

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Fifty Second (52nd) Annual Report and the third Integrated Report of Deepak Nitrite Limited ('DNL' or 'your Company' or 'the Company') along with the Audited Financial Statements for the Financial Year ('FY') ended March 31, 2023. The Directors' Report has been prepared on a standalone basis and 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, 2023 is summarized below:

(₹ in Crores)

Particulars	Standalone Results		Consolidated Results	
	2022-23	2021-22	2022-23	2021-22
Total Revenue (Gross)	3,135.13	2,581.85	8,019.64	6,844.80
Operating Profit Before Depreciation, Finance Cost, Exceptional Item and Tax (EBITDA)	687.57	716.15	1,336.96	1,646.19
Less: Depreciation and Amortization expenses	76.16	72.54	166.30	177.70
Less: Finance Costs	1.57	1.60	24.78	34.04
Profit before Tax	609.84	642.01	1,145.88	1,434.45
Less: Tax expenses	140.45	155.80	293.88	367.81
Net Profit for the Year	469.39	486.21	852.00	1,066.64
Other Comprehensive Income	(4.85)	0.06	(5.00)	0.17
Total Comprehensive income for the Year	464.54	486.27	847.00	1,066.81
Surplus brought forward from previous year	1,694.52	1,288.07	2,776.96	1,789.97
Balance available for Appropriation	2,158.89	1,774.54	3,623.80	2,856.98

FY 2022-23 commenced in the backdrop of the Russia-Ukraine War. The resultant disruption in trade routes and the implementation of sanctions by the western countries caused a recalibration in global supply chains. The situation was exacerbated by stringent restrictions in China at the start of the fiscal year, which constrained the ability of Chinese chemical companies to respond to the global disruption. This has led to shortages of chemicals and raw materials; and resulted in a spike in prices of certain products as global customers scrambled to secure supply of critical inputs, largely commodities.

Against this backdrop, your Company focused on reliable and consistent supply to ensure that its customers could truly 'Depend on Deepak'. The emphasis was on maintaining elevated levels of production across all its manufacturing facilities while adhering to stringent regulatory mandates, rules and safety requirements.

Further, your Company continues to make progress in its initiatives to de-risk its business model. The Company has faced several operational and macro-economic challenges during the year that have tested its business model but it has emerged stronger and self-assured due to the all-round enhancement of its strategic positioning.

PERFORMANCE REVIEW

Standalone

The performance during the FY 2022-23 should be viewed against the backdrop of the highly dynamic macro-economic environment. The sanctions on Russia combined with stringent COVID-19 protocols in China severely disrupted traditional global supply chains. This was accompanied by an increase in input and energy expenses, highly volatile foreign exchange rates, sharp rise in prices of crude oil and resultant petrochemical derivatives as well as inbound and outbound logistical challenges during the year.

Consequently, the supply and demand of key intermediates was impacted. However, your Company's manufacturing expertise, global-scale facilities and nimble operations supported by a strong financial position have ensured an efficient performance. Your Company has demonstrated notable agility in seizing opportunities arising from the upheavals across the chemical value chain. Strong customer relationships and global competitiveness have enabled it to be a preferred partner of choice for domestic and global customers alike, while a focus on operational efficiency has ensured that plants operate consistently at high utilization levels. As a result, your Company

has achieved new production and sales benchmarks for several key products, showcasing the richness of years of experience and expertise in critical chemistries.

The business was also impacted due to the fire incident at the Nandesari plant in Gujarat in June 2022, which resulted in damage to some assets and inventory, as well as disruptions to business. Costs were incurred for about 40 days without corresponding revenue.

The Company, inspite of above challenges has demonstrated strong business performance with year-on-year growth reported across several product lines. In FY 2022-23, the total revenue, including other income, increased by 21% to ₹ 3,135.13 Crores from ₹ 2,581.85 Crores in FY 2021-22, sustaining the performance momentum.

EBITDA for FY 2022-23 was at ₹ 687.57 Crores, down 4% from ₹ 716.15 Crores in the previous year. Cost of Goods Sold increased by 37% to ₹ 1,669.68 Crores in FY 2022-23, as compared to ₹ 1,221.34 Crores in the preceding year. In FY 2022-23, profit before tax (PBT) was at ₹ 609.84 Crores, compared to ₹ 642.01 Crores in FY 2021-22, registering a 5% decrease. Profit After Tax (PAT) was at ₹ 469.39 Crores in FY 2022-23, down by 3% from ₹ 486.21 Crores in the previous year.

Your Company emerged from the situation stronger than before. Following a month-long production shutdown, operations gradually resumed from early July and reached full production capacity by October 2022. The Company has estimated and recognised an initial loss of ₹ 47.20 Crores on account of damage to certain property, plant and equipment & inventory and has recognised insurance claim receivable to the extent of aforesaid losses. The Company has received an interim relief from the insurance companies towards assets and inventories aggregating of ₹ 25.00 Crores, out of which ₹ 11.23 Crores has been received in the month of March 2023 which has been adjusted against the claims receivable and balance ₹ 13.77 Crores received in the month of April 2023. As a measure to further elevate safety standards, a fire readiness audit was conducted and systems and safety measures were further upgraded during the fiscal year.

Your Company has shown significant progress across the business segments, which has contributed to strong revenue growth. It is important to note that the chemical industry also experienced substantial fluctuations in raw material and utility costs during the year, which had an impact on the pricing of the final products. Despite several challenges, your Company has been able to achieve a resilient performance by leveraging the diverse product portfolio to better meet its customers' needs and maintain its market share. Your Company has also actively engaged customers to adjust prices in response to higher raw material costs and other utilities. Additionally, uninterrupted supply of critical raw materials was ensured to optimize high operational efficiency. Through these measures, your Company has been able to deliver a credible performance.

During the year, depreciation and finance costs amounted to ₹ 76.16 Crores and ₹ 1.57 Crores, respectively. Your Company is debt-free as of March 31, 2023 and its operational surplus of ₹ 368.87 Crores is invested in liquid mutual funds, which offer liquidity, stability and greater yields.

In the FY 2022-23, the domestic revenues of your Company increased by 18% to ₹ 1,718.90 Crores compared to ₹ 1,454.16 Crores recorded in the previous year. This decline was due to softer demand from key industries, which was countered by the targeted initiatives undertaken by your Company. On the other hand, export revenue increased to ₹ 1,314.58 Crores from the ₹ 1,056.89 Crores in the previous year. Driven by focused approach in targeting countries experiencing faster recovery and positive demand. Your Company's wide range of intermediates also benefits from the strategic shift of international customers from 'just in time' to 'just in case' supply chain philosophy.

As a part of its growth strategy, your Company recently made an announcement regarding an investment in chemical manufacturing plant in the Sultanate of Oman. The investment is envisaged due to various advantages for setting up a chemical plant in Oman such as lower price of power, availability of natural gas for energy, availability of attractive priced ammonia through pipeline, Free Trade Agreement with USA, availability of caustic soda locally. Your Company is investing 51% in the equity of a the Company the Company.

