



RESPONSIBLE
CHEMISTRY

Q4 & FY24 Results Presentation

May 22, 2024

₹ **2,145** crore

Total Income (in Q4 FY24)

₹ **320** crore

EBITDA (in Q4 FY24)



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 caters to multiple industries with myriad 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 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 practises, with a team of skilled and motivated people ready to step up and take charge, as well as deep capabilities to meet our customers' needs. More importantly, having long-lasting relationships at its core, founded on the principles of trust, faith, and values, ensures our long-term success and future value creation.

32+
Products

56+
Applications

1,000+
Customers



Sustainable & versatile business model



7 Modern Manufacturing Facilities



Products exported to 45+ Countries across 6 continents



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



Robust R&D capabilities

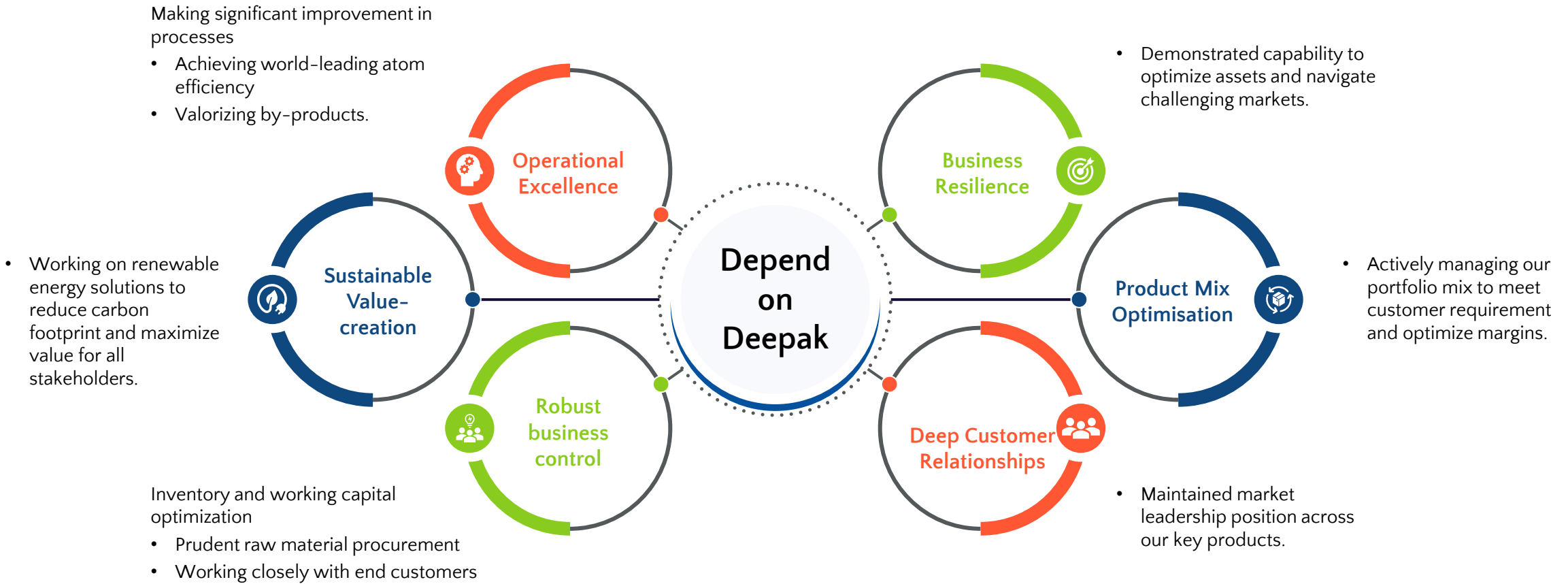


Rich Legacy of over 5 Decades





Strategies for Thriving in a Demanding Business Landscape





Company overview: Exemplary track record

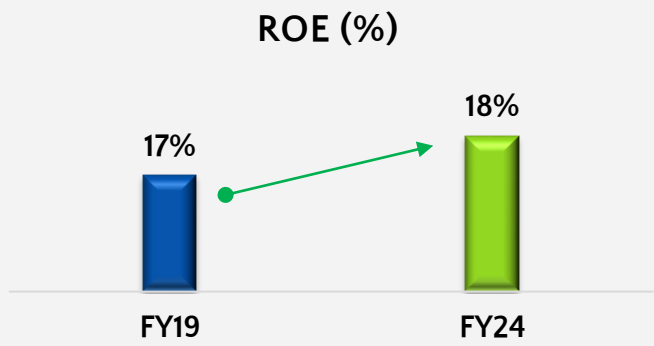
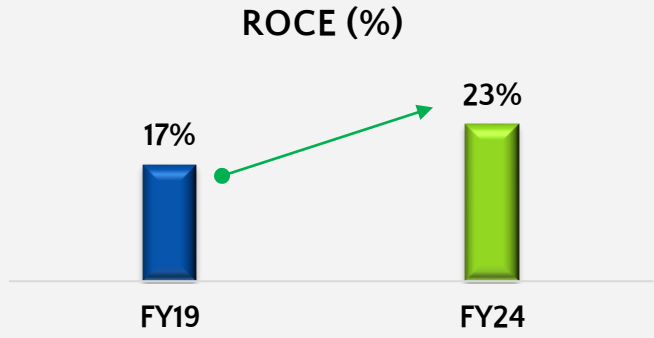
Seizing the opportunity

