

Directors' Report

Dear Shareholders

Your Directors have pleasure in presenting the Fifty Third (53rd) Annual Report and the Third (3rd) 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, 2024. 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, 2024 is summarized below:

(₹ in Crores)

Particulars	Standalone Results		Consolidated Results	
	2023-24	2022-23	2023-24	2022-23
Total Revenue (Gross)	2,848.05	3,135.13	7,757.93	8,019.64
Operating Profit Before Depreciation, Finance Cost, Exceptional Item and Tax (EBITDA)	567.34	687.57	1,199.41	1,336.96
Less: Depreciation and Amortization expenses	86.79	76.16	165.66	166.30
Less: Finance Costs	2.09	1.57	11.83	24.78
Profit Before Exceptional Item & Tax	478.46	609.84	1,021.92	1,145.88
Exceptional Items	79.80	-	79.80	-
Profit Before Tax	558.26	609.84	1,101.72	1,145.88
Less: Tax expenses	124.83	140.45	290.83	293.88
Net Profit for the Year	433.43	469.39	810.89	852.00
Other Comprehensive Income	(1.66)	(4.85)	(1.95)	(5.00)
Total Comprehensive income for the Year	431.77	464.54	808.94	847.00
Surplus brought forward from previous year	2,063.41	1,694.52	3,528.32	2,776.96
Balance available for Appropriation	2,495.06	2,158.89	4,337.14	3,623.79

During FY 2023-24, the global chemical industry encountered multiple challenges such as uneven economic growth, sustained inflationary pressures and the response from Central Banks around the world which resulted in prevalence of higher interest rates. This was accompanied by geo-political challenges including continuation of Russia-Ukraine conflict and the re-emergence of geo-political skirmishes in the Middle East which have contributed to higher cost of doing business.

Overall global consumption has been hit, more particularly in Europe, thereby impacting demand for the chemical industry. Further, given the macro-economic backdrop, businesses have moved into cost optimisation mode including a return to leaner inventory levels. Combined with the destocking by Chinese players, this has led to softness in product realisations across the board.

Despite these challenges, DNL demonstrated resilience, maintaining performance levels through sustained demand from end-user industries. By increasing sales volumes and retaining market share, the Company navigated the transitional external environment. DNL strategically implemented backward and forward integration

projects to bolster long-term growth momentum, with plans for periodic commissioning over the coming quarters. Adopting various strategies including exploring new customer opportunities and optimizing procurement, DNL aimed to safeguard market share and profitability as much as possible, amidst challenging market dynamics.

In this context, DNL reported sustained operating performance, achieving volume gains for key products and maintaining or expanding market and wallet share. Your Company's efforts to expand its product portfolio and prioritize strategic relationships have contributed to reliable supplies and improved efficiencies, enabling production optimization and output enhancement. Despite pockets of volatile demand in certain segments, DNL's diverse product portfolio has provided resilience, with its Phenol plant operating at high capacity utilization despite scheduled maintenance of 15 days during the first quarter of FY 2023-24. Looking ahead, the Company focuses on delivering continued growth supported by upstream integration, capacity expansion and secured input supplies, ensuring a clear pathway to increase output in order to meet the anticipated increase in demand.

PERFORMANCE REVIEW

Standalone

Financial Year 2023-24 presented several challenges owing to various global macroeconomic pressures and a slower-than-expected rise in consumption, resulting in adverse impact on financial performance. The chemical industry encountered difficulties due to prolonged inventory destocking as a result of lower demand, coupled with aggressive actions by Chinese players bordering on dumping of products in key markets, logistical challenges fuelled by disturbances in the Red Sea. Despite ongoing global challenges like inflation, compression of inventory by customers and a slowdown in the Eurozone, your Company displayed remarkable agility in its operations. Your Company focused on optimising its assets and driving further production efficiencies. Your Company leveraged its brand equity and market position to prioritize reliable supplies to key strategic relationships. The improved production volumes were placed with customers enabling the Company to report volume led growth. As a result, your Company maintained steady revenue by meeting delivery obligations and was successful in maintaining or expanding its market share across all business segments.

DNL reported increased volumes and heightened wallet share year-on-year, although realization trends reflected subdued demand recovery in sectors like agrochemicals, textiles and dyes & pigments. DNL's broad product portfolio and versatile plant capability has allowed to focus on driving volume-led growth in certain pockets, which have enabled it to counter balance subdued demand sentiment in other parts of the portfolio. Sectors like construction, infrastructure and homecare demonstrated encouraging growth prospects. DNL displayed a resilient business performance with growth across several product categories. Additionally, the Company successfully piloted a new agro intermediate product, laying the foundation for further expansion and deeper strategic partnerships in the coming years.

In FY 2023-24, your Company's Total Revenue, including Other Income, came in at ₹ 2,848 Crores. Despite challenges, DNL strategically allocated resources to cater to high-demand applications until agrochemical demand normalizes, leveraging multi-purpose plants for flexibility. During the year, the commissioning of multiple opex initiatives led to gain in production capacity and throughput for several key intermediates.

EBITDA for FY 2023-24 stood at ₹ 567 Crores, down by 17% from the previous year to ₹ 1,476 Crores. Profit Before Tax decreased by 22% to ₹ 478 Crores, with Profit After Tax at ₹ 433 Crores.

Depreciation and Finance Costs amounted to ₹ 87 Crores and ₹ 2 Crores, respectively, with DNL continue having debt-free status as of March 31, 2024 and surplus funds invested in liquid mutual funds for liquidity and stability.

Domestic Revenue decreased by 16% to ₹ 1,447 Crores, impacted by softer demand in key industries, while Export Revenue stood at ₹ 1,278 Crores, driven by targeted initiatives in favourable markets. Your Company continues to prioritize wallet share and debottlenecking initiatives to enhance volumes amidst mixed industry sentiment.

With respect to fire incident occurred during June 2022 in warehouse areas at the Company's Nandesari plant, there was damage to certain properties, plant, equipment and inventory as well as loss of profit due to business interruption, for which the Company had filed the insurance claim with insurance companies. Upon pursuing the insurance claim rigorously, the Company has received ₹ 127 Crores towards final settlement of insurance claim from insurance companies. Accordingly, an amount of ₹ 79.80 Crores has been recognised under Exceptional Items in the Statement of Profit and Loss for the year ended March 31, 2024

In a key development, Deepak Phenolics Limited, a wholly owned subsidiary, inked a term sheet with Petronet LNG, for long term supply of Propylene and Hydrogen, from their proposed Propane dehydrogenation facility being set up at Dahej, marking a pivotal step in securing its growth trajectory. This arrangement significantly derisks Deepak Group's multi-year growth plan by guaranteeing a stable supply of critical raw materials via pipeline. Notably, the utilization of pipelines for supply not only enhances safety and cost-effectiveness but also minimizes environmental impact, contrasting favourably with traditional road and rail transport methods. DPL is poised to receive 250 KTPA of Propylene and 11 KTPA of Hydrogen, ensuring uninterrupted production processes at a competitive cost. The long-term nature of this arrangement not only assures Deepak Group of reliable feedstock access but also underscores its commitment to sustainable practices.

Looking ahead, DNL aims to become one of the most integrated chemical complexes globally, leveraging both large-volume production and high-value speciality products. With a focus on innovation and market responsiveness, the Company aims to bridge the demand-supply gap and become a preferred partner for global customers, positioning itself for sustained growth and resilience in the face of market fluctuations.