Moreover, the teams have demonstrated remarkable adaptability and client focus even in the face of significant challenges leading to credible outcomes. Your Company is committed to becoming a diversified chemical company while maintaining leadership in crucial products and processes and generating new value through innovation. To achieve volume scalability, it plans to establish stronger relationships with key customers, while continuing to prioritize process improvement and operational excellence. DNL is well-positioned to take advantage of this opportunity with its unique product mix and manufacturing experience, making it a strong contender to lead India's chemical manufacturing growth. DNL's existing expansions and greenfield projects will enhance its competitiveness and market share, creating value for all stakeholders.

Deepak Phenolics Limited

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

Phenol is a versatile industrial organic chemical and is used for manufacture of various chemical intermediates. Phenol is consumed in a broad spectrum of end-user segments, including ply, laminates, foundry, paints, rubber, surfactants, pharmaceuticals and agro-chemicals. Acetone and IPA are mainly used in

pharmaceutical end use and also in paints, adhesives and thinners amongst many others.

DPL entered the FY 2022-23 amidst a robust business environment as global recovery took root after the Covid-19 related concerns and restrictions were slowly withdrawn globally, including in India. At the same time, events in Europe and Ukraine caused a major spike in energy prices, including for household use, which resulted in a marked shift in consumer spends towards basic essentials like food and energy. An unusual pull from transport fuels caused Benzene prices to spike to unprecedented levels in the middle of the year. However, the market witnessed a steady decline thereafter as global consumption declined, new capacities of Phenol came on-stream in China and downstream BisPhenol-A and Polycarbonates lost their luster. A continuous bear phase in Phenol caused chain margins to shed nearly 25% from the previous year.

DPL stabilised its operations of second Boiler as well as the captive power plant in the initial months of the year and consequently, improved the operational reliability significantly. DPL could avoid at least ten to twelve power disturbances related plant stoppages thanks to operating the power plant on an islanded mode. Despite the challenges and while the Asian producers were struggling to keep operating rates above 75%, DPL created new benchmark in terms of volumes of production and sales. DPL was awarded the prestigious Responsible Care certification by ICC during the year. DPL's IPA product was also certified to be meeting the quality requirement of Indian, British and American (US) Pharmacopeia, reflecting the commitment to produce world class quality products. DPL also commenced debottlenecking its Phenol production capacity by 10% over and above the current level of production, which is expected to be operational by the end of H1 of FY 2023-24.

DPL also started trials of using bio fuels in its boilers to reduce its usage of fossil fuels and it is planned to further scale it up during the FY 2023-24.

During FY 2022-23, DPL achieved robust sales growth despite external headwinds, aided by the Phenol plant operating at high utilisation levels. Average capacity utilization for the year stood at more than 120% which is meaningfully higher than the rated capacity. Revenues increased to ₹ 4,986 Crores in FY 2022-23 from ₹ 4,318 Crores in FY 2021-22. Revenue growth was linked to enhanced volumes of production and sales. Despite the improved top line performance, EBITDA margin compressed compared to the previous year. Profit After Tax reduced to ₹ 445 Crores in FY 2022-23 as against ₹ 624 Crores in FY 2021-22 which was largely due to drop in chain margins.

DPL continued to remain the largest producer of Phenol and Acetone in India with a market share of ~56%. Further with expanded capacity of IPA Plant, your company is able to reduce import dependency of IPA. During the year under review, your

Company successfully placed its volumes in the domestic market to reflect its commitment towards Aatmanirbhar Bharat.

Deepak Chem Tech Limited

The Group aims at growing through organic route, through its 100% subsidiary company, Deepak Chem Tech Limited ('DCTL'). With its Registered Office at Vadodara in the State of Gujarat, DCTL is in the process of implementing various projects to produce intermediate chemicals for various applications leveraging existing competencies and product portfolio of the Group. DNL has invested ₹ 9.50 Crores as equity and ₹ 395.50 Crores as Compulsorily Convertible Debentures (CCD) into DCTL towards part funding the on-going projects.

As of now, DCTL is incorporating projects across two sites in Gujarat under both the business segments – Advanced Intermediates (AI) and Phenolics. To start with, DCTL is implementing several projects for an overall capital outlay of approximately ₹ 2,000-2,200 Crores across new products, upstream and downstream products. DCTL has acquired big-parcel of land at Dahej, Gujarat, where it is implementing most of the projects.

DCTL has already created a very strong project implementation team, which works closely with the R&D and Technical Services toward licenses and technical know-how and executing projects for the Group. DCTL has an existing employee strength of 135 which largely comprise of project team. It puts special emphasis on timelines and cost of projects while simultaneously looking deeply into various aspects such as health, safety, environment and compliances. In line with the Group's philosophy, it walks extra mile towards ensuring sustainable processes and easy scalability so that, in future, the Group's ability to expand is much more at less costs so to achieve better efficiency, green processes and reducing carbon footprints.

Alongside project implementation, DCTL is also creating a full capability operations team to ensure smooth take over and running the gamut of operations across all plants at various locations.

In a recent event, DCTL has signed an MOU with the Government of Gujarat, whereby it announced its intent of implementing another Phenol and Bisphenol A capacity. It is worth mentioning that, Phenol is a pre-cursor of Bisphenol A, while Bisphenol A is a pre-cursor of Polycarbonate. DCTL is already in the process of implementing a project of Polycarbonate compounding (i.e. down stream products of Polycarbonate).

During FY 2022-23, DCTL generated a total revenue of ₹ 1.41 Crores and a net loss of ₹ 0.56 Crores.

Consolidated

Your Company's total revenue, including other income stood at ₹ 8,019.64 Crores in FY 2022-23, growing by 17% from ₹ 6,844.80 Crores in the previous year. Higher volumes across key business

segments, particularly Phenolics, led to strong and sustainable revenue growth. Utilization levels remained consistently high throughout the year, with ongoing improvements. Although prices for certain inputs have cooled off, they remain higher than the previous year. These elevated costs are being passed on to the customers, albeit with a slight delay.

EBITDA was at ₹ 1,336.96 Crores, down by 19% from ₹ 1,646.19 Crores in FY 2021-22. The normalisation of product realisations compared to the base year as well as non-availability of Nandesari plant for about 40 days due to fire impacted the EBITDA performance. EBITDA margin contracted by 700 bps on a Y-o-Y basis at 17% in FY 2022-23 due to challenging macro environment. Cost of Goods Sold were ₹ 5,347.51 Crores in FY 2022-23, up by 30% from ₹ 4,114.35 Crores in the previous year. The normalization of certain product margins this year has resulted in margin compression, after being exceptionally high last year. To protect profitability, your Company is implementing measures to pass on the increased input costs, while also driving cost optimization efforts.

During the year, Depreciation amounted to ₹ 166.30 Crores, while Finance costs were at ₹ 24.78 Crores.

In the fiscal year under review, the Profit Before Tax (PBT) amounted to ₹ 1,145.88 Crores, in contrast to ₹ 1,434.45 Crores in FY 2021-22. Profit After Tax (PAT) was ₹ 852 Crores, lower by 20% in comparison to ₹ 1,066.64 Crores in FY 2021-22. The performance of PAT has been in line with the EBITDA. Despite the reduction in finance costs and depreciation, the overall rise in costs impacted the performance.