Delivered marked improvement across various parameters

	FY19		FY24
Total Income (₹ Cr)	2,715	3x	7,758
PAT (₹ Cr)	174	5x	811
Cash PAT (₹ Cr)	251	4x	977
Net Debt to equity ratio	1.11		Nil
Annual R&D exp. (₹ Cr)	10	3x	29

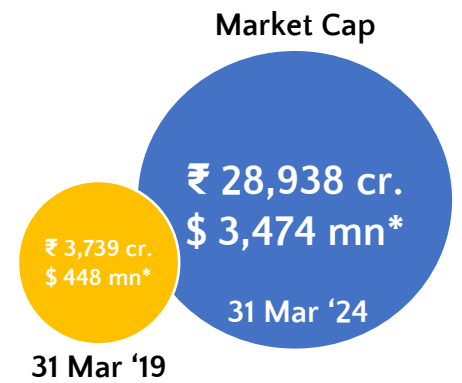
Excellence in execution

Sustained increase in return ratios, with sound liquidity

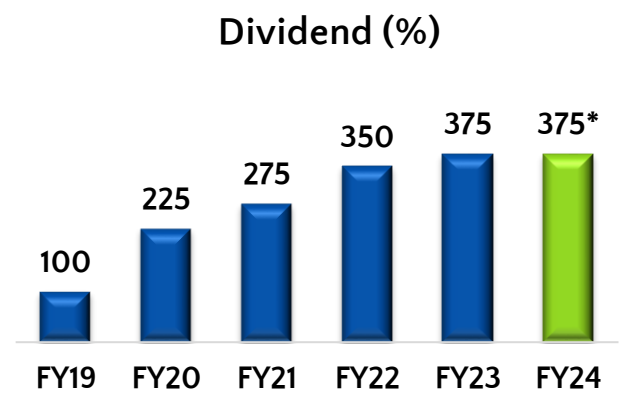


Value creation

Consistently rewarded shareholders



*Conversion rate of INR 83.31 per dollar



*Dividend recommended for FY24



Performance highlights – Q4 & FY24 (Consolidated)



Particulars (₹Crore)	Q4 FY24	Q-o-Q	FY24	Y-o-Y
Total Income	2,145	6%	7,758	-3%
EBITDA	320	1%	1,199	-10%
PAT*	254	26%	811	-5%

*Includes Insurance Claim

Key numbers

15%

EBITDA Margin for Q4 FY24

81:19

Domestic : Exports Revenue Mix for Q4 FY24

0.00x

Consol. Net D/E Ratio for Q4 FY24

Performance Takeaways

As we entered FY24, we faced a challenging business environment owing to Chinese dumping, continued recessive trend in EU Zone and general weakness in market due to uncertain future caused by geopolitical tension at several geographies. Despite these obstacles, we successfully navigated the complexities and maintained a steady supply of products for our clients.