Deepak Phenolics Limited

Deepak Phenolics Limited ('DPL') is a wholly owned material subsidiary of your Company. During FY 2023-24, DPL recorded Revenues of ₹ 5,003 Crores compared to ₹ 4,970 Crores in FY 2022-23. The Profit After Tax increased by 6% to ₹ 474 Crores in FY 2023-24 as compared to ₹ 445 Crores in FY 2022-23. Despite the contraction of Phenol spreads due to disproportionate imports, DPL managed to maintain Revenue and EBITDA figures. This was primarily attributed to higher volumes in Phenolics, combined with gains from operating leverage and process optimization.

In FY 2023-24, DPL demonstrated remarkable resilience with impressive sales volumes in the Phenolics segment, despite grappling with the challenge of weak spread. Leveraging its integrated manufacturing setup and high utilization rates, DPL maintained its margins. The Phenolics volume surged by 12%, providing a substantial uplift to the overall performance. DPL set new production records for Phenol, Acetone, Cumene and IPA, driven by significant efficiency enhancements. Nevertheless, DPL's Phenolics segment remains on track to enhance downstream product offerings, through its fellow subsidiary, Deepak Chem Tech Limited, leading to higher stronger value chain and integration.

DPL also remains debt-free on a net basis, with total liquid investments of ₹ 302 Crores, having successfully implemented SAP.

Deepak Chem Tech Limited

Deepak Chem Tech Limited ('DCTL'), another wholly owned material subsidiary, implementing several projects aimed at producing intermediate chemicals for diverse applications, leveraging the Group's existing competencies and product portfolio. During FY 2023-24, the Group has contributed around ₹ 700 Crores in DCTL towards part funding its various capex programs, out of which, around ₹ 500 Crores is in the form of Equity and ₹ 40 Crores is in the form of Non-Cumulative Optionally Convertible Redeemable Preference Shares.

To start with, DCTL commenced manufacturing operations of its state-of-the-art Fluorination plant on March 21, 2024 at Dahej, near Bharuch in Gujarat. The said plant has started manufacturing Benzo trifluoride (BTF) which shall, not only increase reliability for captive consumption, but it also opens whole line of intermediates based upon Fluorine chemistry.

Further, DCTL is about to commission Nitric Acid projects, both diluted and concentrated. This is expected to cater to requirements of nitric acid, in existing and future products around nitration chemistry. The MIBK/MIBC projects is nearing completion and is expected to be operational in the second half of the current Financial Year.

DCTL is actively pursuing projects across two sites in Gujarat, focusing on Advanced Intermediates (AI) and Phenolics business segments, to start with. Further, a significant milestone was achieved when DCTL signed two Memorandum of Understanding ('MOU') totalling nearly ₹ 14,000 Crores with the Government of Gujarat with an intention to invest in setting up projects at Dahej, in the state of Gujarat. This includes MOU worth ₹ 5,000 Crores signed on May 23, 2023 for setting up facility to produce speciality chemicals, Phenol, Acetone and Bisphenol within the state. The additional MOU worth ₹ 9,000 Crores inked on January 31, 2024 is to establish projects for manufacturing of three (3) new products, Polycarbonate Resins, Methyl Methacrylate (MMA)/ Poly Methyl Methacrylate (PMMA) Resins and compounds, as well as Aniline. All announced investments are expected to be completed by FY 2027-

28, reinforcing the Group's commitment to import substitution through value-addition.

DCTL places significant emphasis on project timelines, costs, health, safety, environment and compliances. Aligned with the Group's philosophy, DCTL prioritizes sustainable processes and easy scalability to facilitate future expansions at lower costs, thereby enhancing efficiency, implementing green practices and reducing carbon footprints.

Towards this, Shri Meghav Mehta has taken the charge of DCTL as the Executive Director & Chief Executive Officer with effect from May 2, 2024 and the Board of DCTL is being further strengthened by recommending to the shareholders of DCTL, the appointment of Shri Sanjay Asher and Smt Purvi Sheth as Independent Directors with effect from May 21, 2024.

Going forward, DCTL is poised for substantial growth capital commitment, driving greater captive consumption into additional upstream and downstream chemical intermediates which would include building blocks, speciality chemicals on the base of building blocks, performance, advanced materials and effect chemicals products, thereby increasing overall value addition. Hence, expectedly, DCTL shall become the growth engine of the Group.

Consolidated

During FY 2023-24, your Company encountered formidable challenges stemming from inventory destocking by China, geopolitical uncertainties, commodity price volatility and fluctuating foreign exchange rates. Despite this complex environment, which include, inter alia, unabated logistical challenges amidst skirmishes arose in Red Sea, the Company's steadfast commitment to operational excellence, asset optimization and stringent business controls enabled it to navigate these hurdles effectively. By engaging closely with customers, DNL managed to either preserve or expand its market share while maintaining leadership across key product segments, positioning itself favourably to leverage growing demand and India's import substitution initiative.

The Consolidated total Revenue for FY 2023-24 stood at ₹ 7,758 Crores, down 3% from the previous year's ₹ 8,020 Crores. Though Revenue was marginally low owing to lower realisations, volumes grew significantly in both business segments by about 13%. Despite industry-wide challenges related to inventory destocking and sluggishness in certain markets, DNL proactively pursued development opportunities, adding new customers and markets to its portfolio while maintaining or increasing wallet share. Higher volumes across key business segments, particularly in Phenolics, facilitated sustainable Revenue volume growth, with consistently high utilization levels throughout the year.

In terms of profitability, Profit Before Tax (excluding exceptional items of ₹ 79.80 Crores) for FY 2023-24 totalled ₹ 1,022 Crores, against ₹ 1,146 Crores in FY 2022-23, while Profit After Tax was

₹ 811 Crores, against ₹ 852 Crores in FY 2022-23. Despite the ongoing economic recovery and macroeconomic challenges, DNL managed to enhance its operational efficiency, increased market share and wallet share. Geographically, Domestic Revenue stood at ₹ 6,135 Crores, while Revenue from Exports also grew to ₹ 1,547 Crores, demonstrating the Company's resilience and strong global engagement.

On the financial front, DNL maintains a zero-debt position with a Consolidated Net Worth of ₹ 4,797 Crores as of March 31, 2024, alongside significant liquid investments. The Company has undertaken digitalization initiatives, including SAP implementation, to enhance operational efficiencies, streamline processes and reduce costs.

Meanwhile, DNL made significant strides, inaugurating and commissioning its Fluorination plant at Dahej. With anticipated investments of approximately ₹ 2 billion, DNL aims to enhance supply chain robustness through backward and forward integration.

Additionally, a robust project pipeline, coupled with planned investments of around ₹ 2,200 Crores expected to be commissioned in FY 2024-25, reinforces the Group's commitment to capacity expansion and growth. The construction of a state-of-the-art Research & Development Centre at Savli, Vadodara reflects the Company's dedication to innovation and global competitiveness, positioning it well for future opportunities and sustained growth.

DECLARATION AND PAYMENT OF DIVIDEND

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, 2024 maintaining the same rate as was 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 23.60% of the Standalone Profit After Tax of the Company. The Company's Register of Members and Share Transfer Books will be closed from Tuesday, July 30, 2024 to Tuesday, August 6, 2024 (both days inclusive) for the purpose of payment of Dividend for the year ended March 31, 2024 and 53rd 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.

DIVIDEND DISTRIBUTION POLICY

The Dividend Distribution Policy as formulated and adopted by the Board in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosures Requirements), Regulations, 2015 ('Listing Regulations') is available on the Company's website and can be assessed at the link https://www.godeepak.com/wp-content/uploads/2023/11/DNL_Dividend-Distribution-Policy.pdf.

