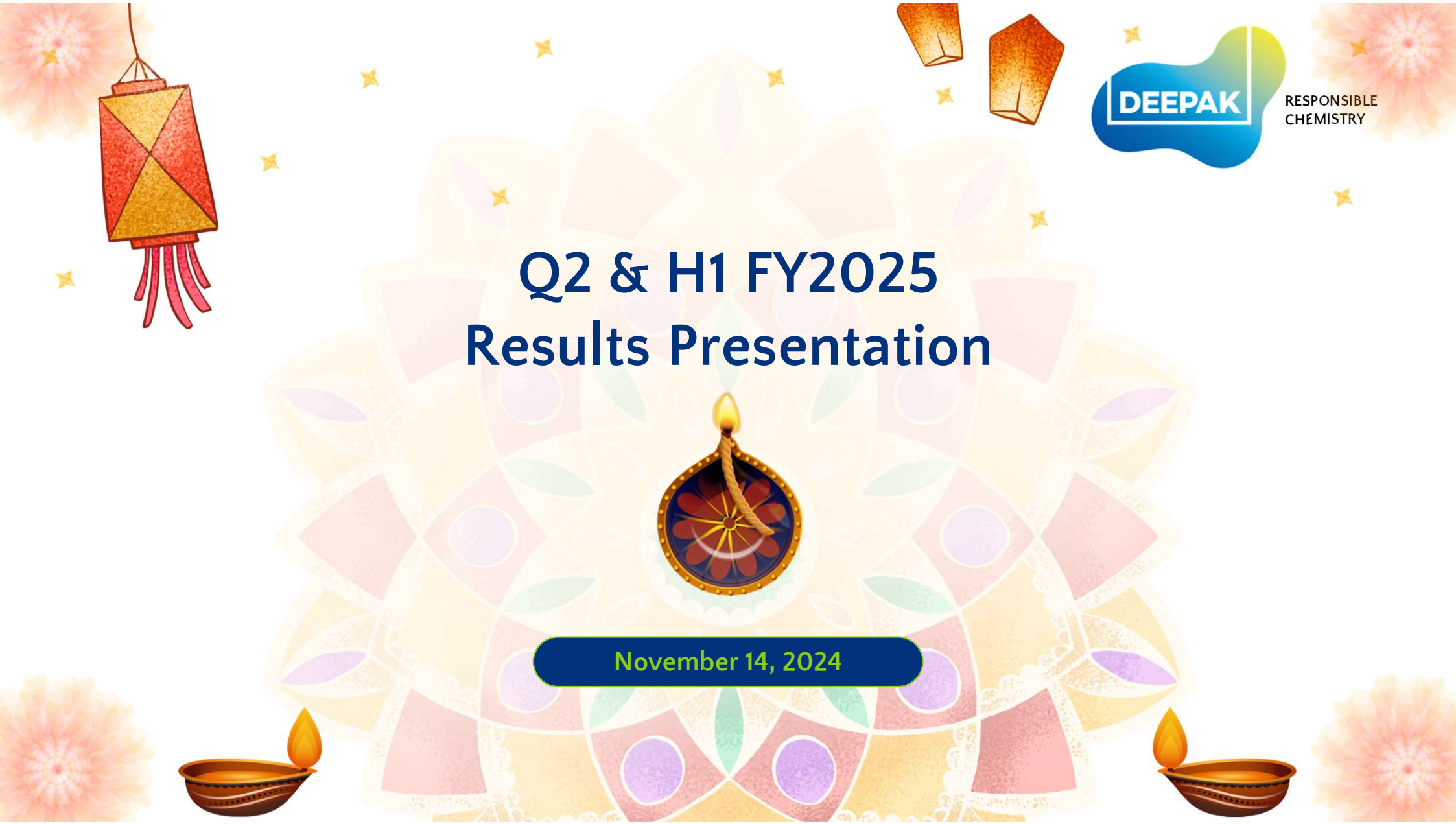




RESPONSIBLE
CHEMISTRY

Q2 & H1 FY2025 Results Presentation

November 14, 2024





Deepak Nitrite Limited: A Leading Chemical Intermediates Producer



Company Overview


Deepak Nitrite (DNL) is one of the fastest growing and trusted chemical intermediates company in India with a diversified portfolio of products that cater to multiple industries with varied applications. DNL is recognized globally as a *'Responsible Manufacturer'* and as a *'Supplier of Choice'* by marquee customers. Led by an able management team, DNL has leveraged process expertise, technological prowess and operational excellence to capitalise on opportunities for growth and deliver sustained value creation for stakeholders.