In this environment, our customers are reassessing their needs, reducing inventories, and seeking better prices, while Chinese suppliers rapidly cut their stockpiles. We optimized assets and boosted efficiencies, achieving record production levels for key products in addition to active debottlenecking activities. By leveraging our strong brand and prioritizing strategic relationships, we drove growth through increased volumes and significant cost savings in yield enhancement and energy consumption.

On a consolidated basis, we reported a resilient performance, across businesses on the back of volume growth aided by improved plant efficiency and record volumes in select products. In a significant development, Deepak announced the commencement of manufacturing at its fluorination plant at Dahej during the quarter.

Additionally, all expansion initiatives including the Research and Technology Center are gaining momentum. During the year, we increased our stake in Deepak Oman Industries FZC LLC and signed a landmark MoU with the Government of Gujarat for several major projects. This, along with ongoing initiatives favourably positions us for sustained growth and profitability. Our commitment to operational efficiency and strategic investments ensures we remain resilient and poised well for future opportunities in the flourishing Indian economy.



Commissioning of new projects

Deepak announced the commencement of manufacturing operations at its fluorination plant at Dahej effective 21 March 2024

BTF 1st Tank Dispatch to Roha



- Deepak Chemtech commissioned production at its fluorination plant in Dahej, alongside establishing a new unit for 'specialty salts' in Sankarda near Vadodara
- The specialty salts facility is a forward integration into formulations of existing products & operates on a pilot scale for trial quantities
- The fluorination asset bolsters Deepak's backward integration for a crucial agrochemical intermediate, enhancing its supply chain resilience. In addition, It will allow the company to expand its technical toolkit for contract manufacturing opportunities.
- Emphasis is on serving the domestic market, highlighting the significance of meeting local needs and demands prior to pursuing international markets

Inauguration Ceremony – BTF, DCTL Plant



Performance overview & other highlights

- DNL's FY24 Production volumes increased by 16%, while it improved market share despite moderated environment with lower sales price
- Achieved Highest production and sales volume in the last three years for Sodium Nitrite, Fuel additives and specific Agro Intermediates
- In Q4, Deepak Phenolics (DPL) achieved Highest quarterly sales for Phenol. Further, DPL achieved Highest quarterly production of IPA
- Successfully entered new markets and acquired several new customers for existing products and new formulations.
- Deepak funded ₹709 crore & ₹5 Cr to its wholly owned subsidiaries Deepak Chem Tech Ltd. and Deepak PMC Ltd. respectively while its invested ₹ 27 crore in Deepak Oman Industries FZC LLC, securing a 51% stake
- ICRA reaffirmed Deepak Nitrite's and Deepak Phenolics' long-term ratings at ICRA AA with Positive outlooks, and their short-term ratings at ICRA A1+ for specified bank facilities and Commercial Paper.
- It is heartening to convey that DCTL received ICRA's long-term rating of ICRA A with a Stable outlook and a short-term rating of ICRA A2+ for designated bank facilities

▶ Indian Chemical Council



- Mr. Maulik Mehta, CEO & Executive Director, DNL was the Key Speaker at ICC Conference
- Panel Discussion on Achieving True North Star- on 29 February 2024
- 17th Annual Indian Chemical Industry Conference and Exhibition in Mumbai

▶ Distinguished Alumni Award



- Mr. Girish Satarkar, Executive Director received the Distinguished Alumni Award in the Professional Category for 2024 from the UDCT (ICT) UDTL Alumni Association and the Institute of Chemical Technology, in recognition of his exceptional contributions to his field and profession

