.73	854.86
Total Foreign Exchange Outgo	108.30	165.08

For and on behalf of the Board

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

Place : Vadodara
Date : May 4, 2022

Corporate Governance Report

for the year ended March 31, 2022

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 to meet the various challenges posed on account of changing business environment and stakeholder's expectation, 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 comprise of Director that bring wide range of skills, expertise and experience which enhances the overall board effectiveness.

Apart from that, the Board also discharges its responsibilities / duties for the management, general affairs, direction, performance and long term success of business as a whole. 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 Composition is in conformity with the applicable provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended from time to time and Companies Act, 2013 ("Act"). The Board of the Company is having an optimum combination of Executive and Non-Executive Directors. As on March 31, 2022 The Board consists of 11 Directors out of which, 3 are Executive Directors including Managing Director and Chief Executive Officer and 8 are Non-Executive Directors. Out of 8 Non-Executive Directors, 6 are Independent Directors including 1 woman Independent Director.

The Chairman of the Company is the 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 during the Financial Year ended March 31, 2022 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.

Composition of Board of Directors as on March 31, 2022

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 Mehta Executive Director & CEO	03	27.27%
Executive Director	Shri Sanjay Upadhyay Director (Finance) & CFO		
Non-Executive & Non-Independent Directors	Shri Ajay C. Mehta Shri S. K. Anand	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%**

During the period from April 1, 2022 until the date of this Report, following are the changes in the Board of the Company:

(a) Shri Sanjay Upadhyay (DIN: 01776546) has been re-appointed as the Director (Finance) & CFO of the Company w.e.f.April 28, 2022 to July 31, 2026 subject to the approval of Members of the Company.

(b) Shri Meghav Mehta (DIN: 05229853) has been appointed as an Additional Director (Non-Executive Non-Independent) of the Company with effect from May 4, 2022.

(c) The Board has also recommended following items for approval by the Members through Postal Ballot:

- Re-appointment of Shri Sanjay Upadhyay (DIN: 01776546) as Director (Finance) & CFO of the Company for further period from April 28, 2022 till July 31, 2026 including remuneration payable to him.
- Appointment of Shri Meghav Mehta (DIN: 05229853) as the Director, liable to retire by rotation.
- Re-appointment of Shri Sanjay Asher (DIN: 00008221) as an Independent Director of the Company for a second term of three consecutive years with effect from June 28, 2022.
- Re-appointment of Smt. Purvi Sheth (DIN: 06449636) as an Independent Director of the Company for a second term of three consecutive years with effect from June 28, 2022.
- Appointment of Shri Punit Lalbhai (DIN: 05125502) as an Independent Director of the Company for a term of three consecutive years with effect from August 8, 2022.
- Appointment of Shri Vipul Shah (DIN: 00174680) as an Independent Director of the Company for a term of three consecutive years with effect from August 8, 2022.
- Appointment of Shri Prakash Samudra (DIN: 00062355) as an Independent Director of the Company for a term of three consecutive years with effect from August 8, 2022.

(ii) Board Meetings

The Board usually meets once in a quarter inter alia to review the Company's quarterly performance and Financial Results, to consider business strategy and their implementation, and also reviews risk, audit, control, compliance and other related matters. The Board also reviews performance of its subsidiary company at regular intervals. Quarterly updates on relevant statutory changes encompassing important laws are regularly circulated to the Directors.

During the Financial Year 2021-22, five (5) Board meetings were held on May 5, 2021, July 29 2021, October 27, 2021, December 22, 2021 and January 24, 2022. 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 agenda papers and the explanatory notes were circulated to the Board well in advance. In order to support green initiative, the Company has availed a web-based application for transmitting agenda for the Board/ Committee meetings and the supporting documents. The necessary quorum was present for all the meetings.

The details of attendance of Directors at the Board meetings and at the previous Annual General Meeting (50th AGM) are as under:

Sr. No.	Name of Directors	Board meetings held / Board meetings attended	Attendance at 50th AGM
1.	Shri Deepak C. Mehta	5/5	✓
2.	Shri Sanjay Upadhyay	5/5	✓
3.	Shri Maulik Mehta	5/5	✓
4.	Shri Ajay C. Mehta	5/5	✓
5.	Dr. Richard H. Rupp	5/5	×
6.	Shri Sudhir Mankad	5/5	✓
7.	Shri S. K. Anand	5/5	✓
8.	Dr. Swaminathan Sivaram	5/5	✓
9.	Shri Sanjay Asher	5/5	✓
10.	Smt. Purvi Sheth	5/5	✓
11.	Shri Dileep Choksi	5/5	✓

Corporate Governance Report (Contd.)

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, 2022 and the same is reproduced herein below:

S. No.	Name of Directors	Director Identification Number (DIN)	No. of Shares held in the Company	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	2,18,41,531	3	-	1
2.	Shri Sanjay Upadhyay	01776546	-	3	1	1
3.	Shri Maulik Mehta	05227290	1,31,300	1	-	-
4.	Shri Ajay C. Mehta	00028405	-	2	1	1
5.	Dr. Richard H. Rupp	02205790	--	-	-	-
6.	Shri Sudhir Mankad	00086077		5	0	2
7.	Shri S. K. Anand	00001792	--	3	1	0
8.	Dr. Swaminathan Sivaram	00009900		5	1	1
9.	Shri Sanjay Asher	00008221	-	8	5	3
10.	Smt. Purvi Sheth	06449636	-	1	-	-
11.	Shri Dileep Choksi	00016322	-	8	2	6

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.

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 entities. 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 entities in which he/she is a Director.

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, 2022 are as under:

Name of Directors	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 Mehta	Deepak Nitrite Limited	Executive Director & CEO
Shri Ajay C. Mehta	Deepak Nitrite Limited	Non-Executive Director
	Tribhovandas Bhimji Zaveri Limited	Non-Executive, Independent Director
Dr. Richard H. Rupp	Deepak Nitrite Limited	Non-Executive, Independent Director
Shri Sudhir Mankad	Deepak Nitrite Limited	Non-Executive, Independent Director
	Navin Fluorine International Limited	Non-Executive, Independent Director
	Swaraj Engines Limited	Non-Executive, Independent Director
Shri S. K. Anand	Deepak Nitrite Limited	Non-Executive Director
Dr. Swaminathan Sivaram	Deepak Nitrite Limited	Non-Executive, Independent Director
	Supreme Petrochem Limited	Non-Executive, Independent Director
	GMM Pfaudler Limited	Non-Executive, Independent Director
	Apcotex Industries Limited	Non-Executive, Independent Director

Corporate Governance Report (Contd.)

Name of Directors	Name of Listed Entity	Category of Directorship
Shri Sanjay Asher	Deepak Nitrite Limited	Non-Executive, Independent Director
	Meghmani Finechem Limited	Non-Executive, Independent Director
	Sudarshan Chemical Industries Limited	Non-Executive, Independent Director
	Tribhovandas Bhimji Zaveri Limited	Non-Executive, Independent Director
	Ashok Leyland Limited	Non-Executive, Independent Director
	Indusind Bank Limited	Non-Executive, Independent Director
	Sonata Software Limited	Non-Executive, Independent Director
Smt. Purvi Sheth	Deepak Nitrite Limited	Non-Executive, Independent Director
Shri Dileep Choksi	Deepak Nitrite Limited	Non-Executive, Independent Director
	Arvind Limited	Non-Executive, Independent Director
	AIA Engineering Limited	Non-Executive, Independent Director
	Swaraj Engines Limited	Non-Executive, Independent Director
	ICICI Prudential Life Insurance Company Limited	Non-Executive, 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.

The Company Secretary tracks and monitors Board and Committee proceedings to ensure that the Terms of Reference/Charters are adhered to, decisions are properly recorded in the minutes and actions on the decisions are tracked. The Terms of Reference/Charters are amended and updated from time to time in order to keep the functions and role of the Board and Committees at par with the changing statutes.

With an objective to ensure maximum presence of Independent Directors in the Board Meeting, dates of the Board meetings are fixed in advance after consultation with individual Directors and considering their convenience. The agenda is circulated well in advance to the Board members, along with comprehensive back-ground information on the items in the agenda to enable the Board members to take informed decisions. 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 Mehta Executive Director & CEO and Shri Meghav Mehta, Additional Director are brothers. Shri Maulik Mehta and Shri Meghav Mehta are 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.

Corporate Governance Report (Contd.)

The Company has received declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16 (1) (b) of the Listing Regulations. In terms of Regulation 25 (8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impact their ability to discharge their duties.

Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

The Independent Directors immediately on appointment are issued a formal letters of appointment and the terms and conditions of their appointment are disclosed on the Company's website at www.godeepak.com.

No Independent Director had resigned during the Financial Year 2021-22.

(vi) Separate Meeting of Independent Directors

The Independent Directors meet at least once in a year without presence of Executive Directors, Non-Executive Directors and Management of the Company. During the year under review, the Independent Directors met on March 10, 2022, as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25 (3) of the Listing Regulations, inter alia to:

(a) Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;

(b) Evaluate performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors ; and

(c) Evaluate 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 held on March 10, 2022 and the said meeting was chaired by Smt. Purvi Sheth, Independent Director and Member of Nomination and Remuneration Committee of the Company.

(vii) Familiarisation 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 provided to them, which inter alia explains the role, functions, duties and responsibilities expected of him as a Director of the Company. It is also explained to the Independent Director, the compliance required from him under the Act, Listing Regulations and other applicable laws. Further, on an ongoing basis as a part of agenda of Board and 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/2021/05/DNL_Familiarization-Programmes-2021-22-F.pdf.

(viii) Board Diversity and Expertise

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.

Corporate Governance Report (Contd.)

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:

S. No.	Nature of Skills / Expertise / Competencies	Shri Deepak C. Mehta	Shri Maulik Mehta	Shri Sanjay Upadhyay	Shri Ajay C. Mehta	Shri Sudhir Mankad	Dr. Richard H. Rupp	Shri S.K.Anand	Dr. Swaminathan Sivaram	Shri Sanjay Asher	Shri Dileep Choksi	Smt. Purvi Sheth
	Qualification	Bachelor of Science from University of Bombay	Bachelor of Business Administration from University of Liverpool, UK. Master in Industrial and Organisational Psychology from Columbia University, USA. Owner & President Management Program from Harvard Business School.	Associate Member of the Institute of Cost Accountants of India and Fellow Member of the Institute of Company Secretaries of India. Advanced Management Programme from Wharton, USA.	Science Graduate with Honours from University of Mumbai and Master of Science (Chemical Engineering) from the University of Texas, USA	Master's degree in History from the University of Delhi.	Ph.D. in Chemistry from University of Karlsruhe, Germany. Executive Development from IMD at Lausanne, Switzerland.	Bachelor of Engineering (Chemical) from Delhi University and has done Petrochemical Course from I.I.P., Dehradun. Advanced Management course at the Indian Institute of Management, Ahmedabad	Ph.D in Chemistry and DSc (h.c) from Purdue University, W. Lafayatte, Indiana, USA	Bachelor's Degree in Commerce and in Law from the University of Bombay, qualified Chartered Accountant and a Solicitor	Bachelor of Law Fellow, Member of The Institute of Chartered Accountants of India, Member of The Institute of Cost Accountants of India.	Bachelor's Degree in Arts, Economics & Political Science from St. Xavier's College, Mumbai University and obtained a CPD Business Strategy & Leadership Management from Wharton Business School, USA
1.	**Industry Knowledge:**											
	Knowledge on Company's Businesses (Chemical Intermediates)	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓
	Policies and Culture (Including the Mission, Vision and Values of the Company)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

S. No.	Nature of Skills / Expertise / Competencies	Shri Deepak C. Mehta	Shri Maulik Mehta	Shri Sanjay Upadhyay	Shri Ajay C. Mehta	Shri Sudhir Mankad	Dr. Richard H. Rupp	Shri S.K.Anand	Dr. Swaminathan Sivaram	Shri Sanjay Asher	Shri Dileep Choksi	Smt. Purvi Sheth
	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	✓	-	✓	✓	-	✓	-	-	✓	✓	-

S. No.	Nature of Skills / Expertise / Competencies	Shri Deepak C. Mehta	Shri Maulik Mehta	Shri Sanjay Upadhyay	Shri Ajay C. Mehta	Shri Sudhir Mankad	Dr. Richard H. Rupp	Shri S.K.Anand	Dr. Swaminathan Sivaram	Shri Sanjay Asher	Shri Dileep Choksi	Smt. Purvi Sheth
	Administration	✓	✓	✓	✓	✓	✓	✓	-	✓	-	✓
	Decision Making	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4.	**Technical Skills:**											
	Financial and Management skills;	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	-
	Legal expertise	✓	-	✓	✓	-	-	-	-	✓	-	-
	Technical / Professional skills and specialised	✓	✓	✓	✓	-	✓	✓	✓	✓	-	-
5.	**Other Skills:**											
	Decision making skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Communication skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Leadership skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Stakeholder Relations	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	-
	Risk Management Skills	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

(ix) Performance Evaluation

Pursuant to the requirement of the Act and the Listing Regulations and upon recommendation of the Nomination and Remuneration Committee, the Board has adopted a Performance Evaluation Policy specifying the criteria for effective evaluation of Board, its Committees and individual Directors. The performance evaluation criteria for Independent Directors is also provided in the Performance Evaluation Policy as adopted by the Board and the same has been disclosed in the Directors' Report.

The process of performance evaluation is in line with the provisions of the Act and the Listing Regulations, and the Board has carried out an annual evaluation of its own performance, its Committees and individual Directors, based on the criteria as provided in the Performance Evaluation Policy.

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 4, 2022. Based on such evaluation, the Board is of the view that all Independent Directors are having thorough knowledge, expertise and experience in their respective areas. They also have very good understanding of the Company's business and the general economic environment it operates. They devote quality time and full attention to understand key issues relating to business of the Company and advising on the same. Their valuable contribution has certainly improved the governance standards within the Company.

The performance of the Committees was also evaluated by the Board after seeking inputs from the Committee members. Based on such evaluation, the Board is of the view that various Committee of Directors are well constituted by way of having optimum number of Independent Directors with precise Terms of Reference/Charter. The respective Committees actively discussed various matters and effective suggestions were made concerning business, operations and governance of the Company.

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. The meetings of each of these Committees are convened by the respective Chairpersons, who also inform the Board the brief summary of discussion held in Committee meetings. Minutes of proceedings of Committee meetings are circulated to the Directors and placed before Board meetings for noting.

The constitution, terms of reference and the functioning of the existing Committees of the Board are as follow:

(A) Audit Committee

The Company is having a duly constituted Audit Committee and as on March 31, 2022, majority of the members of Audit Committee are Independent Directors having expertise in financial and accounting areas. The Committee's composition meets with the requirements of Section 177 of the Act and 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, 2022:

Name of Member	Designation	Category
Shri Dileep Choksi	Chairman	Independent Director
Shri Sudhir Mankad	Member	Independent Director
Shri S. K. Anand	Member	Non-Executive & Non-Independent Director
Shri Sanjay Asher	Member	Independent Director

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 Dileep Choksi Chairman of the Audit Committee, was present at the previous Annual General Meeting of the Company held on July 30, 2021.

The Company Secretary acts as a Secretary to the Committee.

Corporate Governance Report (Contd.)

(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 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 utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation 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 utilisation 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.

Corporate Governance Report (Contd.)

(iii) Meetings of Audit Committee and Attendance thereat

Four (4) meetings of the Audit Committee were held during the Financial Year 2021-22 on May 5, 2021, July 29, 2021, October 27, 2021, and January 24, 2022. 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 of Audit Committee. In case of a special and urgent business needs, the Audit Committee's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed at the subsequent Audit Committee meeting.

The Audit Committee generally invites Dy. Chief Financial Officer and other executives of the Company, representatives of Statutory Auditors, Internal Auditors to the meetings of Audit Committees.

The attendance of respective members at the Audit Committee meetings held during Financial Year 2021-22 are as under:

Name of Member	No. of Audit Committee Meetings held/attended during tenure of Member
Shri Dileep Choksi	4/4
Shri Sudhir Mankad	4/4
Shri S. K. 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.

The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and recommending appointment of Directors and Senior Management employees. Further, the Committee is also responsible for formulating policies with respect to remuneration, performance evaluation, Board diversity, etc. in line with the Act and the Listing Regulations.

(i) Composition of Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of the following members as on March 31, 2022:

Name of Member	Designation	Category
Shri Sudhir Mankad	Chairman	Independent Director
Shri S. K. 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 considering 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 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 2021- 22 on May 4, 2021 and January 24, 2022. The necessary quorum was present for all the meetings of Nomination and Remuneration Committee.

The attendance at the Nomination and Remuneration Committee meetings held during Financial Year 2021-22 are as under:

Name of Member	No. of Nomination and Remuneration Committee Meetings held/attended during tenure of Member
Shri Sudhir Mankad	2/2
Shri S. K. 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 July 30, 2021.

(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 Senior Management employees involves a balance between fixed and variable 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.

The role of Stakeholder' Relationship Committee includes resolving the grievances of shareholders, ensuring expeditious share transfer process evaluating performance and service standards of the Registrar and Share Transfer Agent of the Company.

(i) Composition of Stakeholders' Relationship & Investors Grievance Committee

The Stakeholders' Relationship & Investors Grievance Committee comprises of the following members as on March 31, 2022:

Name of Member	Designation	Category
Shri Ajay C. Mehta	Chairman	Non-Executive Director
Shri Sanjay Upadhyay	Member	Director (Finance) & CFO
Shri Sanjay Asher	Member	Independent Director

Shri Arvind Bajpai, Company Secretary, is the Compliance Officer.

(ii) Terms of Reference

In accordance with the provisions of the Act 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.

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 2021-22 on March 22, 2022 and the necessary quorum was present at the meeting of Stakeholders' Relationship & Investors Grievance Committee.

The attendance at the Stakeholders' Relationship & Investors Grievance Committee meeting held during Financial Year 2021-22 is as under:

Name of Member	No. of Stakeholders' Relationship & Investors Grievance Committee Meetings held/attended during tenure of Director
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 to the satisfaction during Financial Year 2021-22 are as follows:

Number of pending complaints at the beginning of the Financial Year	01
Number of complaints received during the Financial Year	15
Number of complaints resolved during the Financial Year	16
Number of complaints pending at the end of the Financial Year	00
Number of complaints not solved to the satisfaction of shareholders	00

(D) Corporate Social Responsibility Committee:

The Corporate Social Responsibility ('CSR') Committee of the Company is constituted in accordance with the provisions of Section 135 of the Act. In line with the amended Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company revised its CSR Policy during the year under review.

(i) Composition of Corporate Social Responsibility Committee

The CSR Committee comprises of the following members as on March 31, 2022:

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	Member	Director (Finance) & CFO

(ii) Terms of Reference

The terms of reference of CSR 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; and

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 CSR Committee were held during the Financial Year 2021- 22 on May 4, 2021, July 27, 2021 and October 14, 2021. The necessary quorum was present for all the meetings of CSR Committee. In case of a special and urgent business needs, the CSR Committee's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed at the subsequent CSR Committee meeting.

The attendance at the CSR Committee meetings held during Financial Year 2021-22 are as under:

Name of Member	No. of CSR Committee Meetings held / attended during tenure of Member
Shri Sudhir Mankad	3/3
Dr. Swaminathan Sivaram	3/3
Shri Deepak C. Mehta	3/3
Shri Sanjay Upadhyay	3/3

(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, 2022 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 , if any.

(i) Composition of Project Committee

The Project Committee comprises of the following members as on March 31, 2022:

Name of Member	Designation	Category
Shri S. K. 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 2021-22 on October 11, 2021 and the necessary quorum was present at the meeting.

The attendance at the Project Committee meeting held during Financial Year 2021-22 is as under:

Name of Member	No. of Project Committee Meetings held/attended during tenure of Member
Shri S. K. 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.

The Risk Management Committee, through Enterprise Risk Management in the Company, seeks to minimise adverse impact on the business objectives and enhance stakeholder value. During the year under review, the Risk Management Policy and Terms of Reference of Risk Management Committee were amended in line with the Listing Regulations for the functioning of the Risk Management Committee.

(i) Composition of Risk Management Committee

The Risk Management Committee comprises of the following members as on March 31, 2022:

Name of Member	Designation	Category
Shri Deepak C. Mehta	Chairman	Chairman & Managing Director
Shri S. K. Anand	Member	Non-Executive & Non-Independent Director
Shri Sanjay Upadhyay	Member	Director (Finance) & CFO
Shri Maulik 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 formulate a detailed Risk Management Policy which shall include:

(a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan.

2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

5) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee; and

7) the Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.

(iii) Meetings and Attendance thereat

Three (3) meetings of the Risk Management Committee were held during the Financial Year 2021-22 on April 23, 2021, October 13, 2021 and March 30, 2022.

The attendance at the Risk Management Committee meetings held during Financial Year 2021-22 are as under

Name of Member	No. of Risk Management Committee Meetings held /attended during Tenure of Director
Shri Deepak C. Mehta	3/3
Shri S. K. Anand	3/3
Shri Sanjay Upadhyay	3/3
Shri Maulik Mehta	3/3
Dr. Swaminathan Sivaram	3/3

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 Capitalisation, Credit Ratings, Cost of Borrowings etc.

The details of remuneration of the Chairman & Managing Director and Executive Directors for the financial year 2021-22 are as under:

₹ in Crores

Name	Salary & Allowances	Perquisites	Retirement Benefits	Commission / Variable Pay	Total
Shri Deepak C. Mehta	4.60	1.55	0.84	Nil*	6.99
Shri Maulik Mehta	1.87	0.48	0.32	0.62	3.29
Shri Sanjay Upadhyay	2.40	0.60	0.53	0.79	4.32
Total	8.87	2.63	1.69	1.41	14.60

* As per terms of appointment of Shri Deepak C. Mehta, in addition to the fixed remuneration by way of salary, perquisites and other benefits, he is also entitled to the Commission on the Net Profits of the Company calculated in accordance with Section 198 of the Act. However, since the Board of Directors of Deepak Phenolics Limited, a wholly owned subsidiary, at their meeting held on April 26, 2022 approved payment of Commission of ₹ 18 Crores to Shri Deepak C. Mehta for the Financial Year 2021-22, he has not opted any Commission from the Company.