Depend On Deepak


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





 **32+** Products


 Sustainable & versatile business model

 7 Modern Manufacturing Facilities

 Products exported to 45+ Countries across 6 continents

 **56+** Applications

 Largest Producer of Phenol, Acetone, IPA & Sodium Nitrite in India

 Robust R&D capabilities

 Rich Legacy of over 5 Decades

 **1,000+** Customers





Deepak Nitrite at a Glance



7 Modern Manufacturing Facilities at 5 strategic locations

32+ Products

56+ Applications

ZERO Net debt

₹4,239 Cr H1 FY25 Revenues

45+ Countries receive our products

5,000+ Total Workforce

1,000+ Customers

ICRA AA (Positive) Long-Term Rating

ICRA A1+ Short-Term Rating



Operating Structure





Global Customers served by Agile Manufacturing Infrastructure



Manufacturing Locations

- Nandesari, Gujarat (DNL, DCTL)
- Dahej, Gujarat (DNL, DPL and DCTL)
- Taloja, Maharashtra (DNL)
- Roha, Maharashtra (DNL)
- Hyderabad, Telangana (DNL)



Corporate Headquarters

Vadodara



Deepak Nitrite Corporation Inc., USA



Upcoming Manufacturing Facility - Deepak Oman Industries LLC (SFZ)

Salala Free Zone, Oman



Deepak Group's Customers



Map not to scale. For Illustrative purpose only





Performance culture



Innovativeness

Driving growth through groundbreaking ideas and innovation, we go beyond merely generating product concepts. Our focus extends to superior processes and elevating employee engagement. This holistic approach maximises growth and fosters a culture of continuous improvement.



Agility

In a constantly evolving landscape, adaptability is key. By swiftly responding to change and delivering results, our organisation becomes equipped to navigate the evolving challenges of the progressing world.



Responsiveness

We go beyond mere responsiveness; we provide solutions and embrace accountability. This commitment extends to our employees, customers and all other stakeholders.



Performance-driven

Leveraging profound category insights to identify opportunities and provide effective solutions. This, combined with rewarding high performers across diverse verticals, sets compelling examples for leadership.



Ownership

Every individual is both a leader and a team member, sharing equal responsibility for the company's growth. In our organisation, the vision serves as not only the company's objective but also as a personal goal for each individual.