▶ Panel Discussion- BW BEST CFO Leadership & Strategy



- Mr. Sanjay Upadhyay Group CFO Deepak group was in a lead role of Panel discussion - Finance Leadership & Strategy summit 2024

▶ The Best CFO : Excellence in ESG Category



- Mr. Somsekhar Nanda, CFO Deepak Nitrite Limited bagged The Best CFO by Jury of ASSOCHAM
- The award is a testament of pathbreaking policy actions in Resilience and Sustainability
- The award was conferred at ASSOCHAM 2nd Vibrant Bharat CFO Awards 23 February 2024

Awards and Accolades

CFO 100 Recognition of Excellence



- Mr. Somsekhar Nanda, CFO Deepak Nitrite Limited bagged The Best CFO - CFO 100 Recognition winning Edge
- The award is for exceptional calibre and contribution to the world of Finance

Gujarat State Shri Shram Award



- Mr. Kirankumar Baraya, working at Deepak Nitrite Limited (Nandesari) won Shri Shram Award
- The award is a testament of continual improvement in Production and Productivity
- The award was conferred by Gujarat State Minister of Industry 10 March 2024

LACP Awards and Spotlight Awards



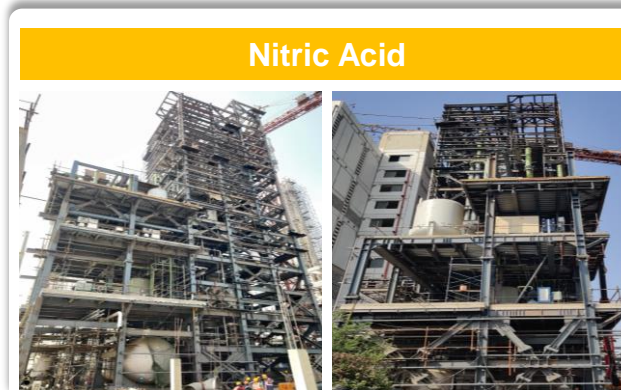
- 52nd Annual Integrated Report of Deepak Nitrite Limited bagged 7 LACP Awards
- Key Parameters : Report Narrative, Message Clarity, Creativity, First Impression, Report Cover
- The award was conferred by LACP at the LACP Awards 03 March 2024



Update on Projects

Project Status

- **MIBK/ MIBC** – Progress has been satisfactory. The project will be commissioned as per schedule. Majority of the engineering and procurement work has been completed and construction and erection activities are at full swing
- **Acid Unit** has achieved significant progress and all long lead equipments received and erected. Manufacturing is expected to commence later this year
- Other expansion projects including are taking concrete shape and will be commissioned in a phased manner starting Q2 FY25
- Building a state-of-the-art **Research & Development Centre** in Savli, Vadodara, with completion aimed for March 2025