The term of appointments of Shri Deepak C. Mehta, Chairman & Managing Director and Shri Maulik Mehta, Executive Director & CEO are for a period of five years from the date of their respective appointments. Since the term of Shri Sanjay Upadhyay as the Director (Finance) & CFO was up to April 27, 2022, the Board of Directors at their meeting held on January 24, 2022, subject to approval of Members of the Company, approved the re-appointment of Shri Sanjay Upadhyay as the Director (Finance) & CFO for another term from April 28, 2022 till July 31, 2026.

Shri Sanjay Upadhyay (DIN: 01776546) and Shri Maulik Mehta (DIN: 05227290) 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-Executive Non-Independent Directors

The Independent Directors and Non-Executive Non-Independent Directors do not draw any remuneration from the Company other than the sitting fee for attending meetings of the Board or Committees thereof and Commission on the Net Profits of the Company as may be determined by the Board from time to time and as approved by the shareholders in accordance with the relevant provisions of the Act. The Commission payable to the Independent Directors and Non-Executive Non-Independent Directors is limited to a fixed amount per year not exceeding 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 Director 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-Executive Non-Independent 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) Roles and responsibilities 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-Executive Non-Independent Directors for the Financial Year 2021-22 are as under:

Amount in ₹

Sr. No.	Name	Sitting Fees	Commission	Total
1.	Shri Sudhir Mankad	3,75,000	22,00,000	25,75,000
2.	Dr. Richard H. Rupp	2,10,000	45,00,000	47,10,000
3.	Shri S. K. Anand	3,90,000	25,00,000	28,90,000
4.	Dr. Swaminathan Sivaram	3,00,000	18,00,000	21,00,000
5.	Shri Ajay C. Mehta	1,50,000	15,00,000	16,50,000
6.	Shri Sanjay Asher	3,00,000	18,00,000	21,00,000
7.	Smt. Purvi Sheth	2,10,000	18,00,000	20,10,000
8.	Shri Dileep Choksi	3,00,000	20,00,000	23,00,000
	Total	**22,35,000**	**1,81,00,000**	**2,03,35,000**

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 Non-Executive Directors as on March 31, 2022 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 S. K. 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 Directors and Independent Directors other than payment of sitting fees to them for attending Board and Committee meetings and commission as approved by the Members of the Company except as approved by Board or Committee in accordance with the provisions of the Act and the Listing Regulations.

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
2020-21	July 30, 2021	11:30 A.M.	Through Video Conference / Other Audio Visual Means ('VC'/ 'OAVM') at Vadodara
2019-20	August 7, 2020	11:30 A.M.	Through Video Conference / Other Audio Visual Means ('VC'/ 'OAVM') at Vadodara
2018-19	June 28, 2019	10:30 A.M.	Hotel Grand Mercure Vadodara Surya Palace, Opp. Parsi Agiyari, Sayajigunj, Vadodara – 390020, Gujarat.

(ii) Special Resolutions

The information regarding Special Resolutions passed at the previous three Annual General Meetings are as follows:

Meeting	Date of AGM	Information regarding Special Resolutions passed
50th AGM	July 30, 2021	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 Listing Regulations.
49th AGM	August 7, 2020	There was no matter that required passing of Special Resolution.
48th AGM	June 28, 2019	(a) Re-appointment of Shri Sudhin Choksey (DIN:00036085) as an Independent Director for second term of 3 consecutive years. (b) Re-appointment of Shri Sudhir Mankad (DIN:00086077) as an Independent Director for second term of 3 consecutive years. (c) Re-appointment of Shri S. K. Anand (DIN:00001792) as an Independent Director for second term of 3 consecutive years. (d) Re-appointment of Dr. Swaminathan (DIN:00009900) Sivaram as an Independent Director for second term of 3 consecutive years. (e) Re-appointment of Dr. Richard H. Rupp (DIN:02205790) as an Independent Director for second term of 3 consecutive years. (f) Payment of managerial remuneration in excess of the limits prescribed under the second proviso to Sub-section (1) of Section 197 of the Act. (g) Payment of remuneration to the Executive Directors who are Promoters or members of Promoter Group.

(iii) Extraordinary General Meeting

No Extraordinary General Meeting (EGM) was held during the last three Financial Years i.e. FY 2020-21, FY 2019-20 and FY 2018-19.

(iv) Postal Ballot conducted during the year and procedure thereof

During the year under review, Postal Ballot exercise was undertaken in the month of December 2021 for raising of funds through private placement by way of Qualified Institutions Placement and result of the Postal Ballot was declared on January 28, 2022. The Results were made available on the website of the Company at www.godeepak.com and were also communicated to BSE Limited, National Stock Exchange of India Limited and NSDL Limited.

The details and voting pattern of the Resolutions passed through the said Postal Ballot exercise are as under:

Sr. No.	Resolution	Special / Ordinary	No. of Valid Votes received	No. and % of Votes in Favour	No. and % of Votes Against
1	Raising of funds in one or more tranches, by issue and allotment of equity shares and/or eligible securities by way of Qualified Institutions Placement ("QIP") for an aggregate amount up to ₹ 2,000 Crores.	Special	8,66,23,864	8,66,18,280 99.99%	5,584 0.01%

The Board of Directors appointed Shri Dinesh Joshi, Practicing Company Secretary, Designated Partner of KANJ & Co., LLP, Company Secretaries, Pune, as the Scrutiniser to scrutinise the Postal Ballot process in a fair and transparent manner.

The voting period for remote e-voting commenced on Wednesday, December 29, 2021, at 9:00 a.m. and ended on Thursday, January 27, 2022 at 5:00 p.m. (IST). The consolidated report on the result of the Postal Ballot through remote e-voting for approving aforementioned Resolution was provided by the Scrutiniser on Friday, January 28, 2022.

Procedure for Postal Ballot

The Postal Ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020, 10/2021 dated June 23, 2021 and Circular No. 20/2021 dated December 8, 2021, issued by the Ministry of Corporate Affairs.

Details of Resolution proposed to be conducted through Postal Ballot:

As on the date of this Report, the Board of Directors of the Company has recommended the following Resolutions for approval by the Shareholders through Postal Ballot:

Particulars of Resolutions	Type of Resolutions
Re-appointment of Shri Sanjay Upadhyay (DIN:01776546) as Director (Finance) and CFO of the Company with effect from April 28, 2022 upto July 31, 2026.	Ordinary Resolution
Appointment of Shri Meghav Mehta (DIN:05229853) as a Non-Executive Director of the Company liable to retire by rotation, with effect from May 4, 2022.	Ordinary Resolution
Re-appointment of Shri Sanjay Asher (DIN:00008221) as an Independent Director of the Company for a second term of 3 consecutive years with effect from June 28, 2022.	Special Resolution
Re-appointment of Smt. Purvi Sheth (DIN:06449636) as an Independent Director of the Company for a second term of 3 consecutive years with effect from June 28, 2022.	Special Resolution
Appointment of Shri Punit Lalbhai (DIN: 05125502) as an Independent Director of the Company for a term of 3 consecutive years with effect from August 8, 2022.	Special Resolution
Appointment of Shri Vipul Shah (DIN:00174680) as an Independent Director of the Company for a term of 3 consecutive years with effect from August 8, 2022.	Special Resolution
Appointment of Shri Prakash Samudra (DIN:00062355) as an Independent Director of the Company for a term of 3 consecutive years with effect from August 8, 2022.	Special Resolution

The Board of Directors of the Company has appointed Shri Dinesh Joshi (ICSI Membership Number: FCS 3752), Designated Partner of KANJ & Co., LLP, Company Secretaries, as Scrutiniser for conducting the Postal Ballot process through electronic means in a fair and transparent manner.

The e-voting period will be kept open from Tuesday, May 24, 2022 (9:00 hours IST), till Wednesday, June 22, 2022 (17:00 hours IST). National Securities Depository Limited ("NSDL") has been engaged for the purpose of providing remote e-voting facility to all its members.

The result of the voting by Postal Ballot will be declared in accordance with the provisions of Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014 on or before June 24, 2022 at the Registered Office of the Company. The results of Postal Ballot will be put up on the Company's website and will be communicated to BSE Limited, National Stock Exchange of India Limited and NSDL for publishing on their respective websites.

6. Means of Communication

a) Financial Results

Pursuant to provisions of the Listing Regulations, the Quarterly, Half Yearly and Yearly financial 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.

b) Annual Reports

Pursuant to MCA Circulars and SEBI Circulars, the Annual Report for FY 2021-22 containing the Notice of AGM is being sent through e-mails to all those Members whose e-mail IDs are registered with the Company / RTA / Depository Participants.

c) Press Release/Analyst Call

Conference calls with Investors on Financial Results are held every quarter. Concall Transcript, Audio Recording of Concall of the Company are available on the website of the Company at www.godeepak.com.

d) Stock Exchange Intimations

All unpublished price-sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges where the securities of the Company are listed. All submissions to the Exchanges are made through the respective electronic filing

systems. Material events or information as detailed in Regulation 30 of the Listing Regulations are disseminated on the Stock Exchanges by filing them with the National Stock Exchange of India Limited ('NSE') through NEAPS / NSE digital portal and with BSE Limited ('BSE') through BSE Listing Centre.

They are also displayed on the Company's website at www.godeepak.com.

e) Letters and Reminders to Shareholders for Unclaimed Shares/Dividends

The Company sends an annual reminder to shareholders who have not claimed their dividends. Reminder letters are also sent to those shareholders whose Unclaimed Dividends/Shares are liable to be transferred to the IEPF account. Pursuant to SEBI Circulars dated November 3, 2021 and December 14, 2021, outstanding dividend payments will be credited directly to the bank account of the shareholder, only if the folio is KYC compliant. The Company has issued letters to the shareholders asking them to update their KYC.

7. General Shareholder's Information

The details of 51st Annual General Meeting and other General Shareholder's information are as under:

(i) Annual General Meeting

Day & Date	:	Wednesday, August 3, 2022
Time	:	11:30 A.M. (IST)
Venue	:	Through Video Conference / Other Audio Visual Means ('VC'/ 'OAVM')
Financial Year	:	April 1, 2021 to March 31, 2022
Book Closure	:	July 27, 2022 to August 3, 2022 (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 September 2, 2022.

(ii) Financial Calendar

Results for the Quarter ending	Tentative Time of Reporting
June 30, 2022	On or before August 14, 2022
September 30, 2022	On or before November 14, 2022
December 31, 2022	On or before February 14, 2023
Audited Annual Accounts for the year ending March 31, 2023	On or before May 30, 2023

(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 2021-22 and the requisite Listing fees for Financial Year 2022-23 has been paid to BSE Limited and the National Stock Exchange of India Limited.

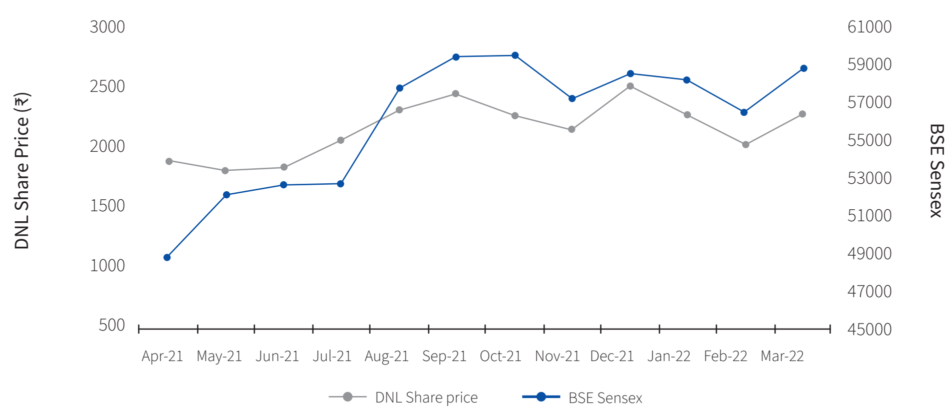
(iv) Market Price Data of Equity Shares

Monthly High & Low market price of Equity Shares of the Company during Financial Year 2021-22 at BSE and NSE are as under:

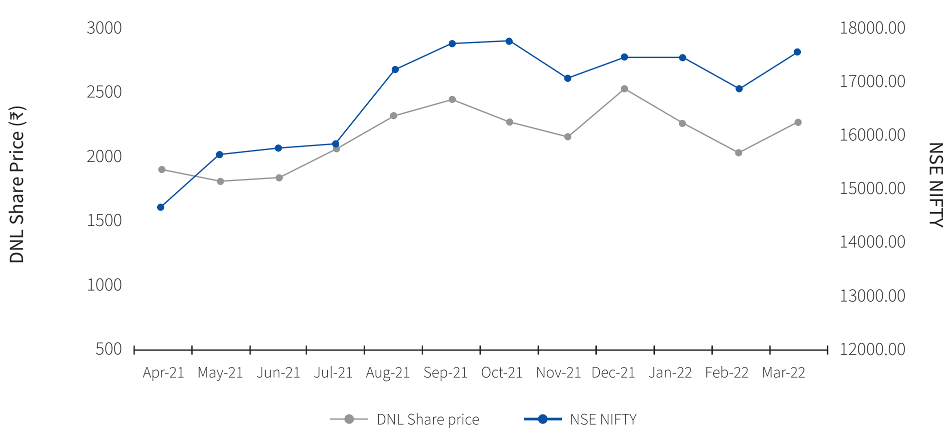
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2021	1,899.30	1,535.00	1,900.00	1,533.25
May, 2021	1,989.20	1,712.50	1,988.00	1,712.00
June, 2021	1,872.10	1,712.50	1,871.75	1,710.00
July, 2021	2,084.90	1,814.75	2,084.90	1,815.10
August, 2021	2,311.95	2,035.80	2,312.25	2,035.05
September, 2021	2,526.70	2,272.30	2,527.00	2,272.00
October, 2021	3,020.00	2,193.00	3,020.00	2,183.65
November, 2021	2,405.55	2,001.00	2,405.00	2,005.00
December, 2021	2,496.00	2,110.05	2,496.10	2,110.30
January, 2022	2,690.05	2,107.05	2,690.05	2,106.00
February, 2022	2,401.85	1,842.90	2,402.00	1,842.55
March, 2022	2,293.70	1,811.00	2,294.30	1,810.25

Source: Respective Websites of BSE and NSE.

DNL Share Price Vs BSE Sensex



DNL Share Price Vs NSE NIFTY



Corporate Governance Report (Contd.)

(v) Distribution of Shareholding as on March 31 , 2022

Range	No. of Holders	%	No. of Shares	%
1 – 500	6,47,881	98.62	1,63,71,410	12.00
501 – 1000	4,062	0.62	31,04,469	2.28
1001 – 5000	3,908	0.59	86,27,367	6.32
5001 – 10000	597	0.09	42,27,455	3.10
10001 & above	521	0.08	10,40,62,340	76.30
TOTAL	**6,56,969**	**100.00**	**13,63,93,041**	**100.00**

(vi) Shareholding Pattern as on March 31, 2022

Category of Shareholders	No. of Shares	% to Equity Capital
Promoters & Promoter Group	6,23,52,768	45.72
Mutual Fund	79,83,382	5.85
Financial Institutions, Banks, Insurance Companies	56,11,620	4.11
Foreign Portfolio Investor	1,19,48,256	8.76
Bodies Corporate	70,48,413	5.16
Non Resident Individuals	15,90,984	1.16
Resident Individuals	3,71,51,049	27.80
Others	27,06,569	1.44
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

Details of equity shares in dematerialised form and physical form as on March 31, 2022:

Particulars of Equity	No. of Shares	% of total
Held in electronic mode with Depositories	13,56,15,969	99.43%
Held in physical mode	7,77,072	0.57%
TOTAL	**13,63,93,041**	**100%**

(viii) Share Transfer System

In accordance with Regulation 40 of the Listing Regulations, as amended, the Company has stopped accepting any fresh transfer requests for securities held in physical form. Accordingly, securities of listed companies can be transferred only in dematerialised form.

Dematerialisation of holdings will, inter alia, curb fraud in physical transfer of securities by unscrupulous entities and improve ease, convenience and safety of transactions for investors. Further, SEBI has, vide its circular dated January 25, 2022, mandated companies to issue its securities in demat form only while processing various service requests such as issue of duplicate share certificates, sub-division, consolidation, transmission, etc. to enhance ease of dealing in securities markets by investors.

Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at https://www.godeepak.com/investor-related-forms/. In view of the aforesaid, Members who are holding shares in physical form are hereby requested to convert their holdings in electronic mode to avail various benefits of dematerialisation.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates, on yearly basis have been issued by Shri Niraj Trivedi, 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 Shri Niraj Trivedi, Company Secretary-in-Practice for timely dematerialisation of shares and for reconciliation of the share capital of the Company on a quarterly basis. The said reconciliation 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 dematerialised shares held with NSDL and CDSL.

Secretarial Audit and Other Certificates:

KANJ & Co., LLP, Practicing Company Secretaries, have conducted the Secretarial Audit of the Company for the Financial Year 2021-22. Their Audit Report confirms that the Company has complied with its Memorandum and Articles of Association, the applicable provisions of the Act and the Rules made thereunder, Listing Regulations, applicable SEBI Regulations and other laws applicable to the Company.

In accordance with SEBI Circular dated February 8, 2019 read with Regulation 24A of the Listing Regulations, the Company has obtained the Secretarial Compliance Report from KANJ & Co., LLP Practicing Company Secretaries, confirming compliances with all applicable SEBI Regulations, Circulars and Guidelines for the year ended March 31, 2022.

KANJ & Co., LLP, Practicing Company Secretaries has issued a certificate confirming 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/MCA or any such statutory authority. The said Certificate is annexed to this Report on Corporate Governance.

(ix) Registrar and Share Transfer Agent

Contact details of the Company's Registrar and 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 / 6136000, Fax: 0265 - 2356 791
E-mail : vadodara@inkintime.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 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. Once such amounts are transferred to IEPF, no claim of shareholder shall lie against the Company. However, shareholders are requested to refer to website of IEPF Authority for procedure required to be followed to claim refund at https://www.iepf.gov.in/content/iepf/global/master/Home/Home.html.

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 by the Company:

Financial Year	Dividend Declaration Date	Tentative Date for transfer to IEPF
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
2020-2021	July 30, 2021	July 29, 2028

The Shareholders are requested to claim their uncashed 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 to 8 and 26 to 31
   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, Jeedimetla,
   Tal. Quthbullapur Mandal, Dist. Ranga Reddy,
   Hyderabad - 500 055, Telangana

5. **Dahej Division**

   12/B/2, GIDC, Dahej,
   Dist. Bharuch - 392 130, Gujarat

6. **Deepak Phenolics Limited**

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

(xiv) Credit Ratings

Your 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 reaffirmed the long-term credit rating at AA while the short-term rating of the Company remains at the highest level at A1+. The outlook on the longterm rating has been revised to 'Positive' from 'Stable' by ICRA.

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, ICRA has upgraded the long-term credit rating of DPL by one notch i.e. from "ICRA AA-/Stable" to "ICRA AA/Positive" and reaffirmed the short term credit rating at "ICRA A1+" which is the highest rating in short term category.

8. Disclosures

(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 2021-22 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 with respect to Related Party Transactions as required under the Accounting Standards have been made in the Financial Statements. The Policy on materiality of Related Party transactions and on dealing with Related Party Transactions as approved by Board of Directors from time to time is available on the website of the Company at the link https://www.godeepak.com/wp-content/themes/twentysixteen/companyfiles/corporate_governance_report/PolicyMaterialityofRelatedPartyTransactions.pdf.

(ii) Loans and advances in the nature of loans to firms/companies in which Directors are interested:

The Company has not given any loans or advances to any firm / company in which its Directors are interested.

(iii) 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.

(iv) 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 in order to provide a secure environment and to encourage employees to report 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.

(v) 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.

(vi) Policy for Material Subsidiaries

In accordance with the provisions of the Listing Regulations, the Company has 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.

(vii) 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.

(viii) Details of Directors seeking appointment or re-appointment:

The details of Directors seeking appointment or reappointment are provided in Annexure - I to the Notice convening the 51st Annual General Meeting of the Company and forms part of the Annual Report.

ix) 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 unclaimed 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 2021-22	73	94,505
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	01	1,000
Number of shareholders to whom shares were transferred from suspense account during the year to suspense account of IEPF Authority	30	25,420
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the Financial Year 2021-22	42	68,085

The voting rights on these shares shall remain frozen till rightful owner of such shares claims the shares.

(x) 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.

(xi) Utilisation of funds raised through Qualified Institutions Placement

The funds raised through Qualified Institutions Placement in earlier years have been utilised fully in accordance with the objects stated in the Placement Document issued to the Qualified Institutional Buyers.

(xii) 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 2021-22
Statutory Audit Fees	0.50
Limited Review	0.38
Tax Audit Fees	0.05
Taxation Services	0.02
Other Certification	0.03
Total	**0.98**

(xiii) 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 2021-22	0
Number of complaints disposed off during the Financial Year 2021-22	0
Number of complaints pending as on end of the Financial Year 2021-22	0

(xiv) 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.

(xv) Disclosure regarding adoption of discretionary requirements as specified in Part E of Schedule II of Listing Regulations

(a) Modified Opinion(s) in Audit Report

During the year under review, there was no audit qualification in the Company's Financial Statements. The Statutory Auditors have issued the Audit Report of the year ended March 31, 2022 with unmodified opinion.

(b) Reporting of Internal Auditor

The Internal Auditor reports to the Audit Committee.

(c) 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 Regulation 46.

9. 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 of Conduct. 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 2021-22.

Maulik Mehta
Vadodara — Executive Director & CEO
May 4, 2022 — (DIN: 05227290)

10. CEO / CFO Certification in respect of Financial Statements

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, 2022 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 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: F003752D000265068

Date : May 4, 2022
Place: Pune

Corporate Governance Report (Contd.)

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 / 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 Requirements) Regulations, 2015.