In terms of geographical break-up, Domestic Revenues for FY 2022-23 reached ₹ 6,410.31 Crores, a 22% increase from the ₹ 5,272.15 Crores in the previous year. Additionally, Revenue from Exports grew by 2% to reach ₹ 1561.75 Crores, up from ₹ 1,530.04 Crores in the previous year, demonstrating the Company's resilience and strong engagement with global customers. Despite global instability, Deepak has maintained a consistent customer base and your Company has been successfully able to sustain or grow its market share in various key products. This aligns with the "Depend on Deepak" initiative, which strives to develop a robust organization through efficient processes and systems, while emphasizing ethical and transparent practices. Deepak also boasts a highly skilled and motivated team capable of assuming leadership roles, along with extensive capabilities to fulfil customer requirements.

On the expansion initiatives, the SAC plant's capacity installation is scheduled to be commissioned soon. The Company has embarked into further growth plans with an expected outlay of approximately ₹ 2,500 Crores over various facilities. These facilities are being commissioned in a phased manner across new products, upstream and downstream facilities including downstream of Polycarbonates which is called Polycarbonate Compounding. Your Company will manufacture compounding products to meet the growing demand

in India for new-age applications such as 5G boxes, EV batteries, medical devices and others.

The future appears promising for the Indian chemicals sector, as most of the industries are returning to their pre-COVID levels of production and there is a growing demand due to a shift in the global supply chain from China to India. By leveraging the upcoming brownfield and greenfield expansions and integrating value-added forward and backward operations, your Company is enhancing competitiveness and positioning itself not only to compete on a global level but also to lead in respective business segments, thereby expanding market share.

DIVIDEND

Based on your Company's healthy performance, the Board of Directors of your Company is pleased to recommend a Dividend of ₹ 7.50 (Rupees Seven and Paise Fifty only) per Equity Share for the year ended March 31, 2023 as against ₹ 7.00 (Rupees Seven only) per Equity Share in the previous year. The total Dividend as above on 13,63,93,041 Equity Shares of face value of ₹ 2.00 (Rupees Two only) each, if approved by the Members at the ensuing Annual General Meeting, would involve a total outgo amount of ₹ 102.29 Crores, resulting in a Dividend Payout of 22% of the standalone Profit After Tax of the Company.

The Company's Register of Members and Share Transfer Books will be closed from Friday, July 28, 2023 to Friday, August 4, 2023 (both days inclusive) for the purpose of Dividend for the Financial Year ended March 31, 2023 and 52nd Annual General Meeting of the Company. It is important to note that, as per the Finance Act of 2020, payment of Dividend is now subject to taxation and the Company is required to deduct tax at source from the Dividend paid to Members, as per the rates prescribed in the Income Tax Act of 1961.

Under Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 1,000 listed entities (by market capitalisation, calculated as of March, 31 of each Financial Year), are required to formulate a Dividend Distribution Policy and make it available on their website, with a link also provided in their Annual Reports. In accordance with this requirement, the Company has adopted the Dividend Distribution Policy and the same can be accessed using the following link: <https://www.godeepak.com/wp-content/uploads/2021/05/1-DNL-Dividend-Distribution-Policy.pdf>.

SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital as on March 31, 2023, is ₹ 27.28 Crores, comprising of 13,63,93,041 Equity Shares of face value of ₹ 2.00 (Rupees Two only) each. The Company has not issued any Equity Shares during FY 2022-23. Accordingly, there is no change in the Equity Share Capital of the Company during FY 2022-23.

TRANSFER TO RESERVES

The Board of Directors has decided to retain entire amount of Profit during FY 2022-23 appearing in the Statement of Profit and Loss and no amount is proposed to be transferred to Reserves. The closing balance of the retained earnings of the Company for FY 2022-23 was ₹ 2,063.41 Crores.

FINANCE

Your Company's goal is to maintain a prudent capital structure at a consolidated level by managing its working capital requirements efficiently, while adhering to strict criteria and maintaining a balanced debt equity ratio. By implementing improved working capital management practices, your Company was able to report zero total debt during the year under review.

DNL's strong credit rating has proven advantageous in its financial activities, resulting in reduced charges. Additionally, the Company's depreciation increased after acquiring certain Property, Plant and Equipment. With a team of specialized professionals monitoring Foreign Exchange exposure, the Company effectively mitigates associated risks. Owing to its dynamic and proactive management, the team has successfully managed the Company's cash flow position. As of March 31, 2023, the Company's standalone Net Debt: Equity remains at Nil, same as the previous year.

Overall, your Company is in a strong position in the industry, delivering high-quality products guided by a robust product mix. ICRA has reaffirmed the long-term credit rating at "ICRA AA/Positive" 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.

For the Company's wholly owned subsidiary, Deepak Phenolics Limited ("DPL"), ICRA has reaffirmed the long-term credit rating at "ICRA AA/Positive" and while the short term credit rating remains at "ICRA A1+" which is the highest rating in short term category.

During the year, DPL has pre-paid a substantial part of its borrowing apart from honouring committed repayments. Pursuant to this, the consolidated Net Debt / Equity ratio continues to remain Nil as of March 31, 2023.

DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act, 2013 ("the Act"), Shri Maulik D. Mehta (DIN: 05227290) retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

Shri Sandesh Kumar Anand (DIN:00001792) who is also retiring by rotation at the ensuing Annual General Meeting of the Company, has not offered himself for re-appointment. Accordingly, he shall cease to be Director of the Company with effect from August 4,

2023. The Board of Directors, at their meeting held on May 11, 2023, while placing on record their sincere appreciation for the valuable contribution of Shri Sandesh Kumar Anand during his tenure as the Director of the Company, have recommended the appointment of Shri Girish Satarkar (DIN: 00340116) as Director liable to retire by rotation w.e.f. August 4, 2023, in place of Shri Sandesh Kumar Anand, for approval by Members of the Company at the ensuing Annual General Meeting.

Upon recommendation of Nomination and Remuneration Committee, the Board of Directors, at the said meeting, have also recommended the appointment of Shri Girish Satarkar (DIN: 00340116) as Whole-time Director designated as Executive Director of the Company for a period of three (3) years w.e.f. August 4, 2023, for approval by the Members at the ensuing Annual General Meeting on the terms and conditions as provided in the Explanatory Statement to the Notice convening 52nd Annual General Meeting.

Shri Sudhir Mankad (DIN:00086077), Dr. Richard H. Rupp (DIN:02205790) and Dr. Swaminathan Sivaram (DIN:00009900) ceased to be Independent Directors upon completion of their second term on August 7, 2022.

During the year, the Members of the Company, through Postal Ballot by way of e-voting on June 22, 2022, approved:

- Re-appointment of Shri Sanjay Upadhyay (DIN:01776546) as a Director (Finance) & CFO for a period from April 28, 2022 to July 31, 2026.
- 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.
- Appointment of Shri Meghav D. Mehta (DIN:05229853) as a Non-Executive Director of the Company, liable to retire by rotation, with effect from May 4, 2022.
- 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.

