



Q3 & 9M FY22 Results Presentation

24 January, 2022



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Performance highlights – Q3 and 9M FY22 results and updates



Consolidated – 9M FY22 vs 9M FY21



INR **4,969** crore

Revenues



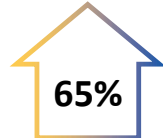
INR **1,232** crore

EBITDA



INR **1,072** crore

Profit Before Tax



INR **799** crore

Profit After Tax

Key numbers – 9M FY22 (consolidated)

25%

EBITDA Margin

76 : 24

Domestic : Exports Revenue
Mix

22%

EBIT Margin

Performance overview

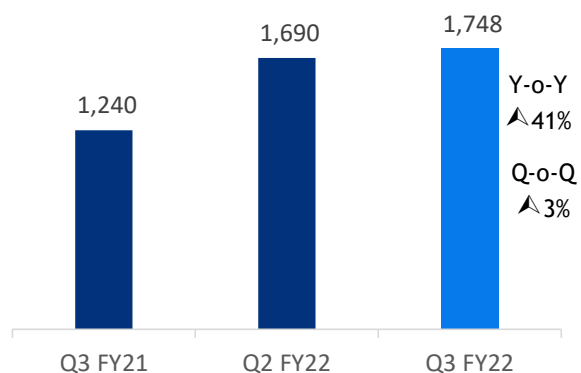


- In Q3 FY22, the company has achieved highest ever top line in a quarter, both on standalone and consolidated basis
- The operating environment was challenging, characterized by rising costs and constraints in supply of inputs. Raw material prices remained elevated together with heightened utility costs including power & fuel
- Amidst this backdrop, the Company has effectively and efficiently executed its operating schedule and fulfilled its supply commitments to ensure reliable and stable supplies to customers.
- As a process, our business segments are interwoven. This means that if prices of BI increases, you may see a simultaneous dip in FSC segment, as internal product transfers take place at market prices. And accordingly, higher margin in one segment may result in lower margin for other. This year has been very strong for BI segment. In FSC segment, as most are long term contracts, there is some lag in passing the input costs
- Overall, the demand scenario appears robust with several industries getting back to pre-COVID production levels with incremental demand coming out of strategic shift in global supply chain from China to other countries including India

Q3 FY22 – Financial Highlights

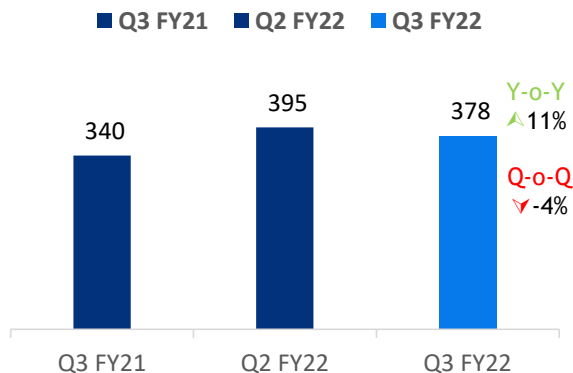


Revenue (Rs. Cr.)



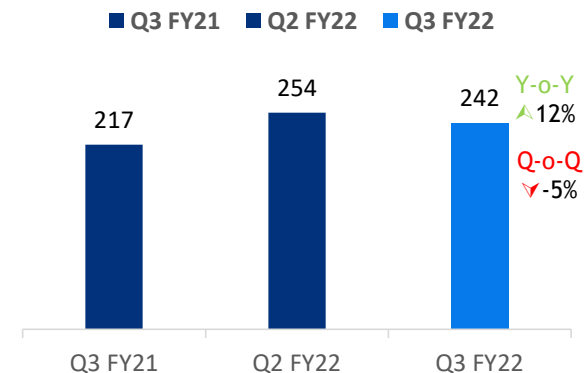
- Continued robust revenue momentum was fueled by solid growth trajectory in Phenolics. This was further supported by gains in BI and PP segment led by positive demand and higher realisation for key products

EBITDA (Rs. Cr.)



- EBITDA performance was achieved despite impact of temporary disruption in RM costs as well as increase in utility costs, including coal, natural gas, etc.

PAT (Rs. Cr.)