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

Dinesh Joshi
Designated Partner
Membership No.: F3752
CP No.: 2246
UDIN: F003752D000265057

Date : May 4, 2022
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 capitalisation calculated as on March 31of 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 utilised 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 4, 2022

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 March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement 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 March 31, 2022, 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** Revenue recognition is significant audit risk across all units within the Company. Risk exists that – Revenue is recognized without transfer of control over goods 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 controls relating to revenue recognition. We carried out a combination of procedures involving enquiry and observation, reperformance and/or inspection. • We have tested samples 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 Directors' report including annexures thereto, 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.

Independent Auditor's Report (Contd.)

- 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.
- 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 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.

Independent Auditor's Report (Contd.)

- 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 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the 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 March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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.

Independent Auditor's Report (Contd.)

    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 – Refer note 34 to the standalone financial statements;

        (ii) The Company has made provision, 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 (IEPF) by the Company except for an amount of ₹ 49,000 pertaining to unclaimed deposits pertaining to the year 2014-15 which was due to be transferred on March 30, 2022 and was transferred on May 03, 2022.

        (iv) (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 47(v) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

        (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 47(vi) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

        (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

        (v) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

        As stated in note 49 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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. 17366W/W-100018)

(Kartikeya Raval)
(Partner)
(Membership No. 106189)
(UDIN: 22106189AIJBQ2264)

Place: Vadodara
Date: May 04, 2022

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")

We have audited the internal financial controls over financial reporting of Deepak Nitrite Limited ("the Company") as of March 31, 2022 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 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, the Company has, 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, 2022, based on the criteria for 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. 17366W/W-100018)

(Kartikeya Raval)
(Partner)
(Membership No. 106189)
(UDIN: 22106189AIJBQ2264)

Place: Vadodara
Date: May 04, 2022

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 to the Members of Deepak Nitrite Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that:

(i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress, non-current assets held for sale and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of property, plant and equipment, capital work-in- progress, assets held for sale and right-of-use assets so to cover all the items once every two 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 Property, Plant and Equipment were due for verification during the year and 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) Based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties of land and acquired buildings (other than properties where the Company is the lessee and the lease agreements/supplementary agreements/ deed of assignments are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment 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, guarantees, etc., are held in the name of the Company based on the confirmations directly received by us from lenders / custodians.

(d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories except for goods-in-transit were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For goods in transit, the goods have been received subsequent to the year-end or confirmations have been obtained from the parties. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(ii) (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed. The Company is yet to submit the return/ statement for the quarter ended March 31, 2022 with the banks or financial institutions.

Annexure "B" to the Independent Auditor's Report (Contd.)

(iii) The Company has made investments in, provided guarantee or security and granted loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

(a) The Company has provided loans or advances in the nature of loans during the year and details of which are given below:

₹ in Crores

Particulars	Loans
Aggregate amount granted/provided during the year:	
- Subsidiaries	7.00
- Others	0.25
Balance outstanding as at balance sheet date in respect of above cases:	
- Subsidiaries	-
- Others	1.06

(b) The investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.

(d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) No loan or advance in the nature of loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.

(iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

(v) The Company has not accepted or is not holding any deposit or amounts which are deemed to be deposits during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(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 books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

Annexure "B" to the Independent Auditor's Report (Contd.)

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 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	-
Employees' Provident Fund & Miscellaneous Provisions Act, 1952	Provident Fund	Gujarat High Court	FY 1993 to FY 1996	0.10	0.10

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause (ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. The Company did not have any associates or joint ventures during the year.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. The Company did not have any associates or joint ventures during the year.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 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.

Annexure "B" to the Independent Auditor's Report (Contd.)

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto December 2021 and the draft of the internal audit reports were issued after the balance sheet date covering the period January 2022 to March 2022 for the period under audit.

(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) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) The Group does not have any CIC as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 17366W/W-100018)

(Kartikeya Raval)
(Partner)
(Membership No. 106189)
(UDIN: 22106189AIJBQ2264)

Place: Vododara
Date: May 04, 2022

Balance Sheet

as at March 31, 2022

₹ in Crores

	Notes	As at March 31, 2022	As at March 31, 2021
I. ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2	671.93	773.34
(b) Capital Work-in-Progress	2	83.33	68.76
(c) Intangible Assets	3	1.87	2.57
(d) Financial Assets			
Investments	4	472.21	563.02
Loans	5	0.76	0.79
Financial Assets	6	5.08	5.23
(e) Other Non-Current Assets	7	12.37	5.73
Total Non-Current Assets		**1,247.55**	**1,419.44**
Current Assets			
(a) Inventories	8	338.53	209.74
(b) Financial Assets			
Investments	9	436.79	125.58
Trade Receivables	10	550.00	353.74
Cash and Cash Equivalents	11	7.44	3.06
Bank balances other than Cash and Cash Equivalents above	12	1.60	1.37
Loans	5	0.41	0.57
Other Financial Assets	13	3.52	2.72
(c) Other Current Assets	14	55.01	52.57
(d) Assets classified as held for sale		1.39	1.72
Total Current Assets		**1,394.69**	**751.07**
TOTAL ASSETS		**2,642.24**	**2,170.51**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	15	27.28	27.28
(b) Other Equity	16	2,228.72	1,817.47
Total Equity		**2,256.00**	**1,844.75**
Non-Current Liabilities			
(a) Financial Liabilities			
Lease Liabilities	41	9.61	7.26
(b) Provisions	17	19.03	15.68
(c) Deferred Tax Liabilities (Net)	18	51.24	47.94
Total Non-Current Liabilities		**79.88**	**70.88**
Current Liabilities			
(a) Financial Liabilities			
Borrowings	19	13.99	-
Lease Liabilities	41	0.40	0.63
Trade Payables			
Total outstanding dues of			
a) Micro Enterprises and Small Enterprises	20	28.27	14.56
b) creditors other than Micro Enterprises and Small Enterprises	20	230.36	204.19
Other Financial Liabilities	21	12.05	11.60
(b) Other Current Liabilities	22	11.77	12.31
(c) Provisions	17	7.13	10.00
(d) Current Tax Liabilities (Net)	23	2.39	1.59
Total Current Liabilities		**306.36**	**254.88**
Total Liabilities		**386.24**	**325.76**
TOTAL EQUITY AND LIABILITIES		**2,642.24**	**2,170.51**
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

Vadodara: May 04, 2022

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 04, 2022

Statement of Profit and Loss

for the year ended March 31, 2022

₹ in Crores

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
I. Revenue from Operations	24	2,511.05	1,809.14
II. Other Income	25	70.80	13.54
III. Total Income (I+II)		**2,581.85**	**1,822.68**
IV. Expenses:			
(a) Cost of Materials Consumed	26	1,306.83	778.25
(b) Changes in Inventories of Finished Goods and Work-in-Progress	27	(85.49)	(7.36)
(c) Employee Benefits Expense	28	196.74	181.05
(d) Power & Fuel Expenses	29	205.98	134.03
(e) Finance Costs	30	1.60	4.12
(f) Depreciation and Amortisation Expense	31	72.54	66.88
(g) Other Expenses	32	241.64	187.10
Total Expenses (IV)		**1,939.84**	**1,344.07**
V. Profit Before Tax (III-IV)		**642.01**	**478.61**
VI. Tax Expense:			
(a) Current Tax		152.52	123.22
(b) Deferred Tax		3.28	0.67
VII. Profit for the Year (V-VI)		**486.21**	**354.72**
VIII. Other Comprehensive Income:			
Items that will not be Reclassified to Profit and Loss:			
(a) Remeasurement of Defined Benefit Obligations (Net)		0.34	(1.85)
(b) Tax Effect on remeasurement of Defined Benefit obligations (Net)		(0.08)	0.47
(c) Fair Value Gains on Investments		(0.27)	0.10
(d) Tax effect of Fair Value Gains on Investments		0.07	(0.02)
Total Other Comprehensive Income for the Year (VIII)		**0.06**	**(1.30)**
IX. Total Comprehensive Income for the Year (VII+VIII)		**486.27**	**353.42**
Earnings per equity Share			
(a) Basic (Nominal Value per Share ₹ 2)	42	35.65	26.01
(b) Diluted (Nominal Value per Share ₹ 2)	42	35.65	26.01

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

Vadodara: May 04, 2022

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 04, 2022

Statement of Cash Flow

for the year ended March 31, 2022

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit Before Tax	642.01	478.61
	Adjustments for :		
	1. Depreciation and Amortisation Expense	72.54	66.88
	2. (Gain)/Loss on Sale of Property, Plant and Equipment	(1.03)	0.69
	3. Gain on disposal/modification of RTU assets	(0.12)	-
	4. Provision/(Reversal) for Doubtful Debts	2.17	(4.31)
	5. Provision/(Reversal) for Inventory Obsolescence	(4.56)	(1.62)
	6. Bad Debts (net of recovery)	-	(0.80)
	7. Gain on Redemption of Investment including gain on fair valuation	(8.24)	(0.93)
	8. Finance Costs	1.60	4.12
	9. Interest Income	(0.53)	(0.59)
	10. Dividend Income	(39.20)	-
	11. Unrealised Foreign Exchange Loss/(Gain) (net)	0.01	(2.74)
	12. Fair Value (Gains)/Loss	(0.01)	(0.02)
	Operating Profit Before Change in Operating Assets and Liabilities	**664.64**	**539.29**
	Movements in Working Capital :		
	1. (Increase)/Decrease in Inventories	(124.24)	24.97
	2. (Increase)/Decrease in Trade Receivables	(199.04)	12.87
	3. (Increase)/Decrease in Other Assets	(3.46)	6.49
	4. Increase/(Decrease) in Trade Payables	40.77	(19.78)
	5. Increase/(Decrease) in Other Liabilities	0.92	(1.41)
	Cash Generated from Operations	**379.59**	**562.43**
	Less: Income Tax paid (net of refund)	151.72	120.48
	Net Cash Inflow from Operating Activities (A)	**227.88**	**441.95**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	1. Purchase of Property, Plant and Equipment, including Capital Work-in-Progress, Capital Advances & Payable for Capital Expenditure	(103.86)	(102.12)
	2. Purchase of Intangible assets	(0.31)	(0.43)
	3. Proceeds from Sale of Property, Plant and Equipment	117.72	0.91
	4. Investment / Loan in Subsidiaries	(196.45)	(0.05)
	5. Redemption / Repayment of Investment / Loan in Subsidiaries	287.00	-
	6. Purchase of Current Investments net of redemption	(302.98)	(124.65)
	7. Interest received	0.55	0.59
	8. Dividend received	39.20	-
	Net Cash Outflow from Investing Activities (B)	**(159.13)**	**(225.75)**

Statement of Cash Flow (Contd.)

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	1. Repayment of Non-Current Borrowings	-	(30.00)
	2. Net Proceeds from Current Borrowings	13.99	(177.55)
	3. Interest paid	(0.43)	(3.67)
	4. Dividend paid on Equity Shares	(75.02)	(0.38)
	5. Margin Money Deposit (Net)	(0.01)	(0.13)
	6. Principal repayment of Lease Liability	(1.72)	(2.47)
	7. Interest paid on lease	(1.18)	(1.04)
	Net Cash Outflow from Financing Activities (C)	**(64.37)**	**(215.24)**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**4.38**	**0.96**
	Cash and Cash Equivalents at the Beginning of the Financial Year	3.06	2.10
	Cash and Cash Equivalents at the End of the Financial Year	**7.44**	**3.06**
	Reconciliation of Cash and Cash Equivalents		
	Balances with Banks:		
	In Current Accounts	0.03	0.38
	In EEFC Accounts	-	1.56
	In Cash Credit Accounts	7.27	1.07
	Cash on Hand	0.14	0.05
	Total Cash and Cash Equivalents as per note 11.	**7.44**	**3.06**

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 38.7.

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

Vadodara: May 04, 2022

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

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Director-Finance & CFO
DIN: 01776546

Arvind Bajpai
Company Secretary
Membership No: F6713

Sudhir Mankad
Director
DIN: 00086077

Vadodara: May 04, 2022

Statement of Changes in Equity

for the year ended March 31, 2022

(A) EQUITY SHARE CAPITAL (Refer Note 15)

₹ in Crores

	Amount
As at March 31, 2020	**27.28**
Changes in Equity Share Capital during the year	-
As at March 31, 2021	**27.28**
Changes in Equity Share Capital during the year	-
As at March 31, 2022	**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, 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 (net of taxes)	(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**
Profit for the year	486.21	-	-	-	-	-	486.21
Other Comprehensive Income (net of taxes)	0.26	-	-	-	-	(0.20)	0.06
Dividend	(75.02)	-	-	-	-	-	(75.02)
Transfer from Retained Earnings to General Reserve	(5.00)	-	5.00	-	-	-	-
Balance as at March 31, 2022	**1,694.52**	**0.71**	**98.90**	**0.15**	**434.17**	**0.27**	**2,228.72**

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

Vadodara: May 04, 2022

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 04, 2022

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

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 Intermediates, Fine & Speciality Chemicals and Performance Products.

The Companies (Indian Accounting Standards) Amendment Rules, 2022 has notified amendments to the following accounting standards. The amendments are effective from April 1, 2022.

1. Ind AS 16 Property, Plant and Equipment
2. Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets
3. Ind AS 41 Agriculture
4. Ind AS 101 First time Adoption of Ind AS
5. Ind AS 103 Business Combination
6. Ind AS 109 Financial Instruments

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.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

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. (Refer note 2)

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. (Refer note 38.5)

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. (Refer note 38.1)

Income taxes : Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (Refer note 35)

(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.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

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 control 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.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

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.

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.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

(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.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

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.

(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 & 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 & 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:

Asset Category	Estimated Useful Life
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.

Notes
forming part of the Financial Statements as at and for the year ended March 31, 2022

(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.

Notes
forming part of the Financial Statements as at and for the year ended March 31, 2022

(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

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

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 Intermediates, (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.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

2. PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

	Freehold Land	Leasehold Land	Building	Plant and Equipment	Furniture and Fixture	Vehicle	Office Equipment	Road	Total	Capital Work-in-Progress
Gross Carrying Amount as at March 31, 2020 (Refer Note 2.4)	**24.10**	**139.77**	**116.48**	**598.00**	**7.70**	**7.93**	**3.44**	**3.12**	**900.54**	**89.88**
Additions during the year 2020-21	-	2.68	11.78	107.59	0.27	1.22	0.39	0.14	124.07	103.38
Deductions during the year 2020-21	-	-	(0.73)	(1.34)	-	(1.23)	(0.11)	-	(3.41)	(124.40)
Reclassification of Assets during the year 2020-21	-	-	(3.20)	3.20	-	-	-	-	-	-
Gross Carrying Amount as at March 31, 2021	**24.10**	**142.45**	**124.33**	**707.45**	**7.97**	**7.92**	**3.72**	**3.26**	**1,021.20**	**68.76**
Additions during the year 2021-22	-	11.12	5.62	64.11	0.52	4.29	0.53	0.31	86.50	101.39
Deductions during the year 2021-22	-	(117.44)	(0.05)	(3.77)	(0.07)	(0.35)	(0.06)	-	(121.74)	(86.82)
Gross Carrying Amount as at March 31, 2022	**24.10**	**36.13**	**129.90**	**767.79**	**8.42**	**11.86**	**4.19**	**3.57**	**985.96**	**83.33**
Depreciation | Amortisation as at March 31, 2020	**-**	**1.31**	**19.34**	**151.24**	**2.85**	**3.70**	**2.45**	**2.83**	**183.72**	**-**
Depreciation for the year 2020-21	-	1.58	8.45	52.77	0.96	1.36	0.53	0.08	65.73	-
Depreciation on disposal during the year 2020-21	-	-	-	(0.73)	-	(0.77)	(0.10)	-	(1.60)	-
Reclassification of Assets during the year 2020-21	-	-	(0.06)	0.06	-	-	-	-	-	-
Depreciation | Amortisation as at March 31, 2021	**-**	**2.89**	**27.73**	**203.34**	**3.81**	**4.29**	**2.88**	**2.91**	**247.85**	**-**
Depreciation for the year 2021-22	-	1.27	6.83	60.63	1.00	1.29	0.41	0.10	71.53	-
Depreciation on disposal during the year 2021-22	-	(2.47)	-	(2.57)	(0.03)	(0.25)	(0.04)	-	(5.36)	-
Depreciation | Amortisation as at March 31, 2022	**-**	**1.69**	**34.56**	**261.40**	**4.78**	**5.33**	**3.25**	**3.01**	**314.03**	**-**
Net Carrying Amount as at March 31, 2021	**24.10**	**139.56**	**96.60**	**504.11**	**4.16**	**3.62**	**0.84**	**0.35**	**773.34**	**68.76**
Net Carrying Amount as at March 31, 2022	**24.10**	**34.44**	**95.34**	**506.39**	**3.64**	**6.52**	**0.94**	**0.56**	**671.93**	**83.33**

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forming part of the Financial Statements as at and for the year ended March 31, 2022

Notes:

1 Capital work-in-progress mainly comprises addition/expansion projects in progress.

The following table provides CWIP Ageing Schedule as at March 31, 2022

₹ in Crores

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 year	2-3 years	More than 3 years	
Projects in progress	51.83	16.79	14.71	-	83.33

The following table provides CWIP Ageing Schedule as at March 31, 2021

₹ in Crores

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 year	2-3 years	More than 3 years	
Projects in progress	38.28	30.32	0.16	-	68.76

2 Right -to-use assets included in Property, Plant and Equipment

₹ in Crores

	Building	Plant and Equipment	Furniture	Vehicle	Total
Gross Carrying Amount as at March 31, 2020	**9.51**	**0.69**	**1.75**	**1.11**	**13.06**
Deductions during the year 2020-21	(0.73)	-	-	-	(0.73)
Gross Carrying Amount as at March 31, 2021	**8.78**	**0.69**	**1.75**	**1.11**	**12.33**
Additions during the year 2021-22	-	0.70	-	3.42	4.12
Deductions during the year 2021-22	(0.05)	-	-	-	(0.05)
Gross Carrying Amount as at March 31, 2022	**8.73**	**1.39**	**1.75**	**4.53**	**16.40**
Depreciation | Amortisation as at March 31, 2020	**1.70**	**0.33**	**0.08**	**0.56**	**2.67**
Depreciation for the year 2020-21	1.67	0.36	0.20	0.55	2.78
Depreciation | Amortisation as at March 31, 2021	**3.37**	**0.69**	**0.28**	**1.11**	**5.45**
Depreciation for the year 2021-22	1.22	0.32	0.20	0.54	2.28
Depreciation | Amortisation as at March 31, 2022	**4.59**	**1.01**	**0.48**	**1.65**	**7.73**
Net Carrying Amount as at March 31, 2021	**5.41**	**-**	**1.47**	**-**	**6.88**
Net Carrying Amount as at March 31, 2022	**4.14**	**0.38**	**1.27**	**2.88**	**8.67**

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

3 Research & Development Assets included in Property, Plant and Equipment

₹ in Crores

	Building	Plant and Equipment	Furniture and Fixture	Vehicle	Office Equipment	Computer Software	Total
Gross Carrying Amount as at March 31, 2020	**0.64**	**13.01**	**1.53**	**0.14**	**0.21**	**0.23**	**15.76**
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)
Gross Carrying Amount as at March 31, 2021	**0.64**	**17.69**	**1.61**	**0.07**	**0.22**	**0.31**	**20.54**
Additions during the year 2021-22	0.28	6.74	0.19	0.08	0.07	0.07	7.43
Deductions during the year 2021-22	-	(0.01)	-	(0.06)	-	-	(0.07)
Gross Carrying Amount as at March 31, 2022	**0.92**	**24.42**	**1.81**	**0.08**	**0.29**	**0.38**	**27.90**
Depreciation | Amortisation as at March 31, 2020	**0.15**	**3.59**	**0.46**	**0.08**	**0.14**	**0.08**	**4.50**
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)
Depreciation | Amortisation as at March 31, 2021	**0.19**	**4.71**	**0.59**	**0.05**	**0.18**	**0.12**	**5.84**
Depreciation for the year 2021-22	0.06	1.91	0.16	0.01	0.03	0.05	2.21
Depreciation on disposal during the year 2021-22	-	(0.01)	-	(0.04)	-	-	(0.05)
Depreciation | Amortisation as at March 31, 2022	**0.25**	**6.60**	**0.75**	**0.01**	**0.21**	**0.18**	**8.00**
Net Carrying Amount as at March 31, 2021	**0.45**	**12.98**	**1.02**	**0.02**	**0.04**	**0.18**	**14.70**
Net Carrying Amount as at March 31, 2022	**0.67**	**17.81**	**1.06**	**0.07**	**0.08**	**0.21**	**19.90**

4 The Company has availed deemed cost approach in relation to the Property, Plant and Equipment & Intangible Assets on the date of transition to IND-AS i.e. 1 April 2016, hence the net block carrying amount has been considered as the gross block carrying amount on that date. Additions to the Property, Plant and Equipment & Intangible Assets after the said date have been recorded on historical cost basis.

5 Refer note 19 for hypothecation / mortgage created on assets of the Company.

6 Building includes ₹ 10.80 Crores (₹ 10.80 Crores at March 31, 2021) in respect of ownership of premises in a co-operative housing society by way of 10 Shares.