UNCLAIMED DIVIDENDS

Details of outstanding and unclaimed dividends previously declared and paid by the Company are given under the Corporate Governance Report.

SHARE CAPITAL

The issued, subscribed and paid-up Equity Share Capital of the Company as on March 31, 2024, is ₹ 27.28 Crores, comprising of 13,63,93,041 Equity Shares of face value of ₹ 2.00 (Rupees Two only) each.

During FY 2023-24, the Company has not issued any Equity Shares accordingly, there is no change in the Equity Share Capital of the Company during FY 2023-24.

TRANSFER TO RESERVES

The Board of Directors has decided to retain entire amount of Profit during FY 2023-24 appearing in the Statement of Profit and Loss and no amount is proposed to be transferred to Reserves.

FINANCE

Your Company maintains a strategic focus on achieving a balanced capital structure across its consolidated operations, emphasizing efficient working capital management while adhering to stringent criteria and maintaining a prudent level of debt. Through the implementation of enhanced working capital management practices, your Company remains to be zero debt Company for the fiscal year in review. This accomplishment speaks of the Company's commitment to financial prudence and operational excellence.

DNL has capitalized on its strong credit rating to access advantageous terms in its financial activities, leading to reduced expenses even in the absence of debt. With a dedicated team of specialists overseeing Foreign Exchange exposure, your Company effectively mitigates associated risks, ensuring stability in its financial performance. Thanks to proactive management strategies, the Company has efficiently managed its cash flow position, maintaining a standalone Net Debt: Equity ratio of nil as of March 31, 2024, consistent with the previous year's performance.

Overall, your Company remains positioned as a formidable player in the industry, driven by a commitment to delivering high-quality products supported by a robust product mix. ICRA Limited's recent reaffirmation of your Company's strong credit ratings, including [ICRA] AA for long-term and [ICRA] A1+ for short-term ratings, underscores the confidence in your Company's financial health.

Moreover, the positive outlook provided for both DNL and its wholly owned subsidiary, Deepak Phenolics Limited, reflects optimism regarding future prospects. Similarly, Deepak Chem Tech Limited was also awarded with a rating of [ICRA] A for long-term, showcasing strength of projects in the very first year.

DIRECTORS

As on March 31, 2024, the Company has twelve (12) Directors with an optimum combination of Executive and Non-Executive Directors including one (1) women Director. The Board comprises of eight (8) Non-Executive Directors, out of which six (6) are Independent Directors.

In accordance with the provisions of Section 152 of the Companies Act, 2013 ('the Act'), Shri Meghav Mehta (DIN: 05229853) and Shri Ajay C. Mehta (DIN: 00028405) will be retiring by rotation at the ensuing 53rd Annual General Meeting ('AGM') of the Company and being eligible, offered themselves for re-appointment.

Brief resume, nature of expertise, disclosure of relationship between Directors inter-se, details of directorships and committee membership held in other companies of the Directors proposed to be appointed / re-appointed, along with their shareholding in the Company, as stipulated under Secretarial Standard 2 and Regulation 36 of the Listing Regulations, is appended as an Annexure to the Notice of the ensuing Annual General Meeting.

The Members of the Company at their 52nd Annual General Meeting held on August 4, 2023, approved the following:

- a) Appointment of Shri Girish Satarkar (DIN: 00340116) as a Director liable to retire by rotation in place of Shri S. K. Anand (DIN:00001792), who retired by rotation and also 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 with effect from August 4, 2023.
- b) Re-appointment of Shri Deepak C. Mehta (DIN: 00028377) as the Chairman & Managing Director of the Company for further period of five (5) years with effect from December 14, 2023 and continue as the Chairman & Managing Director beyond the age of seventy (70) years.
- c) Re-appointment of Shri Dileep Choksi (DIN: 00016322) as an Independent Director of the Company for a second term of three (3) consecutive years with effect from August 7, 2023.

INDEPENDENT DIRECTORS

Shri Sanjay Asher, Smt. Purvi Sheth, Shri Dileep Choksi, Shri Punit Lalbhai, Shri Vipul Shah and Shri Prakash Samudra are Independent Directors on the Board of your Company.

All the Independent Directors of the Company have submitted 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 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 Independent Director, other than payment of sitting fees and re-imbursment 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 12, 2024 to evaluate the performance of the Chairperson, 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.

The Board is of the opinion that Directors of your Company including Independent Directors possess requisite qualifications, integrity, expertise and experience in their respective fields.

BOARD EVALUATION

The annual evaluation process of individual Directors, the Board and Committees was conducted in accordance with the provision of the Act and the Listing Regulations.

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 20, 2024. 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 Functions 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 Committee of Directors are well constituted by way of having optimum number of Independent Directors with precise Terms of Reference / Charter. The respective Committees actively discussed various matters and effective suggestions were made concerning business, operations and governance of the Company. Your Directors have expressed their satisfaction to the evaluation process. 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.

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 Mehta, Executive Director & Chief Executive Officer
3. Shri Sanjay Upadhyay, Director (Finance) & Group CFO
4. Shri Girish Satarkar, Executive Director
5. Shri Somsekhar Nanda, Chief Financial Officer
6. Shri Arvind Bajpai, Company Secretary

There were no changes in Key Managerial Personal during the year ended March 31, 2024 except that Shri Girish Satarkar was appointed as the Whole-time Director designated as the Executive Director w.e.f. August 4, 2023.

NUMBER OF MEETINGS OF THE BOARD AND COMMITTEES OF THE BOARD

During FY 2023-24, six (6) meetings of the Board of Directors were held. The details of the meetings of the Board of Directors and attended by Directors are given in the Corporate Governance Report forming part of this Report.

The intervening gap between the meetings was not more than 120 days, as prescribed under the Act and the Listing Regulations.

Details of composition, terms of reference and number of meetings held in FY 2023-24 for various Committees of the Board are given in the Corporate Governance Report, which forms part of this Report. Further, during FY 2023-24, all recommendations made by various Committees have been accepted by the Board.

AUDIT COMMITTEE

A duly constituted Audit Committee is in place having three (3) members, all being Independent Directors. Shri Dileep Choksi is

the Chairman of the Audit Committee. The other members of the Audit Committee are Shri Sanjay Asher and Shri Vipul Shah. 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 provided in the Corporate Governance Report, which is a part of this Report.

STATUTORY AUDITORS

Pursuant to the provisions of the Act and the Rules made thereunder, Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No.: 117366W/ W-100018) were re-appointed as Statutory Auditors of your Company at the 51st Annual General Meeting of the Company held on August 3, 2022, to hold office as the Statutory Auditors for a second term of five (5) consecutive years from the conclusion of the 51st Annual General Meeting upto the conclusion of 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, 2024, read together with relevant notes thereon, are self-explanatory and hence do not call for any comments. There is no qualification, reservation or adverse remark by the Statutory Auditors in their Report.

SECRETARIAL AUDITORS

The Secretarial Audit for the year ended March 31, 2024 was carried out by the Secretarial Auditors, KANJ & Co. LLP, Company Secretaries, Pune. Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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 2024-25.

SECRETARIAL AUDITOR'S REPORT

The Secretarial Audit Report of KANJ & Co. LLP, Company Secretaries, Pune, for the year ended March 31, 2024 in Form MR-3 is annexed as Annexure - A, which forms part of this Report. The Secretarial Audit Report for FY 2023-24, does not contain any qualification, reservation or adverse remark by the Secretarial Auditor.

SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARY

As per Regulation 24(1) of Listing Regulations, the Company is required to annex the Secretarial Audit Report of its material unlisted subsidiary/ies to its Annual Report. The Secretarial Audit

of Deepak Phenolics Limited ('DPL'), a material unlisted subsidiary, was undertaken by Samdani Shah & Kabra, Company Secretaries, Vadodara for the year ended March 31, 2024. 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 the Listing Regulations.

Deepak Chem Tech Limited, is a wholly owned subsidiary of the Company, which became a 'material unlisted subsidiary' during FY 2023-24 and for which Secretarial Audit shall be applicable from FY 2024-25. Accordingly, the Secretarial Audit Report of Deepak Chem Tech Limited is not required to be annexed to this Report.

COST AUDITORS

As per Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to prepare, maintain as well as have the audit of its cost records conducted by a Cost Accountant and accordingly, it has made and maintained such cost accounts and records. The Board, on the recommendation of the Audit Committee, has appointed B. M. Sharma & Co., Cost Accountants (Firm Registration No. 00219) as the Cost Auditors of the Company for FY 2024-25 at a remuneration of ₹ 8,50,000 (Rupees Eight Lakhs Fifty Thousand only) plus applicable taxes and out of pocket expenses. As required under 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 2024-25 is provided in the Notice convening 53rd Annual General Meeting for approval by the Members. Your Directors recommend the same for approval by the Members.

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.

The Cost Audit Report for FY 2023-24 will be filed within the prescribed period of 180 days from the close of the Financial Year.

INTERNAL AUDITORS

Upon 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 2024-25. The Internal Auditors reports their 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 Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Risk Management Committee has designated the Chief Financial Officer of the Company as the 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 Corporate Governance Report which forms part of this Annual Report.

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.

The Committee is responsible for monitoring and reviewing the Risk Management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Your Company also adopted a comprehensive Enterprise Risk Management ('ERM') framework and Policy that is implemented across the organization. The ERM framework and Policy is developed by incorporating the best practices based on COSO and ISO 31000 and then tailored to suit your Company's unique business requirements. The ERM framework encompasses all the Company's risks, such as strategic, operational and legal & compliance risks. Any of these categories can have internal or external dimensions. Hence, appropriate risk indicators are used to identify these risks proactively. Your Company take cognizance of risks faced by its key stakeholders and their cumulative impact while framing its risk responses.

Your Company understand importance of Enterprise Risk Management (ERM) and its function enables the achievement of the Company's strategic objectives by identifying, analyzing, assessing, mitigating, monitoring and governing any risk or potential threat to these objectives. 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. While this is the key driver, your Company's values, culture and commitment to stakeholders, employees, customers, investors, regulatory bodies, partners and the community around it – are the foundation for your Company's ERM framework.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an Internal Controls system in accordance with Section 134(5)(e) of the Act, commensurate with the size, scale and complexity of its operations. The Audit Committee comprising of professionally qualified Directors, interacts with the Statutory Auditors, Internal Auditors and the management to review the adequacy of Internal Controls system on a regular basis.

These controls ensure transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are Operational Controls and Fraud Risk Controls, covering the entire spectrum of Internal Financial Controls. An extensive program of internal audits and management reviews supplement the process of Internal Financial Controls framework. Documented policies, guidelines and procedures are in place for effective management of Internal Financial Controls.

The Internal Financial Controls framework ensures that financial and other records are reliable for preparing financial and other statements. In addition, the Company has identified and documented the key risks and controls for each process that has a relationship to the financial operations and reporting. At regular intervals, internal teams test the identified key controls. The Internal Auditors also perform an independent check of effectiveness of key controls in identified areas of Internal Financial Controls reporting. The Statutory Auditor's Report include a Report on the Internal Financial Controls over Financial Reporting.

To maintain objectivity and independence, Internal Auditors reports to the Chairperson of Audit Committee of the Board. The Audit Committee defines the scope and authority of the Internal Auditors. Internal Auditors monitors and evaluates the efficacy and adequacy of Internal Controls systems in the Company, its compliance with the operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries.

Based on the report of the Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and necessary corrective actions are presented to the Audit Committee on a regular basis.

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/2023/11/DNL_Whistle-Blower-Policy.pdf.

DEPOSITS FROM PUBLIC

During the year under review, the Company has not accepted any deposits from public and as such no amount on account of principal or interest on deposits from public was outstanding as on March 31, 2024.

INVESTOR EDUCATION AND PROTECTION FUND

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

RELATED PARTY TRANSACTIONS

The Company has a well-defined process of identification of Related Parties including transactions with Related Parties, its approval and review process. The Policy on Related Party Transactions as formulated by the Audit Committee and approved by the Board is placed on the Company's website and can be assessed at www.godeepak.com.

As required under Regulation 23 of the Listing Regulations, the Audit Committee has also defined the material modifications to the Related Party Transactions and has been included in the said Policy.

All Related Party transactions entered by the Company with Related Parties during FY 2023-24 (including any material modifications thereof), were on an arm's length basis and most of such transactions were in the ordinary course of business and were carried out with prior approval of the Audit Committee. Prior approval of the Audit Committee was obtained periodically for the transactions which were planned and/or repetitive in nature and omnibus approvals were also taken as per the policy laid down for unforeseen transactions. All Related Party Transactions that were approved by the Audit Committee were periodically reviewed by the Audit Committee.

All Related Party Transactions are also subjected to independent review by the Internal Auditors of the Company to ensure compliance with the requirement of Related Party Transactions under the Act and Listing Regulations.

There was no material significant Related Party Transactions during FY 2023-24 and hence no information is required to be provided as prescribed under Section 134(3) (h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2. The details of the transactions with Related Parties during FY 2023-24 are provided in the accompanying Financial Statements.

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 Board of Directors of the Company, at its meeting held on May 20, 2024 approved acquisition of 100% paid up Equity Share Capital of OXOC Chemicals Limited ('Oxoc'). Oxoc is engaged in the business of manufacturing Polycarbonate Compounds and has started manufacturing activities in March, 2024. With this acquisition, Oxoc will become a wholly owned subsidiary and the Company shall have access to its manufacturing operations which would expedite foray of the Group into Polycarbonate Compounds business.

During FY 2023-24, Deepak PMC Limited was incorporated on December 2, 2023 as a wholly owned subsidiary of your Company. Further, during FY 2023-24, Deepak Oman Industries LLC (SFZ) became subsidiary of your Company by investing into 51% of total share capital of Deepak Oman Industries LLC (SFZ). There was no company which has ceased to be subsidiary or associate of your Company during the year ended March 31, 2024.

Accordingly, the Consolidated Financial Statements include the operations of following subsidiaries:

- Deepak Phenolics Limited
- Deepak Chem Tech Limited
- Deepak Nitrite Corporation Inc.
- Deepak PMC Limited
- Deepak Oman Industries LLC (SFZ)

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 at its state-of-the-art facility at Dahej in the state of Gujarat. The detailed performance of DPL is provided under the section Performance Review of this Report.

(b) Deepak Chem Tech Limited

Deepak Chem Tech Limited ('DCTL'), a wholly owned material subsidiary of your 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.

(c) Deepak PMC Limited

Pursuant to the approval granted by the Board on October 4, 2023 for incorporation of a new wholly owned subsidiary of the Company, Deepak PMC Limited ('DPMCL') was incorporated on December 2, 2023 as a wholly owned subsidiary of your Company. An initial investment of ₹ 5 Crores was made by way of subscription of Equity Shares of DPMCL during FY 2023-24. This subsidiary has been incorporated and will be engaged in the business of inter alia providing Project Engineering, Procurement, Construction, Commissioning, Management and Consultancy Services.