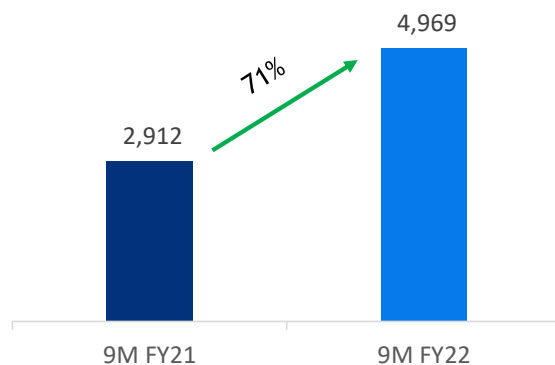


- PAT performance was in-line with stable operational performance, partly bolstered by sharp reduction in finance costs owing to repayment of high-cost debt

Note: EBITDA includes other income

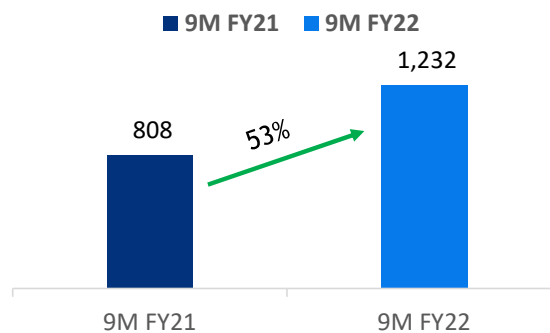
9M FY22 – Financial Highlights

Revenue (Rs. Cr.)



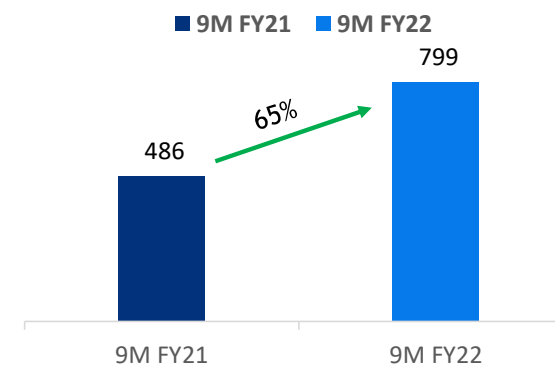
- Healthy revenue growth was driven by strong gains in Phenolics, further bolstered by improvement in BI and PP segment
- Deepak followed dynamic approach based on anticipated demand for key products

EBITDA (Rs. Cr.)



- Notwithstanding sharp increase in input & utility costs, the Company demonstrated solid EBITDA momentum on absolute basis
- Although margin corrected due to extreme volatility in RM & energy prices and other costs

PAT (Rs. Cr.)



- Achieved highest-ever profitability in the 9M period supported by positive contribution from BI, PP and Phenolics SBU
- Finance costs were low on account of sizeable prepayments of term loan made during the period

Note: EBITDA includes other income

Key developments



Key developments

- EcoVadis, world's largest and most trusted provider of business sustainability ratings, has bestowed Silver rating on Deepak Nitrite with sustainability ranking of 83 percentile ranking. This has increased from a 39th percentile score earlier, reaffirming the group's progress towards greater sustainability
- The Company has prepaid Rs. 100 crore of project loan during the quarter without any prepayment penalty
- Brownfield expansion of IPA was commissioned on 19th December 2021. This has doubled the IPA capacity to 60,000 MTPA

CMD Message



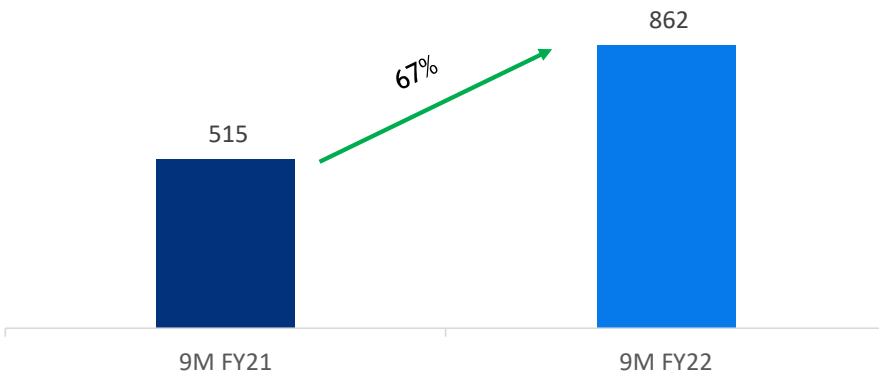
Commenting on the performance for Q3 & 9M FY22 Mr. Deepak C. Mehta, Chairman & Managing Director said:

“The world continued its track record of unprecedented volatility in price and availability of commodities like coal, petrochemicals and even inorganics. This tumultuous environment tested the company and management on its judgement, agility and responsiveness to customer concerns. While we work to mitigate short term challenges and focus on operating efficiencies, we are heartened to see record breaking top line performance of both companies on the back of increase in customer dependance on Deepak for uninterrupted supply. Coupled with this strategic impetus, growing Indian demand beckons us to do much more. As new products enter the Deepak family, our strengths of research capability, process intensification and wide product basket help steer us north with confidence.”

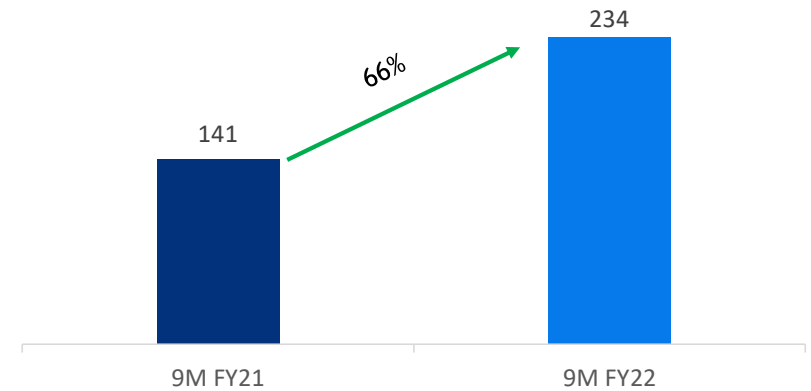
Basic Intermediates (BI)



Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)



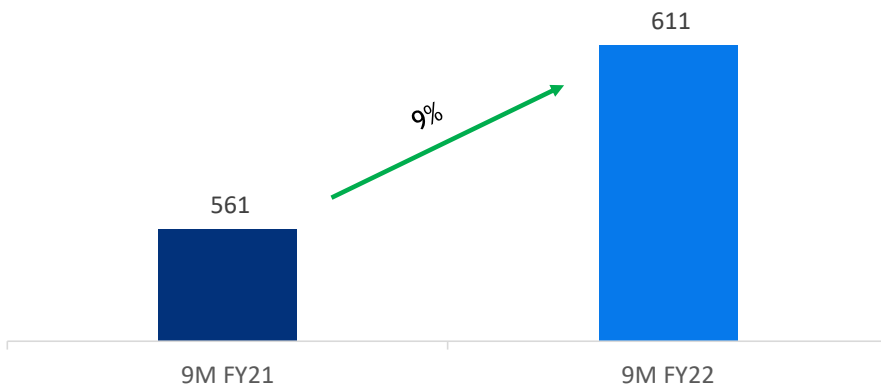
Key Highlights

- Basic Intermediates segment (erstwhile Basic Chemicals) benefited from healthy realization gains as price hikes were undertaken for key products, in-line with higher input costs. Strong performance was achieved despite curtailed production of few products in Q3 FY22 owing to temporary disruption of critical raw material at vendor's end due to force majeure; Volume growth for 9M FY22 came in at 10%
- Notwithstanding the challenging macro environment, the Company continues to fulfil its delivery commitments. Moreover, it expects the performance of BI segment to sustain based on shift in global supply chain to India as well as encouraging demand trajectory