7 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.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

3. INTANGIBLE ASSETS

₹ in Crores

	Computer Software	Others	Total
Gross Carrying Amount as at March 31, 2020 (Refer Note 2.4)	**5.97**	**3.43**	**9.40**
Additions during the year 2020-21	0.43	-	0.43
Gross Carrying Amount as at March 31, 2021	**6.40**	**3.43**	**9.83**
Additions during the year 2021-22	0.27	0.04	0.31
Deductions during the year 2021-22	(0.21)	-	(0.21)
Gross Carrying Amount as at March 31, 2022	**6.46**	**3.47**	**9.93**
Depreciation | Amortisation as at March 31, 2020	**3.88**	**2.24**	**6.11**
Depreciation for the year 2020-21	0.95	0.19	1.15
Depreciation | Amortisation as at March 31, 2021	**4.83**	**2.43**	**7.26**
Depreciation for the year 2021-22	0.81	0.20	1.01
Depreciation on disposal during the year 2021-22	(0.21)	-	(0.21)
Depreciation | Amortisation as at March 31, 2022	**5.43**	**2.63**	**8.06**
Net Carrying Amount as at March 31, 2021	**1.57**	**1.00**	**2.57**
Net Carrying Amount as at March 31, 2022	**1.03**	**0.84**	**1.87**

4. NON-CURRENT INVESTMENTS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Investments in Equity Instruments of subsidiary companies measured at cost	289.98	280.53
(b) Investments in Preference Shares of subsidiary companies measured at cost	-	280.00
(c) Investment in Compulsorily Convertible Debentures of subsidiary companies measured at cost	180.00	-
Sub-Total	**469.98**	**560.53**
(a) Investments in Equity Instruments of other companies measured at FVTPL	0.06	0.05
(b) Investments in Equity Instruments of other companies measured at FVOCI	2.17	2.44
(c) Investments in Government or Trust Securities measured at amortised cost (Refer Note (d) below)	0.00	0.00
Sub-Total	**2.23**	**2.49**
Total	**472.21**	**563.02**

	Face Value	As at March 31, 2022		As at March 31, 2021	
		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/-	28,00,00,000	280.00	28,00,00,000	280.00
Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	INR 10/-	95,00,000	9.50	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	0.02
Bank of Baroda	INR 2/-	3,234	0.03	3,234	0.02

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	Face Value	As at March 31, 2022		As at March 31, 2021	
		No. of shares	Amount	No. of shares	Amount
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	0.55	52,342	0.85
Deepak International Limited	GBP 1/-	73,706	0.73	73,706	0.74
Deepak Gulf LLC	Omani Riyal 1/-	45,000	0.89	45,000	0.85
(b) Investment in Preference Shares(fully paid-up)					
Subsidiary Company measured at cost					
Unquoted					
Deepak Phenolics Limited					
7% Non- Cumulative Non- Convertible Redeemable Preference Shares (Refer note 1 below)	INR 100/-	-	-	2,80,00,000	280.00
(c) Investment in Compulsorily Convertible Debentures of subsidiary measured at cost					
Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)					
0.01% Compulsorily Convertible Debentures	INR 100/-	1,80,00,000	180.00	-	-
(d) Investments in Government or Trust Securities measured at amortised cost					
National Savings Certificate (represents ₹ 1,000)			0.00		0.00
Total		**30,76,91,630**	**472.21**	**30,82,41,630**	**563.02**

Note:

1. During the FY 2021-22, Deepak Phenolics Limited (Wholly Owned Subsidiary of the Company), has redeemed the preference shares in full.

2.

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Aggregate amount of Unquoted Investments	472.16	562.98
(b) Aggregate amount of Quoted Investments	0.05	0.04

5. LOANS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Non-current		
Loans to Employees		
Unsecured, considered good	0.76	0.79
Total Non-Current	**0.76**	**0.79**
Current		
Loans to Employees		
Unsecured, considered good	0.41	0.57
Total Current	**0.41**	**0.57**

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forming part of the Financial Statements as at and for the year ended March 31, 2022

6. OTHER NON-CURRENT FINANCIAL ASSETS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Security Deposits		
Unsecured, considered good	5.08	5.23
Total	**5.08**	**5.23**

7. OTHER NON-CURRENT ASSETS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Capital Advances	11.21	4.84
(b) Prepaid Expenses	0.32	0.15
(c) Advance against Salary	0.84	0.74
Total	**12.37**	**5.73**

8. INVENTORIES [AT LOWER OF COST AND NET REALISABLE VALUE]

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Raw materials and components	72.39	63.55
Goods-in-transit	29.95	7.16
	102.34	70.71
(b) Stores and Spares	24.45	17.34
Sub-Total	**126.79**	**88.05**
(c) Work-in-progress	38.30	26.74
(d) Finished goods	175.19	101.26
Provision for obsolescence	(1.75)	(6.31)
Sub-Total	**211.74**	**121.69**
Total	**338.53**	**209.74**

Refer note 19 for hypothecation / mortgage created on assets of the Company.

9. CURRENT INVESTMENTS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Investments measured at FVTPL (Quoted)		
Investments in Mutual Funds	436.79	125.58
Total	**436.79**	**125.58**

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

10. TRADE RECEIVABLES

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Current		
Unsecured, Considered Good		
(i) Trade Receivables - Others	554.07	356.08
(ii) Related Parties (Refer Note 33.18)	8.40	7.96
Allowance for credit losses	(12.47)	(10.30)
Total	**550.00**	**353.74**

The credit period on sales of goods varies with business segments/ markets and generally ranges between 30 to 180 days. For financial risk and ageing schedule related to Trade Receivables refer note 38.5 and 38.6

Refer note 19 for hypothecation / mortgage created on assets of the Company.

11. CASH AND CASH EQUIVALENTS

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	Cash on hand	0.14	0.05
(b)	Balances with banks		
	In Current accounts	0.03	0.38
	In EEFC Accounts	-	1.56
	In Cash Credit Accounts	7.27	1.07
	Total	**7.44**	**3.06**

12. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	Earmarked Balances with Bank	1.42	1.20
(b)	Margin Money Deposits	0.18	0.17
	Total	**1.60**	**1.37**

13. OTHER CURRENT FINANCIAL ASSETS

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
Unsecured, considered good			
(a)	Interest Receivable	0.61	0.63
(b)	Insurance Claim Receivable	-	0.03
(c)	Security Deposits	0.26	0.08
(d)	Earnest Money	0.19	0.07
(e)	Others	2.46	1.91
	Total	**3.52**	**2.72**

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

14. OTHER CURRENT ASSETS

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
Unsecured, considered good			
(a)	Balance with Government Authorities	30.58	26.73
(b)	Prepaid Expenses	3.43	4.70
(c)	Advances to Suppliers	20.93	21.01
(d)	Other Receivables	0.07	0.13
	Total	**55.01**	**52.57**

15. EQUITY SHARE CAPITAL

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
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) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year :

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Equity Shares				
Shares outstanding at the beginning of the year	13,63,93,041	27.28	13,63,93,041	27.28
Shares outstanding at the end of the year	**13,63,93,041**	**27.28**	**13,63,93,041**	**27.28**

(b) 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.

(c) Details of shares held by each shareholder holding more than 5% Equity shares of ₹ 2 each fully paid in the Company :

	As at March 31, 2022		As at March 31, 2021	
Name of the Shareholder	No.	% holding	No.	% holding
Shri Deepak Chimanlal Mehta	2,18,41,531	16.01	2,18,79,831	16.04
Stiffen Credits & Capital Pvt. Ltd.	84,37,840	6.10	84,15,940	6.17
Checkpoint Credits & Capital Pvt. Ltd.	72,06,050	5.28	72,06,050	5.28
Stepup Credits & Capital Pvt. Ltd.	69,15,580	5.07	69,15,580	5.07

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

(d) Details of shares held by Promoters

Promoter Name	As at March 31, 2022 No. of Shares	As at March 31, 2022 % of total shares	As at March 31, 2021 No. of Shares	As at March 31, 2021 % of total shares	% Change during the year
Shri Chimanlal K. Mehta	6,97,090	0.51	7,01,390	0.51	0.00%
Shri Deepak Chimanlal Mehta	2,18,41,531	16.01	2,18,79,831	16.04	-0.03%
Shri Maulik D. Mehta	1,31,300	0.10	1,31,300	0.10	0.00%

16. OTHER EQUITY

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Reserves & Surplus		
(a) Retained Earnings	1,694.52	1,288.07
(b) General Reserve	98.90	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	0.27	0.47
Total	**2,228.72**	**1,817.47**

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Retained Earnings		
Balance at beginning of year	1,288.07	934.73
Add: Profit for the year	486.21	354.72
Add: Remeasurement of Defined Benefit Obligation (Net of tax)	0.26	(1.38)
Less: Payment of Dividend on Equity Shares	75.02	-
Less: Transferred to General Reserve	5.00	-
Balance at end of year	**1,694.52**	**1,288.07**
Retained earnings represents the Company's undistributed earnings after taxes.		
(b) General Reserve		
Balance at beginning of year	93.90	93.90
Add: Transferred from Retained Earnings	5.00	-
Balance at end of year	**98.90**	**93.90**
The general reserve is used for purposes as specified under the Companies Act, 2013. Items included in the general reserve will not be reclassified subsequently to the statement of profit and loss as the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.		
(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.		

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(e) Securities Premium		
Balance at beginning of year	434.17	434.17
Balance at end of year	**434.17**	**434.17**
Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium 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	0.47	0.39
Add: Gain / (Loss) on revaluation of Equity Instruments	(0.20)	0.08
Balance at end of year	**0.27**	**0.47**
This reserve represents the cumulative gains and losses arising on the fair valuation 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.		

17. PROVISIONS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Non-Current		
Provision for Employee Benefit Obligations		
Provision for Leave Benefits (Refer Note 36 (B))	19.03	15.68
Total Non-Current	**19.03**	**15.68**
Current		
Provision for Employee Benefit Obligations		
Provision for Leave Benefits (Refer Note 36 (B))	5.25	4.41
Provision for Gratuity (Refer Note 36 (A)(iii))	1.88	5.59
Total Current	**7.13**	**10.00**

18. DEFERRED TAX LIABILITY (NET)

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Break up of deferred tax liability as at year end:		
Nature of timing difference		
Property, Plant and Equipment	62.31	60.81
Others	0.93	-
Total Deferred Tax Liability (a)	**63.24**	**60.81**
(b) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Disallowances u/s 43B, Provisions and Others	12.00	12.87
Total Deferred Tax Asset (b)	**12.00**	**12.87**
Deferred Tax Liability (Net) (a-b)	**51.24**	**47.94**

Refer note 35C for movement in Deferred Tax Assets and Liabilities.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

19. CURRENT BORROWINGS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Working Capital Borrowings from Banks		
Secured	13.99	-
Total	**13.99**	**-**

(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% to 1.25% p.a., Packing Credit in Foreign Currency with rate of interest ranging from SOFR 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, 8 and 10.

20. TRADE PAYABLES

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	To outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 44)	28.27	14.56
(b)	To outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	230.36	204.19
	Total	**258.63**	**218.75**

The average credit period on goods purchased or services received ranges between 30 days to 180 days. For ageing schedule related to Trade Payables refer note 38.5

21. OTHER CURRENT FINANCIAL LIABILITIES

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	Security Deposits	5.82	5.18
(b)	Investor Education and Protection Fund will be credited by following amounts (as and when due)		
	Unpaid Dividend	1.42	1.20
	Unclaimed Matured Deposits (Refer Note below)	0.07	0.07
	Unpaid Interest on Matured Fixed Deposits	-	0.01
(c)	Payable for capital expenditure	4.74	5.14
	Total	**12.05**	**11.60**

The Unclaimed Matured deposits of ₹ 0.07 crores outstanding as at March 31, 2022 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.

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Company except for an amount of ₹ 49,000 pertaining to unclaimed deposits pertaining to FY 2014-15 which was due to be transferred on March 30, 2022 and was transferred on May 03, 2022.

22. OTHER CURRENT LIABILITIES

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	Advances received from Customers	6.55	3.51
(b)	Statutory Dues	5.22	8.80
	Total	**11.77**	**12.31**

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

23. CURRENT TAX LIABILITIES

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Provision for Tax (Net of Advances)	2.39	1.59
Total	**2.39**	**1.59**

24. REVENUE FROM OPERATIONS

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Sale of Products	2,480.65	1,772.14
(b)	Sale of Services	10.72	6.50
(c)	Other Operating Revenues		
	Export Incentives	14.93	17.09
	Scrap Sale	4.72	12.51
	Others	0.03	0.90
	Total	**2,511.05**	**1,809.14**

Refer Note 10 - Trade Receivables to the Financial Statements for the amount of contract assets outstanding as at March 31, 2022 and refer to details of Advance received from Customers in Note 22 - Other Current Liabilities to the Financial Statements for the contract liabilities outstanding as at March 31, 2022.

25. OTHER INCOME

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Foreign Exchange Gain	8.93	8.68
(b)	Cash Discount	4.65	1.18
(c)	Gain on redemption of Investments	4.56	0.41
(d)	Fair Value Gains on Financial Assets	3.69	0.52
(e)	Interest Income	0.53	0.59
(f)	Dividend Income	39.20	-
(g)	Rent	0.42	0.49
(h)	Gain on sale of Property, Plant and Equipment	1.03	-
(i)	Writebacks and Other Recoveries	7.18	1.59
(j)	Other Non-Operating Revenue	0.61	0.08
	Total	**70.80**	**13.54**

26. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Cost of Raw Material and Components Consumed	1,265.89	747.83
(b)	Cost of Packing Material Consumed	40.94	30.42
	Total	**1,306.83**	**778.25**

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

27. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the beginning of the year		
Stock in Process	26.74	21.80
Finished Goods	101.26	98.84
	128.00	**120.64**
Less:		
Inventories at the end of the year		
Stock in Process	38.30	26.74
Finished Goods	175.19	101.26
	213.49	**128.00**
Total	**(85.49)**	**(7.36)**

28. EMPLOYEE BENEFITS EXPENSE

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Salaries & Wages	172.28	158.99
(b)	Contribution to provident fund and other funds (Refer Note 36C)	10.34	9.29
(c)	Gratuity Expenses (Refer Note 36A(iv))	2.76	2.50
(d)	Staff Welfare Expenses	11.36	10.27
	Total	**196.74**	**181.05**

29. POWER & FUEL EXPENSES

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Consumption of Power	75.95	60.82
(b)	Consumption of Fuel and other utilities	130.03	73.21
	Total	**205.98**	**134.03**

30. FINANCE COSTS

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Interest on Borrowings	0.42	2.98
(b)	Exchange difference to the extent considered as an adjustment to Borrowing Costs	-	0.10
(c)	Interest cost on lease liabilities (Refer Note 41A)	1.18	1.04
	Total	**1.60**	**4.12**

31. DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Depreciation on Property, Plant and Equipment	69.25	62.95
(b)	Depreciation on Right-of-use Assets	2.28	2.78
(c)	Amortisation of Intangible Assets	1.01	1.15
	Total	**72.54**	**66.88**

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

32. OTHER EXPENSES

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Conversion Charges	8.40	7.00
(b)	Other Manufacturing Expenses	11.28	10.52
(c)	Rent	1.69	1.13
(d)	Repairs & Maintenance		
	Repairs to Building	2.22	2.34
	Repairs and Maintenance to Plant and Equipment	32.11	24.04
	Repairs and Maintenance to Others	0.63	0.61
(e)	Consumption of stores & spare parts	16.09	14.45
(f)	Insurance	9.29	8.85
(g)	Rates & Taxes	1.44	1.92
(h)	Bank Charges	1.15	1.40
(i)	Travelling & Conveyance	1.50	0.55
(j)	Freight & Forwarding Charges	101.25	67.39
(k)	Loss on Sale of Property, Plant and Equipment	-	0.69
(l)	Commission on sales	5.01	1.86
(m)	CSR Expenses (Refer Note 46)	9.92	7.44
(n)	Provision for Doubtful Debts (Gross)	3.10	1.27
	Less: Transfer from Provision for Doubtful Debts	0.93	5.58
	Provision/(Reversal) for Doubtful Debts (Net)	2.17	(4.31)
(o)	Bad Debts written off	-	0.79
(p)	Vehicle Expenses	3.58	3.17
(q)	Legal & Professional Expenses	10.96	10.57
(r)	General Expenses	20.23	25.87
(s)	Payment to Auditor (Refer Note below)	0.69	0.70
(t)	Director's Sitting Fees	0.22	0.19
(u)	Other Directors Commission	1.81	1.55
(v)	Reversal for Inventory Obsolescence	-	(1.62)
	Total	**241.64**	**187.10**

Note: Payment to Auditor

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	As Auditor:		
	Audit fees	0.33	0.35
	Tax Audit fees	0.04	0.04
	Quarterly Limited Review	0.28	0.28
(b)	In Other Capacity:		
	Taxation Matters	0.02	0.02
	Other Services (Certification fees)	0.02	0.01
	Total	**0.69**	**0.70**

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

33. 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 Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)

(ii) Key Management Personnel

Shri Deepak C. Mehta Chairman & Managing Director

Shri Maulik D. Mehta Executive Director & Chief Executive Officer (from June 01, 2020); Whole Time Director (upto May 31, 2020)

Shri Sanjay UpadhyayDirector-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 Fertilisers 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 * 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

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

B) Transactions with the Related Parties

₹ in Crores

		March 31, 2022					March 31, 2021				
		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	-	-	124.64	-	**124.64**	-	-	77.16	-	77.16
	Deepak Phenolics Limited	5.80	-	-	-	**5.80**	2.26	-	-	-	2.26
2	**Sale of Goods/Services**										
	Deepak Novochem Technologies Limited	-	-	18.12	-	**18.12**	-	-	21.15	-	21.15
	Deepak Phenolics Limited	1.72	-	-	-	**1.72**	9.67	-	-	-	9.67
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	1.23	-	**1.23**	-	-	-	-	-
3	**Conversion Charges Received**										
	Deepak Novochem Technologies Limited	-	-	10.72	-	**10.72**	-	-	6.50	-	6.50
4	**Sharing of Utilities**										
	Deepak Phenolics Limited	6.35	-	-	-	**6.35**	0.57	-	-	-	0.57
5	**Rendering of Services / Reimbursement of Expenses**										
	Deepak Novochem Technologies Limited	-	-	0.03	-	**0.03**	-	-	0.03	-	0.03
	Deepak Phenolics Limited	5.39	-	-	-	**5.39**	4.91	-	-	-	4.91
	Deepak Chem tech Limited (Formerly known as Deepak Clean Tech Limited)	8.29	-	-	-	**8.29**	-	-	-	-	-
	Storewell Credits and Capital Private Limited	-	-	0.04	-	**0.04**	-	-	0.10	-	0.10
6	**Sale of Capital Asset**										
	Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	127.99	-	-	-	**127.99**	-	-	-	-	-

Notes
forming part of the Financial Statements as at and for the year ended March 31, 2022

₹ in Crores

		March 31, 2022					March 31, 2021				
		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
7	**Receiving of services / Reimbursement of Expenses**										
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	0.15	-	**0.15**	-	-	0.07	-	0.07
	Deepak Phenolics Limited	0.02	-	-	-	**0.02**	-	-	-	-	-
	Deepak Foundation (Previous year represents ₹34,000)	-	-	0.01	-	**0.01**	-	-	0.00	-	0.00
	Deepak Medical Foundation	-	-	0.24	-	**0.24**	-	-	0.32	-	0.32
	Deepak Nitrite Corporation Inc.	0.15	-	-	-	**0.15**	0.16	-	-	-	0.16
	Deepak Cybit Private Limited	-	-	0.67	-	**0.67**	-	-	0.47	-	0.47
	Stepup Credits & Capital Private Limited	-	-	0.23	-	**0.23**	-	-	-	-	-
8	**Managerial Remuneration**										
	Shri Deepak C. Mehta	-	6.99	-	-	**6.99**	-	6.93	-	-	6.93
	Shri Maulik D. Mehta	-	3.29	-	-	**3.29**	-	2.53	-	-	2.53
	Shri Sanjay Upadhyay	-	4.32	-	-	**4.32**	-	3.51	-	-	3.51
	Shri Umesh Asaikar*	-	-	-	-	**-**	-	3.22	-	-	3.22
9	**Subscription of Investment**										
	Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	189.45	-	-	-	**189.45**	0.05	-	-	-	0.05
10	**Redemption of Investment (Redeemable Preference Shares)**										
	Deepak Phenolics Limited	280.00	-	-	-	**280.00**	-	-	-	-	-
11	**Security Deposit Given**										
	Stepup Credits And Capital Private Limited	-	-	0.18	-	**0.18**	-	-	-	-	-
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	0.04	-	**0.04**	-	-	-	-	-

Notes
forming part of the Financial Statements as at and for the year ended March 31, 2022

₹ in Crores

		March 31, 2022					March 31, 2021				
		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
12	**Loan Given**										
	Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	7.00	-	-	-	**7.00**	-	-	-	-	-
13	**Repayment of Loan**										
	Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	7.00	-	-	-	**7.00**	-	-	-	-	-
14	**Interest Received**										
	Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	0.08	-	-	-	**0.08**	-	-	-	-	-
15	**Dividend Received**										
	Deepak Phenolics Limited	39.20	-	-	-	**39.20**	-	-	-	-	-
16	**Dividend Paid**										
	Checkpoint Credits & Capital Private Limited	-	-	3.96	-	**3.96**	-	-	-	-	-
	Stigma Credits & Capital Private Limited	-	-	3.40	-	**3.40**	-	-	-	-	-
	Stiffen Credits & Capital Private Limited	-	-	4.63	-	**4.63**	-	-	-	-	-
	Stepup Credits & Capital Private Limited	-	-	3.80	-	**3.80**	-	-	-	-	-
	Skyrose Finvest Private Limited	-	-	2.11	-	**2.11**	-	-	-	-	-
	Pranawa Leafin Private Limited	-	-	1.27	-	**1.27**	-	-	-	-	-
	Forex Leafin Private Limited	-	-	1.19	-	**1.19**	-	-	-	-	-
	Sundown Finvest Private Limited	-	-	0.46	-	**0.46**	-	-	-	-	-
	Storewell Credits and Capital Private Limited	-	-	0.49	-	**0.49**	-	-	-	-	-
	Hardik Leafin Private Limited	-	-	0.19	-	**0.19**	-	-	-	-	-
	Shri Deepak C. Mehta	-	12.03	-	-	**12.03**	-	-	-	-	-
	Shri Chimanlal K. Mehta	-	-	-	0.39	**0.39**	-	-	-	-	-
	Shri Maulik D. Mehta	-	0.07	-	-	**0.07**	-	-	-	-	-

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

₹ in Crores

	March 31, 2022					March 31, 2021				
	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
Shri Meghav D. Mehta	-	-	-	0.03	0.03	-	-	-	-	-
Smt. Ila D. Mehta	-	-	-	0.22	0.22	-	-	-	-	-
Others	-	-	0.04	-	0.04	-	-	-	-	-
17 **Donation / CSR Activity**										
Deepak Foundation	-	-	7.64	-	7.64	-	-	8.85	-	8.85
Deepak Medical Foundation	-	-	2.39	-	2.39	-	-	0.18	-	0.18
18 **Net Accounts Receivable incl advance / (Payable)**										
Deepak Fertilisers & Petrochemicals Corporation Limited	-	-	(2.59)	-	(2.59)	-	-	(13.60)	-	(13.60)
Deepak Novochem Technologies Limited	-	-	8.40	-	8.40	-	-	7.96	-	7.96
Deepak Phenolics Limited	(1.12)	-	-	-	(1.12)	-	-	-	-	-
Deepak Nitrite Corporation Inc.	(0.81)	-	-	-	(0.81)	(0.81)	-	-	-	(0.81)
Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	0.83	-	-	-	0.83	-	-	-	-	-
Deepak Cybit Private Limited	-	-	(0.02)	-	(0.02)	-	-	-	-	-
Deepak Medical Foundation	-	-	(0.10)	-	(0.10)	-	-	(0.03)	-	(0.03)
Deepak Foundation	-	-	0.31	-	0.31	-	-	-	-	-
Shri Maulik D. Mehta	-	(0.63)	-	-	(0.63)	-	(0.40)	-	-	(0.40)
Shri Sanjay Upadhyay	-	(0.79)	-	-	(0.79)	-	(0.53)	-	-	(0.53)

* Executive Director & Chief Executive Officer upto May 31, 2020

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.