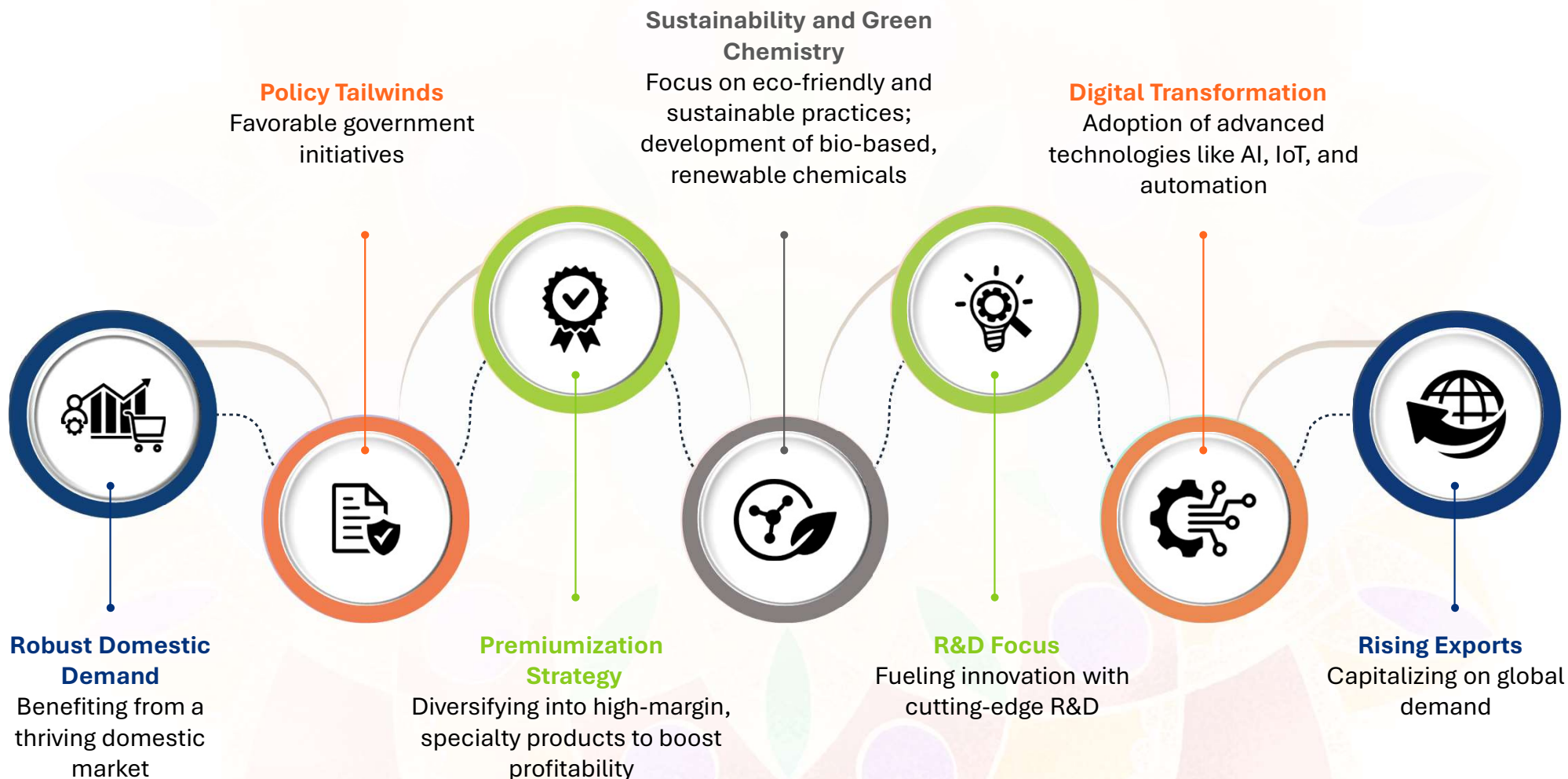


Key Drivers





Industry Catalysts





Strategies for Thriving in a Demanding Business Landscape



Depend on Deepak



Operational Excellence

Making significant improvement in processes

- Implemented Advanced Process Controls (APC) leading to yield improvement, reduced energy usage
- Valorization of by-products

Business Resilience

- Integrated entity with backward and forward integration – can capitalize on opportunities across the value chain
- Have demonstrated capability to optimize assets and navigate challenging markets aiding in maintaining market share.

Forefront of Sustainability

- Working on renewable energy solutions to reduce carbon footprint
- Reducing power intensity through advanced technology.

Product Mix Optimisation

- Actively managing our portfolio mix in response to demand trends
- Track record of successfully pivoting across products and markets to capture higher realisations

Robust business controls

Working capital optimization

- Prudent raw material procurement and tight inventory management
- Proactive steps to ensure timely collection from customers

Deep Customer Relationships

- Offer innovative and cost-effective products to retain and attract customers
- Multi-year relationships with customers and maintaining wallet share through industry cycles





Major Step Towards Innovation: ₹5,000 Crore Investment in Polycarbonate Resins



DCTL to Establish World-Class Polycarbonate Manufacturing Facility in Dahej by 2028

- Board of Deepak Chem Tech Ltd., a wholly owned subsidiary of Deepak Nitrite Ltd., has approved an investment in a greenfield Polycarbonate resin plant at Dahej, Gujarat
- DCTL has signed agreements with affiliates of Trinseo PLC ('Trinseo') to license its technology for the manufacture of Polycarbonate resins and will acquire manufacturing assets, including proprietary equipment.
- These assets, with a capacity of 165,000 metric tons, are located in Stade, Germany, and will be relocated and made fully operational at Dahej by 2028
- India's imports of Polycarbonate resin is approximately 240,000 MTPA, and it is expected to grow faster than India's GDP
- Currently, 100% of India's demand for Polycarbonate resin is met through imports; local availability will be essential for growing India's manufacturing base
- Polycarbonate is one of the most versatile engineering polymer, with applications in automotive (electric mobility), electronics, construction, appliances, medical devices, and emerging sectors like aerospace, aviation, and drones
- Deepak's strategy focuses on expanding downstream integration, and the Polycarbonate resin investment aligns with this approach as part of the phenol value chain



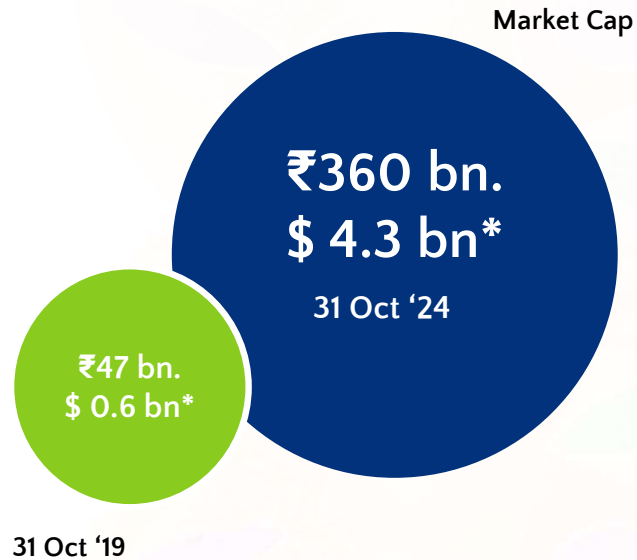
~₹5,000 crore
DCTL Board Approves
Polycarbonate Project with a
capacity of 165,000 TPA