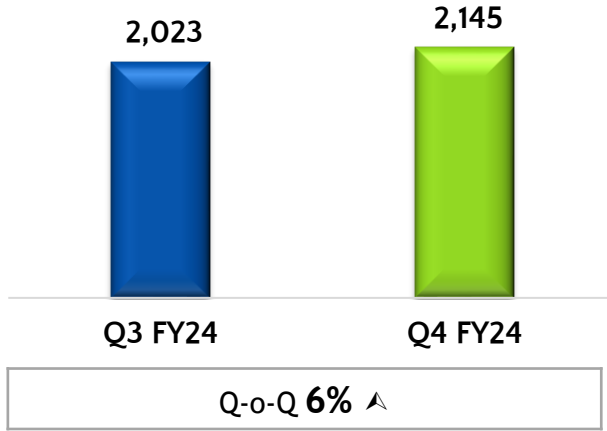




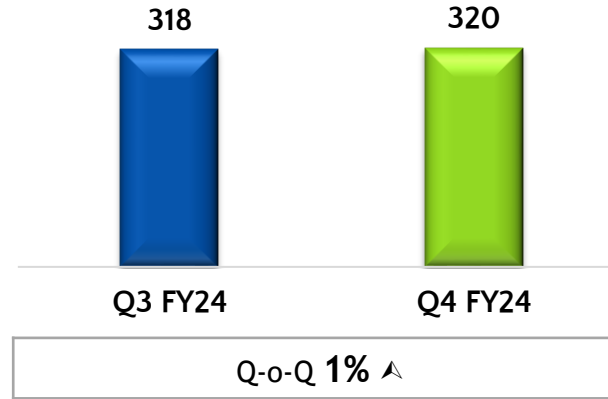
Financial Highlights

Q4 FY24

Total Income (₹ Cr.)

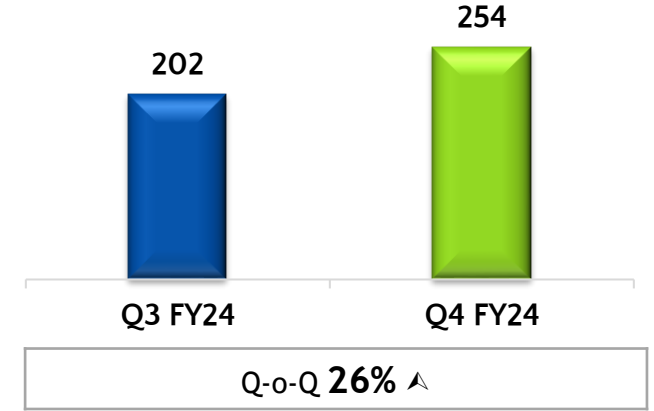


EBITDA (₹ Cr.)



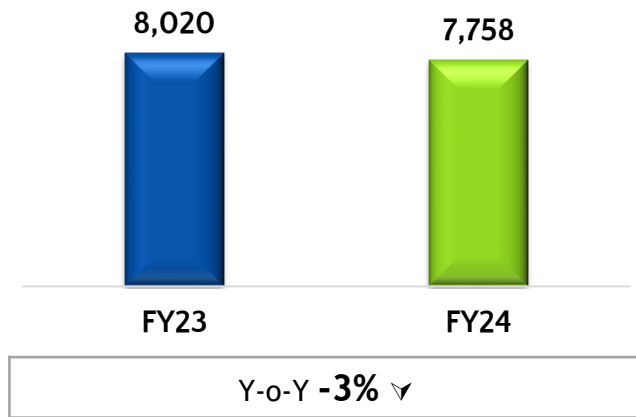
Q-o-Q absolute EBITDA is on an improving trend

PAT* (₹ Cr.)