(d) 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 2023-24, DNC generated Total Revenue of USD 19,690 and achieved a Net Income of USD 400.

(e) Deepak Oman Industries LLC (SFZ)

Deepak Oman Industries LLC (SFZ) ('DOIL'), incorporated in Oman, became subsidiary of your Company during FY 2023-24. The Board of Directors of your Company at their meeting held on January 8, 2024 approved acquiring further 495,824 equity shares of DOIL through acquisition as well as by way of subscription of new shares, worth around USD 1.29 million, raising your Company's stake from 31.72% to 51%, making DOIL a subsidiary. Additionally, the Board of Directors of your Company also approved providing a Corporate Guarantee for securing the Term Loan of approximately USD 49 million to be obtained by DOIL from the Export-Import Bank of India and interest and other charges thereon.

Presently, DOIL has not started commercial business operations and is setting up a greenfield project to manufacture Sodium Nitrite, Sodium Nitrate, in Salalah Free Zone, Sultanate of Oman which benefits from low cost inputs of raw materials and energy and plans to serve global customers. During FY 2023-24, DOIL generated Total Income of Omani Riyal 5,271 and achieved a Net Profit of Omani Riyal 3,874.

The Audited Consolidated Financial Statements of the Company for the year ended March 31, 2024 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 - I, detailing the salient features of the Company's subsidiaries companies, is attached to the Financial Statements.

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 the Financial Year i.e. since March 31, 2024 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.

LEGAL COMPLIANCE MANAGEMENT TOOL

The Company has in place an online legal compliance management tool, which has been devised to ensure and monitor compliance with all applicable laws that impact the Company's business. System-based alerts are generated until the user successfully submits the compliances, with provision for escalation to the

higher-ups in the hierarchy. 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 the Compliance Officer. A certificate by Key Managerial Personnel of your Company regarding compliance of all applicable laws and regulations is placed before the Board of Directors of your Company 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 2023-24. 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, 2024, 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, 2024 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 follows the best governance practices to boost long-term shareholder value and is committed to maintain the highest standards of Corporate Governance. Your Company adheres to the Corporate Governance requirement set out by Securities and Exchange Board of India and considers the same as its inherent

responsibility to disclose timely and accurate information to its stakeholders regarding its operations and performance, as well as the leadership and governance of your Company.

A Certificate by the Chief Executive Officer and the Chief Financial Officer of the Company in terms of Listing Regulations, inter alia confirming the correctness of the Financial Statements are placed before the Audit Committee and Board of Directors of the Company on quarterly basis.

A separate Corporate Governance Report is provided together with a Certificate from the Secretarial Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the Listing Regulations, which forms part of the Annual Report.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

In accordance with Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility and Sustainability Report ('BRSR') forms part of this Integrated Annual Report. The report describes initiatives undertaken by the Company from an environmental, social and governance perspective. Further, Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 dated July 12, 2023, updated the format of BRSR to incorporate BRSR core, a subset of BRSR, indicating specific Key Performance Indicators (KPIs) under nine ESG attributes which are subject to mandatory reasonable assurance by an independent assurance provider, by top 150 listed entities by market capitalization for FY 2023-24 and by top 250 listed entities by market capitalization for FY 2024-25. For the year ended March 31, 2024, your Company stands at 232 and 230 by market capitalization in BSE Limited and National Stock Exchange Limited, respectively. Although for FY 2023-24, reasonable assurance of BRSR core is not mandatory for the Company, on a voluntary basis, the Company has appointed TÜV SÜD South Asia Private Limited as the assurance provider. The BRSR is attached to the Board's Report as Annexure - C.

INTEGRATED REPORTING

The Integrated Report of the Company is prepared in accordance with the International Integrated Reporting (IR) framework published by the Value Reporting Foundation (VRF) which reflects the integrated thinking of the Company and its approach to its value creation. This Integrated Report aims to provide a holistic view of the Company's strategy, governance and performance and how they work together to create value over the short, medium and long term for its stakeholders. The narrative section of the Integrated Report is guided by the Integrated Reporting (IR) framework outlined by the International Integrated Reporting Council (IIRC). The Integrated Report is a part of this Annual Report, which provides a clear, concise and comprehensive vision of the Company's 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

Your Company is having duly constituted Corporate Social Responsibility ('CSR') Committee comprised of four (4) members out of which, two (2) are Independent Directors.

The details about CSR Committee, its Terms of Reference, meetings held and attendance of members 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.

Your Company has also in place 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/2023/11/DNL_Corporate-Social-Responsibility-Policy.pdf.

During FY 2023-24, your Company has spent ₹ 12.45 Crores on CSR activities, against the requirement of ₹ 11.69 Crores, being 2% of average of the net profits for the preceding three (3) years as per requirement under Section 135(5) of the Act. Accordingly, the Company has spent excess amount of ₹ 0.76 Crores during FY 2023-24 on the CSR activities undertaken in accordance with the CSR Policy of the Company. This excess amount can be set off against CSR obligation of succeeding three (3) Financial Years i.e. FY 2024-25, 2025-26 and 2026-27. Further, an amount of ₹ 0.70 Crores, remained unspent against CSR obligations for FY 2022-23, was transferred to a separate bank account in compliance with requirements of Section 135(6) of the Act. The said unspent amount of ₹ 0.70 Crores, has also been spent on the respective ongoing CSR projects during FY 2023-24. Thus, the aggregate amount spent on CSR activities during FY 2023-24 is ₹ 13.15 Crores.

Your Company has been undertaking CSR initiatives through Deepak Foundation, which is the Group's CSR arm, 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, through its CSR activities has a positive impact on society, particularly in the areas of skill development, environment, sustainability, education, healthcare and women's empowerment etc. Your Company has initiated several flagship projects for the services to reach the remote areas and cater to the people in need. These initiatives have aided in uplifting the quality of life of communities and has resulted in better living conditions.

Initiatives such as Mobile Health Units have ensured provision of healthcare services at people's doorstep. Additionally, the Palliative Care Services have helped the people coming from all over the country for dignified treatment while fighting cancer.

The Laboratory and Diagnostic Services at Dahej region have helped the villagers in getting diagnosis on time. The Adolescent Anaemia Identification program has helped hundreds of children in improving their diet for a healthier future.

The Mobile Library project provides the students an opportunity to venture in the world of literature other than their curriculum which help in improving their cognitive abilities. It also cultivates the habit of reading and generates better results. The Integrated Child Development Services (ICDS) program focuses on cognitive development of young children by providing them pre-primary education and strengthening the Anganwadi centres. Science, Technology, English and Mathematics (STEM) classes have enabled the students at primary schools to get hands on experience in science and maths subjects and has improved school results. The Remedial Classes helped the children who need special attention while studying in strengthening their base and has helped them in improving their grades and confidence. Along with mainstream educational practices, the Smart Class setup has helped the children in learning digitally and has opened several avenues for students to widen their horizon for modern educational techniques.

Further, Samaj Suraksha Sankul has provided safe environment to all kinds of children to thrive in and bring the best out in them by providing the platform to learn. Samaj Suraksha Sankul has been serving the needs of visually impaired children, orphan, destitute children and senior citizens towards living a healthy, happy, empowered, dignified and self-reliant life along with strong social and inter-generational bonding.