Shri Dileep Choksi was appointed as an Independent Director at the 49th Annual General Meeting of the Company held on August 7, 2020 for a term of three (3) consecutive years. Accordingly, the first term of Shri Dileep Choksi as an Independent Director is upto August 6, 2023. The Board of Directors at their meeting held on May 11, 2023, upon recommendation of Nomination and Remuneration Committee and based on evaluation of performance of Shri Dileep Choksi, which was completely satisfactory, have recommended the re-appointment of Shri Dileep Choksi for approval by the Members at the ensuing Annual General Meeting of the Company, for a second term of three (3) consecutive years with effect from August 7, 2023.

The Members at the 48th Annual General Meeting of the Company held on June 28, 2019 approved the re-appointment of Shri Deepak C. Mehta as the Chairman & Managing Director of the Company for further period of five (5) years w.e.f. December 14, 2018. Accordingly, the present term of Shri Deepak C. Mehta as the Chairman & Managing Director of the Company is upto December 13, 2023.

The Board of Directors, at their meeting held on May 11, 2023 approved the re-appointment of Shri Deepak C. Mehta as the Chairman and Managing Director of the Company for further period of five (5) years w.e.f. December 14, 2023, subject to approval by the Members. Further, since Shri Deepak C. Mehta will attain the age of 70 years during the proposed term of his re-appointment, approval of Members is being sought for his re-appointment by way of Special Resolution at the ensuing Annual General Meeting.

INDEPENDENT DIRECTORS

All the Independent Directors of the Company have given their declarations to the Company under Section 149(7) of the Act that they meet the criteria of independence as provided under Section 149(6) of the Act read with Regulation 16(1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). There has been no change in the circumstances affecting their status as Independent Directors of the Company.

During the year under review, the Company did not have any pecuniary relationship or transactions with any of its Directors, other than payment of sitting fees and re-imbusement of expenses for attending meetings of Board and Committee thereof and also Commission on Net Profits of the Company as approved by the Members of the Company, in accordance with the provisions of Act and Listing Regulations.

As per requirements of the Act, a separate meeting of Independent Directors, without presence of members of management of the Company, was held on March 10, 2023 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.

All Independent Directors were present at the said meeting.

KEY MANAGERIAL PERSONNEL

As required under Section 2(51) and Section 203 of the Act read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following persons are the Key Managerial Personnel of your Company:

1. Shri Deepak C. Mehta, Chairman & Managing Director
2. Shri Maulik D. Mehta, Executive Director & CEO
3. Shri Sanjay Upadhyay, Director (Finance) & Group CFO
4. Shri Somsekhar Nanda, Chief Financial Officer
5. Shri Arvind Bajpai, Company Secretary

During the year under review, Shri Sanjay Upadhyay was elevated as Director (Finance) & Group CFO and Shri Somsekhar Nanda was appointed as the Chief Financial Officer of the Company in place of Shri Sanjay Upadhyay with effect from August 3, 2022.

There were no other changes in Key Managerial Personal during the year.

NUMBER OF MEETINGS OF THE BOARD AND COMMITTEES OF THE BOARD

During FY 2022-23, five (5) meetings of the Board of Directors were held. The details of the meetings of the Board of Directors and Committees of the Board of Directors of the Company held and attended by the Directors are given in the Corporate Governance Report forming part of this Annual Report.

The maximum interval between any two meetings did not exceed 120 days, as prescribed under the Act and the Listing Regulations.

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 11, 2023. 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 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 respective 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 Committees 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.

Based on the declarations received from the Independent Directors, the Board of Directors of your Company confirms the integrity, expertise and experience (including the proficiency) of the Independent Directors of the Company appointed during the year.

AUDIT COMMITTEE

A duly constituted Audit Committee is in place having 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 Sanjay Asher, Independent Director and Shri Sandesh Kumar 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 Corporate Governance Report, which forms part of the Annual Report.

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

STATUTORY AUDITORS

At the 51st Annual General Meeting of the Company held on August 3, 2022, the Members approved re-appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No.: 117366W/W-100018) as Statutory Auditors of the Company to hold office as the Statutory Auditors for a further period of five (5) years from the conclusion of the 51st Annual General Meeting till the conclusion of the 56th Annual General Meeting of the Company. During the year, the Statutory Auditors have confirmed that they satisfy the independence criteria required under the Act.

STATUTORY AUDITOR'S REPORT

The observations made in the Auditors' Report of Deloitte Haskins & Sells LLP, Chartered Accountants, for the year ended March 31, 2023, 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 FY 2022-23.

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, 2023 was carried out by the Secretarial Auditors, KANJ & Co. LLP, Company Secretaries, Pune. The Board of Directors of your Company has re-appointed KANJ & Co. LLP, Company Secretaries, Pune to carry out Secretarial Audit of your Company for FY 2023-24.

SECRETARIAL AUDITOR'S REPORT

The Secretarial Audit Report of KANJ & Co. LLP, Company Secretaries, Pune, for the year ended March 31, 2023 in Form MR-3 is annexed as Annexure - A, which forms part of this Report.

The Secretarial Audit Report for FY 2022-23, does not contain any qualification, reservation, adverse remark or disclaimer by the Secretarial Auditor.

The secretarial Audit of Deepak Phenolics Limited ('DPL'), a material unlisted subsidiary, was undertaken by Samdani Shah & Kabra, Company Secretaries, Vadodara for FY 2022-23. 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 Report as Annexure-B as per the requirement of Act and the Listing Regulations.

COST AUDITORS

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

Pursuant to provisions of Section 148 of the Act, the Board of Directors, upon recommendation of the Audit Committee, re-appointed B. M. Sharma & Co., Cost Accountants, to conduct audit of the Company's cost records for FY 2023-24 at a remuneration of ₹ 8,00,000 (Rupees Eight Lakhs only) plus applicable taxes and out of pocket expenses. The Cost Auditors have confirmed that they are free from disqualification specified under Section 148(5) read with Section 141(3) 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 2023-24 is provided in the Notice convening 52nd Annual General Meeting for approval by the Members. Your Directors recommend the same for approval by the Members.

The Cost Audit Report will be filed within the prescribed period of 180 days from the close of the Financial Year. The Cost Audit Report for FY 2022-23 does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITORS

On the recommendation of the Audit Committee, the Board of Directors of the Company has re-appointed Sharp & Tannan Associates, Chartered Accountants, as Internal Auditors of your Company to conduct the Internal Audit for FY 2023-24.

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 Auditors 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, details of which needs to be mentioned in this Report.

RISK MANAGEMENT

The Company recognises that risk is an integral and inevitable part of business and that the Company is fully committed to manage the risks in a proactive and efficient manner.

Towards this, the Company has adopted a comprehensive Enterprise Risk Management Framework and Policy, duly approved by the Board of Directors, which is aligned with the requirements of ISO 31000 and COSO and articulates the approach to address the uncertainties in its endeavour to achieve stated and implicit objectives. The Enterprise Risk Management Framework ensures sustainable business growth with stability and encompasses establishment of structured and intelligent approach to Risk Management at the Company. The Company is having a disciplined process for continuously assessing risks, in the internal and external environment along with minimising the impact of risks. The Company incorporates the risk mitigation steps in all its strategy and operating plans.

The objective of Risk Management process in the Company is to enable value creation in an uncertain environment, promote good governance, address stakeholder expectations proactively and improve organisational resilience and sustainable growth.