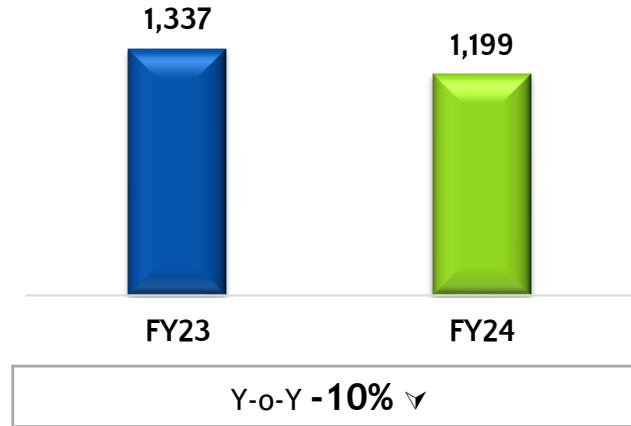


FY24

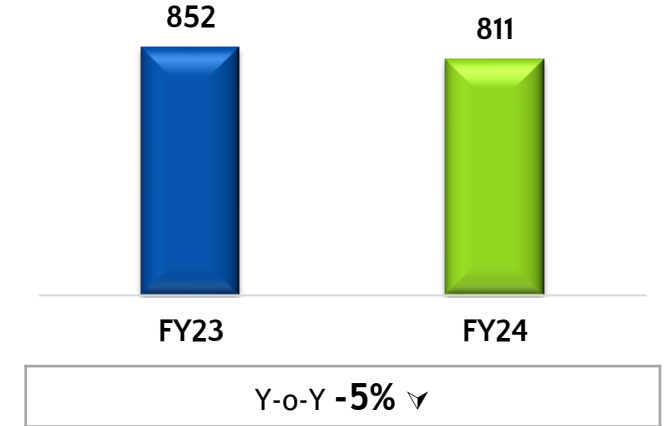
Total Income (₹ Cr.)



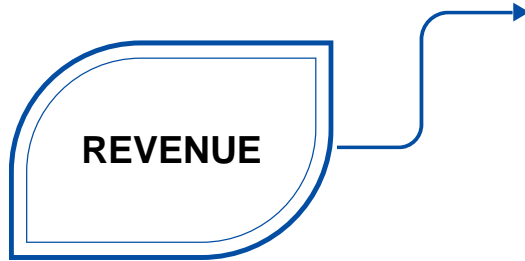
EBITDA (₹ Cr.)



PAT* (₹ Cr.)



*Includes Insurance Claim



- Performance was steered by strong gains in the Phenolics segment which witnessed continued volume growth owing to high plant utilization and operating efficiencies. Volume ramp up post debottlenecking initiatives at the existing plant contributed to this momentum. Resilient revenue performance in DNL supported the overall momentum despite challenging market conditions
- Sequential performance was maintained in the Advanced Intermediates segment despite subdued pricing trajectory amid a benign RM price environment. This was led by volume gains. While Agrochemicals is still witnessing demand headwinds, other applications related to Pharma as well as discretionary sectors like dyes & pigments, textiles & paper, homecare and glass among others are seeing a gradual volume led recovery



- Favorable product mix management coupled with operating leverage gains helped maintain the Q-o-Q EBITDA performance in an environment that was marked by steep decline in realisations for several products, even sharper than the RM price decline. Higher plant utilization with optimized cost structure aided the momentum
- Select value-added products where demand remained stable witnessed better realisations trends



Commenting on the performance for Q4 & FY24, Mr. Deepak C. Mehta, Chairman & Managing Director said:

“In the turbulent time that the Chemical industries go through, we have identified significant growth opportunities to meet India’s growing demand in building blocks and intermediates. At the same time, we are particularly aware of the opportunities in Specialty Chemicals, the world over. In order to benefit and get best of both the worlds and at the same time create a long term resilience, we have chosen to create value chains which ensure continuous growth in topline, bottom line and resilience towards international turbulence. Having conceived these value chains, we have put together 4 to 5 years investment plans to set up various capabilities.

We began the year with initiatives that would help create long term supply arrangement. This has been followed up with the MOUs that Government of Gujarat defined our investment to the tune of ₹ 14,000 crore to be spread over to 4 to 5 years. Expanding our current R&D centre as well as committing for a new research centre with work on various new specialty products have been initiated. On the other hand, through acquisition of world class technology, setting up of competitive intermediate facilities has also been initiated.

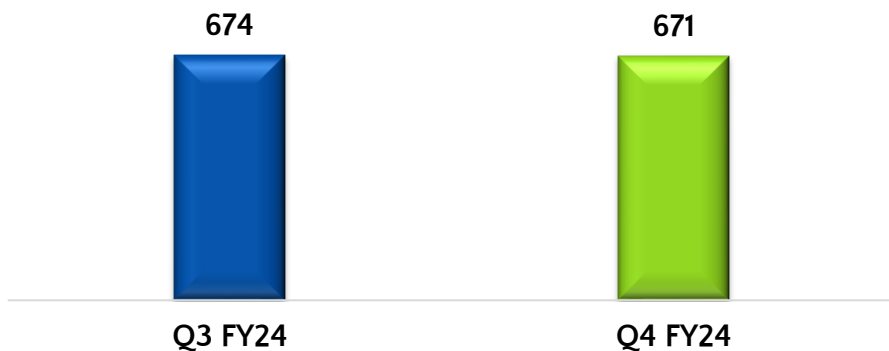
A large project execution team has been set up and also preparation for a special project company as a subsidiary company is also incorporated. Over the years the company would add new vertical in the space of material science, particularly special polymers, and their compounds. The company has started taking baby steps in serving new segments such as Automobiles, Electronics etc.