Your Company's CSR also focuses on environment and sustainability by delving into initiatives like Animal Health Care Centre and supporting Jal Sanchay Yojana (Farm Pond Construction) and use of Sexed Semen Technology to benefit dairy farmers. The focus on cattle health has benefitted the communities in yielding maximum benefits and has also educated them in maintaining the cattle health. This has immensely influenced the income of the beneficiaries' households and has improved their standard of living.

Your Company also provide contribution to technology business incubators through Atal Innovation Centre (AIC) Indian Institute of Science Education and Research IISER Pune SEED Foundation ('AIC-SEED'). AIC-SEED is supported by the Atal Innovation Mission, NITI Aayog, Govt. of India. AIC-SEED's objective is to stimulate and encourage the growth of deep science-based startup companies by providing an enabling eco-system in an academic and knowledge driven research environment.

Project Sangaath has impacted the lives of thousands of underprivileged community members by providing them the benefits of various schemes. The main objective of the project is to empower villagers by facilitating them to access their documents that would further facilitate their linkage with various government schemes. Through Sangaath, the eligible beneficiaries were facilitated by a cadre of trained facilitators in applying for Pre-Requisite Documents (PRDs), updating PRDs and applying for government schemes.

DNL also supported SVADES (Society for Village Development in Petrochemicals Area) which is a collective endeavour that binds the industry and rural community together towards effective socioeconomic development in the rural areas of surrounding industries. DNL partnered with SVADES for construction of community hall in Radhiyapura village at Nandesari.

As a part of CSR activities DNL also contributed towards 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 paediatric hospital serving the underprivileged people of Vadodara, Central Gujarat and neighbouring states of Madhya Pradesh, Rajasthan, Maharashtra. For the past four decades, it has provided medical care to more than 2.5 million children, either free or at very subsidised rates. The Hospital offers several medical facilities including Paediatric Cancer Department, Paediatric Intensive Care Unit, Neonatal Intensive Care Unit, Apang Shishu Kendra (specially-abled children centre), Shri Jalaram Blood Centre - regional blood transfusion centre, Cleft Lip and Palate Restoration Centre under 'Smile Train Project'.

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 with respect to the remuneration of Directors and employees as required under Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') are annexed to this Report as Annexure - F.

The statement containing particulars of employee remuneration as required under provisions of Section 197(12) of the Act and Rule 5(2) and 5(3) of the Rules 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 and Sundays, 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) of the Act, the Annual Return of the Company prepared as per Section 92(3) of the Act in Form MGT - 7 for FY 2023-24, is available on the Company's website and can be accessed 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 Ministry of Corporate Affairs, within the prescribed timelines.

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

The particulars relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required to be disclosed pursuant to the provisions of Section 134 of the Act read with the Companies (Accounts) Rules, 2014 are provided in Annexure - G forming part of 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

During FY 2023-24, 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 Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by The Institute of Company Secretaries of India, as amended and such systems were adequate and operating effectively.

RESEARCH & DEVELOPMENT

Your Company's innovation infrastructure consists of centralised Research and Development ('R&D') facility, Deepak Research and Development Centre ('DRDC') at Nandesari, Gujarat. DRDC has been approved by the Department of Scientific & Industrial Research, Government of India since 1977 and is ISO certified. It has a dedicated team of 100+ professionals, working on

various molecules and chemicals which are under patenting process. Your Company has cumulatively filed around 68 patent applications and 24 patents have already been granted. Your Company's R&D facility is crucial to its success with its ability to develop advanced intermediates which requires complex chemistry and engineering.

The R&D facility is equipped with the modern instruments and equipment for developing cutting edge technology. The Company's R&D team comprises of highly qualified and experienced team members, who bring in the best practises in the industry.

The R&D remain focussed on:

- New product development
- New technology platform development
- Improvement of productivity as well as yield in existing products
- Reduction in water, waste, energy etc. and using green technology, wherever possible.

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 DRDC. 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.

To aid in new technology platforms 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 at every stage of the product/ process development. The team is strengthened by inducting skilled man-power and 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), UV, IR etc. Analytical lab also takes help from third party analytical labs for generating data (like PSD, S-analysis, NMR etc.) for which DRDC currently does not have the facilities.

Process Safety Activities

DRDC has a dedicated process safety team, which analyses the chemical processes for their safe operations based on in-house Accelerated Reaction Calorimeter (ARC), Differential Scanning Calorimeter (DSC), Reaction Calorimeter with gas evolution analysis (RC). 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 and Photo Chlorination chemistries, high pressure Oxidation Reactions (both chemical and catalytic) and Gas Solid Reactions etc. A pilot facility for Vapor Phase Process has also been installed.

Lab scale Continuous Stirred Tank Reactor (CSTR) set-ups are used for converting batch mode reactions into continuous mode to achieve better yield, quality, better throughput, reduction in the cost of operations, along with increasing the safety norms of the process.

State-of-the-art pilot plants

Your Company is having two state-of-the-art pilot facilities, one each at Roha, Maharashtra and Nandesari, Gujarat. The pilot plants act as link between R&D and commercial production of various intermediates used in 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, handling systems for gas and liquid raw materials. The pilot facilities are fully-equipped with advanced instruments, Distributed Control system (DCS) and utilities like brine, low pressure steam, cooling water, – etc.

Development of idea to plant process (ITP)

The Technical Organisation is responsible for generating ideas, developing sustainable processes and moving them to commercial production. With this in mind, the team conducts critical review of the process from idea generation to technical development to production (ITP process). The activities are mapped and relevant documents are formalised. The ITP project is targeted to finalize the technical process, the infrastructure required and supporting documents. This also include in-depth safety analysis reports for the chemicals and the processes.

The overall ITP process flow includes:

- Idea collection and assessment of right-to-win.
- Responsible team identification
- Responsibility matrix assignment
- R&D process to finalize the route of synthesis and/or processes
- Process optimization
- Technology transfer including Basic Engineering Package (BEP) and all relevant documents (LDR, TTR1 and TD).
- A highly secure web-based suite of tools has been deployed to manage all data of ITP. The system stores data in a structured format making it searchable. It also prevents knowledge loss while controlling information flow.

Benefits of ideas to plant trials

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

- Specific formats designed to extract data/information.
- Reports and presentations are created by the system through aggregation.
- Ensures data integrity, data security and data traceability.
- Helps in significant reduction of time spent by scientists in making reports for reviews.
- Making fortnightly reports which reduce the time of technical reviews.
- Complete audit trail and traceability.

Training of technical team

Workshops on process safety and scale up, DoE, ASPEN, Flow Chemistry etc. were organised. The participants came from cross functional teams across Deepak Group. These workshops introduced the salient feature of the process scale-up and process safety enhancing the competency of participants.

NEW R&D CENTRE AT SAVLI, VADODARA

Your Company is also building a new state-of-the-art Research & Development Centre in Savli, Vadodara. The new R&D centre is expected to be operational by March 2025.

SAFETY, HEALTH & ENVIRONMENT

Your Company ensures 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. DNL have inhouse facilities at our R&D to carry out various thermal studies like RC, DSC, ARC for pre thermal hazard screening.

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). The 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 enabled 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 and holder of Responsible Care Logo. The scheduled safety awareness programs are carried out across plants to achieve continuous improvement in terms of process safety, workplace safety and behavioural transformation. Formalized procedure exists which promotes rewards & recognition based on the safety performance of the individual and of each site. Employee engagement has been 100% in participation in various safety initiatives and activities.