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34. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
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 was being contested at various level of Indirect Tax authorities	-	0.04
(c) Bank Guarantees:		
Financial	14.71	11.42
Performance	11.17	11.75
(d) Disputed Labour Matters	Amount not ascertainable	
Management is not expecting any future cash outflow in respect of (a),(b) & (d).		
Total (I)	**26.80**	**24.13**
II. Commitments		
Capital Commitments (Net of Advances: Refer Note 7(a))	39.86	19.25
Total (II)	**39.86**	**19.25**

35. TAX EXPENSE

A. Income Tax Expense Recognised in the Statement of Profit and Loss

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
I. Expense / (Benefit) recognised in the statement of profit and loss		
Current tax on profit for the year	152.52	123.22
Increase in deferred tax liabilities	3.28	0.67
Total	**155.80**	**123.89**
II. Expense / (Benefit) recognised in statement of other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	0.08	(0.47)
Equity instruments through other comprehensive income	(0.07)	0.02
Total	**0.01**	**(0.45)**

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 ended March 31, 2022	For the year ended March 31, 2021
Profit before taxes	**642.01**	**478.61**
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	**161.58**	**120.46**
Effect of:		
Donations and CSR Expense	2.68	3.17
Deduction for section 80M pertaining to Dividend Income	(9.87)	-
Others (Net)	1.41	0.26
Total income tax expense	**155.80**	**123.89**

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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, 2022	Recognised in statement of profit and loss /OCI ₹ in Crores	As at March 31, 2021	Recognised in statement of profit and loss /OCI ₹ in Crores	As at March 31, 2020
Property, plant and equipment	62.31	1.50	60.81	0.23	60.58
Others	0.93	0.93	-	-	-
Total Deferred Tax Liabilities (a)	**63.24**	**2.43**	**60.81**	**0.23**	**60.58**
Disallowances u/s 43B, Provision and Others	12.00	(0.87)	15.18	0.01	15.17
Transferred from Income Tax Provision	-	-	(2.31)	-	-
Total Deferred Tax Assets (b)	**12.00**	**(0.87)**	**12.87**	**0.01**	**15.17**
Net Deferred Tax (Asset)/Liabilities (a-b)	**51.24**	**3.30**	**47.94**	**0.22**	**45.41**

36. 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, 2022	As at March 31, 2021
Balance at the beginning of the year	31.98	29.83
Current Service Cost	2.38	2.06
Interest Cost	2.18	2.03
Actuarial (gain)/losses	0.16	1.48
Benefits Paid	(1.50)	(3.42)
Balance at the end of the year	**35.20**	**31.98**

(ii) Reconciliation of opening and closing balances of Fair Value of Plan Assets

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	26.39	23.23
Interest Income	1.80	1.59
Return on Plan Assets	0.50	(0.36)
Contribution by the Company	6.12	5.15
Benefits Paid	(1.49)	(3.22)
Balance at the end of the year	**33.32**	**26.39**
Actual Return on Plan Assets	6.96% to 7.33%	6.44% to 6.93%

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(iii) Assets and Liabilities Recognised in the Balance Sheet

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Present Value of Defined Benefit Obligation	35.20	31.98
Less: Fair Value of Plan Assets	33.32	26.39
Amounts recognised as liability	**1.88**	**5.59**
Recognised under		
Short Term provision (Refer Note 17)	1.88	5.59
Total	**1.88**	**5.59**

(iv) Expenses recognised in the Statement of Profit and Loss

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Service Cost	2.38	2.06
Net Interest Cost	0.38	0.44
Total Expenses (Refer Note 28)	**2.76**	**2.50**

(v) Expenses recognised in the Other Comprehensive Income

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
Actuarial gain/(losses) on Obligation for the period	(0.16)	(1.48)
Return on Plan assets excluding Interest Income	0.50	(0.36)
Total Expenses recognised in OCI	**0.34**	**(1.84)**

(vi) Major Category of Plan Assets

	As at March 31, 2022		As at March 31, 2021	
	₹ in Crores	%	₹ in Crores	%
Insurance Policies	**33.32**	**100.00**	26.39	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.

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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

	For the year ended March 31, 2022	For the year ended March 31, 2021
Discount Rate	7.33%	6.93%
Expected Return on Plan Assets	7.33%	6.93%
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	
	March 31, 2022	March 31, 2021	As at March 31, 2022 ₹ in Crores	As at March 31, 2021 ₹ in Crores	As at March 31, 2022 ₹ in Crores	As at March 31, 2021 ₹ in Crores
Discount Rate	1.00%	1.00%	(2.09)	(1.78)	2.43	2.06
Salary Growth Rate	1.00%	1.00%	2.39	2.02	(2.10)	(1.78)
Attrition Rate	1.00%	1.00%	(0.16)	(0.19)	0.18	0.21

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.

(ix) Maturity profile of Defined Benefit Obligation

	As at March 31, 2022 ₹ in Crores	As at March 31, 2021 ₹ in Crores
Within the next 12 months	9.75	9.28
From 2 to 5 years	8.75	8.51
From 6 to 10 years	14.04	12.34
Beyond 10 years	35.16	25.96

B. Leave Benefit

(a) The Leave Benefit is wholly unfunded. Hence, there are no plan assets attributable to the obligation.

(b) The accumulated balance of Leave Benefit (unfunded) provided in the books as at March 31, 2022, is ₹ 24.28 Crores (Previous year ₹ 20.09 Crores), which is determined on actuarial basis using Projected Unit Credit Method.

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C. Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised in Statement of Profit and Loss, For the year ended is as under

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
Employer's Contribution to Provident Fund and other funds except superannuation	8.17	7.40
Employer's Contribution to Superannuation Fund	2.17	1.89

37. 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, 2022	As at March 31, 2021
Total Equity (A)	2,256.00	1,844.75
Non-Current Borrowings	-	-
Current Borrowings	13.99	-
Total Borrowings (B)	13.99	-
Total Capital (A+B)	**2,269.99**	**1,844.75**
Total Borrowings as % of Total Capital	0.62%	-
Total Borrowings as % of Total Equity	0.62%	-

The Interest Coverage Ratio for the reporting period was as follows

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
EBITDA (excluding other income)	644.17	535.03
Finance Cost (excluding interest on lease)	0.42	3.08
Interest Coverage Ratio	**1,533.74**	**173.71**

The Debt Service Coverage Ratio for the reporting period was as follows

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
EBITDA (excluding other income)	644.17	535.03
Finance Cost (excluding interest on lease)	0.42	3.08
Repayment of Non-Current Borrowings	-	30.00
Debt Service Coverage Ratio	**1,533.74**	**16.17**

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forming part of the Financial Statements as at and for the year ended March 31, 2022

38. FINANCIAL INSTRUMENTS

38.1. Categories of financial instruments

The carrying value of financial instruments by categories as at March 31, 2022 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	-	-	7.44	7.44
Other Balances with Banks	-	-	1.60	1.60
Investments	2.17	436.85	-	439.02
Government Securities (Refer Note 4(d))	-	-	0.00	0.00
Trade Receivables	-	-	550.00	550.00
Loans	-	-	1.17	1.17
Other Financial Assets	-	1.63	6.97	8.60
Total	**2.17**	**438.48**	**567.18**	**1,007.83**
Financial Liabilities				
Current Borrowings	-	-	13.99	13.99
Trade Payables	-	-	258.63	258.63
Other Financial Liabilities	-	-	22.06	22.06
Total	**-**	**-**	**294.68**	**294.68**

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
Investments	2.44	125.63	-	128.07
Government Securities (Refer Note 4(d))	-	-	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 assets and liabilities which are valued at amortised cost represents Fair Value at period end.

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38.2. 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, 2022

₹ in Crores

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	436.84	-	2.18	439.02
Other Financial Assets	-	1.63	-	1.63

Fair Value Hierarchy as at March 31, 2021

₹ in Crores

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	125.62	-	2.45	128.07
Other Financial Assets	-	1.91	-	1.91

Reconciliation of Level 3 fair value measurements

₹ in Crores

	Investment in unquoted shares irrevocably designated as FVTOCI
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**
Total gains in other comprehensive income	(0.27)
Closing balance as at March 31, 2022	**2.17**

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.

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38.3.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 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.	Note 38.4.1
Market risk - interest rate risk	Change in market interest rates	Maintaining a combination of fixed and floating rate debt; cash management policies	Note 38.4.2
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 38.5
Liquidity risk	Fluctuations in cash flows	Preparing and monitoring forecasts of cash flows; cash management policies; multiple-year credit and banking facilities	Note 38.6

38.4 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.

38.4.1 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 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 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.

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(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:

	Liabilities		Assets	
Currency	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
USD (Crores)	0.24	0.46	2.50	1.74
INR (Crores)	18.04	33.49	189.45	127.59
EURO (Crores) (Previous Year represents € 37,783)	0.03	0.00	0.13	0.07
INR (Crores)	2.52	0.33	11.10	6.03
GBP (Crores)(Current Year Assets represents GBP 20,685)	-	0.01	0.00	-
INR (Crores)	-	0.71	0.21	-
CHF (Crores) (represents CHF 150)	0.00	-	-	-
INR (Crores) (represents ₹ 12,300)	0.00	-	-	-

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 contracts outstanding as at the Balance Sheet date:

	As at March 31, 2022		As at March 31, 2021	
	Buy	Sell	Buy	Sell
Forward Contracts (USD Crores)	-	1.60	-	3.37
Forward Contracts (EURO Crores)	-	-	-	0.01
Range Forward (USD Crores)	-	1.02	-	-

The forward 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:

	Liabilities		Assets	
Currency	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
USD (Crores)	0.36	2.09	-	-
GBP (Crores) (Current Year Assets represents GBP 20,685)	-	0.01	0.00	-
CHF (Crores) (represents CHF 150)	0.00	-	-	-
EURO (Crores)	-	-	0.10	0.07

(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, 2022	As at March 31, 2021
Impact of INR 1 strengthening against US Dollar	1.47	0.93
Impact of INR 1 weakening against US Dollar	2.12	(2.81)

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38.4.2 Interest Rate Risk Management

The Company 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.

38.5 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.

The table below provides ageing of trade receivables as at March 31, 2022

₹ in Crores

	Undisputed Trade receivables – considered good	Undisputed Trade Receivables – which have significant increase in credit risk	Undisputed Trade Receivables – credit impaired	Total
Not Due	439.47	-	-	439.47
Less than 6 months	118.74	-	-	118.74
6 months - 1 year	0.37	-	-	0.37
1 - 2 years	0.87	-	-	0.87
2-3 years	2.79	-	-	2.79
More than 3 years	0.23	-	-	0.23
Sub-Total	**562.47**	**-**	**-**	**562.47**
Less: Allowance for credit loss	12.47	-	-	12.47
Total (Refer Note 10)	**550.00**	**-**	**-**	**550.00**

The table below provides ageing of trade receivables as at March 31, 2021

₹ in Crores

	Undisputed Trade receivables – considered good	Undisputed Trade Receivables – which have significant increase in credit risk	Undisputed Trade Receivables – credit impaired	Total
Not Due	297.34	-	-	297.34
Less than 6 months	62.50	-	-	62.50
6 months - 1 year	0.22	-	-	0.22
1 - 2 years	3.87	-	-	3.87
2-3 years	-	-	-	-
More than 3 years	0.11	-	-	0.11
Sub-Total	**364.04**	**-**	**-**	**364.04**
Less: Allowance for credit loss	10.30	-	-	10.30
Total (Refer Note 10)	**353.74**	**-**	**-**	**353.74**

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Reconciliation of loss allowance provision - Trade receivables

₹ in Crores

Loss allowance on March 31, 2020	**14.60**
Changes in loss allowance	(4.31)
Loss allowance on March 31, 2021	**10.30**
Changes in loss allowance	2.17
Loss allowance on March 31, 2022	**12.47**

The table below provides ageing of trade payables as at March 31, 2022

₹ in Crores

Outstanding for following periods from due date of payment	MSME	Others	Disputed MSME	Disputed Others	Total
Unbilled	-	61.19	-	-	61.19
Not Due	26.33	125.60	-	-	151.93
Less than 1 year	1.94	40.77	-	-	42.71
1 to 2 years	-	0.14	-	-	0.14
2 to 3 years	0.00 (represents ₹ 26,822)	1.01	-	-	1.02
More than 3 years	-	1.64	-	-	1.64
Total (Refer Note 20)	**28.27**	**230.36**	**-**	**-**	**258.63**

The table below provides ageing of trade payables as at March 31, 2021

₹ in Crores

Outstanding for following periods from due date of payment	MSME	Others	Disputed MSME	Disputed Others	Total
Unbilled	-	51.89	-	-	51.89
Not Due	8.95	101.71	-	-	110.66
Less than 1 year	5.09	45.46	-	-	50.55
1 to 2 years	0.52	0.64	-	-	1.16
2 to 3 years	-	0.59	-	-	0.59
More than 3 years	-	3.90	-	-	3.90
Total (Refer Note 20)	**14.56**	**204.19**	**-**	**-**	**218.75**

38.6 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, 2022

₹ in Crores

	Amount	upto 1 year	1 - 3 year	More than 3 year	Total cash flows
Trade Payables	258.63	258.63	-	-	258.63
Borrowings	13.99	13.99	-	-	13.99
Other Financial Liabilities	12.05	12.05	-	-	12.05

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

Refer note 41B for contractual maturity of Lease Liabilities.

Notes

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38.7 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
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	**-**	**-**	**-**	**7.89**	**1.20**
Cash Flows	-	13.99	(0.43)	(2.90)	(74.80)
Charged to P&L during the period	-	-	0.42	1.06	-
Additions (net of Deductions/ Disposal)	-	-	-	3.96	-
Dividend recognised during the year	-	-	-	-	75.02
As at March 31, 2022	**-**	**13.99**	**(0.00)**	**10.01**	**1.42**

39. ANALYTICAL RATIOS

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	Variance (%)	Reasons for Variance
Current Ratio (x)	Current Assets	Current Liabilities	5	3	54	The current assets include current investment which has increased by ₹ 311 Crores as compared to previous year. Also, the Trade Receivables are higher on account of Higher Sales Realisation.
Debt-Equity Ratio (x)	Total Debt	Shareholder's Equity	0	-	-	
Debt Service Coverage Ratio (x)	EBITDA (excluding other income)	Finance Cost (excluding interest on lease) + Repayment of Non-Current Borrowings	1,534	16	9383	The Company is Net Debt-free as on the Balance Sheet date. Hence interest cost is on lower side.
Return on Equity Ratio (%)	Profit after tax	Average Shareholder's Equity	23.71%	21.27%	12	
Inventory turnover ratio (x)	Cost of Materials Consumed + Changes in Inventories of FG and WIP + Power & Fuel Expenses	Average Inventory	5	4	27	Revenue growth and efficient inventory operations during the year has led to faster inventory churning and thereby this ratio has improved.
Trade Receivables turnover ratio (x)	Revenue from Operations	Average Trade Receivables	6	5	11	
Trade payables turnover ratio (x)	Cost of Materials Consumed + Power & Fuel Expenses + Closing Inventory - Opening Inventory	Average Trade Payables	7	4	69	Increase in purchases in line with Revenue growth and efficient payable management during the year has led to faster creditors churning and thereby this ratio has improved.

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	Variance (%)	Reasons for Variance
Net capital turnover ratio (x)	Revenue from Operations	Working Capital	2	4	-37	The current assets include current investment which has increased by ₹ 311 Crores as compared to previous year. Also, the Trade Receivables are higher on account of Higher Sales Realisation.
Net-Profit Ratio (%)	Profit after tax	Revenue from Operations	19.36%	19.61%	-	
Return on Capital employed (%)	Earnings before Interest and Taxes	Total Assets - Current Liabilities	27.55%	25.20%	9	
Return on investment (%)						
Quoted	Income from Investment	Time Weighted Average Investment	3.85%	3.61%	7	
Unquoted	Income from Investment	Time Weighted Average Investment	7.49%	0.00%	100	On account of Dividend received during the current year from Wholly Owned Subsidiary.

40. 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 Intermediates

(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.

The Company has renamed its Basic Chemicals Segment as Basic Intermediates Segment to reflect a deliberate shift towards integrating value addition that intermediates bring to our end users. The prior year's segment has been renamed accordingly.

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
I) Segment Revenue		
(a) Basic Intermediates	1,260.95	769.84
(b) Fine & Speciality Chemicals	846.25	766.55
(c) Performance Products	529.32	304.40
TOTAL	**2,636.52**	**1,840.79**
Less: Inter Segment Revenue	125.47	31.65
Revenue from operations	**2,511.05**	**1,809.14**
II) Segment Results		
(a) Basic Intermediates	312.83	195.03
(b) Fine & Speciality Chemicals	257.49	332.95
(c) Performance Products	96.83	22.48
TOTAL	**667.15**	**550.46**
Less : (i) Interest Expenses	1.60	4.12
(ii) Other un-allocable expenditure net of un-allocable Income	23.54	67.73

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
III) Profit Before Tax	**642.01**	**478.61**
IV) Segment Assets		
(a) Basic Intermediates	582.81	424.67
(b) Fine & Speciality Chemicals	536.68	459.02
(c) Performance Products	536.99	417.85
(d) Un- allocable	985.76	868.97
TOTAL	**2,642.24**	**2,170.51**
V) Segment Liabilities		
(a) Basic Intermediates	129.18	74.17
(b) Fine & Speciality Chemicals	78.30	83.72
(c) Performance Products	80.07	76.00
(d) Un- allocable	98.69	91.87
TOTAL	**386.24**	**325.76**
VI) Capital Expenditure		
(a) Basic Intermediates	25.53	35.44
(b) Fine & Speciality Chemicals	19.59	59.24
(c) Performance Products	17.65	23.26
(d) Un- allocable	19.93	6.54
TOTAL	**82.70**	**124.48**
VII) Depreciation		
(a) Basic Intermediates	25.65	27.53
(b) Fine & Speciality Chemicals	21.89	16.91
(c) Performance Products	18.28	15.57
(d) Un- allocable	6.72	6.87
TOTAL	**72.54**	**66.88**

(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 ended March 31, 2022	For the year ended March 31, 2021
In India	1,454.16	954.25
Outside India	1,056.89	854.89
TOTAL	**2,511.05**	**1,809.14**

₹ in Crores

Carrying Amount of Segment Assets	As at March 31, 2022	As at March 31, 2021
In India	2,439.38	2,034.81
Outside India	202.86	135.70
TOTAL	**2,642.24**	**2,170.51**

₹ in Crores

Addition to Fixed Assets	As at March 31, 2022	As at March 31, 2021
In India		
- Tangible	82.39	124.05
- Intangible	0.31	0.43

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

₹ in Crores

Addition to Fixed Assets	As at March 31, 2022	As at March 31, 2021
Outside India		
- Tangible	-	-
- Intangible	-	-
Total	**82.70**	**124.48**

41. LEASES

A. The following is the movement in lease liabilities:

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	7.89	11.21
Additions during the year	4.12	-
Deductions during the year	(0.16)	(0.81)
Finance cost accrued during the year	1.18	1.04
Payment/Provision of Lease Liabilities	(3.02)	(3.55)
Balance at the end of the year	**10.01**	**7.89**
Recognised under		
Non -Current Financial Liabilities	9.61	7.26
Current Financial Liabilities	0.40	0.63
Total	**10.01**	**7.89**

B. The following are details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Less than one year	2.84	2.10
One to five years	10.16	7.18
More than five years	0.53	2.07
Total	**13.53**	**11.35**

42. EARNINGS PER SHARE

	As at March 31, 2022	As at March 31, 2021
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)	486.21	354.72
Basic and Diluted Earnings (in Rupees) Per Share of ₹ 2/- each	35.65	26.01

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

43 A. RESEARCH AND DEVELOPMENT EXPENSES

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(i) Capital Expenditure (Refer Note 2.3)	7.43	4.92
(ii) Revenue Expenditure		
Materials	0.60	0.55
Utilities	0.32	0.15
Maintenance	0.26	0.16
Personnel	8.78	6.39
Others	2.68	1.56
	12.64	**8.81**
Loss on discarding of assets	0.01	0.03
Depreciation	2.21	1.43
	2.22	**1.46**
Total Revenue Expenditure	**14.86**	**10.27**
(iii) Total Capital & Revenue Expenditure ((i)+(ii))	**22.29**	**15.19**

43 B. R & D DISCLOSURE FOR DEPARTMENT OF SCIENTIFIC & INDUSTRIAL RESEARCH (DSIR)

₹ in Crores

	2021-22	2020-21	2019-20	2018-19	2017-18
(i) Capital Expenditure					
Nandesari	7.43	4.92	3.09	0.99	1.05
Roha	-	-	-	0.94	0.13
Total	**7.43**	**4.92**	**3.09**	**1.93**	**1.18**
(ii) Revenue Expenditure					
Nandesari	14.64	10.05	10.19	7.85	6.76
Roha	0.22	0.22	0.24	0.26	0.26
Total	**14.86**	**10.27**	**10.43**	**8.11**	**7.02**
(iii) Total Capital & Revenue Expenditure					
Nandesari	22.07	14.97	13.28	8.84	7.81
Roha	0.22	0.22	0.24	1.20	0.39
Total	**22.29**	**15.19**	**13.52**	**10.04**	**8.20**

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

44. 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, 2022	As at March 31, 2021
(i) Principal amount remaining unpaid.	28.27	14.56
(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.	-	-

45.