In compliance with the requirement of Regulation 21 of the Listing Regulations, your Company is having a duly constituted

Risk Management Committee. The Risk Management Committee of the Company has been entrusted by the Board with the responsibility of reviewing the risk management process in the Company and to ensure that key strategic and business risks are identified and addressed by the management. The Committee evaluates the performance of the Company against perceived risks, develops methods to classify potential and evolving risk that may adversely impact overall risk exposure of the Company and determines the strategic plan and framework of Risk Management. Further, the Risk Management Committee has designated Chief Financial Officer of the Company also as a Chief Risk Officer who is responsible for identifying, measuring, monitoring, mitigating and reporting on risk exposures to the Risk Management Committee. 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 regularly assess the processes for Risk Identification and Risk Mitigation to ensure that relevant risks are appropriately identified and effective mitigation mechanisms are in place by updating and assessing Risk Register regularly. This approach provides a constructive and value-added analysis mechanism that helps to maintain an appropriate level of risk profile in a rapidly evolving environment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company places great importance on Internal Controls including Internal Financial Controls, which plays a critical role in the smooth functioning of any organization. The Internal Control framework is sufficient and implemented through written policies, rules and protocols to ensure compliance with laws, regulations, processes and guidelines. This framework ensures that all resources are protected against unlawful use or disposal and that transactions are appropriately permitted, registered and documented.

In FY 2022-23, the Internal Auditor conducted comprehensive assessments across all functional departments and locations. The Internal Audit provides independent and reasonable assurance about the adequacy and operating effectiveness of the Internal Controls to the Audit Committee. The Audit Committee regularly reviewed the Internal Audit findings and corrective measures are taken to ensure the effectiveness of the Internal Control systems and processes. The system of Internal Control is designed to verify the accuracy of financial and other documents for compiling financial reports and maintaining transparency for individuals.

The Statutory Auditors have confirmed the adequacy of the Internal Financial Control system over Financial Reporting and Statutory Auditor's Report on Internal Financial Controls, as required under Clause (i) of Sub-section 3 of Section 143 of the Act, is attached to the Independent Auditors' Report.

Some of the key initiatives during the year are:

Data Privacy, Protection & Retention of Critical Data/ Documents

With an aim of maintaining data secrecy & confidentiality of critical information/ documents across all Functions & Sites, an assessment of data life cycle was carried out through an external agency wherein assessment of current posture of the data security practices around critical information was identified and measures were recommended to strengthen the control posture to plug-in potential leakage points. In addition, it covered the areas relating to IT landscape for current data security practices and third-party risk management aspects.

Upgradation of CCTV cameras:

The Company upgraded its existing CCTV (close circuit television) system with edge-based analytics having security Artificial Intelligence (AI) features like line crossing, intrusion area, etc. the objective being enhancing safety within premises, reduced employee, or staff incidents, preventing & investigating a crime, etc. Old systems were replaced with upgraded technology as well as installation of new cameras at critical locations within site.

Turnstile Systems

Security is a rising concern in the world today i.e., hackers accessing valuable information to intruders threatening the safety of people and property. With an aim of controlling access to premises by contract workers, visitors, etc. turnstile systems were installed & implemented across all sites. Turnstiles provide superior access control by both detecting and deterring unauthorized entries & exits. In addition, contractors billing is done directly through the records generated from turnstile system.

VIGIL MECHANISM

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 behaviour, including actual or suspected leak of unpublished price sensitive information, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee in certain cases. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Whistle Blower Policy is available on the Company's website at <https://www.godeepak.com/wp-content/uploads/2021/05/2-DNL-Whistle-Blower-Policy.pdf>.

DEPOSITS FROM PUBLIC

During FY 2022-23, the Company has not accepted or renewed any deposit within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014. 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, 2023.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The details on transfer of unclaimed/unpaid amount/shares to Investor Education and Protection Fund (IEPF) are provided in the Corporate Governance Report under para 'Transfer of unclaimed / unpaid amounts / shares to the Investor Education and Protection Fund (IEPF)'.

RELATED PARTY TRANSACTIONS

There are no material related party transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All transactions with related parties were on arm's length basis and approved by the members of the Audit Committee who are Independent Directors. The transactions with related parties which are not in the ordinary course of business were also approved by the Board of Directors. During FY 2022-23, there were no transaction entered into with related party requiring approval of Members of the Company. 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.

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. While placing transactions with related parties, the necessary details required to be placed before the Audit Committee / Board of Directors under the provisions of the Act and Listing Regulations were circulated along with Agenda papers. Further, a statement containing details of all related party transactions is being placed before the Audit Committee and the Board of Directors on a quarterly basis.

All related party transactions are subjected to independent review by the Internal Auditors of the Company to establish compliance with the requirement of related party transactions under the Act and Listing Regulations.

Your Company has in place a Policy on related party transactions formulated in line with the provisions of the Act and Listing Regulations. The said Policy is duly approved by the Board of Directors and can be accessed on the website of the Company at www.godeepak.com.

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

As required under the provisions of Listing Regulations, the Company submits details of all related party transactions in the prescribed format to the Stock Exchanges on a half-yearly basis.

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 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 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 and are reflected in the Consolidated Financial Statements of the Company.

The Consolidated Financial Statements include the operations of following subsidiaries:

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

During FY 2022-23, there is no company which has become or ceased to be subsidiary or associate of the Company. Your Company has adopted a Policy for determining Material Subsidiaries in terms of Regulation 16(1)(c) of the Listing Regulations duly approved by the Board of Directors and can be accessed on the Company's website at www.godeepak.com.

PERFORMANCE OF SUBSIDIARIES

(a) Deepak Phenolics Limited

Deepak Phenolics Limited ('DPL'), is a wholly owned material subsidiary of your Company. DPL is engaged in the business of manufacture of Phenol, Acetone and Iso Propyl Alcohol ('IPA') at its state-of-the-art facility in Dahej, Gujarat. The detailed performance of DPL is provided under the section Performance Review of this Report.

(b) Deepak Chem Tech Limited (DCTL)

Deepak Chem Tech Limited ('DCTL') (formerly known as Deepak Clean Tech Limited), a wholly owned subsidiary of the Company is implementing projects for manufacturing various intermediate chemical products. The detailed performance of DCTL is provided under the section Performance Review of this Report.

The Audited Consolidated Financial Statements of the Company for the year ended March 31, 2023 together with the Auditor's Report, constitute part of this Annual Report in compliance with the provisions of the Act, Regulation 33 of the Listing Regulations and relevant Accounting Standards. Additionally, Form No. AOC-1, detailing the salient features of the Company's subsidiaries, associates and joint venture companies, is attached to the Financial Statements.

(c) Deepak Nitrite Corporation Inc. (USA)

Deepak Nitrite Corporation Inc. ('DNC') is a wholly owned subsidiary based in the United States. This Company was established to support your Company's marketing needs in North and South America. During FY 2022-23, DNC generated total revenue of USD 17,966.90 and achieved a net income of USD 273.56.