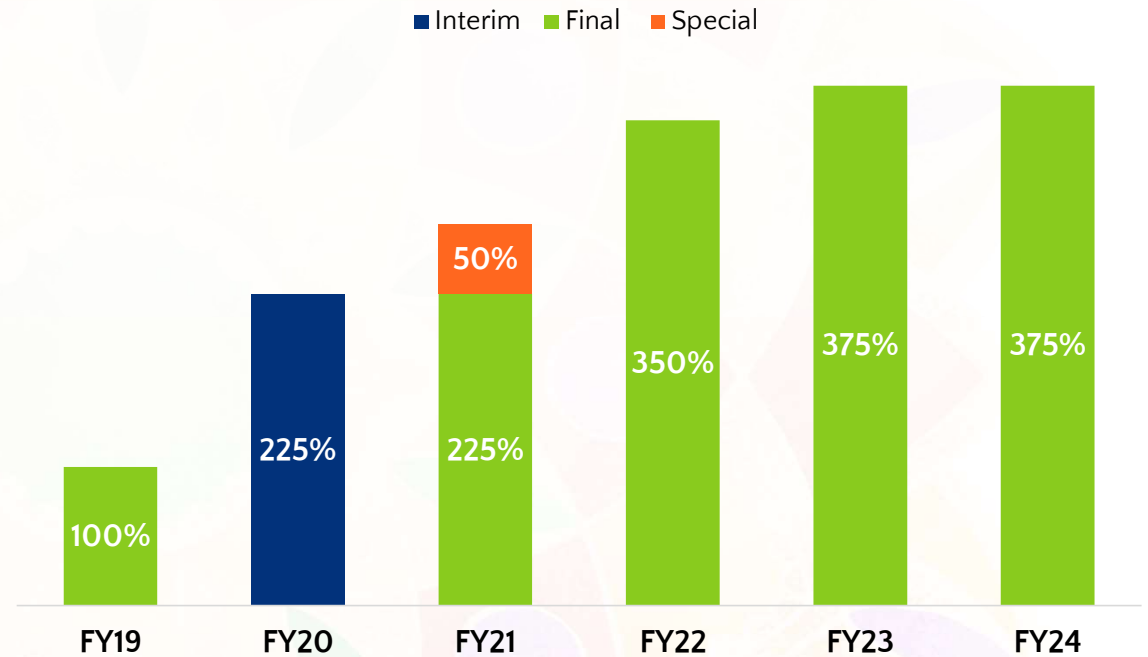
Company overview: Exemplary track record



Consistently rewarded shareholders



Dividend as % of Face Value



*Conversion rate of ₹83.31 per dollar





Lifetime Achievement Award

Shri Deepak C. Mehta was honored with the ICC Lifetime Achievement Award on 21st September 2024 in Mumbai for his exceptional contributions to shaping the Indian chemical sector and nation-building.

Awards & Accolades



Shri Deepak C Mehta Chaired the Inaugural Conference at India Chem 2024 : International Expo Organized by FICCI

FICCI organized the International Expo and Conference for the Chemicals and Petrochemical sector in Mumbai from 17-19 October 2024, with Deepak Nitrite Ltd. participating, and Chairman Shri Deepak Mehta chairing the inaugural conference featuring Chief Ministers from Gujarat, Madhya Pradesh, Odisha, Telangana, and Chhattisgarh, alongside Chief Guest Shri J.B. Nadda.



Performance highlights – Q2 & H1FY25 (Consolidated)



Key numbers

15%

YoY growth in EBITDA in H1 FY25

84:16

Domestic : Exports Revenue Mix for Q2 FY25

13%

YoY growth in PBT in H1FY25

Particulars (₹ crore)	Q2 FY25	Y-o-Y	Q-o-Q	H1 FY25	Y-o-Y
Total Income	2,053	14%	-6%	4,239	18%
EBITDA	319	0%	-3%	647	15%
PBT	264	-5%	-4%	539	13%

Performance Takeaways

We have demonstrated a very resilient performance in challenging times. Phenolics segments has delivered revenue growth of 33% YoY and EBIT growth of 64% YoY in H1FY25. Business sentiment in the quarter remained muted broadly due to geopolitical uncertainties linked with high interest, limited operating rates in Europe and China, low priced destocking, and volatile crude oil prices. While there are segments where we are witnessing positive sentiments, a short-term challenge from persistently underpriced product availability from China has prevented a broader recovery so far.