The Company has been sanctioned working capital from banks on the basis of security of current assets. Quarterly Statements of Inventory and Book Debts submitted with the Banks in this regard, are reconciling with the books of Accounts of respective period.

46. CORPORATE SOCIAL RESPONSIBILITY

The Company has been continuing to undertake projects for overall development and welfare of the society. Through the Company’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.

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Amount required to be spent by the company during the year	9.87	7.44
Amount of expenditure incurred on:		
(i) Construction/acquisition of any asset	0.95	1.15
(ii) On purposes other than (i) above	8.97	6.29
Shortfall at the end of the year	NIL	NIL
Total of previous years shortfall	NIL	NIL
Reason for shortfall	NA	NA
Nature of CSR activities	Health Care, Skills Building & Livelihood, Education & Research & Development	
Details of related party transactions		
Deepak Foundation	7.18	6.87
Deepak Medical Foundation	2.39	0.18
Provision, if any	NIL	NIL

Notes

forming part of the Financial Statements as at and for the year ended March 31, 2022

47. OTHER STATUTORY INFORMATION

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with companies struck off.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(vi) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

48. The Company has considered the possible effects of COVID 19 and Russia-Ukraine conflict 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.

49. Events occurring after the balance sheet date: The Board of Directors have recommended, subject to the approval of shareholders, dividend of ₹ 7/- (Rupees Seven only) per equity share of face value of ₹ 2/- (Rupees Two only) each for the year ended March 31, 2022 on 13,63,93,041 equity shares amounting to ₹ 95.48 Crores.

50. The Financial Statements were approved for issue by the Board of Directors on May 04, 2022.

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 04, 2022

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 Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	Deepak Nitrite Corporation, Inc.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2021-22	2021-22	2021-22
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	US$ 1US$ = ₹ 75.8071
		₹ in Crores	₹ in Crores	₹ in Lakhs
4	Share Capital	280.00	9.50	47.68
5	Other Equity	1,091.49	177.39	33.56
6	Total Assets	2,073.37	193.53	83.15
7	Total Liabilities	701.88	6.64	2.00
8	Investments	-	-	-
9	Turnover	4,303.42	-	14.54
10	Profit before Tax	836.35	(2.61)	0.69
11	Provision for Tax	211.99	-	0.31
12	Profit after Tax	624.36	(2.61)	0.38
13	Total Comprehensive Income	624.47	(2.61)	0.38
14	Proposed Dividend	61.60	-	-
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

Arvind Bajpai
Company Secretary
Membership No: F6713

Sudhir Mankad
Director
DIN: 00086077

Vadodara: May 04, 2022

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 March 31, 2022, 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 the other auditors on separate financial statements of a subsidiary 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 March 31, 2022, 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 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** 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/or 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.

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 Directors' report and annexures thereto, 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 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.

Independent Auditor's Report (Contd.)

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 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.

Independent Auditor's Report (Contd.)

Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 0.83 crore as at March 31, 2022, total revenues of ₹ 0.15 crore and net cash outflows amounting to ₹ 0.003 crore 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 this subsidiary and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

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 matter with respect to our reliance on the work done and the reports of other auditors and the financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other auditors on the separate financial statements of a subsidiary 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 March 31, 2022 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 incorporated in India is disqualified as on March 31, 2022 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 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 and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

Independent Auditor's Report (Contd.)

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 (IEPF) by the Parent and its subsidiary companies incorporated in India except for an amount of Rs. 49,000 pertaining to unclaimed deposits pertaining to the year 2014-15 which was due to be transferred on March 30, 2022 and was transferred on May 03, 2022 by the Parent.

(iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 47(iv) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 47(v) to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The final dividend proposed in the previous year, declared and paid by the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, during the year is in accordance with section 123 of the Act, as applicable.

As stated in note 49 to the consolidated financial statements, the Board of Directors of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, have proposed final dividend for the year which is subject to the approval of the members of the Parent and such subsidiaries at the ensuing respective Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

Independent Auditor's Report (Contd.)

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 17366W/W-100018)

(Kartikeya Raval)
(Partner)
(Membership No. 106189)
(UDIN: 22106189AIJBSX8939)

Place: Vadodara
Date: May 04, 2022

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, 2022, 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 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, 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, 2022, 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.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 17366W/W-100018)

(Kartikeya Raval)
(Partner)
(Membership No. 106189)
(UDIN: 22106189AIJBSX8939)

Place: Vadodara
Date: May 04, 2022

Consolidated Balance Sheet

as at March 31, 2022

₹ in Crores

	Notes	As at March 31, 2022	As at March 31, 2021
I. ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	2	1,932.68	1,835.69
(b) Capital Work-in-Progress	2	103.69	206.76
(c) Intangible Assets	3	30.75	28.05
(d) Intangible Assets Under Development		18.54	13.68
(e) Financial Assets			
Investments	4	2.23	2.50
Loans	5	0.76	0.79
Other Financial Assets	6	8.89	8.76
(f) Non-Current Tax Assets (Net)	7	0.99	-
(g) Other Non-Current Assets	8	47.20	11.89
Total Non-Current Assets		**2,145.72**	**2,108.12**
Current Assets			
(a) Inventories	9	584.55	382.69
(b) Financial Assets			
Investments	10	436.79	186.79
Trade Receivables	11	1,129.06	756.30
Cash and Cash Equivalents	12	22.85	8.89
Bank Balances Other than Cash and Cash Equivalents above	13	18.94	24.54
Loans	5	0.41	0.57
Other Financial Assets	14	2.98	2.76
(c) Current Tax Assets (Net)	15	6.16	5.09
(d) Other Current Assets	16	81.61	82.83
(e) Assets classified as held for sale		1.39	1.72
Total Current Assets		**2,284.74**	**1,452.18**
TOTAL ASSETS		**4,430.46**	**3,560.30**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	17	27.28	27.28
(b) Other Equity	18	3,311.16	2,319.37
Total Equity		**3,338.44**	**2,346.65**
Non-Current Liabilities			
(a) Financial Liabilities			
Borrowings	19	187.49	524.04
Lease Liabilities	44	12.88	10.76
(b) Provisions	20	21.86	17.20
(c) Deferred Tax Liabilities (Net)	21	122.87	107.81
(d) Other Non-Current Liabilities	22	-	0.36
Total Non-Current Liabilities		**345.10**	**660.17**
Current Liabilities			
(a) Financial Liabilities			
Borrowings	23	113.19	53.50
Lease Liabilities	44	1.47	1.44
Trade Payables			
Total outstanding dues of			
a) Micro Enterprises and Small Enterprises	24	32.37	15.04
b) creditors other than Micro Enterprises and Small Enterprises	24	479.34	421.70
Other Financial Liabilities	25	42.11	32.44
(b) Other Current Liabilities	26	68.35	17.39
(c) Provisions	20	7.70	10.38
(d) Current Tax Liabilities (Net)	27	2.39	1.59
Total Current Liabilities		**746.92**	**553.48**
Total Liabilities		**1,092.02**	**1,213.65**
TOTAL EQUITY AND LIABILITIES		**4,430.46**	**3,560.30**
Significant Accounting Policies	1		

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

Vadodara: May 04, 2022

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
Vadodara: May 04, 2022

Sudhir Mankad
Director
DIN: 00086077

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

₹ in Crores

	Notes	For the year ended March 31, 2022	For the year ended March 31, 2021
I. Revenue from Operations	28	6,802.19	4,359.75
II. Other Income	29	42.61	21.52
III. Total Income (I+II)		**6,844.80**	**4,381.27**
IV. Expenses:			
(a) Cost of Materials Consumed	30	4,210.95	2,274.27
(b) Changes in Inventories of Finished Goods and Work-in-Progress	31	(96.60)	(10.01)
(c) Employee Benefits Expense	32	274.11	247.04
(d) Power & Fuel Expenses	33	438.61	264.74
(e) Finance Costs	34	34.04	74.20
(f) Depreciation and Amortisation Expense	35	177.70	152.63
(g) Other Expenses	36	371.54	336.68
Total Expenses (IV)		**5,410.35**	**3,339.55**
V. Profit Before Tax (III-IV)		**1,434.45**	**1,041.72**
VI. Tax Expense:			
(a) Current Tax		352.79	239.65
(b) Deferred Tax		15.02	26.26
VII. Profit for the Year (V-VI)		**1,066.64**	**775.81**
VIII. Other Comprehensive Income:			
Items that will not be Reclassified to Profit and Loss:			
(a) Remeasurement of Defined Benefit Obligations (Net)		0.48	(1.54)
(b) Tax Effect on remeasurement of Defined Benefit obligations (Net)		(0.11)	0.39
(c) Fair Value Gains on Investments		(0.27)	0.10
(d) Tax effect of Fair Value Gains on Investments		0.07	(0.02)
Total Other Comprehensive Income for the Year (VIII)		**0.17**	**(1.07)**
IX. Total Comprehensive Income for the Year (VII+VIII)		**1,066.81**	**774.74**
X. Profit is attributable to:			
Owners of the Group		1,066.64	775.81
Non-Controlling Interest		-	-
XI. Other Comprehensive Income is attributable to:			
Owners of the Group		0.17	(1.07)
Non-Controlling Interest		-	-
XII. Total Comprehensive Income is attributable to:			
Owners of the Group		1,066.81	774.74
Non-Controlling Interest		-	-
Earnings Per Equity Share			
(a) Basic (Nominal Value per share ₹ 2)	45	78.20	56.88
(b) Diluted (Nominal Value per share ₹ 2)	45	78.20	56.88

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

Vadodara: May 04, 2022

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
Vadodara: May 04, 2022

Sudhir Mankad
Director
DIN: 00086077

Consolidated Statement of Cash Flow

for the year ended March 31, 2022

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit Before Tax	1,434.45	1,041.72
	Adjustments for :		
	1. Depreciation and Amortisation Expense	177.70	152.63
	2. Loss on Sale of Property, Plant and Equipment	0.76	1.86
	3. Gain on disposal/modification of RTU assets	(0.12)	-
	4. Provision/(Reversal) for Doubtful Debts	4.42	16.86
	5. Provision/(Reversal) for Inventory Obsolescence	(4.56)	(1.58)
	6. Bad Debts (net of recovery)	-	(0.80)
	7. Gain on Redemption of Investment including gain on fair valuation	(9.89)	(1.36)
	8. Finance Costs	38.35	77.06
	9. Interest Income	(2.13)	(3.29)
	10. Unrealised Foreign Exchange Loss/(Gain) net	2.64	(3.00)
	11. Fair Value Gains	(0.01)	(0.02)
	12. Amortisation of Export Obligation	-	(0.49)
	Operating Profit Before Change in Operating Assets and Liabilities	**1,641.61**	**1,279.59**
	Movements in Working Capital :		
	1. (Increase)/Decrease in Inventories	(197.75)	13.40
	2. (Increase)/Decrease in Trade Receivables	(385.95)	(162.26)
	3. (Increase)/Decrease in Other Assets	(18.25)	36.47
	4. Increase/(Decrease) in Trade Payables	86.97	70.36
	5. Increase/(Decrease) in Other Liabilities	50.66	0.84
	Cash Generated from Operations	**1,177.29**	**1,238.40**
	Less: Income Tax paid (net of refund)	353.45	236.50
	Net Cash Inflow from Operating Activities (A)	**823.84**	**1,001.90**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**		
	1. Purchase of Property, Plant and Equipment, including Capital Work-in-Progress, Capital Advances & Payable for Capital Expenditure	(186.50)	(212.46)
	2. Purchase of Intangible Assets	(0.31)	(2.53)
	3. Proceeds from Sale of Property, Plant and Equipment	0.66	0.96
	4. Net(Purchase)/Proceeds from Redemption of Current Investments	(240.12)	(185.42)
	5. Interest Received	2.22	3.29
	Net Cash Outflow from Investing Activities (B)	**(424.06)**	**(396.16)**

Consolidated Statement of Cash Flow (Contd.)

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(C)	**CASH FLOW FROM FINANCING ACTIVITIES**		
	1. Proceeds from Non-Current Borrowings	15.00	48.13
	2. Repayment of Non-Current Borrowings	(335.06)	(327.35)
	3. Net Proceeds from Current Borrowings	38.90	(245.33)
	4. Interest paid	(32.03)	(73.57)
	5. Dividend paid on Equity Shares	(75.02)	(0.38)
	6. Margin Money Deposit	5.81	4.34
	7. Principal repayment of Lease Liability	(1.69)	(3.28)
	8. Interest cost of Lease	(1.73)	(1.55)
	Net Cash Outflow from Financing Activities (C)	**(385.81)**	**(598.99)**
	Net Increase in Cash and Cash Equivalents (A+B+C)	**13.96**	**6.75**
	Cash and Cash Equivalents at the Beginning of the Financial Year	8.89	2.14
	Cash and Cash Equivalents at the End of the Financial Year	**22.85**	**8.89**
	Reconciliation of Cash and Cash Equivalents		
	Balances with Banks:		
	In Current Accounts	5.36	0.46
	In EEFC Accounts	-	1.56
	In Cash Credit Accounts	7.28	1.07
	Deposit with banks with maturity less than 3 months from the date of acquisition	10.00	5.75
	Cash on Hand	0.21	0.05
	Total Cash and Cash Equivalents as per note 12.	**22.85**	**8.89**

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

Vadodara: May 04, 2022

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 04, 2022

Consolidated Statement of Changes in Equity

for the year ended March 31, 2022

(A) EQUITY SHARE CAPITAL (Refer Note 17)

₹ in Crores

	Amount
As at March 31, 2020	**27.28**
Changes in Equity Share Capital during the year	-
As at March 31, 2021	**27.28**
Changes in Equity Share Capital during the year	-
As at March 31, 2022	**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, 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 (net of taxes)	(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**
Profit for the year	1,066.64	-	-	-	-	-	1,066.64
Other Comprehensive Income (net of taxes)	0.37	-	-	-	-	(0.20)	0.17
Dividend	(75.02)	-	-	-	-	-	(75.02)
Transfer from Retained Earnings to General Reserve	(5.00)	-	5.00	-	-	-	-
Balance as at March 31, 2022	**2,776.96**	**0.71**	**98.90**	**0.15**	**434.17**	**0.27**	**3,311.16**

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

Vadodara: May 04, 2022

For and on behalf of the Board

Deepak C. Mehta
Chairman & Managing Director
DIN: 00028377

Maulik Mehta
Executive Director & CEO
DIN: 05227290

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Director
DIN: 00016322

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Director-Finance & CFO
DIN: 01776546

Arvind Bajpai
Company Secretary
Membership No: F6713
Vadodara: May 04, 2022

Sudhir Mankad
Director
DIN: 00086077

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

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 Chem Tech Limited (Formerly known as Deepak Clean Tech Limited) are referred to as the Group here under.

The Group manufactures Basic Intermediates, Fine & Speciality Chemicals, Performance Products, and Phenolics.

The Companies (Indian Accounting Standards) Amendment Rules, 2022 has notified amendments to the following accounting standards. The amendments are effective from April 1, 2022.

1. Ind AS 16 Property, Plant and Equipment
2. Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets
3. Ind AS 41 Agriculture
4. Ind AS 101 First time Adoption of Ind AS
5. Ind AS 103 Business Combination
6. Ind AS 109 Financial Instruments

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.

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

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. (Refer note 2)

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. (Refer note 42.5)

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. (Refer note 42.1)

Income taxes : Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (Refer note 39)

(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 2022. 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

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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
	2021-22	2020-21		
Deepak Phenolics Limited	100%	100%	Subsidiary	India
Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	100%	100%	Subsidiary	India
Deepak Nitrite Corporation, Inc.	100%	100%	Subsidiary	United States of America

(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.

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(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 control 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.

Government Incentives are recognised when approval of Incentive receivable is received from appropriate Government Authorities.

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.

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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.

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

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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, have elected to exercise option available under section 115BAA of the Income Tax Act, 1961.

Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited), wholly owned subsidiary, incorporated on October 09, 2020 has elected 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.

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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.

(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 & 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 & 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

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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:

Asset Category	Estimated Useful Life
Software and related implementation costs	2-6 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.

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(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

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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.

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(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.

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(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.

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

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 Intermediates, (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.

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

2. PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

	Freehold Land	Leasehold Land	Building	Plant and Equipment	Furniture and Fixture	Vehicle	Office Equipment	Road	Total	Capital Work-in-Progress
Gross Carrying Amount as at March 31, 2020 (Refer note 2.3)	**24.10**	**156.05**	**159.59**	**1,683.06**	**10.59**	**10.04**	**5.66**	**20.95**	**2,070.04**	**172.27**
Additions during the year 2020-21	-	2.68	13.13	163.36	0.55	1.45	1.03	1.85	184.04	219.87
Deductions during the year 2020-21	-	-	(0.92)	(1.54)	-	(1.34)	(0.13)	-	(3.93)	(185.38)
Reclassification of Assets during the year 2020-21	-	-	(3.20)	3.20	-	-	-	-	-	-
Gross Carrying Amount as at March 31, 2021	**24.10**	**158.73**	**168.59**	**1,848.08**	**11.14**	**10.15**	**6.56**	**22.80**	**2,250.15**	**206.76**
Additions during the year 2021-22	-	22.00	20.63	224.28	0.73	4.30	0.70	0.31	272.94	172.17
Deductions during the year 2021-22	-	-	(0.05)	(5.11)	(0.04)	(0.45)	(0.08)	-	(5.72)	(275.24)
Gross Carrying Amount as at March 31, 2022	**24.10**	**180.73**	**189.17**	**2,067.26**	**11.83**	**14.00**	**7.18**	**23.11**	**2,517.38**	**103.69**
Depreciation | Amortisation as at March 31, 2020	**-**	**2.01**	**22.28**	**226.90**	**4.01**	**4.13**	**3.43**	**5.35**	**268.12**	
Depreciation for the year 2020-21	-	1.77	10.97	125.78	1.43	1.58	0.97	5.57	148.07	
Depreciation on disposal during the year 2020-21	-	-	-	(0.78)	-	(0.83)	(0.12)	-	(1.72)	
Reclassification of Assets during the year 2020-21	-	-	(0.06)	0.06	-	-	-	-	-	
Depreciation | Amortisation as at March 31, 2021	**-**	**3.78**	**33.19**	**351.97**	**5.44**	**4.89**	**4.28**	**10.92**	**414.47**	
Depreciation for the year 2021-22	-	1.92	9.33	152.72	1.47	1.56	0.89	5.67	173.55	
Depreciation on disposal during the year 2021-22	-	(0.00)	-	(2.91)	(0.03)	(0.32)	(0.06)	-	(3.32)	
Depreciation | Amortisation as at March 31, 2022	**-**	**5.70**	**42.52**	**501.77**	**6.88**	**6.13**	**5.12**	**16.59**	**584.70**	
Net Carrying Amount as at March 31, 2021	**24.10**	**154.95**	**135.41**	**1,496.12**	**5.70**	**5.26**	**2.27**	**11.88**	**1,835.69**	**206.76**
Net Carrying Amount as at March 31, 2022	**24.10**	**175.02**	**146.66**	**1,565.49**	**4.95**	**7.87**	**2.07**	**6.52**	**1,932.68**	**103.69**

Notes
forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

Notes:

1 Capital work-in-progress mainly comprises addition/expansion projects in progress.

The following table provides CWIP Ageing Schedule as at March 31, 2022

₹ in Crores

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 year	2-3 years	More than 3 years	
Projects in progress	72.19	16.79	14.71	-	103.69

The following table provides CWIP Ageing Schedule as at March 31, 2021

₹ in Crores

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 year	2-3 years	More than 3 years	
Projects in progress	150.14	56.46	0.16	-	206.76

For CWIP, the details of Projects that were overdue at March 31, 2021, were completed and capitalized in F.Y. 2021-22

₹ in Crores

	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
- Captive Power Plant	111.49	-	-	-	**111.49**

2 Right-to-use assets included in Property, Plant and Equipment

₹ in Crores

	Building	Plant and Equipment	Furniture	Vehicle	Total
Gross Carrying Amount as at March 31, 2020	**14.24**	**0.69**	**1.75**	**1.11**	**17.79**
Additions during the year 2020-21	1.19	-	-	-	1.19
Deductions during the year 2020-21	(0.92)	-	-	-	(0.92)
Gross Carrying Amount as at March 31, 2021	**14.51**	**0.69**	**1.75**	**1.11**	**18.06**
Additions during the year 2021-22	0.89	0.70	-	3.42	5.01
Deductions during the year 2021-22	(0.05)	-	-	-	(0.05)
Gross Carrying Amount as at March 31, 2022	**15.35**	**1.39**	**1.75**	**4.53**	**23.02**
Depreciation | Amortisation as at March 31, 2020	**2.46**	**0.33**	**0.08**	**0.56**	**3.43**
Depreciation for the year 2020-21	2.65	0.36	0.20	0.55	3.76
Depreciation | Amortisation as at March 31, 2021	**5.11**	**0.69**	**0.28**	**1.11**	**7.19**
Depreciation for the year 2021-22	2.26	0.32	0.20	0.54	3.32
Depreciation | Amortisation as at March 31, 2022	**7.37**	**1.01**	**0.48**	**1.65**	**10.51**
Net Carrying Amount as at March 31, 2021	**9.40**	**-**	**1.46**	**-**	**10.86**
Net Carrying Amount as at March 31, 2022	**7.98**	**0.38**	**1.26**	**2.88**	**12.50**

3 The Group has availed deemed cost approach in relation to the Property, Plant and Equipment & Intangible Assets on the date of transition to IND-AS i.e. 1 April 2016, hence the net block carrying amount has been considered as the gross block carrying amount on that date. Additions to the Property, Plant and Equipment & Intangible Assets after the said date have been recorded on historical cost basis.

