

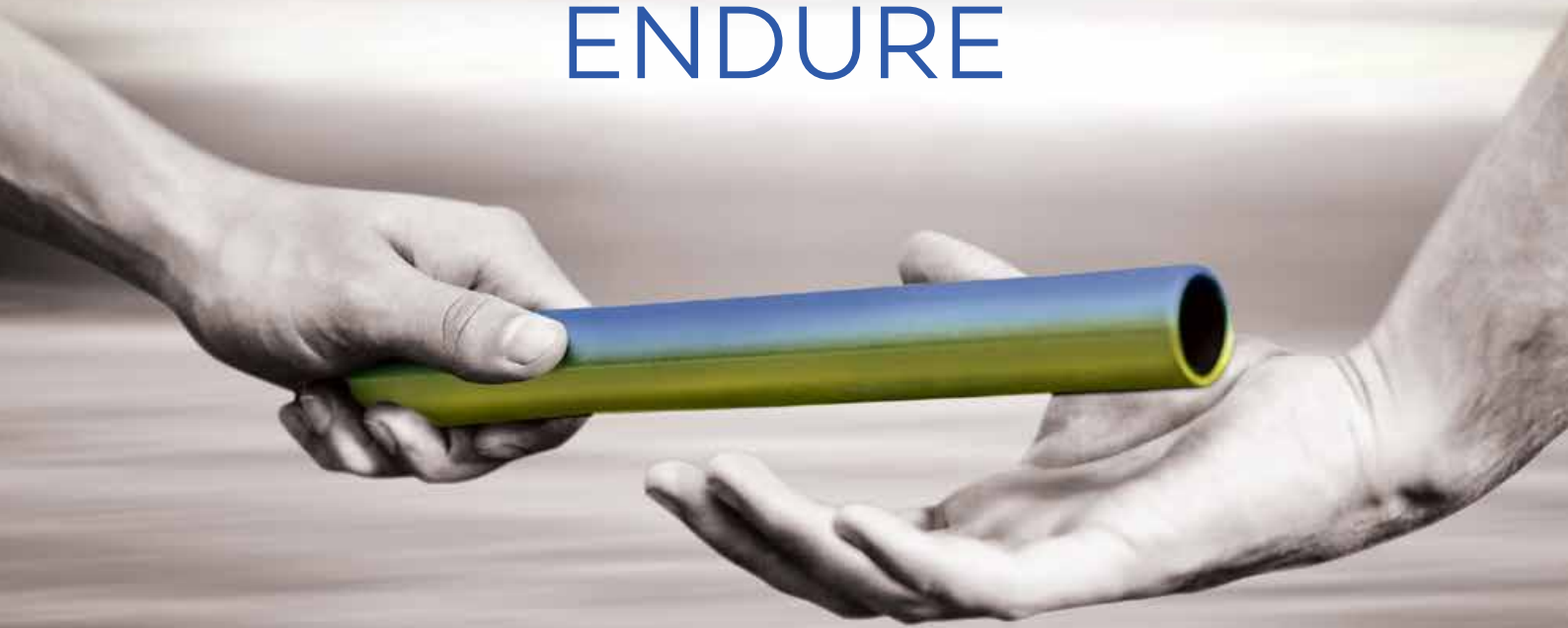


RESPONSIBLE
CHEMISTRY

TRUST
BUILDS

FAITH
LASTS

VALUES
ENDURE



50th Annual Integrated Report | **2020-21**
DEEPAK NITRITE LIMITED

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Investor Welfare Scheme

Fiftieth Annual General Meeting

Day & Date : Friday, July 30, 2021

Time : 11:30 A.M.

Through Video Conferencing/Other Audio Visual Means



Access a digital copy of this Report at:

<https://50thAnnualIntegratedReport.godeepak.com>



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

Forward-looking Statements

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

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

Basis of Reporting

REPORTING PRINCIPLE

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

OUR APPROACH TO ADOPTION OF IR

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

REPORTING PERIOD AND SCOPE

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

OUR APPROACH TO MATERIALITY

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

INTRODUCTION TO THE SIX CAPITALS



Pg. 32-37

Financial Capital

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



Pg. 38-41

Manufactured Capital

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



Pg. 42-45

Human Capital

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



Pg. 46-47

Intellectual Capital

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



Pg. 48-53

Social and Relationship Capital

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



Pg. 54-55

Natural Capital

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



Deepak: An Organisation Trusted to Deliver



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

Having presence in Basic Chemicals, Fine & Speciality, Performance Products and Phenolics (Phenol, Acetone & Iso-Propyl Alcohol), we play an important role in our customers' value chain. Our products find application in

the manufacturing of downstream products for multiple sectors and play a crucial role in driving nation's development and meeting the needs of end consumers. We are building on this through continuous investment in research and development, modern technologies and new capacities.