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

The particulars of loans given, investments made, guarantees given and securities provided in accordance with the provisions of Section 186 of the Act are provided in the standalone Financial Statements.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of your Company since the close of Financial Year i.e. since March 31, 2023 and the date of this Report. Further, it is hereby confirmed that there has been no change in the nature of business of your Company.

COMPLIANCE MANAGEMENT

The Company has in place a comprehensive and robust legal compliance management online tool, which is devised to ensure compliance with all applicable laws which impact the Company's business. Automated alerts are sent to compliance owners to ensure compliances within stipulated timelines.

The compliance owners certify the compliance status which is reviewed by compliance approvers and a consolidated dashboard is presented to the respective functional heads and Compliance Officer. A certificate of compliance of all applicable laws and regulations along with corrective and preventive action, if any, is placed before the Audit Committee and Board of Directors on a quarterly basis.

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 Audit Committee, the Board is of the opinion that your Company's Internal Financial Controls were adequate and effective during FY 2022-23. 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, 2023, the applicable accounting standards have been followed and there are no material departures;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended March 31, 2023 and of the profit of the Company for the year ended on that date;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) They have prepared the Annual Accounts on a going concern basis;
- (e) They have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE

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

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

Pursuant to Regulation 34(2)(f) of the Listing Regulations and SEBI circular no. SEBI/LAD-NRO/ GN/2021/2 dated May 5, 2021, your Company provides the prescribed disclosures in new reporting requirements on Environmental, Social and Governance ("ESG")

parameters called the Business Responsibility and Sustainability Report ("BRSR") which includes performance against the nine principles of the National Guidelines on Responsible Business Conduct and the report under each principle which is divided into essential and leadership indicators. The BRSR is attached to Report as Annexure - C.

INTEGRATED REPORTING

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

MANAGEMENT DISCUSSION AND ANALYSIS

In terms of Regulation 34(2)(e) of 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

Deepak Foundation, which is the Group's Corporate Social Responsibility ('CSR') arm, carries out the Company's CSR initiatives focusing on social interventions in areas like education, health and livelihood. Through the years, the Company has worked closely with the communities surrounding their facilities and even beyond to improve their livelihood and society. The Company has a positive impact on society, particularly in capacity development, healthcare and women's empowerment. The Company has organized several campaigns, such as mobile health units that provide healthcare services at people's homes. Additionally, the Company's CSR arm is working on improving the last-mile presence of Government programs in day-care centres, delivering books to children through mobile library services and other initiatives.

Your Company has undertaken a major CSR Project for construction of new building and renovation of existing buildings of Kashiben Gordhandas Patel Children Hospital situated at Vadodara, Gujarat, conceived by Medical Care Centre Trust as a service for the children with focus on the poor and the deprived section of the society. The Children's Hospital is a tertiary care pediatric hospital

servicing the poor & needy people of Vadodara, Central Gujarat and neighboring states of Madhya Pradesh, Rajasthan & Maharashtra, focussing poor and sick child. More than 2.5 million children have been served by Kashiben Gordhandas Patel Children Hospital since its inception in 1984. The field of activities of the organization is to provide excellent medical care and treatment to nearly 30% of the cases free and to the remaining at very reasonable cost.

The CSR Project was undertaken through Medical Care Centre Trust (CSR Registration No.: CSR00003940).

During FY 2022-23, your Company has spent ₹ 11.94 Crores on CSR activities, against the requirement of ₹ 12.64 Crores, being 2% of average of the net profits for the preceding three years, as per the requirement of Section 135(5) of the Act. The shortfall in spending ₹ 0.70 Crores was towards renovation of existing buildings and construction of new building of Kashiben Gordhandas Patel Children Hospital which was due to delay in obtaining various government approvals for commencement of renovation and construction of hospital building. Since the said CSR project was classified as the ongoing project by the Board of Directors, the unspent amount of ₹ 0.70 Crores towards the said ongoing project is transferred to a separate Bank Account on April 25, 2023 as required under the provisions of the Act and the rules made thereunder which shall be spent in the subsequent Financial Year.

The Company is having a duly constituted CSR Committee, details of which such as composition, Terms of Reference, meetings held and attendance thereat are provided in the Corporate Governance Report. There have been no instances during the year when recommendations of the CSR Committee were not accepted by the Board.

The Company is also having a CSR policy duly approved by the Board of Directors that provides guidelines for conducting its CSR activities and can be accessed at Company's website at <https://www.godeepak.com/wp-content/uploads/2021/05/3-DNL-Corporate-Social-Responsibility-Policy.pdf>.

Annexure - D, which is part of this Report, contains the Report on the Company's CSR activities, complying with the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014.

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 on www.godeepak.com.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197 of the Act, read with Rule 5(1) of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as Annexure - F.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, in accordance with the provisions of the second proviso to Section 136(1) of the Act, the Annual Report is being sent to the Members of the Company excluding the aforesaid information. The aforesaid information is available for inspection by the members upto the date of the ensuing Annual General Meeting on all working days, except Saturdays, during working hours at the Registered Office of the Company. Any Member interested in obtaining such information may write to the Company Secretary.

ANNUAL RETURN

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

In terms of Rules 11 and 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return shall be filed with the Registrar of Companies, within the prescribed timelines.

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

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as Annexure - 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 OR MATERIAL ORDERS PASSED AGAINST THE COMPANY

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future.

SECRETARIAL STANDARDS OF ICSI

During the year under review, your 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, with respect to Meetings of Board and its Committees and General Meetings, respectively. The Company has devised necessary systems to ensure compliance with the applicable provisions of Secretarial Standards.

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

Our innovation infrastructure consists of centralised research facility, Deepak Research and Development Centre (DRDC) at Nandesari, Gujarat. Recognised by the Department of Scientific & Industrial Research, Government of India, it is equipped with the modern instruments and equipment for developing cutting edge technology. Your Company's R&D team comprises of very highly qualified and experienced team members who bring in the best practises in the industry.

DRDC also houses a state-of-the-art process engineering Lab, Kilo lab and process intensification lab. Mentioned setups help in generating scale-up related data for all the products which are developed in R&D Centre. 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.

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

Analytical Team 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.

Our R&D remain focussed 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 particularly water, energy and using green technology

Process Safety Activities

DRDC has a dedicated process safety team which analyses the chemical processes for their safe operations based on in-house ARC- Accelerated Reaction Calorimeter, DSC- Differential Scanning Calorimeter, RC- Reaction Calorimeter (with gas evolution analysis). Also, the team takes help from third party labs for other safety data generation e.g. powder safety data.

Technology

Your Company's R&D team is working on various new technology platform developments such as fluorination as well as photo chlorination chemistry, high pressure oxidation reaction for adipic acid formation and gas solid reaction for salicylic acid formation. A pilot facility for Vapor phase process has also been installed.

Lab scale CSTR - Continuous Stir Tank Reactor set-ups are used 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

Your Company is having 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 products seamlessly. The Pilot facility boasts of stainless steel and glass lined reactors along with distillation columns for gas and liquid raw materials 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, developing sustainable processes and moving them to manufacturing plant. With this in mind, a team conducts a critical review of the process from idea generation to technical development to production plant (ITP process). The activities are mapped and relevant documents are formalised. The ITP project is targeted to define technical process, the infrastructure required and supporting the document system. This also include in-depth safety reports for the chemicals and processes.