Notes
forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

4 Refer note 19 and 23 for hypothecation / mortgage created on assets of the Group.

5 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.

6 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.

3. INTANGIBLE ASSETS

₹ in Crores

	Computer Software	Others	Total
Gross Carrying Amount as at March 31, 2020 (Refer note 2.3)	**7.83**	**32.02**	**39.85**
Additions during the year 2020-21	0.61	1.92	2.53
Gross Carrying Amount as at March 31, 2021	**8.44**	**33.94**	**42.38**
Additions during the year 2021-22	1.08	6.22	7.30
Deductions during the year 2021-22	(0.21)	-	(0.21)
Gross Carrying Amount as at March 31, 2022	**9.31**	**40.16**	**49.48**
Depreciation | Amortisation as at March 31, 2020	**4.41**	**5.37**	**9.78**
Depreciation for the year 2020-21	1.16	3.39	4.55
Depreciation | Amortisation as at March 31, 2021	**5.57**	**8.76**	**14.33**
Depreciation for the year 2021-22	1.10	3.51	4.61
Depreciation on disposal during the year 2021-22	(0.21)	-	(0.21)
Depreciation | Amortisation as at March 31, 2022	**6.46**	**12.27**	**18.73**
Net Carrying Amount as at March 31, 2021	**2.87**	**25.19**	**28.05**
Net Carrying Amount as at March 31, 2022	**2.85**	**27.90**	**30.75**

The table below provides Aging of Intangible Assets Under Development as at March 31, 2022

₹ in Crores

	Amount for a period of				Total
Intangible Assets Under Development	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in progress	4.86	13.68	-	-	18.54

The table below provides Aging of Intangible Assets Under Development as at March 31, 2021

₹ in Crores

	Amount for a period of				Total
Intangible Assets Under Development	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project in progress	13.68	-	-	-	13.68

4. NON-CURRENT INVESTMENTS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Investments in Equity Instruments of other companies measured at FVTPL	0.06	0.06
Investments in Equity Instruments of other companies measured at FVOCI	2.17	2.44
Investments in Government or Trust Securities measured at amortised cost (Refer Note (b) below)	0.00	0.00
Total	**2.23**	**2.50**

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

	Face Value	As at March 31, 2022		As at March 31, 2021	
		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	0.02
Bank of Baroda	INR 2/-	3,234	0.03	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	0.55	52,342	0.85
Deepak International Limited	GBP 1/-	73,706	0.73	73,706	0.74
Deepak Gulf LLC	Omani Riyal 1/-	45,000	0.89	45,000	0.85
(b) Investments in Government or Trust Securities measured at amortised cost					
National Savings Certificate (represents ₹ 1,000)			0.00		0.00
Total		**1,84,130**	**2.23**	**1,84,130**	**2.50**

Note:

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Aggregate amount of Unquoted Investments	2.18	2.45
(b) Aggregate amount of Quoted Investments	0.05	0.05

5. LOANS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Non-Current		
Loans to Employees		
Unsecured, considered good	0.76	0.79
Total Non-Current	**0.76**	**0.79**
Current		
Loans to Employees		
Unsecured, considered good	0.41	0.57
Total Current	**0.41**	**0.57**

6. OTHER NON-CURRENT FINANCIAL ASSETS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Security Deposits		
Unsecured, considered good	8.89	8.76
Total	**8.89**	**8.76**

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

7. NON-CURRENT TAX ASSETS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Advance Income Tax (Net of provisions)	0.99	-
Total	**0.99**	-

8. OTHER NON-CURRENT ASSETS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Capital Advances	20.31	10.99
(b) Prepaid Expenses	0.32	0.15
(c) Advance against Salary	0.85	0.75
(d) Balance with Government Authorities	25.72	-
Total	**47.20**	**11.89**

9. INVENTORIES [AT LOWER OF COST AND NET REALISABLE VALUE]

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Raw materials and components	160.67	107.72
Goods-in-transit	50.36	21.95
	211.03	129.67
(b) Stores and Spares	48.77	29.42
Sub-Total	**259.80**	**159.09**
(c) Work-in-progress	91.90	60.14
(d) Finished goods	234.65	169.81
Provision for obsolescence	(1.80)	(6.35)
Sub-Total	**324.75**	**223.60**
Total	**584.55**	**382.69**

Refer note 19 and 23 for hypothecation / mortgage created on assets of the Group.

10. CURRENT INVESTMENTS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Investments measured at FVTPL (Quoted)		
Investments in Mutual Funds	436.79	186.79
Total	**436.79**	**186.79**

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

11. TRADE RECEIVABLES

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Current		
Unsecured, Considered Good		
(i) Trade Receivables - Others	1,156.54	779.80
(ii) Related Parties (Refer Note 37.10)	8.40	7.96
Allowance for credit losses	(35.88)	(31.46)
Total	**1,129.06**	**756.30**

The credit period on sales of goods varies with business segments/ markets and generally ranges between 7 to 180 days. For financial risk and ageing related to Trade Receivables refer note 42.5 and 42.6.

Refer note 19 and 23 for hypothecation / mortgage created on assets of the Group.

12. CASH AND CASH EQUIVALENTS

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	Cash on hand	0.21	0.05
(b)	Balances with banks		
	In Current accounts	5.36	0.46
	In EEFC Accounts	-	1.56
	In Cash Credit Accounts	7.28	1.07
	Deposit with banks with maturity less than 3 months from the date of acquisition	10.00	5.75
	Total	**22.85**	**8.89**

13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	Earmarked Balances with Bank	1.42	1.20
(b)	Deposits with banks with maturity less than 3 months	17.34	16.75
(c)	Deposits with banks with maturity more than 3 months but less than 12 months	0.18	6.59
	Total	**18.94**	**24.54**

Deposit of ₹ 17.34 Crores is placed with bank for Debt Service Reserve Account (DSRA).

14. OTHER CURRENT FINANCIAL ASSETS

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
Unsecured, considered good			
(a)	Interest Receivable	0.61	0.63
(b)	Insurance Claim Receivable	-	0.03
(c)	Security Deposits	0.55	0.08
(d)	Earnest Money	0.19	0.07
(e)	Others	1.63	1.95
	Total	**2.98**	**2.76**

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

15. CURRENT TAX ASSETS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Advance Income Tax (Net of provisions)	6.16	5.09
Total	**6.16**	**5.09**

16. OTHER CURRENT ASSETS

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
Unsecured, considered good			
(a)	Balance with Government Authorities	36.32	30.61
(b)	Prepaid Expenses	9.60	9.97
(c)	Advances to Suppliers	35.62	42.12
(d)	Other Receivables	0.07	0.13
	Total	**81.61**	**82.83**

17. EQUITY SHARE CAPITAL

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
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) Reconciliation of number of Equity Shares outstanding at the beginning and at the end of the year :

	As at March 31, 2022		As at March 31, 2021	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Equity Shares				
Shares outstanding at the beginning of the year	13,63,93,041	27.28	13,63,93,041	27.28
Shares outstanding at the end of the year	**13,63,93,041**	**27.28**	**13,63,93,041**	**27.28**

(b) 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.

(c) Details of shares held by each shareholder holding more than 5% Equity shares of ₹ 2 each fully paid in the Company :

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

	As at March 31, 2022		As at March 31, 2021	
Name of the Shareholder	No.	% holding	No.	% holding
Shri Deepak Chimanlal Mehta	2,18,41,531	16.01	2,18,79,831	16.04
Stiffen Credits & Capital Pvt. Ltd.	84,37,840	6.10	84,15,940	6.17
Checkpoint Credits & Capital Pvt. Ltd.	72,06,050	5.28	72,06,050	5.28
Stepup Credits & Capital Pvt. Ltd.	69,15,580	5.07	69,15,580	5.07

(d) Details of shares held by Promoters

	As at March 31, 2022		As at March 31, 2021		% Change during the year
Promoter Name	No. of Shares	% of total shares	No. of Shares	% of total shares	
Shri Chimanlal K. Mehta	6,97,090	0.51	7,01,390	0.51	0.00%
Shri Deepak Chimanlal Mehta	2,18,41,531	16.01	2,18,79,831	16.04	-0.03%
Shri Maulik D. Mehta	1,31,300	0.10	1,31,300	0.10	0.00%

18. OTHER EQUITY

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Reserves & Surplus		
(a) Retained Earnings	2,776.96	1,789.97
(b) General Reserve	98.90	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	0.27	0.47
Total	**3,311.16**	**2,319.37**

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Retained Earnings		
Balance at beginning of year	1,789.97	1,015.31
Add: Profit for the year	1,066.64	775.81
Add: Remeasurement of Defined Benefit Obligation (Net of tax)	0.37	(1.15)
Less: Payment of Dividend on Equity Shares	75.02	-
Less: Transferred to General Reserve	5.00	-
Balance at end of year	**2,776.96**	**1,789.97**
Retained earnings represents the Group's undistributed earnings after taxes.		
(b) General Reserve		
Balance at beginning of year	93.90	93.90
Add: Transferred from Retained Earnings	5.00	-
Balance at end of year	**98.90**	**93.90**
The general reserve is used for purposes as specified under the Companies Act, 2013. Items included in the general reserve will not be reclassified subsequently to the statement of profit and loss as the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income.		
(c) Capital Reserve		
Balance at beginning of year	0.71	0.71
Balance at end of year	**0.71**	**0.71**

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(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 represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium 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	0.47	0.39
Add: Gain / (Loss) on revaluation of Equity Instruments	(0.20)	0.08
Balance at end of year	**0.27**	**0.47**
This reserve represents the cumulative gains and losses arising on the fair valuation 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, 2022	As at March 31, 2021
Term Loans from Banks at amortised cost		
Secured	258.69	574.44
Sub-Total	**258.69**	**574.44**
Less:		
Current maturities of Non-Current Borrowings (Refer Note 23)	71.20	50.40
Total	**187.49**	**524.04**

Secured Term Loans:-

In case of Indian Subsidiary, Deepak Phenolics Limited, term loan from Banks are secured by way of first charge of property, plant and equipment by hypothecation and mortgage and second charge over Raw Materials, Semi-Finished and Finished Goods, Consumable Stores and Book Debts.

The assets stated herein are disclosed under note 2, 9 and 11.

Repayment Schedule:-

Project Term loan is repayable on quarterly basis starting from June, 2020 while other Term loan availed is repaybale on quarterly basis starting from May, 2022.

Notes

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20. PROVISIONS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Non-Current		
Provision for Employee Benefit Obligations		
Provision for Leave Benefits (Refer Note 40 (B))	21.86	17.20
Total Non-Current	**21.86**	**17.20**
Current		
Provision for Employee benefit obligations		
Provision for leave benefits (Refer Note 40 (B))	5.25	4.44
Provision for Gratuity (Refer Note 40 (A)(iii))	2.45	5.94
Total Current	**7.70**	**10.38**

21. DEFERRED TAX LIABILITY (NET)

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Break up of deferred tax liability as at year end:		
Nature of timing difference		
Property, Plant and Equipment	134.78	128.11
Others	0.93	-
Total Deferred Tax Liability (a)	**135.71**	**128.11**
(b) Break up of deferred tax asset as at year end:		
Nature of timing difference		
Disallowances u/s 43B, Provisions and Others	12.84	20.30
Total Deferred Tax Asset (b)	**12.84**	**20.30**
Deferred Tax Liability (Net) (a-b)	**122.87**	**107.81**

Refer note 39C for movement in Deferred Tax Assets and Liabilities.

22. OTHER NON-CURRENT LIABILITIES

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Export Obligations	-	0.36
Total	**-**	**0.36**

23. CURRENT BORROWINGS

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
(a) Working Capital Borrowings from Banks		
Secured	41.99	3.10
(b) Current maturities of Long term Borrowings (Refer Note 19)	71.20	50.40
Total	**113.19**	**53.50**

(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% to 1.30% p.a., Packing Credit in Foreign Currency, Buyers' Credit against Letter of Undertaking with rate of interest ranging from SOFR 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. 9 and 11.

24. TRADE PAYABLES

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	To outstanding dues of Micro Enterprises and Small Enterprises	32.37	15.04
(b)	To outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	479.34	421.70
	Total	**511.71**	**436.74**

The average credit period on goods purchased or services received ranges between 30 days to 180 days. For ageing schedule related to Trade Payables refer note 42.5

25. OTHER CURRENT FINANCIAL LIABILITIES

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	Security Deposits	8.40	7.21
(b)	Investor Education and Protection Fund will be credited by following amounts (as and when due)		
	Unpaid Dividend	1.42	1.20
	Unclaimed Matured Deposits (Refer Note below)	0.07	0.07
	Unpaid Interest on Matured Fixed Deposits	-	0.01
(c)	Payable for capital expenditure	30.85	19.20
(d)	Interest accrued but not due on Borrowings	0.35	0.62
(e)	Others	1.02	4.13
	Total	**42.11**	**32.44**

The Unclaimed Matured deposits of ₹ 0.07 crores outstanding as at March 31, 2022 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.

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund (IEPF) by the Group except for an amount of ₹ 49,000 pertaining to unclaimed deposits of Parent Company, pertaining to the year 2014-15 which was due to be transferred on March 30, 2022 and was transferred on May 03, 2022.

26. OTHER CURRENT LIABILITIES

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
(a)	Advances received from Customers	32.24	8.18
(b)	Statutory Dues	36.11	9.21
	Total	**68.35**	**17.39**

27. CURRENT TAX LIABILITIES

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Provision for Tax (Net of Advances)	2.39	1.59
Total	**2.39**	**1.59**

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

28. REVENUE FROM OPERATIONS

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Sale of Products	6,762.62	4,326.65
(b)	Sale of Services	10.72	6.50
(c)	Other Operating Revenues		
	Export Incentives	21.08	22.93
	Scrap Sale	6.11	2.77
	Others	1.66	0.90
	Total	**6,802.19**	**4,359.75**

Refer Note 11 - Trade Receivables to the Consolidated Financial Statements for the amount of contract assets outstanding as at March 31, 2022 and refer to details of Advance received from Customers in Note 26 - Other Current Liabilities to the Consolidated Financial Statements for the contract liabilities outstanding as at March 31, 2022.

29. OTHER INCOME

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Foreign Exchange Gain	7.67	9.02
(b)	Cash Discount	11.90	3.89
(c)	Gain on redemption of Investments	6.21	0.84
(d)	Fair Value Gains on Financial Assets	3.69	0.52
(e)	Interest Income	2.13	3.29
(f)	Rent	0.15	0.27
(g)	Writebacks and Other Recoveries	7.16	1.59
(h)	Other Non-Operating Revenue	3.70	2.10
	Total	**42.61**	**21.52**

30. COST OF RAW MATERIAL AND COMPONENTS CONSUMED

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Cost of Raw Material and Components Consumed	4,163.80	2,239.55
(b)	Cost of Packing Material Consumed	47.15	34.72
	Total	**4,210.95**	**2,274.27**

31. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the beginning of the year		
Stock in Process	60.14	52.28
Finished Goods	169.81	167.66
	229.95	**219.94**
Less:		
Inventories at the end of the year		
Stock in Process	91.90	60.14
Finished Goods	234.65	169.81
	326.55	**229.95**
Total	**(96.60)**	**(10.01)**

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

32. EMPLOYEE BENEFITS EXPENSE

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Salaries & Wages	243.94	220.50
(b)	Contribution to provident fund and other funds (Refer Note 40C)	12.36	11.09
(c)	Gratuity Expenses (Refer Note 40A(iv))	3.51	3.15
(d)	Staff Welfare Expenses	14.30	12.30
	Total	**274.11**	**247.04**

33. POWER & FUEL EXPENSES

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Consumption of Power	163.94	134.25
(b)	Consumption of Fuel and other utilities	274.67	130.49
	Total	**438.61**	**264.74**

34. FINANCE COSTS

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Interest on Borrowings	32.31	72.55
(b)	Exchange difference to the extent considered as an adjustment to Borrowing Costs	-	0.10
(c)	Interest cost on lease liabilities (Refer Note 44A)	1.73	1.55
	Total	**34.04**	**74.20**

35. DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Depreciation on Property, Plant and Equipment	169.77	144.33
(b)	Depreciation on Right-of-use Assets	3.32	4.55
(c)	Amortisation of Intangible Assets	4.61	3.76
	Total	**177.70**	**152.63**

36. OTHER EXPENSES

₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(a)	Conversion Charges	9.60	8.19
(b)	Other Manufacturing Expenses	13.04	13.09
(c)	Rent	3.30	2.95
(d)	Repairs & Maintenance		
	Repairs to Building	2.29	2.76
	Repairs and maintenance to Plant and Equipment	48.96	36.26
	Repairs and maintenance to Others	0.78	0.79
(e)	Consumption of stores & spare parts	16.73	15.02
(f)	Insurance	18.51	13.25
(g)	Rates & taxes	4.56	3.19
(h)	Bank Charges	2.33	3.13

Notes

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₹ in Crores

		For the year ended March 31, 2022	For the year ended March 31, 2021
(i)	Travelling & Conveyance	2.10	0.87
(j)	Freight & Forwarding Charges	161.33	133.65
(k)	Loss on Sale of Property, Plant and Equipment	0.76	1.86
(l)	Commission on sales	5.25	2.10
(m)	CSR Expenses (Refer note 46)	14.97	8.45
(n)	Provision for Doubtful Debts (Gross)	15.53	22.44
	Less: Transfer from Provision for Doubtful Debts	11.11	5.58
	Provision for Doubtful Debts (Net)	4.42	16.86
(o)	Bad Debts written off	-	0.79
(p)	Vehicle Expenses	7.24	6.68
(q)	Legal & Professional Expenses	16.47	16.11
(r)	General Expenses	34.32	42.94
(s)	Payment to Auditor	0.98	1.03
(t)	Director's Sitting Fees	0.35	0.28
(u)	Other Directors Commission	3.25	2.99
(v)	Provision for Inventory Obsolescence	-	3.44
	Total	**371.54**	**336.68**

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 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 Fertilisers 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 * 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 * Sara Consultants

(iii) Relative of Key Management Personnel

Shri Chimanlal K. Mehta

Shri Meghav D. Mehta

Smt Ila D. Mehta

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

B) Transactions with the Related Parties

₹ in Crores

	March 31 2022				March 31 2021			
	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	-	124.64	-	**124.64**	-	77.16	-	**77.16**
2 Sale of Goods								
Deepak Novochem Technologies Limited	-	19.68	-	**19.68**	-	21.20	-	**21.20**
Deepak Fertilisers & Petrochemicals Corporation Limited	-	1.23	-	**1.23**	-	-	-	-
3 Conversion Charges Received								
Deepak Novochem Technologies Limited	-	10.72	-	**10.72**	-	6.50	-	**6.50**
4 Rendering of Services / Reimbursement of Expenses								
Deepak Novochem Technologies Limited	-	0.04	-	**0.04**	-	0.03	-	**0.03**
Storewell Credits and Capital Private Limited	-	0.04	-	**0.04**	-	0.10	-	**0.10**
5 Receiving of services / Reimbursement of Expenses								
Deepak Fertilisers & Petrochemicals Corporation Limited	-	0.15	-	**0.15**	-	0.07	-	**0.07**
Deepak Foundation (Previous year represents ₹34,000)	-	0.01	-	**0.01**	-	0.00	-	**0.00**
Deepak Medical Foundation	-	0.83	-	**0.83**	-	1.00	-	**1.00**
Deepak Cybit Private Limited	-	0.94	-	**0.94**	-	0.79	-	**0.79**
Stepup Credits And Capital Private Limited	-	0.23	-	**0.23**	-	-	-	-
Sara Consultants	-	0.33	-	**0.33**	-	-	-	-
Checkpoint Credits & Capital Private Limited	-	0.14	-	**0.14**	-	-	-	-
6 Security Deposit Given								
Stepup Credits And Capital Private Limited	-	0.18	-	**0.18**	-	-	-	-
Deepak Fertilisers & Petrochemicals Corporation Limited	-	0.04	-	**0.04**	-	-	-	-
Checkpoint Credits & Capital Private Limited	-	0.11	-	**0.11**	-	-	-	-
7 Managerial Remuneration								
Shri Deepak C. Mehta	24.99	-	-	**24.99**	18.93	-	-	**18.93**
Shri Maulik D. Mehta	3.29	-	-	**3.29**	2.53	-	-	**2.53**
Shri Sanjay Upadhyay	4.32	-	-	**4.32**	3.51	-	-	**3.51**
Shri Meghav D. Mehta	-	-	1.95	**1.95**	-	-	1.54	**1.54**
Shri Umesh Asaikar*	-	-	-	-	3.22	-	-	**3.22**

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₹ in Crores

		March 31 2022				March 31 2021			
		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
8	**Dividend Paid**								
	Checkpoint Credits & Capital Private Limited	-	3.96	-	**3.96**	-	-	-	-
	Stigma Credits & Capital Private Limited	-	3.40	-	**3.40**	-	-	-	-
	Stiffen Credits & Capital Private Limited	-	4.63	-	**4.63**	-	-	-	-
	Stepup Credits & Capital Private Limited	-	3.80	-	**3.80**	-	-	-	-
	Skyrose Finvest Private Limited	-	2.11	-	**2.11**	-	-	-	-
	Pranawa Leafin Private Limited	-	1.27	-	**1.27**	-	-	-	-
	Forex Leafin Private Limited	-	1.19	-	**1.19**	-	-	-	-
	Sundown Finvest Private Limited	-	0.46	-	**0.46**	-	-	-	-
	Storewell Credits and Capital Private Limited	-	0.49	-	**0.49**	-	-	-	-
	Hardik Leafin Private Limited	-	0.19	-	**0.19**	-	-	-	-
	Shri Deepak C. Mehta	12.03	-	-	**12.03**	-	-	-	-
	Shri C.K. Mehta	-	-	0.39	**0.39**	-	-	-	-
	Shri Maulik.D. Mehta	0.07	-	-	**0.07**	-	-	-	-
	Shri Meghav.D. Mehta	-	-	0.03	**0.03**	-	-	-	-
	Smt Ila D. Mehta	-	-	0.22	**0.22**	-	-	-	-
	Others	-	0.04	-	**0.04**	-	-	-	-
9	**Donation / CSR Activity**								
	Deepak Foundation	-	11.63	-	**11.63**	-	8.85	-	**8.85**
	Deepak Medical Foundation	-	2.88	-	**2.88**	-	0.18	-	**0.18**
10	**Net Accounts Receivable incl advance/ (Payable)**								
	Deepak Fertilisers & Petrochemicals Corporation Limited	-	(2.59)	-	**(2.59)**	-	(13.60)	-	**(13.60)**
	Deepak Novochem Technologies Limited	-	8.40	-	**8.40**	-	7.96	-	**7.96**
	Shri Deepak C. Mehta	(18.00)	-	-	**(18.00)**	(12.00)	-	-	**(12.00)**
	Shri Maulik D. Mehta	(0.63)	-	-	**(0.63)**	(0.40)	-	-	**(0.40)**
	Shri Sanjay Upadhyay	(0.79)	-	-	**(0.79)**	(0.53)	-	-	**(0.53)**
	Shri Meghav Mehta	-	-	(0.33)	**(0.33)**	-	-	(0.25)	**(0.25)**
	Deepak Medical Foundation	-	(0.22)	-	**(0.22)**	-	(0.03)	-	**(0.03)**
	Deepak Cybit Private Limited	-	(0.03)	-	**(0.03)**	-	-	-	-
	Deepak Foundation	-	0.31	-	**0.31**	-	-	-	-

* Executive Director & Chief Executive Officer upto May 31, 2020

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.