Deepak Nitrite has confronted these challenges by investing upstream, debottlenecking and maintaining wallet share across its diversified product range. We have successfully integrated sustainable energy sources, improved key product circularity and pivoted toward non-traditional customer geographies as we ensure high operating rates across locations.

Deepak continues to stand resolute with its strategy of 'Make in India, Make for the World!' Several projects are nearing completion over the next 6 months, including nitric acid, new nitration and hydrogenation blocks, photochlorination, acetophenone, cumene hydroperoxide, MIBK and MIBC, and a new Research and Development center. This is in addition to the recently commissioned projects including a multifuel boiler, SAC unit, advanced process control systems and high-pressure fluorination assets which will add accretive value going ahead. New investment announcements will significantly enhance the company's business model and chemistry platforms over the next three years and pave the road for new partnerships and opportunities.





Performance overview & other highlights



- On a Consolidated basis, Revenue grew 14% Y-o-Y to ₹2,053 crore and EBITDA of ₹319 crore was stable on a Y-o-Y basis in Q2 FY25
- Deepak Phenolics: Revenue grew 29% Y-o-Y and recorded a 27% Y-O-Y increase in EBITDA, totalling ₹240 crore in Q2 FY25
- Production and Sales Records:
 - Achieved highest quarterly production & sales of certain agrochemicals intermediates as well as in some products for Dyes and intermediates applications
 - Record sales of agrochemical intermediates products to China
 - Set new benchmarks for IPA production during H1 FY25
- DNL invested ₹34.5 crore into OXOC Chemical Ltd. which has ventured into the business of Polycarbonate compounding based products and derivatives



Update on Projects



Project Status

- **Acid Unit:** Expected to be commissioned in H2 FY25
- **MIBK/MIBC Project:** Commissioning by H1FY26
- **Acetophenone:** The Acetophenone is expected to be commissioned in H1 FY26
- **Other Projects:** Photochlorination, Nitration and hydrogenation will be commissioned together in H2 FY 25. (Fluorination block was commissioned in Q4FY24)
- **R&D Center, Savli** is expected to be commissioned by H2 FY 25

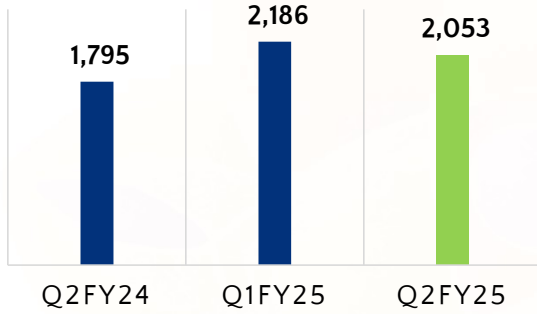




Q2 & H1 FY25 – Financial Highlights

Q2 FY25

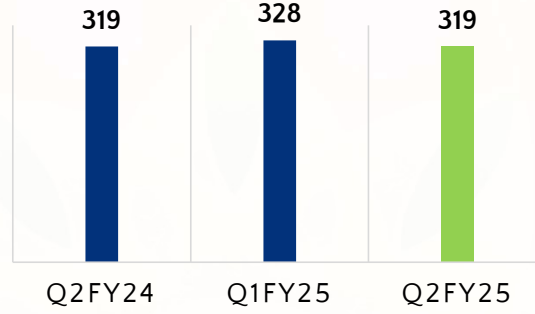
Total Income (₹ Cr.)



Y-o-Y **14%**

Q-o-Q **-6%**

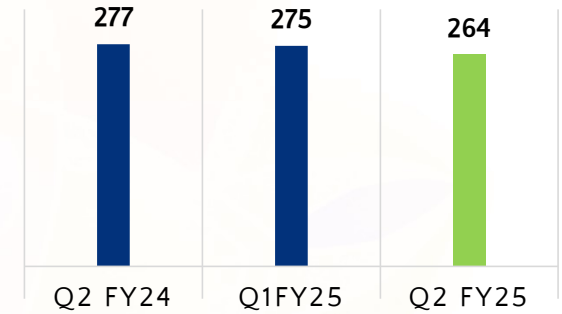
EBITDA (₹ Cr.)



Y-o-Y **Flat**

Q-o-Q **-3%**

PBT (₹ Cr.)