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

A highly secure web-based suite of tools have been deployed 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

- Documentation of the Lab Records are all digilized and in on-line mode.
 - 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 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

Two workshops on process safety and process scale up were organised. Participants were across functions of Deepak Group. These workshops introduced the salient feature of the Process Safety pertaining to Deepak Group competency.

The complete aspects of process safety and process scaleup were explained in detail during the workshop. This will help the teams in developing processes where the emphasis on scalability and safety starts from the lab itself.

SAFETY, HEALTH & ENVIRONMENT

Your Company is dedicated in ensuring Safety, Health and Environment (SHE) in relation to all its manufacturing processes, products and services. It consistently takes various measures to develop and adopt safer process technologies, unit operations and sustainable systems from conceptualization stage.

Investments are being made in various areas considering benefits of all stakeholders such as Process Automation to enhance safety and minimize human error, extensive training on process and behavior-based safety, implementation of safe and environment friendly production processes, upgrades to effluent treatment facilities, Reverse Osmosis plants, Multiple Effect Evaporators etc., to reduce effluent discharge. Waste Heat recovery systems are being commissioned to promote the reduction, recovery and reuse of effluents and other utilities.

A systematic and well-documented scale-up procedure is in place for the development of products, starting from Research & Development to Pilot to Commercial scale. This includes risk assessment and process safety studies at each stage to ensure inherently safe processes.

Your Company has established policies and systems to adhere internationally recognized guidelines, such as the principles of the United Nations Global Compact, the International Labour Organization (ILO) conventions and the Responsible Care Initiative. Measures are taken to ensure social compliance regarding human rights, labour and social standards, anti-discrimination, conflict of interest and anti-corruption. Health and safety remain a significant focus for your Company, aiming to achieve an accident-free workplace. Your Company firmly believes that all injuries, occupational illnesses, as well as safety and environmental incidents, can be prevented. This mindset encourages all employees to strive for personal safety excellence and the safety of others, including employees, contractors, customers and the surrounding communities.

Your Company follows a systematic incident reporting system, where all incidents, including near misses, are logged into the safety Management Information System (MIS). Corrective and preventive actions are tracked through internally developed software based on these reports. Each incident is investigated by a cross functional team to determine its root causes and necessary precautions are taken to prevent their recurrence. Before implementation, all technological changes and projects undergo various safety study such as Facility Siting, HAZOP Assessment and Quantitative Risk Assessment. Additionally, all changes in plant settings are approved through the Management of Change procedure and undergo pre-startup safety reviews. Your Company continuously strengthen workplace safety and Process Safety Management through employee engagement initiatives.

The Group has embarked on the safety and sustainability journey with a vision of “Zero Incident”. Towards safety transformation and with the aim of driving safety upgradation with respect to systems, processes and continuous culture improvement across all the sites, safety diagnostic assessment was carried out through an external agency and their findings enable the leadership to take decisions on the transformation roadmap. Safety assessment report included observations highlighting strengths and opportunities on the defined areas of focus and prioritized recommendation. All manufacturing units, including the Corporate Office, are certified with the latest standards of ISO 9001, ISO 14001 and ISO 45001. Scheduled safety awareness programs are carried out across plants to achieve continuous improvement in terms of process safety, workplace safety and behavioural transformation.

Logistic Safety Management System

Together with its peers, your Company has established Nicer Globe, an independent platform that enables real-time monitoring of the

movement of hazardous materials throughout India. This platform helps monitor any deviations in speed, route, or driving time restrictions, thereby minimizing transport-related incidents. Transportation of raw materials and products are ensured within its supply chain framework, utilizing GPS for real-time monitoring to ensure the safety of its customers, carriers, suppliers, distributors and contractors.

Environment

Our commitment to environmental protection goes beyond fulfilling legal requirements. Your Company has implemented the chemical industry's Responsible Care system and has established fundamental principles fully aligned with the UN Sustainable Development Goals.

Various initiatives have been undertaken to conserve resources, reduce energy consumption, promote recycling and reuse and minimize pollution. Constant efforts are being made to reduce the environmental footprint and find innovative solutions that benefit the environment.

KEY INITIATIVES DURING FY 2022-23

Emission management

DNL is strategically increasing its energy efficiencies by equipping its plants with modern and energy efficient equipment and technology. These measures are enabling to minimize emissions and energy consumption while improving the plant's efficiency. DNL's R&D team is continuously working to improve product yield. DNL is also working on carbon offsetting for the carbon generated, by planting trees and by installing various new-age equipments while working towards carbon neutrality to make them more efficient.

Water management

DNL is taking a holistic approach to water management by adopting water conservation philosophy based on the principles of reduce, reuse and recycle. This approach assists in achieving future goal of water positivity. DNL's intent is to make its operations water efficient and reduce its reliance on fresh water at the same time aiming to reach zero-liquid discharge for its facilities. A Zero Liquid Discharge system (ZLD) was implemented at the Hyderabad unit.

In Roha and Dahej units, approximately 60% of treated water was recovered from total wastewater generated by the installation of Reverse Osmosis system.

Waste management

Natural resource management and decreasing environmental impact of production is crucial to DNL. DNL utilizes resources efficiently and reduce waste generation. The waste generated during manufacturing processes is disposed of responsibly and in accordance with regulatory requirements under Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016. DNL adheres to the Pollution Control Board's air emission standards and do not use any ozone-depleting substances

(ODS) in its operations. All plastic wastes are recycled through CPCB-registered plastic waste processor (PWP) and post-consumer waste are addressed through EPR management. 100% Fly ash is handed over to the brick and tiles manufacturer as per fly ash notification.

DNL is committed to embedding sustainability in its processes and this commitment has been acknowledged by EcoVadis through its comprehensive Together for Sustainability (TfS) audit. In this audit, DNL's Dahej plant achieved a perfect score of 100 out of 100 on the first attempt. This accomplishment showcases DNL's unwavering efforts towards promoting sustainable development.

HUMAN RESOURCES

During the FY 2022-23, the HR & IR Department has been actively engaged in various activities to ensure the smooth functioning of the Company's Human Resource Management system. This has an objective of ensuring a strong, skilful & trained workforce availability for the Company all the time. The Company continues its endeavour of investing in Human Talent and Talent Management process through its various interventions and Programmes to improve and enhance competencies, capabilities, skills and potentials of its workforce. During the year, recognising the significance of identifying high-potential employees to ensure a robust talent pipeline, the Company carried out competency assessment through a renowned agency to identify training needs of high potential performing teams for career development. The Company's Human Resources initiatives and engagement activities have enabled the Company not only to sail through the challenging times, witnessed recently, but has helped Company in attracting, developing, nurturing & retaining right talent and keeping them motivated. Virtual Town Halls were organised wherein Executive Director & CEO, Director (Finance) & Group CFO address all the employees thereby have established a strong sense of bonding between the Company's Management and employees.

INSURANCE

All the insurable interests of your 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 & REDRESSAL) ACT, 2013

Your Company is committed to creating and maintaining a secure work environment where its employees, agents, vendors and partners can work and pursue business together in an atmosphere free of harassment, exploitation and intimidation.