Notes

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38. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

₹ in Crores

		As at March 31, 2022	As at March 31, 2021
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 was being contested at various level of Indirect Tax authorities	-	0.04
(c)	Bank Guarantees:		
	Financial	14.71	11.42
	Performance	11.17	11.75
(d)	Disputed Labour Matters	Amount not ascertainable	
	Management is not expecting any future cash outflow in respect of (a),(b) & (d).		
Total (I)		**26.80**	**24.13**
II.	**Commitments**		
	Capital Commitments (Net of Advances: Refer Note 8(a))	138.71	81.28
Total(II)		**138.71**	**81.28**

39. TAX EXPENSE

A. Income Tax Expense Recognised in the Statement of Profit and Loss

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
I. Expense / (Benefit) recognised in the statement of profit and loss		
Current tax on profit for the year	352.79	239.65
Increase in deferred tax liabilities	15.02	26.26
Total	**367.81**	**265.91**
II. Expense / (Benefit) recognised in statement of other comprehensive income		
Re-measurement gains / (losses) on defined benefit plans	0.11	(0.39)
Equity instruments through other comprehensive income	(0.07)	0.02
Total	**0.04**	**(0.37)**

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 ended March 31, 2022	For the year ended March 31, 2021
Profit before taxes	**1,434.45**	**1,041.72**
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	**361.02**	**262.18**
Effect of:		
Donations and CSR Expenses	3.95	3.42
Others (Net)	2.84	0.31
Total income tax expense	**367.81**	**265.91**

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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, 2022	Recognised in statement of profit and loss /OCI ₹ in Crores	As at March 31, 2021	Recognised in statement of profit and loss /OCI ₹ in Crores	As at March 31, 2020
Property, plant and equipment	134.78	6.67	128.11	17.20	110.91
Others	0.93	0.93	-	-	-
Total Deferred Tax Liabilities (a)	**135.71**	**7.60**	**128.11**	**17.20**	**110.91**
Disallowances u/s 43B, Provision and Others	12.84	(7.46)	22.61	(8.69)	31.30
Transferred from Income Tax Provision	-	-	(2.31)	-	-
Total Deferred Tax Assets (b)	**12.84**	**(7.46)**	**20.30**	**(8.69)**	**31.30**
Net Deferred Tax (Asset)/Liabilities (a-b)	**122.87**	**15.06**	**107.81**	**25.89**	**79.61**

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, 2022	As at March 31, 2021
Balance at the beginning of the year	33.87	31.30
Current Service Cost	3.06	2.67
Interest Cost	2.31	2.13
Actuarial (gain)/losses	0.03	1.21
Benefits Paid	(1.61)	(3.43)
Balance at the end of the year	**37.66**	**33.87**

(ii) Reconciliation of opening and closing balances of Fair Value of Plan Assets

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	27.94	24.08
Interest Income	1.91	1.65
Return on Plan Assets	0.50	(0.33)
Contribution by the Group	6.47	5.75
Benefits Paid	(1.60)	(3.22)
Balance at the end of the year	**35.21**	**27.94**
Actual Return on Plan Assets	6.96% to 7.37%	6.44% to 6.93%

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(iii) Assets and Liabilities Recognised in the Balance Sheet

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Present Value of Defined Benefit Obligation	37.66	33.87
Less: Fair Value of Plan Assets	35.21	27.94
Amounts recognised as liability	**2.45**	**5.94**
Recognised under		
Short Term provision (Refer Note 20)	2.45	5.94
Total	**2.45**	**5.94**

(iv) Expenses recognised in the Statement of Profit and Loss

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Service Cost	3.06	2.67
Net Interest Cost	0.40	0.47
Provision	0.05	-
Total Expenses (Refer Note 32)	**3.51**	**3.15**

(v) Expenses recognised in the Other Comprehensive Income

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
Actuarial gain/(losses) on Obligation for the period	(0.03)	(1.21)
Return on Plan assets excluding Interest Income	0.50	(0.33)
Total Expenses recognised in OCI	**0.48**	**(1.54)**

(vi) Major Category of Plan Assets

	As at March 31, 2022		As at March 31, 2021	
	₹ in Crores	%	₹ in Crores	%
Insurance Policies	**35.21**	**100.00**	**27.94**	**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.

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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

	As at March 31, 2022	As at March 31, 2021
Discount Rate	7.33%	6.93%
Expected Return on Plan Assets	7.33%	6.93%
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, 2022 %	As at March 31, 2021 %	As at March 31, 2022 ₹ in Crores	As at March 31, 2021 ₹ in Crores	As at March 31, 2022 ₹ in Crores	As at March 31, 2021 ₹ in Crores
Discount Rate	1.00%	1.00%	(2.44)	(2.05)	2.85	2.39
Salary Growth Rate	1.00%	1.00%	2.81	2.34	(2.45)	(2.05)
Attrition Rate	1.00%	1.00%	(0.21)	(0.25)	0.23	0.27

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.

(ix) Maturity profile of Defined Benefit Obligation

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Within the next 12 months	9.78	9.30
From 2 to 5 years	9.07	8.69
From 6 to 10 years	14.52	12.80
Beyond 10 years	44.31	32.16

B. Leave Benefit

(a) The Leave Benefit is wholly unfunded. Hence, there are no plan assets attributable to the obligation.

(b) The accumulated balance of Leave Benefit (unfunded) provided in the books as at March 31, 2022 is ₹ 27.11 Crores (₹ 21.64 Crores), which is determined on actuarial basis using Projected Unit Credit Method.

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C. Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised in Statement of Profit and Loss, for the year is as under

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Employer's Contribution to Provident Fund and other funds except superannuation	10.19	9.20
Employer's Contribution to Superannuation Fund	2.17	1.89

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, 2022	As at March 31, 2021
Total Equity (A)	3,338.44	2,346.65
Non-Current Borrowings	187.49	524.04
Current Borrowings	113.19	53.50
Total Borrowings (B)	300.68	577.54
Total Capital (A+B)	**3,639.12**	**2,924.19**
Total Borrowings as % of Total Capital	8.26%	19.75%
Total Borrowings as % of Total Equity	9.01%	24.61%

The Interest Coverage Ratio for the reporting period was as follows

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
EBITDA (excluding other income)	1,601.85	1,245.48
Finance Cost (excluding interest on lease)	32.31	72.65
Interest Coverage Ratio	**49.58**	**17.14**

The Debt Service Coverage Ratio for the reporting period was as follows

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
EBITDA (excluding other income)	1,601.85	1,245.48
Finance Cost (excluding interest on lease)	32.31	72.65
Repayment of Non-Current Borrowings (excluding prepayment)	49.95	69.50
Debt Service Coverage Ratio	**19.47**	**8.76**

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42. FINANCIAL INSTRUMENTS

42.1. Categories of financial instruments

The carrying value of financial instruments by categories as at March 31, 2022 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	-	-	22.85	22.85
Other Balances with Banks	-	-	18.94	18.94
Investments	2.17	436.85	-	439.02
Government Securities (Refer Note 4(b))	-	-	0.00	0.00
Trade Receivables	-	-	1,129.06	1,129.06
Loans	-	-	1.17	1.17
Other Financial Assets	-	1.63	10.24	11.87
Total	**2.17**	**438.48**	**1,182.26**	**1,622.91**
Financial Liabilities				
Current Borrowings	-	-	113.19	113.19
Non-Current Borrowings	-	-	187.49	187.49
Trade Payables	-	-	511.71	511.71
Other financial liabilities	-	1.02	55.44	56.46
Total	**-**	**1.02**	**867.83**	**868.85**

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
Investments	2.44	186.85	-	189.29
Government Securities (Refer Note 4(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**	**188.80**	**800.66**	**991.90**
Financial Liabilities				
Current Borrowings	-	-	53.50	53.50
Non-Current Borrowings	-	-	524.04	524.04
Trade Payables	-	-	436.74	436.74
Other financial liabilities	-	4.13	40.51	44.64
Total	**-**	**4.13**	**1,054.79**	**1,058.92**

The assets and liabilities which are valued at amortised cost represents Fair Value at period end.

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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, 2022

₹ in Crores

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	436.84	-	2.18	439.02
Other Financial Assets	-	1.63	-	1.63

Fair Value Hierarchy as at March 31, 2021

₹ in Crores

	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	186.84	-	2.45	189.29
Other Financial Assets	-	1.95	-	1.95

Reconciliation of Level 3 fair value measurements

₹ in Crores

	Investment in unquoted shares irrevocably designated as FVTOCI
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**
Total gains in other comprehensive income	(0.27)
Closing balance as at March 31, 2022	**2.17**

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 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.

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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 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; 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 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 and 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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
USD (Crores)	1.80	0.46	2.73	2.22
INR (Crores)	136.54	33.62	206.70	162.82
EURO (Crores) (Previous Year represents € 37,783)	0.06	0.00	0.13	0.07
INR (Crores)	4.98	0.33	11.10	6.03
GBP (Crores)(Current Year Assets represents GBP 20,685)	-	0.01	0.00	-
INR (Crores)	-	0.71	0.21	-
CHF (Crores) (represents CHF 150)	0.00	-	-	-
INR (Crores) (represents ₹ 12,300)	0.00	-	-	-

The foreign currency risk on above exposure is mitigated by derivative contracts. The outstanding contracts as at the Balance Sheet date are as follows

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(b) Foreign currency forward contracts outstanding as at the Balance Sheet date:

	As at March 31, 2022		As at March 31, 2021	
	Buy	Sell	Buy	Sell
Forward Contracts (USD Crores)	1.27	1.60	-	3.56
Forward Contracts (EURO Crores)	-	-	-	0.01
Range Forward (USD Crores)	-	1.02	-	-

The forward 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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
USD (Crores)	-	1.80	0.60	-
GBP (Crores) (Current Year assets represents GBP 20,685)	-	0.01	0.00	-
EURO (Crores)	-	-	0.07	0.07

(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, 2022	As at March 31, 2021
Impact of INR 1 strengthening against US Dollar	1.57	0.64
Impact of INR 1 weakening against US Dollar	2.02	(2.52)

42.4.2 Interest Rate Risk Management

The Group 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 borrowings and all other variables were held constant, the Group's profit for the year ended March 31, 2022 would decrease/ increase by ₹ 0.73 Crores (March 31, 2021: ₹ 1.46 Crores).

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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.

The table below provides ageing of trade receivables as at March 31, 2022

₹ in Crores

	Undisputed Trade receivables – considered good	Undisputed Trade Receivables – which have significant increase in credit risk	Undisputed Trade Receivables – credit impaired	Total
Not Due	1,040.01	-	-	1,040.01
Less than 6 months	120.67	-	-	120.67
6 months - 1 year	0.37	-	-	0.37
1 - 2 years	0.87	-	-	0.87
2-3 years	2.79	-	-	2.79
More than 3 years	0.23	-	-	0.23
Sub-Total	**1,164.94**	**-**	**-**	**1,164.94**
Less: Allowance for credit loss	35.88	-	-	35.88
Total (Refer Note 11)	**1,129.06**	**-**	**-**	**1,129.06**

The table below provides ageing of trade receivables as at March 31, 2021

₹ in Crores

	Undisputed Trade receivables – considered good	Undisputed Trade Receivables – which have significant increase in credit risk	Undisputed Trade Receivables – credit impaired	Total
Not Due	702.89	-	-	702.89
Less than 6 months	80.65	-	-	80.65
6 months - 1 year	0.24	-	-	0.24
1 - 2 years	3.87	-	-	3.87
2-3 years	-	-	-	-
More than 3 years	0.11	-	-	0.11
Sub-Total	**787.76**	**-**	**-**	**787.76**
Less: Allowance for credit loss	31.46	-	-	31.46
Total (Refer Note 11)	**756.30**	**-**	**-**	**756.30**

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Reconciliation of loss allowance provision - Trade receivables

	₹ in Crores
Loss allowance on March 31, 2020	**14.60**
Changes in loss allowance	16.86
Loss allowance on March 31, 2021	**31.46**
Changes in loss allowance	4.42
Loss allowance on March 31, 2022	**35.88**

The table below provides ageing of trade payables as at March 31, 2022

₹ in Crores

Outstanding for following periods from due date of payment	MSME	Others	Disputed MSME	Disputed Others	Total
Unbilled	-	105.70	-	-	105.70
Not Due	30.43	325.41	-	-	355.84
Less than 1 year	1.94	45.40	-	-	47.34
1 to 2 years	-	0.17	-	-	0.17
2 to 3 years	0.00 (represents ₹ 26,822)	1.01	-	-	1.02
More than 3 years	-	1.64	-	-	1.64
Total (Refer Note 24)	**32.37**	**479.34**	**-**	**-**	**511.71**

The table below provides ageing of trade payables as at March 31, 2021

₹ in Crores

Outstanding for following periods from due date of payment	MSME	Others	Disputed MSME	Disputed Others	Total
Unbilled	-	133.81	-	-	133.81
Not Due	9.43	233.48	-	-	242.91
Less than 1 year	5.09	49.28	-	-	54.37
1 to 2 years	0.52	0.64	-	-	1.16
2 to 3 years	-	0.59	-	-	0.59
More than 3 years	-	3.90	-	-	3.90
Total (Refer Note 24)	**15.04**	**421.70**	**-**	**-**	**436.74**

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 as at March 31, 2022

₹ in Crores

	Amount	upto 1 year	1 - 3 year	More than 3 year	Total cash flows
Trade Payables	511.71	511.71	-	-	511.71
Borrowings*	300.68	126.91	168.23	34.45	329.59
Other Financial Liabilities	42.11	42.11	-	-	42.11

* Includes Contractual interest payment based on interest rates prevailing at the end of the reporting period over the tenor of the borrowing.

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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	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

Refer note 44B for contractual maturity of Lease Liabilities.

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
As at March 31, 2020	**843.03**	**248.42**	**3.77**	**15.39**	**1.58**
Cash Flows	(268.59)	(245.33)	(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**	**3.09**	**0.62**	**12.20**	**1.20**
Cash Flows	(320.06)	38.90	(32.03)	(3.42)	(74.80)
Foreign Exchange movement	-	-	(0.56)	-	-
Charged to P&L during the period	4.30	-	32.31	1.73	-
Addition (net of disposals)	-	-	-	4.85	-
Dividend recognised during the year	-	-	-	-	75.02
Others	-	-	-	(1.00)	-
As at March 31, 2022	**258.69**	**41.99**	**0.35**	**14.35**	**1.42**

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 Intermediates

(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.

The Group has renamed its Basic Chemicals Segment as Basic Intermediates Segment to reflect a deliberate shift towards integrating value addition that intermediates bring to our end users. The prior year's segment has been renamed accordingly.

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₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
I) Segment Revenue		
(a) Basic Intermediates	1,260.95	760.17
(b) Fine & Speciality Chemicals	846.25	766.55
(c) Performance Products	529.26	304.18
(d) Phenolics	4,291.20	2,560.50
TOTAL	**6,927.66**	**4,391.40**
Less: Inter Segment Revenue	125.47	31.65
Revenue from operations	**6,802.19**	**4,359.75**
II) Segment Results		
(a) Basic Intermediates	312.84	194.87
(b) Fine & Speciality Chemicals	257.48	333.73
(c) Performance Products	98.50	22.63
(d) Phenolics	867.11	632.57
TOTAL	**1,535.93**	**1,183.80**
Less : (i) Interest Expenses	34.05	74.20
(ii) Other un-allocable expenditure net of un-allocable Income	67.43	67.88
III) Profit Before Tax	**1,434.45**	**1,041.72**
IV) Segment Assets		
(a) Basic Intermediates	582.77	424.67
(b) Fine & Speciality Chemicals	536.67	459.02
(c) Performance Products	537.02	417.91
(d) Phenolics	2,067.60	1,950.26
(e) Un- allocable	706.40	308.44
TOTAL	**4,430.46**	**3,560.30**
V) Segment Liabilities		
(a) Basic Intermediates	129.18	74.17
(b) Fine & Speciality Chemicals	77.30	83.72
(c) Performance Products	79.15	76.02
(d) Phenolics	702.01	888.67
(e) Un- allocable	104.37	91.07
TOTAL	**1,092.01**	**1,213.65**
VI) Capital Expenditure		
(a) Basic Intermediates	25.53	35.44
(b) Fine & Speciality Chemicals	19.59	59.24
(c) Performance Products	17.65	23.26
(d) Phenolics	181.33	60.90
(e) Un- allocable	31.14	6.54
TOTAL	**275.24**	**185.38**
VII) Depreciation		
(a) Basic Intermediates	25.65	27.53
(b) Fine & Speciality Chemicals	21.89	16.91
(c) Performance Products	18.05	15.34
(d) Phenolics	105.40	85.98
(e) Un- allocable	6.71	6.87
TOTAL	**177.70**	**152.63**

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(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 ended March 31, 2022	For the year ended March 31, 2021
In India	5,272.15	3,088.06
Outside India	1,530.04	1,271.69
TOTAL	**6,802.19**	**4,359.75**

₹ in Crores

Carrying Amount of Segment Assets	As at March 31, 2022	As at March 31, 2021
In India	4,210.35	3,392.28
Outside India	220.11	168.02
TOTAL	**4,430.46**	**3,560.30**

₹ in Crores

Addition to Fixed Assets	As at March 31, 2022	As at March 31, 2021
In India		
- Tangible	267.93	182.85
- Intangible	7.30	2.53
Outside India		
- Tangible	-	-
- Intangible	-	-
Total	**275.24**	**185.38**

44. LEASES

A. The following is the movement in lease liabilities:

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	12.20	15.39
Additions during the year	5.01	1.19
Deductions during the year	(0.16)	(1.05)
Finance cost accrued during the year	1.73	1.55
Payment/Provision of Lease Liabilities	(4.43)	(4.88)
Balance at the end of the year	**14.35**	**12.20**
Recognised under		
Non -Current Financial Liabilities	12.88	10.76
Current Financial Liabilities	1.47	1.44
Total	**14.35**	**12.20**

B. The following are details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Crores

	As at March 31, 2022	As at March 31, 2021
Less than one year	4.35	3.45
One to five years	14.14	11.61
More than five years	0.53	2.24
Total	**19.02**	**17.30**

Notes

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2022

45. EARNINGS PER SHARE

	As at March 31, 2022	As at March 31, 2021
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)	1,066.64	775.81
Basic and Diluted Earnings (in Rupees) Per Share of ₹ 2/- each	78.20	56.88

46. During FY 2021-22, the Group has spent ₹ 14.97 Crores on Corporate Social Responsibility activities.

47. OTHER STATUTORY INFORMATION

(i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.

(ii) The Group does not have any transactions with companies struck off.

(iii) The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iv) The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(v) The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vi) The Group does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

48. The Group has considered the possible effects of COVID 19 and Russia-Ukraine conflict 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.

49. Events occurring after the balance sheet date: The Board of Directors of Parent Company have recommended, subject to the approval of shareholders, dividend of ₹ 7/- (Rupees Seven only) per equity share of face value of ₹ 2/- (Rupees Two only) each for the year ended March 31, 2022 on 13,63,93,041 equity shares amounting to ₹ 95.48 Crores.

50. The Consolidated Financial Statements were authorised for issue by the Board of Directors on May 04, 2022.

51. Previous year's figures have been regrouped / reclassified wherever necessary in accordance with Schedule-III.

52. 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 net assets	Amount ₹ in Crores	As % of consolidated net assets	Amount ₹ in Crores	As % of consolidated net assets	Amount ₹ in Crores
Parent								
Deepak Nitrite Limited	59.13%	2,256.00	43.88%	486.21	35.32%	0.06	43.88%	486.27
Subsidiaries								
1. Deepak Phenolics Limited	35.95%	1,371.49	56.35%	624.36	64.68%	0.11	56.35%	624.47
2. Deepak Chem Tech Limited (Formerly known as Deepak Clean Tech Limited)	4.90%	186.89	-0.24%	(2.61)	0.00%	-	-0.24%	(2.61)
3. Deepak Nitrite Corporation Inc.	0.02%	0.81	0.00%	0.00	0.00%	-	0.00%	0.00
				(represents ₹38,061)				(represents ₹38,061)
Non controlling interests in all subsidiaries	-	-	-	-	-	-	-	-
Sub total	**100.00%**	**3,815.19**	**100.00%**	**1,107.97**	**100.00%**	**0.17**	**100.00%**	**1,108.14**
CFS Adjustments and Eliminations	-	(476.75)	-	(41.33)	-	-	-	(41.33)
Total	**-**	**3,338.44**	**-**	**1,066.64**	**-**	**0.17**	**-**	**1,066.81**

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 04, 2022

Deepak Nitrite Limited

Registered and Corporate office

Aditya-1, Chhani Road, Vadodara-390024, (Gujarat), India
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