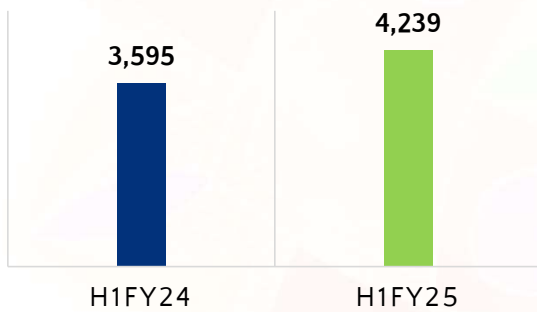


Y-o-Y **-5%**

Q-o-Q **-4%**

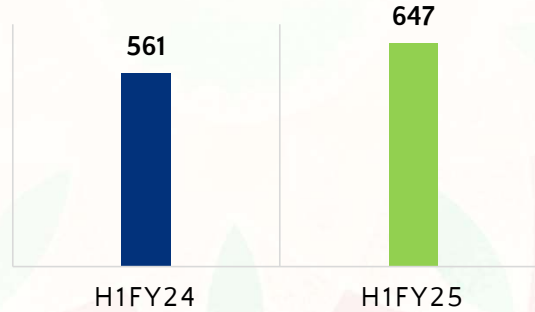
H1 FY25

Total Income (₹ Cr.)



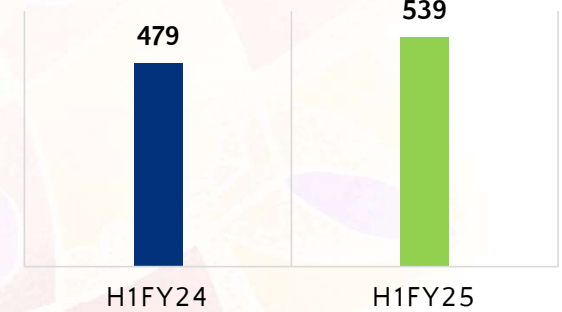
Y-o-Y **18%**

EBITDA (₹ Cr.)



Y-o-Y **15%**

PBT (₹ Cr.)



Y-o-Y **13%**

Q2 FY25 vs. Q2 FY24 – Financial Highlights

REVENUE



- Strong growth in Phenolics was bolstered by healthy domestic demand; Higher volumes produced as we accrued full benefits of debottlenecking initiatives
- Undertook proactive steps to grow volumes amid muted demand supply dynamics. Advanced Intermediates mirrored the soft demand trend for agrochemical-related products in export market, while trajectory for select products linked to sectors such as dyes, home & personal care and glass among others, is improving
- Pricing-led pressure due to Chinese dumping continued along with demand slowdown in EU and general weakness in the market, prompting DNL to prioritise operational efficiencies, target new customers/ geographies and strengthen existing client engagement to drive higher wallet share

EBITDA



- Lower margin in Advanced Intermediates was offset by continued healthy earnings in the Phenolics segment, preserving overall profitability
- Stable pricing in Phenolics was supported by better plant throughput, which has contributed to the EBITDA growth in the segment



CMD Message



Commenting on the performance for Q2 & H1 FY25, Mr. Deepak C. Mehta, Chairman & Managing Director said:

"Our position as a cost competitive producer of chemical intermediates with a diversified portfolio of offerings has enabled us to navigate the challenging global landscape, marked by geopolitical disruptions and softened demand that continue to impact the chemical industry.

In the second quarter of FY24-25, our performance showcased this resilience, with steady sequential results and a notable improvement year-on-year. Despite mixed customer sentiment and ongoing pricing pressures, we saw encouraging volume growth on a consolidated basis. While demand remained subdued in agrochemicals, our strong domestic market presence, supported by positive momentum in the phenolics business, has been instrumental in countering global challenges.

Though we continue to face the effects of business cyclicality, our focus is on investing in integrated business models to build long-term resilience. Integration not only enhances our predictability but also strengthens our competitiveness, and we anticipate that we would see the benefits of such integration related investments in the coming years.

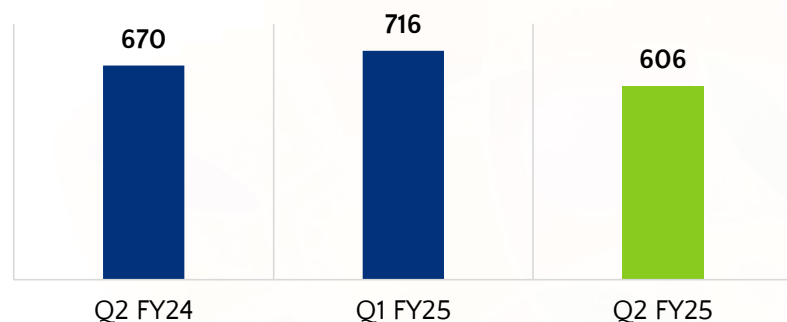
As we add new capabilities such as fluorination, we are able to explore many more molecules in the speciality sector giving us greater opportunities for contract manufacturing. Parallely, we have crossed one major milestone in bringing a new vertical, i.e. Advanced Materials. We have today signed an agreement to acquire the assets and license the technology from Messrs. Trinseo PLC to manufacture 1,65,000 tons of Polycarbonate (PC) resins. These are among the most advanced engineering polymers available today. This project which entails a commitment of ₹5,000 crore is expected to be operational in the next 3 years.