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

No complaints were pending at the beginning of the year and no complaints were received during FY 2022-23 from any employee and accordingly, no complaint were pending as on March 31, 2023, for redressal.

GREEN INITIATIVES

Climate change has become an established fact and is intertwined with human activities and industrial operations. Taking well-informed, decisive actions to help address climate change is a priority for the Company. DNL has set bold targets for reducing greenhouse gas (GHG) emissions and building resilience in its business, value chain and local communities.

DNL is continuously working towards reducing GHG emission through acquiring power from renewal energy sources, engaging new-age equipments to augment energy efficient systems and engaging AI powered solutions for sustainable reduced energy consumption in its operations.

Other notable environment protection activities include installation of online continuous monitoring system (OCEMS) for air emission monitoring and control. DNL also successfully converted canteen waste to biofertiliser and the same is used for green belt development. ETP sludge and agro waste will be used as fuel in the boiler along with coal which is under trial. This will help in utilizing the waste generated and reducing coal consumption.

DNL has undertaken a massive tree plantation drive with the help of the Forest Department in Village Shelavali, Taluka: Shahapur Dist.: Thane, State: Maharashtra. Around 55,000 trees of local species are planted on 50 hectares of land which has helped in bringing positive impact to the environment such as carbon offset, biodiversity conservation, improved air quality, soil erosion prevention and water management. It also provides employment opportunities to the local persons and results in afforestation.

In compliance with the provisions of Section 20 of the Act and as a continuing endeavour towards the 'Go Green' initiative, electronic copy of the Notice of 52nd Annual General Meeting of the Company including the Annual Report for FY 2022-23 are being sent to all Members whose address are registered with the Company/ Depository Participant(s).

AWARDS AND RECOGNITION

In a bid to keep ensuring its relentless quest for growth and excellence, the Company continues to be committed towards maintaining the highest standards of corporate governance and sustainable practices. As a recognition for our unconventional innovations and focussed drive to achieve best-in-class operations, the Company has been winning a multitude of accolades at various forums while acquiring plaudits as the recipient of numerous prestigious awards for demonstrating its business ethos.

These embellishments to Deepak's cognizant candidature deliver a testament to the progress made by the Company and honor its diligent efforts towards delivering value for the welfare of all stakeholders and the society as a whole.

The details of the key recognitions secured by the Company have been highlighted in a separate section in the Annual Report.

ACKNOWLEDGEMENT

The Board of Directors highly regards the commitment, dedication and engagement exhibited by all employees at every level and hierarchical. Additionally, the Board extends its appreciation to investors, bankers, financial corporations, consumers, corporate partners, regulatory and Government agencies and other stakeholders for their unwavering cooperation and support throughout the year.

Lastly, we express our gratitude to the Central and State Governments, statutory authorities and other Government agencies for their consistent backing and anticipate their continued encouragement in the future.

For and on behalf of the Board

Deepak C. Mehta

Chairman & Managing Director
(DIN: 00028377)

Place: Vadodara
Date: May 11, 2023

Annexure-A

FORM NO. MR 3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2023

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

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

We have conducted the Secretarial Audit of the Compliances of applicable provisions and adherence to good corporate practices by **Deepak Nitrite Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate 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 authorized 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, 2023, 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, 2023, 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) 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 attracted 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 attracted 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 attracted 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 attracted 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 attracted 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 clause of the following:

- I. Secretarial Standards issued by The Institute of Company Secretaries of India;
- II. The Securities and Exchange Board of India (Listing Obligation 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 and all changes were carried out in accordance with the applicable provisions of Companies Act, 2013.

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

All the decisions in the Board meetings were carried through majority while there were no dissenting members' views and hence not captured and recorded as part 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, for which necessary approvals were obtained:

- a) Appointment of Shri Meghav D. Mehta as Additional Director by the Board of Directors at their meeting held on May 4, 2022 and as a Director liable to retire by rotation approved by Members of the Company through Ordinary Resolution by way of Postal Ballot on June 22, 2022.

- b) Appointment of Shri Punit Lalbhai as an Independent Director approved by Members of the Company through Special Resolution by way of Postal Ballot on June 22, 2022, for a term of three (3) consecutive years w.e.f. August 8, 2022.
- c) Appointment of Shri Vipul Shah as an Independent Director approved by Members of the Company through Special Resolution by way of Postal Ballot on June 22, 2022, for a term of three (3) consecutive years w.e.f. August 8, 2022.
- d) Appointment of Shri Prakash Samudra as an Independent Director approved by Members of the Company through Special Resolution by way of Postal Ballot on June 22, 2022, for a term of three (3) consecutive years w.e.f. August 8, 2022.
- e) Re-Appointment of Shri Sanjay Asher as an Independent Director approved by Members of the Company through Special Resolution by way of Postal Ballot on June 22, 2022, for a term of three (3) consecutive years w.e.f. June 28, 2022.
- f) Re-Appointment of Smt. Purvi Sheth as an Independent Director approved by Members of the Company through Special Resolution by way of Postal Ballot on June 22, 2022, for a term of three (3) consecutive years w.e.f. June 28, 2022.
- g) Appointment of Shri Somsekhar Nanda as Chief Financial Officer of the Company approved by the Board of Directors at their Meeting held on August 2, 2022 with effect from August 3, 2022.
- h) The Board of Directors of at their Meeting held on November 9, 2022, granted approval for investment upto 51% of the Equity Share Capital of Deepak Oman Industries FZC LLC, a Company incorporated in Sultanate of Oman, amounting to approx. US \$ 14.4 Mn.

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

Dinesh Joshi

Designated Partner
Membership No.: F3752
CP No.: 2246

Date: May 11, 2023
Place: Pune

UDIN: F003752E000241253
Peer Review Certificate No.: 1331/2021

**To,
The members,
Deepak Nitrite Limited,
Aaditya-I, Chhani Road,
Vadodara Gujarat - 390024, India.**

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: F003752E000241253

Peer Review Certificate No.: 1331/2021

Date: May 11, 2023

Place: Pune

Annexure-B

SECRETARIAL AUDIT REPORT

for the Financial Year ended March 31, 2023
[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 – 390 024,
Gujarat, India.

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

Based on our verification of the Company’s Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2023 (“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, 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.
- viii. Other sector specific laws as follows:
 - 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 Transboundary Movement) Rules, 2008;
 - g. Petroleum Act, 1934 and Rules made thereunder.

We have also examined compliance with all the applicable Secretarial Standards issued by The Institute of Company Secretaries of India. Being an Unlisted Public Company, 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 affairs of the Company.

S. Samdani

Partner

Samdani Shah & Kabra

Company Secretaries

FCS No. 3677 | CP No. 2863

ICSI Peer Review # 1079/2021

ICSI UDIN: F003677E000275630

Date: May 9, 2023

Place: Vadodara

This Report is to be read with our letter of even date which is annexed as Appendix A and forms an integral part of this report.

Appendix A

The Members,

Deepak Phenolics Limited

First floor, Aaditya-II
National Highway No. 8,
Chhani Road,
Vadodara – 390 024,
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
ICSI Peer Review # 1079/2021
ICSI UDIN: F003677E000275630

Date: May 9, 2023

Place: Vadodara