Vision

To become the FASTEST GROWING Indian chemical intermediates company.

Our Differentiators



Brand equity

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



Right to win

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



World-class manufacturing facilities and product quality

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



Strong intellectual capital

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



Committed to ESG practices

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



Global presence

- Presence across 30 countries in 6 continents

Innovativeness

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

Agility

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

Our Attributes

Responsiveness

Towards employees, customers and all other stakeholders.

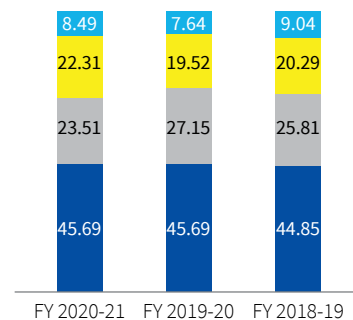
Outcome-driven

Rewarding performers across verticals, thereby setting examples for leadership.

Ownership

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

Ownership Structure (%)



- Promoter & Promoter Group
- Institutional Shareholders
- Resident Individual Shareholders
- Others

Trusted across Diversified Business Operations

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



Basic Chemicals

OVERVIEW

Standard products manufactured in bulk, high volume.

PRODUCTS

Sodium Nitrite, Sodium Nitrate, Nitro Toluidines, Fuel Additives, Nitrosyl Sulphuric Acid

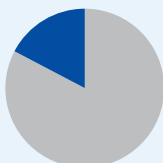
APPLICATION DIVERSITY

Colourants, Petrochemicals, Rubber, Agrochemicals, Pharmaceuticals, Water Treatment, Glass Industries, Industrial Explosives and Fuel Additives

VALUE DRIVER

- Cost leadership
- Large scale production

17.31%
Contribution to
Total Revenue
from Operations



16.46% Contribution to EBIT



Fine & Speciality Chemicals

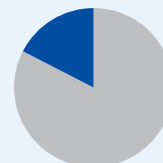
Specialised products customised to the client's specification.

Xylidines, Oximes, Cumidines, Speciality Agrochemicals

Agrochemicals, Colours & Pigments, Paper, Personal Care, Pharmaceuticals etc.

- Technical skills and technology competence to handle complex reactions
- Ability to meet clients' specific needs
- Niche area with limited competition

17.45%
Contribution to
Total Revenue
from Operations



28.19% Contribution to EBIT



Performance Products

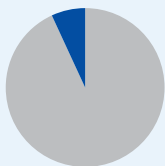
Products with stringent requirements in terms of performance in manufacturing process.

Optical Brightening Agent (OBA), DASDA

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

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

6.93%
Contribution to
Revenue from
Operations



1.91% Contribution to EBIT



Phenolics

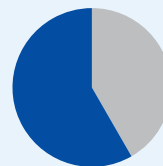
High volume import substitutes.

Phenol, Acetone, Cumene, Isopropyl Alcohol

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

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

58.31%
Contribution to
Revenue from
Operations



53.44% Contribution to EBIT

Manufacturing Footprint



Manufacturing Plants

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

Our Extensive Network

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

Responding with Grit in a Challenging Year

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



LOOKING AFTER OUR PEOPLE

The safety and security of our employees and contractual workers has always been a foremost priority and has remained our key focus throughout COVID-19. All our locations have been operating with the highest attention to man and material safety. Stringent safety measures were introduced following the pandemic outbreak, including regular sanitisation and adequate physical distancing at our workplaces and transportation, providing protective gear to employees, regulating entry through the Aarogya Setu App and with SpO₂ and thermal screening, carrying out periodical testing for antibody and COVID-19 infections.

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

Supporting our team practically and nurturing wellbeing have been the other important focus areas. For eligible employees across all locations, timely annual increments, and performance incentives, bonuses and special financial incentives were also paid out despite the



▲ Temperature screening at entrance

6,000+
No. of COVID related tests
conducted

economic slowdown in the country. During the initial period of the nationwide lockdown, in the backdrop of alternating shift patterns, phase-wise resumption of operations, transport restrictions, and many people working from home, our digital solutions and interventions kept our

175+
No. of vaccinations
facilitated

teams connected and their morale high. Wellness session series were held online for employees and their families, along with imparting of online training on a wide array of relevant subjects to help our employees cope up with the new normal.



▲ Focus on Quality: Digitalisation of processes



SUPPORTING OUR CUSTOMERS

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

employees and operations safe played a pivotal part in delivering on our customer commitments throughout the crisis. Our efforts reinforce our positioning as a reliable supply partner to our customers.

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

100%
customer orders fulfilled
even during a challenging
operating environment

ZERO
Customers Lost