While our long-term dream is in the making, we have had quarter IV reflect coming into being new specialty products, such as establishment of fluorination chemistry. The quarter also saw significant impact due to destocking by end industries such as Agrochemicals and also excess Chinese production causing significant stress on margins. Happy to note that, in such situation too, we continue to grow our market share.

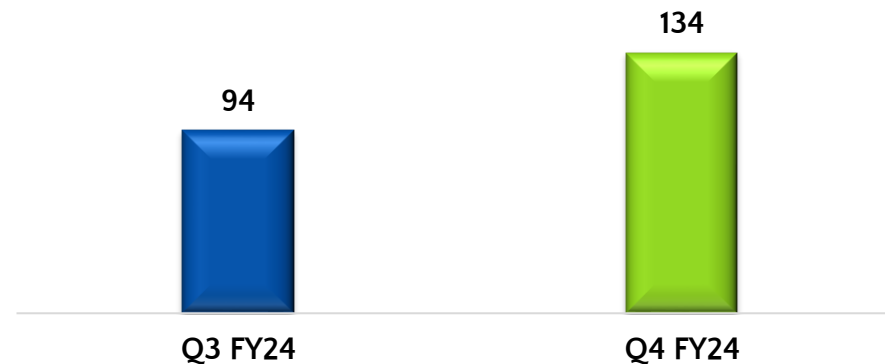
We are, therefore, confident that though the margin pressure continues at the most over next couple of quarters, we would emerge a much more stronger and determined Company.”



Revenue from Operations (₹ Cr.)



EBIT (₹ Cr.)



Q-o-Q **43%** ▲

Key Highlights

- Achieved higher volumes through a mix of product basket diversification and focus on end user categories that witnessed better demand. Overall, both domestic and export customers worked on a lean inventory cycle due to moderated demand and ongoing geopolitical tensions
- Initiatives around backward integration and brownfield capacity expansion will elevate the performance trajectory going forward, in-line with expected improvement in demand later this year
- Improved market share for core portfolio through active customer engagements despite transient market conditions



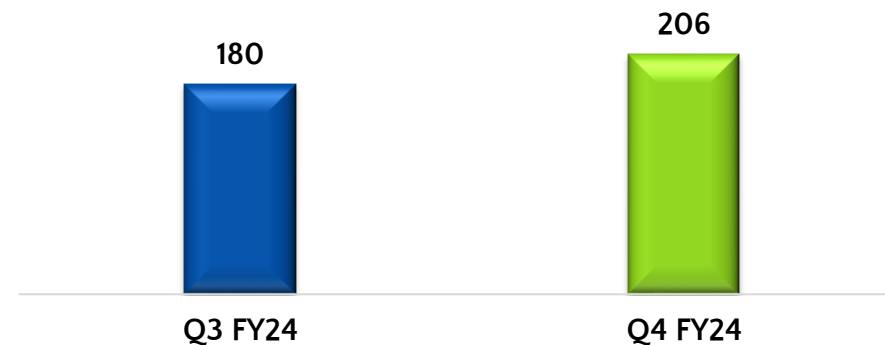


Revenue from Operations (₹ Cr.)



Q-o-Q 9% ▲

EBIT (₹ Cr.)