This endeavor will also accelerate our upstream investments, ensuring that our Polycarbonate plant is fully integrated from foundational building blocks like propylene and benzene. Notably, we have already secured a long-term agreement for the offtake of 250,000 tons of propylene from Petronet LNG.

This would be the first plant to make advanced polymers such as Polycarbonate in the country. Apart from partially replacing local imports, this will go a long way towards supporting India's efforts to modernize and be self-reliant in the sunrise sectors of semiconductors, defence, automotive (electric mobility), electronics, construction, appliances, medical devices, and emerging sectors like aerospace, aviation, and drones."

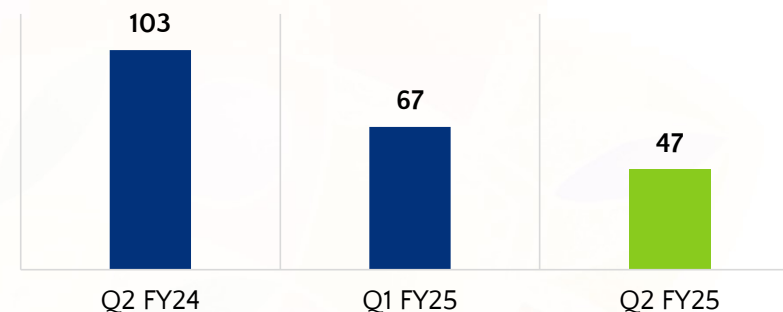


Revenue from Operations (₹ Cr.)



Y-o-Y -10%	Q-o-Q -15%
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EBIT (₹ Cr.)



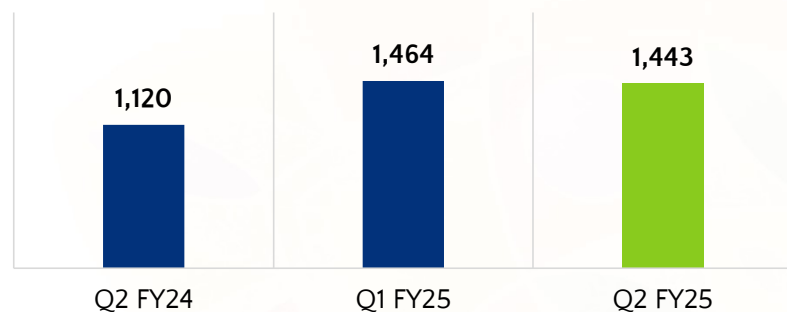
Y-o-Y -54%	Q-o-Q -29%
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Key Highlights

- Despite the adverse operating environment, the Company managed to maintain its wallet share for key products demonstrating strong customer relationships backed by solid product portfolio which caters to a wide range of end-use applications. The decline in revenue on a y-o-y basis is due to softness in pricing
- Encountered order deferments from EU customers due to excessive inventory levels – the Company moved swiftly to place these volumes with customers in Central and Southeast Asia
- Moderate profitability in Q2 is attributed to non-traditional geographical customer mix
- Strategic initiatives in place to drive sustained performance going forward, led by efforts around building new relationships, strengthening existing ones, developing innovative products, and optimizing costs



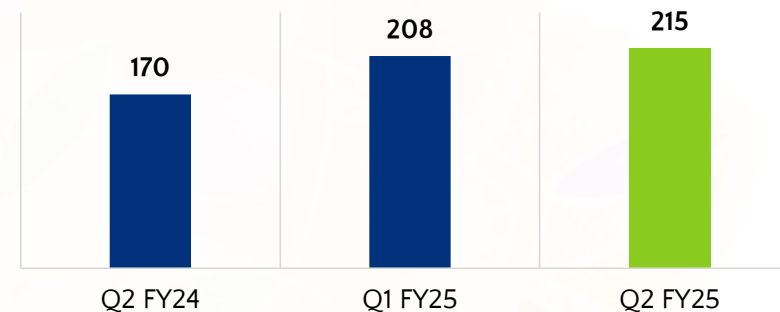
Revenue from Operations (₹ Cr.)



Y-o-Y **29%**

Q-o-Q **-1%**

EBIT (₹ Cr.)



