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DNL/CS/SEBI/IG/2022
February 11, 2022



To,

General Manager,
Corporate Finance Department,
Securities & Exchange Board of India,
Plot No. C4-A, 'G' Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai - 400051

Dear Sir,

Sub: Request for informal guidance by way of interpretive letter under the provisions of SEBI (Informal Guidance) Scheme, 2003 ('Scheme').

A. Background and Material Facts:

Deepak Nitrite Limited ('DNL' or 'Company') is listed on BSE Limited and National Stock Exchange of India Limited (collectively 'Stock Exchanges').

The Board of Directors of the Company have announced a QIP issue of Equity Shares of DNL upto ₹ 2,000 Crores ('QIP') vide their Meeting held on 22nd December, 2021. The Shareholders of the Company have approved the QIP by way of Special Resolution passed through Postal Ballot on 27th January, 2022.

The Board of Directors of the Company at their meeting held on 24th January, 2022, have approved Unaudited Financial Results ('UFR') of the Company for the Quarter and Nine months period ended 31st December, 2021. The said UFR have been submitted to Stock Exchanges on 24th January, 2022 within prescribed time limit.

As per its regular practice, the Company has submitted Investor Communication w.r.t. UFR on 24th January, 2022 and has held an Investor Conference call on 27th January, 2022 to discuss the performance of the Company and UFR. The transcript of the said Concall has been placed on the website of the Company i.e. www.godeepak.com.

As regards QIP, it will be launched at an appropriate time as may be decided by the Board of Directors or any Committee thereof duly authorized in that behalf. The Issue Price of the QIP shall be determined as prescribed under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICD Regulations').

The Promoters / Promoter Group entities wishes to purchase Equity Shares of the Company from open market in compliance of the Code of Conduct of the Company on Prohibition of Insider Trading.

DEEPAK NITRITE LIMITED

CIN: L24110GJ1970PLC001735

Registered & Corporate Office:

Aaditya-I, Chhani Road, Vadodara-390 024. Gujarat, India.

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Investor Relations Contact: investor@godeepak.com

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Page | 1

B. Relevant Legal Provisions:

1. Regulation 2(1)(h) and 2(1)(ha) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'):

"promoter" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;

"promoter group" shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof;

2. Regulation 2(1)(n) of PIT Regulations:

"unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: -

- (i) Financial Results;
- (ii) Dividends;
- (iii) Change in Capital Structure;
- (iv) Mergers, De-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
- (v) Changes in Key Managerial Personnel.

3. Regulation 2(1)(oo) of ICD Regulations :

"promoter" shall include a person:

- i) who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or
- ii) who has control over the affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or
- iii) in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act:

Provided that nothing in sub-clause (iii) shall apply to a person who is acting merely in a professional capacity;

Provided further that a financial institution, scheduled commercial bank, foreign portfolio investor other than individuals, corporate bodies and family offices, mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be a



promoter merely by virtue of the fact that twenty per cent. or more of the equity share capital of the issuer is held by such person unless such person satisfy other requirements prescribed under these regulations;

4. Regulation 2 (1)(pp) of the ICD Regulations:

“promoter group” includes:

- i) the promoter;
- ii) an immediate relative of the promoter (i.e. any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and
- iii) in case promoter is a body corporate:
 - A) a subsidiary or holding company of such body corporate;
 - B) any body corporate in which the promoter holds twenty per cent. or more of the equity share capital; and/or any body corporate which holds twenty per cent. or more of the equity share capital of the promoter;
 - C) [***]
- iv) in case the promoter is an individual:
 - A) any body corporate in which twenty per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member;
 - B) any body corporate in which a body corporate as provided in (A) above holds twenty per cent. or more, of the equity share capital; and
 - C) any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent. of the total capital;
- v) all persons whose shareholding is aggregated under the heading "shareholding of the promoter group":

Provided that a financial institution, scheduled bank, foreign portfolio investor other than individuals, corporate bodies and family offices, mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be promoter group merely by virtue of the fact that twenty per cent. or more of the equity share capital of the promoter is held by such person or entity:

Provided further that such financial institution, scheduled bank, foreign portfolio investor other than individuals, corporate bodies and family offices, mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them;



[Handwritten signature]

5. Regulation 176 of the ICD Regulations:

- (1) The qualified institutions placement shall be made at a price not less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the stock exchange during the two weeks preceding the relevant date:

Provided that the issuer may offer a discount of not more than five per cent. on the price so calculated, subject to approval of shareholders as specified in clause (a) of regulation 172 of these regulations, except that no shareholders' approval will be required in case of a qualified institutions placement made through an offer for sale by promoters for compliance with minimum public shareholding requirements specified in the Securities Contracts (Regulation) Rules, 1957.

- (2) Where eligible securities are convertible into or exchangeable with equity shares of the issuer, the issuer shall determine the price of such equity shares allotted pursuant to such conversion or exchange taking the relevant date as disclosed in the special resolution referred to in clause (a) of sub regulation (1) of regulation 172.

- (3) The issuer shall not issue or allot partly paid-up eligible securities:

Provided that in case of allotment of non-convertible debt instruments along with warrants, the allottees may pay the full consideration or part thereof payable with respect to warrants, at the time of allotment of such warrants:

Provided further that on allotment of equity shares on exercise of options attached to warrants, such equity shares shall be fully paid-up.

- (4) The issue price shall be subject to appropriate adjustments, if the issuer:

- a) makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of a dividend on shares;
- b) makes a rights issue of equity shares;
- c) consolidates its outstanding equity shares into a smaller number of shares;
- d) divides its outstanding equity shares including by way of stock split;
- e) re-classifies any of its equity shares into other securities of the issuer;
- f) is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, requires adjustments.

Explanation: For the purpose of sub-regulation (1), the term "stock exchange" means any of the recognised stock exchanges in which the equity shares of the same class of the issuer are listed and in which the highest trading volume in such equity shares has been recorded during the two weeks immediately preceding the relevant date.

C. Query:

On the basis of the abovementioned background, material facts and relevant legal provisions, we request you to provide informal guidance by way of interpretive letter on following queries -



1. Whether pending QIP issue, its pricing and probable impact on Share Capital of the Company, which is not yet known and shall be determined as per ICD Regulations, be considered as Unpublished Price Sensitive Information ?
2. In view of the above, whether individual Promoters which include the Chairman & Managing Director and Executive Director & CEO of the Company or any member of the promoter group can purchase shares of the Company from open market during the pendency of QIP?

D. Fee:


We enclose herewith a Demand Draft No. 001701 dated 11.02.2022 amounting to ₹ 25,000, favouring 'Securities and Exchange Board of India' drawn on Axis Bank Ltd, towards fees for obtaining informal guidance as per requirement of the Scheme.

E. Confidentiality of request:

We request you to provide confidential treatment to the above request for a period of 90 days from the date of Department's response.

Thanking you,

Yours Faithfully,
For Deepak Nitrite Limited


Arvind Bajpai
Company Secretary



Encl.: As above.