At DNL, we have a robust OHS governance system headed by the Corporate Safety and dedicated teams responsible for OHS across all our sites and offices. Our HSE Policy guides the safety practices at DNL and is communicated to all our employees, contractors, customers, community, business associates and interested parties

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

Your Company's 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 2023-24

Emission Management

Your Company is strategically enhancing its energy efficiency by equipping its plants with modern, energy-efficient equipment and technology. These initiatives help minimize emissions and energy consumption while boosting plant efficiency. The R&D team at DNL continuously works to improve product yield. Additionally, the Company is engaged in carbon offsetting efforts, such as tree planting and installing advanced equipment, as part of its commitment to achieving carbon neutrality.

Water Management

Your Company adopts a holistic approach to water management, focusing on conservation principles of reduce, reuse and recycle to achieve water positivity. The goal is to make operations more water-efficient, reduce reliance on freshwater and aim for zero-liquid discharge at its facilities. A Zero Liquid Discharge (ZLD) system is implemented at the Hyderabad unit and in Roha and Dahej units. Approximately 60% of treated water is recovered through Reverse Osmosis systems.

Waste Management

Efficient natural resource use and minimizing environmental impact are crucial to your Company. The Company responsibly disposes of manufacturing waste in compliance with regulatory requirements under the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016. Your Company adheres to air emission standards set by the Pollution Control Board and avoids using ozone-depleting substances (ODS). All plastic waste is recycled through processors registered with Central Pollution Control Board and post-consumer waste is managed via Extended Producer Responsibility (EPR). Fly ash is fully handed over to brick and tile manufacturers. DNL's commitment to sustainability is recognized by EcoVadis, with its Dahej plant achieving a perfect score of 100 out of 100 in the Together for Sustainability (Tfs) audit, reflecting its dedication to sustainable development.

HUMAN RESOURCES

During FY 2023-24, your Company 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, skillful & trained workforce availability for the Company all the time. Every year the Company hires fresh Graduate Engineer Trainees from Tier 1, Tier 2, Tier 3 institutes. Your 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. Every year your Company train 100+ employees in emerging and advance technologies in chemical and engineering industry. During FY 2023-24, 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 the Company in attracting, developing, nurturing & retaining right talent and keeping them motivated. Employee touch points and communication was kept live through Virtual Town Halls wherein Executive Director & CEO, Director (Finance) & Group CFO address all the employees thereby establishing a strong sense of bonding between the Company's management and employees. The Company has come up with dedicated Diversity Equity and Inclusion Policy to encourage inclusive work environment where members from diverse backgrounds can grow together and thrive.

In FY 2023-24 industrial relations across the Company in multiple demographics remained harmonious and issues were discussed and resolved by bilateral dialogues and zero man-days were lost.

EMPLOYEE STOCK OPTION PLAN (ESOP)

The Board of Directors of your Company at their meeting held on February 13, 2024 approved Deepak Nitrite Limited Employee Stock Option Scheme 2024 ("Scheme 2024").

The Scheme 2024 was approved by the Shareholders of the Company through Postal Ballot on April, 19, 2024 by way of Special Resolution. The Shareholders of the Company also, by way of Special Resolution, approved extending the Scheme 2024 to the eligible employees of your Company's subsidiaries.

As required under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Nomination and Remuneration Committee has been designated as the Compensation Committee for the purpose of administration and superintendence of the Scheme 2024.

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. With respect to fire incident occurred during June 2022 in warehouse areas at the Company's Nandesari plant, there was damage to certain properties, plant, equipment and inventory as well as loss of profit due to business interruption, for which the Company had filed the insurance claim with insurance companies. Upon pursuing the insurance claim rigorously, the Company has received ₹ 127 Crores towards final settlement of insurance claim from insurance companies.

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

The Company has adopted zero tolerance for sexual harassment at the workplace and has formulated a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. To build awareness in this regard, your Company has been conducting various programs on a continuous basis.

The Company has complied with provisions relating to the constitution of Internal Committee (IC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company have setup ICs for its various locations to redress complaints on sexual harassment. The Internal Committee is empowered to look into all complaints of sexual harassment and facilitate free and fair enquiry process with clear timelines.

No complaints were pending at the beginning of the year and no complaints were received during FY 2023-24 from any employee and accordingly, no complaint was pending as on March 31, 2024, for redressal.

GREEN INITIATIVES

Climate change has become an established reality, intricately linked with human activities and industrial operations. Addressing this pressing issue is a paramount priority for the Company and DNL has set ambitious targets to reduce greenhouse gas (GHG) emissions while fostering resilience in its business operations, value chain and local communities.

DNL is actively pursuing strategies to diminish GHG emissions, including sourcing power from renewable energy, deploying

cutting-edge equipment to enhance energy efficiency and leveraging AI-driven solutions to achieve sustainable reductions in energy consumption across its operations.

Furthermore, the Company has implemented various environmental protection measures, such as the installation of an online continuous monitoring system (OCEMS) for air emission monitoring and control. Additionally, DNL has successfully converted canteen waste into biofertilizer, utilized for green belt development and initiated trials to use ETP sludge and agro waste as fuel in boilers to reduce coal consumption and manage waste effectively.

In a significant initiative, DNL has partnered with the Forest Department to conduct a large-scale tree plantation drive in Village Shelavali, Taluka: Shahapur Dist.: Thane, State: Maharashtra. Over 55,000 trees of local species have been planted across 50 hectares of land, yielding positive environmental outcomes such as carbon offsetting, biodiversity conservation, improved air quality, soil erosion prevention and water management. Moreover, this initiative provides employment opportunities to local residents and contributes to afforestation efforts.

In adherence to Section 20 of the Act and as part of our ongoing commitment to environmental sustainability, the Company is distributing electronic copies of the Notice of the 53rd Annual General Meeting, along with the Annual Report for FY 2023-24, to all Members registered with the Company/Depository Participant(s). This initiative reflects our dedication to the 'Go Green' initiative and our continuous efforts to minimize our ecological footprint.

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.

INDUSTRIAL RELATIONS

During the year under review, industrial relations remained harmonious at all our offices and establishments.

GENERAL DISCLOSURES

The Board of 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.

REGISTERED OFFICE

During the year under review, the Registered Office of your Company has been shifted within the city limits of Vadodara in the state of Gujarat from Aaditya-I, Chhani Road, Vadodara-390024 to 2nd Floor, Fermenter House, Alembic City, Alembic Avenue Road, Vadodara – 390 003 w.e.f. November 10, 2023.

ACKNOWLEDGEMENT

The Board of Directors place on record their deep appreciation to all employees for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain an industry leader.

The Board of Directors also take this opportunity to thank all Shareholders, Business Partners, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

For and on behalf of the Board

Deepak C. Mehta

Chairman & Managing Director
(DIN: 00028377)

Place: Vadodara
Date: May 20, 2024

Annexure-A

FORM NO. MR 3

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2024

[Pursuant to Section 204(1) 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,
2nd Floor, Fermenter House, Alembic City,
Alembic Avenue Road,
Vadodara, Gujarat 390003**

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and adherence to good corporate governance practices by **Deepak Nitrite Limited** (hereinafter called "the Company"). The 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 the Financial Year ended on March 31, 2024, 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, 2024, 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, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; No event occurred during the period under review which attracted provisions of these Regulations hence, not applicable;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; No event occurred during the period under review 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 under review 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 under review 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 under review 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 Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were changes in the composition of the Board of Directors during the period under review and all changes were carried out in accordance with the applicable provisions of the 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 are adequate systems and processes in the Company, commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period, the Company does not have any event 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 Girish Raghunath Satarkar as a Whole-Time Director designated as Executive Director of the Company for a term of three (3) years with effect from August

4, 2023 (approved by Members of the Company in the Annual General Meeting held on August 4, 2023).