Q-o-Q 15% ▲

Key Highlights

- Strong performance was attributed to continued high sales volumes in Phenolics. Despite weak prices of Phenol during the quarter, the Company was able to improve the margins due to highly integrated manufacturing infrastructure with consistently high utilization levels
- Phenolics volume growth was 12% during the year

Outlook

- 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
- Foray into more value accretive downstream of existing core products.
- Establishing value chain resilience, it is prepared to commission multiple projects in the quarters ahead. These include:
 - Expanding capacity to encompass baseline growth as well as production migration from high-cost regions
 - Backward integration for Nitration products alongside consumption expansion of existing products.
 - Value-added downstream derivatives of existing products
 - Establishing new platforms of photochlorination, fluorination, cyanation and more.
 - Compounding assets to seed requirements of MNC Companies investing into Indian capacities
 - A world class R&D center
 - Reduced carbon footprint by commissioning multi-fuel boilers, low energy ETP, waste recycling and mechanical byproduct valorization
- Destocking and overcapacity in China led to subdued pricing and dumping issues, impacting supplies to major customers, however, this situation is expected to ease gradually.

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)	Q4 FY24	Q3 FY24	Q-o-Q (%)	Q4 FY23	Y-o-Y (%)	FY24	FY23	Y-o-Y (%)
Revenue	2,126	2,009	6%	1,961	8%	7,682	7,972	-4%
Other Income	19	14	41%	13	52%	76	48	60%
Total Revenue	2,145	2,023	6%	1,974	9%	7,758	8,020	-3%
Total Expenditure	1,825	1,705	7%	1,613	13%	6,559	6,683	-2%
• Raw Material consumption and change in inventory	1,474	1,373	7%	1,278	15%	5,236	5,348	-2%
• Employee benefits expense	93	89	4%	77	20%	351	318	10%
• Power & fuel expenses	113	109	4%	129	-13%	457	542	-16%
• Other expenses	145	134	8%	128	13%	514	475	8%
EBITDA	320	318	1%	361	-11%	1,199	1,337	-10%
EBITDA Margin (%)	15%	16%	-77 bps	18%	-332 bps	15%	17%	-116 bps
Finance Costs	4	3	51%	4	-1%	12	25	-52%
Depreciation and Amortization	46	42	11%	41	14%	166	166	0%
PBT Before Expectational Items	269	274	-2%	315	-15%	1,022	1,146	-11%
Expectational Items	80	0	-	0	-	80	0	-
PBT After Expectational Items	349	274	28%	315	11%	1,102	1,146	-4%
Tax expense	95	72	33%	81	17%	291	294	-1%
PAT	254	202	26%	234	9%	811	852	-5%
PAT Margin (%)	12%	10%	188 bps	12%	2 bps	11%	11%	-13 bps
EPS Basic & Diluted (₹)	18.61	14.81	26%	17.15	9%	59.45	62.47	-5%

Consolidated P&L Statement

Particulars (₹ crore)	Q4 FY24	Q3 FY24	Q-o-Q (%)	FY24	FY23	Y-o-Y (%)
Advanced Intermediates	671	674	-0.5%	2,724	3,034	-10%
Phenolics	1,466	1,349	9%	5,003	4,970	1%
Less - Inter segment	11	14.4	-24%	46	32	44%
Total	2,126	2,009	6%	7,682	7,972	-4%

Consolidated P&L Statement

Particulars (₹ crore)	Q4 FY24	Q3 FY24	Q-o-Q (%)	FY24	FY23	Y-o-Y (%)
EBIT						
Advanced Intermediates*	134	94	43%	446	555	-20%
Phenolics	206	180	15%	644	594	8%
EBIT %						
Advanced Intermediates	20%	14%		16%	18%	
Phenolics	14%	13%		13%	12%	

*Includes Insurance Claim



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.

For further information, please contact:

Somsekhar Nanda

Chief Financial Officer

Deepak Nitrite Limited

Email: snanda@godeepak.com

Mayank Vaswani / Nishid Solanki

CDR, India (IR Advisors)

Email: mayank@cdr-india.com / nishid@cdr-india.com

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CHEMISTRY