Y-o-Y **26%**

Q-o-Q **4%**

Key Highlights

- The robust performance in Phenolics was driven by several initiatives around debottlenecking phenol & acetone plants, expanding IPA capacity, and other operational achievements
- Favorable domestic demand, catered to by increased volumes, has elevated the performance trajectory

- DNL is well positioned to capitalize on the 'Make in India for the World' initiative
- With its formidable manufacturing infrastructure and extensive process proficiency in the realm of chemistry, DNL has assumed a pivotal role as a partner for major customers, both domestic and global
- The growth strategy envisages a foray into more value accretive downstream products of existing core products through forward integration. Further, backward integration is also envisaged which will enhance raw material availability and security while opening up new avenues for growth and value creation
- This backward and forward integration will enhance the value chain resilience and further de-risk the business model. Projects set to be commissioned in the quarters ahead include:
 - Expanding capacity to encompass baseline growth as well as production migration from high-cost regions
 - Backward integration for Nitration products alongside expansion of existing products
 - Value-added downstream derivatives of existing products
 - Establishing new platforms of photochlorination, fluorination, cyanation and more
 - Compounding assets to serve Polycarbonate resin requirements for Indian capacities
 - A world class R&D center
 - Reduced carbon footprint by commissioning multi-fuel boilers, substituting conventional fuels with alternative fuels, low energy ETP, waste recycling and mechanical byproduct valorization

Witnessing favorable manufacturing shift to India due to supportive policies, stable government, skilled manpower and high consumption driven by changing demographics; futuristic investments will bring new product chemistries in India and open new horizons of growth



Consolidated P&L Statement



Particulars (₹ crore)	Q2 FY25	Q1 FY25	Q-o-Q (%)	Q2 FY24	Y-o-Y (%)	H1 FY25	H1 FY24	Y-o-Y (%)
Revenue	2,032	2,167	-6%	1,778	14%	4,199	3,546	18%
Other Income	21	19	13%	17	25%	40	49	-18%
Total Revenue	2,053	2,186	-6%	1,795	14%	4,239	3,595	18%
Total Expenditure	1,734	1,858	-7%	1,476	18%	3,592	3,034	18%
○ Raw Material consumption and change in inventory	1,382	1,500	-8%	1,166	19%	2,882	2,389	21%
○ Employee benefits expense	97	95	2%	85	14%	192	169	14%
○ Power & fuel expenses	122	118	3%	118	3%	240	235	2%
○ Other expenses	133	144	-8%	107	24%	277	240	15%
EBITDA	319	328	-3%	319	0%	647	561	15%
EBITDA Margin (%)	16%	15%	3%	18%	-13%	15%	16%	-2%
Finance Costs	6	6	9%	3	135%	12	4	168%
Depreciation and Amortization	48	47	2%	39	23%	96	78	24%
PBT Before Exceptional Items	264	275	-4%	277	-5%	539	479	13%
Exceptional Items				0.01			0.01	
PBT After Exceptional Items	264	275	-4%	277	-5%	539	479	13%
Tax expense	70	72	-3%	72	-3%	142	124	15%
PAT	194	203	-4%	205	-5%	397	355	12%
PAT Margin (%)	9%	9%	2%	11%	-17%	9%	10%	-5%
EPS Basic & Diluted (₹)	14.24	14.85	-4%	15.04	-5%	29.09	26.03	12%

Consolidated – Segmental Revenue & EBIT Break-up

Particulars (₹ crore)	Q2 FY25	Q1 FY25	Q-o-Q (%)	Q2 FY24	Y-o-Y (%)	H1 FY25	H1 FY24	Y-o-Y (%)
Advanced Intermediates	606	716	-15%	670	-10%	1,322	1,379	-4%
Phenolics	1,443	1,464	-1%	1,120	29%	2,907	2,188	33%
Less - Inter segment	17	12	40%	12	42%	30	20	49%
Total	2,032	2,167	-6%	1,778	14%	4,199	3,546	18%

Particulars (₹ crore)	Q2 FY25	Q1 FY25	Q-o-Q (%)	Q2 FY24	Y-o-Y (%)	H1 FY25	H1 FY24	Y-o-Y (%)
EBIT								
Advanced Intermediates	47	67	-29%	103	-54%	114	218	-48%
Phenolics	215	208	4%	170	26%	422	258	64%
EBIT %								
Advanced Intermediates	8%	9%	-16%	15%	-49%	9%	16%	-46%
Phenolics	15%	14%	5%	15%	-2%	15%	12%	23%



About Us & Contact Details



Deepak Nitrite Limited

(NSE: DEEPAKNTR, BSE: 506401) is a leading chemical intermediates producer with a diversified portfolio that caters to the dyes and pigments, agrochemical, pharmaceutical, plastics, textiles, paper and home and personal care segments and petrol derivatives intermediates - phenolics, acetone and IPA in India and overseas. Its products are manufactured across 6 locations, which are all accredited by Responsible Care.

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