- b) Re-Appointment of Shri Dileep Choksi as Independent Director for second term of 3 (Three) consecutive years with effect from August 7, 2023, as well as to continue to hold the position of Independent Non-Executive Director of the Company, beyond the age of 75 (Seventy Five) years (approved by Members of the Company by way of Special Resolution in the Annual General Meeting of the Company held on August 4, 2023).
- c) Re-appointment of Shri Deepak C. Mehta as the Chairman & Managing Director of the Company for further period of 5 (Five) years with effect from December 14, 2023 and to continue holding office of the Managing Director beyond the age of 70 (Seventy) years (approved by Members of the Company by way of Special Resolution in the Annual General Meeting of the Company held on August 4, 2023).
- d) Declaration of Dividend of ₹ 7.50 (Rupees Seven and Paise Fifty only), being 375%, per equity share of face value of ₹ 2.00 (Rupees Two only) each for the Financial Year ended March 31, 2023 (approved by Members of the Company by way of Ordinary Resolution in the Annual General Meeting of the Company held on August 4, 2023).
- e) Investment by the Company on August 11, 2023 upto 31.72% equity of Deepak Oman Industries LLC (SFZ) a company incorporated in Sultanate of Oman, to set up chemical manufacturing plant in Sultanate of Oman by way of acquisition of 7,70,000 shares equivalent to USD 20,00,000 which was approved in the Board Meeting held on November 9, 2022 and necessary Form FC has been filed with the Reserve Bank of India (RBI) on August 8, 2023 i.e. before remittance of funds as per the requirements under Foreign Exchange Management (Overseas Investment) Directions, 2022 and necessary disclosure to BSE & NSE has been made on August 11, 2023.
- f) Incorporation of a wholly owned subsidiary of the Company was approved in the Meeting of Board of Directors held on October 4, 2023 and necessary disclosure of the same has been given to BSE and NSE on the same day i.e. October 4, 2023.
- g) Shifting of Registered Office of the Company from Aaditya-I, Chhani Road, Vadodara -390024, Gujarat, India to 2nd Floor, Fermenter House, Alembic City, Alembic Avenue Road, Vadodara - 390003, Gujarat, India i.e. within the local limits of Vadodara (approved in the meeting of Board of Directors of the Company held on November 7, 2023), with effect from November 10, 2023 and necessary disclosure of the same has been made to BSE and NSE on the same day.i.e. November 7, 2023.

- h) Deepak PMC Limited (“DPMCL”), has been incorporated on December 2, 2023 as a wholly owned subsidiary of the Company. The Authorised and Paid-up Equity Share Capital of DPMCL shall be ₹ 5 Crores and necessary disclosure of the same has been made to BSE and NSE on December 3, 2023.
- i) Approval by Board of Directors of Deepak Phenolics Limited (material subsidiary of the Company) for entering into binding Term Sheet with Petronet LNG for off-take of 250 KTPA of Propylene and 11 KTPA of Hydrogen. The disclosure of the same has been given by the Company to BSE and NSE on same day i.e. December 19, 2023.
- j) Further investment in Deepak Oman Industries LLC (SFZ) by way of acquisition of 4,95,824 shares equivalent to USD 12,87,853 out of which (a) 4,40,924 Shares equivalent to USD 11,45,256 acquired from Deepak Gulf LLC; and (b) the remaining 54,900 shares equivalent to USD 1,42,597 acquired through fresh issue, at par. Such investment was approved in the Board Meeting held on January 8, 2024. Necessary intimation has been given to BSE and NSE on same day and necessary Form FC-1 has been filed with the Reserve Bank of India.
- k) Execution of Memorandum of Understanding with Government of Gujarat by Deepak Chem Tech Limited, a wholly owned subsidiary of the Company - (a) on May 23, 2023 about its intention of investing around ₹ 5,000 Crores and (b) on January 31, 2024 about its intention of investing around ₹ 9,000 Crores and the intimations in respect of the same were given to BSE and NSE in accordance with Regulation 30 of the Listing Regulations, on May 24, 2023 and January 31, 2024, respectively.
- l) The “Deepak Nitrite Limited Employee Stock Option Scheme 2024” was approved by the Board of Directors at their meeting held on February 13, 2024. Subsequently, it was approved by the Members of the Company by way of Special Resolution passed through Postal Ballot on April 19, 2024.
- m) Commencement of manufacturing operations by Deepak Chem Tech Limited, Wholly Owned Subsidiary of the Company of Fluorination Plant on March 21, 2024 and necessary intimation & disclosures has been made to BSE and NSE within time limit.
- n) Payment of penalty imposed by Gujarat Industrial Development Corporation for non-utilization of the plots, while approving application for amalgamation two newly acquired industrial plots vide its order dated December 28, 2023 and received by the Company on December 29, 2023. The Company has made necessary disclosures to BSE and NSE on December 29, 2023.

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

Dinesh Joshi

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

Date: May 20, 2024
Place: Pune

UDIN: F003752F000407641
Peer Review Certificate No.: 1331/2021

**To,
The Members,
Deepak Nitrite Limited,
2nd Floor, Fermenter House, Alembic City,
Alembic Avenue Road, Gorwa, Vadodara, Gujarat 390003**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records 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 the financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a 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: F003752F000407641

Peer Review Certificate No.: 1331/2021

Date: May 20, 2024

Place: Pune

Annexure-B

SECRETARIAL AUDIT REPORT

for the Financial Year ended March 31, 2024
[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

4th Floor, Fermenter House, Alembic City,
Alembic Avenue Road,
Vadodara - 390003,
Gujarat, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Deepak Phenolics Limited** ("Company"). Secretarial Audit was conducted in a manner that 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, 2024 ("review period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the review period, according to the provisions of:

- i. The Companies Act, 2013 ("Act") and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Securities and Exchange Board of India ("SEBI") (Depositories and Participants) Regulations, 1996 / 2018, to the extent applicable;
- v. SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, to the extent applicable;
- vi. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- vii. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 are not applicable to the Company being an Unlisted Public Company.

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

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

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. During the period under review there was no change in the composition of the Board of Directors;

- B. Adequate notice is given to all the Directors to schedule the Board Meetings. Agenda and detailed notes on Agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the Agenda items before the meeting and for meaningful participation at the meeting;
- C. As per the Minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded;
- D. There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all the applicable Laws, Rules, Regulations and Guidelines;
- E. During the review period there were no specific instances / actions in pursuance of the above referred Laws, Rules, Regulations, Guidelines, etc., having a major bearing on the Company's affairs.

S. Samdani

Partner

Samdani Shah & Kabra

Company Secretaries

FCS No. 3677; CP No. 2863

PR# 1079/2021

ICSI UDIN: F003677F000342721

Date: May 10, 2024

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

4th Floor, Fermenter House, Alembic City,
Alembic Avenue Road,
Vadodara - 390003,
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 are the responsibility of the management of the Company. Our examination was limited to the verification and audit of procedures and records on test basis. Our responsibility is to express an opinion on these Secretarial records and compliances based on such verification and audit.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- iii. Wherever required, we have obtained the management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
- iv. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

S. Samdani

Partner

Samdani Shah & Kabra

Company Secretaries
FCS No. 3677; CP No. 2863
PR# 1079/2021
ICSI UDIN: F003677F000342721

Date: May 10, 2024

Place: Vadodara