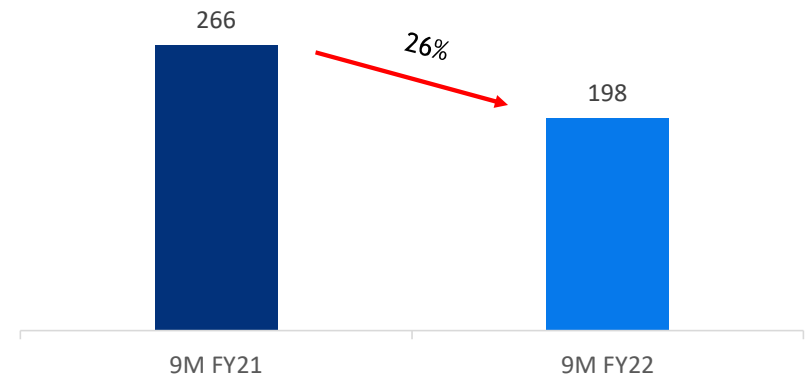
Fine & Specialty Chemicals (FSC)



Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)



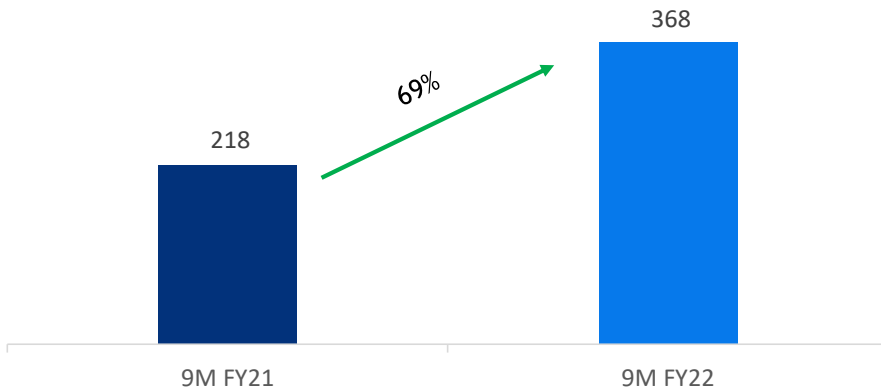
Key Highlights

- The performance of FSC segment must be seen in light of significant challenges linked to logistics. In addition to this, the Company witnessed elevated raw material costs from BC segment, as internal product transfers take place at market prices. Due to nature of contracts, the prices are not instantly passed on, but with some time lag
- Performance going forward will be driven solid demand across products, our ability to pass on cost increase to customers and incremental gains coming out of new multiyear business being tied up

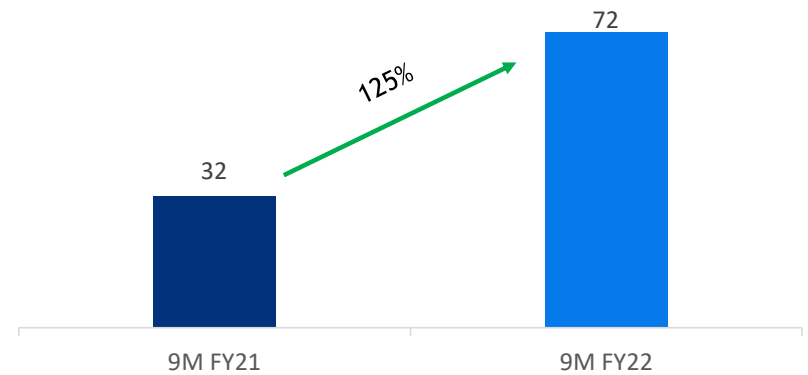
Performance Products (PP)



Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)



Key Highlights

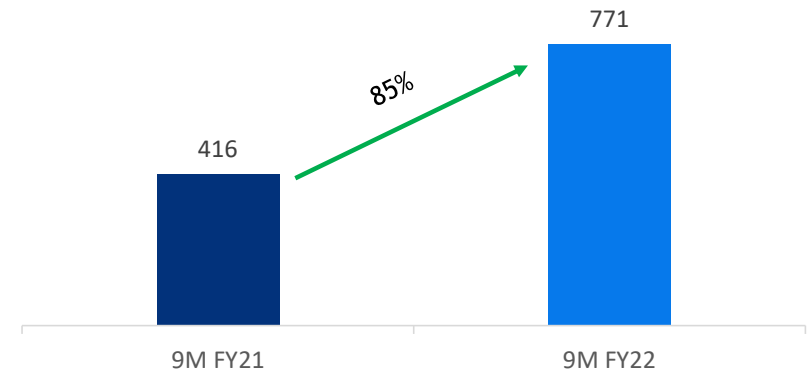
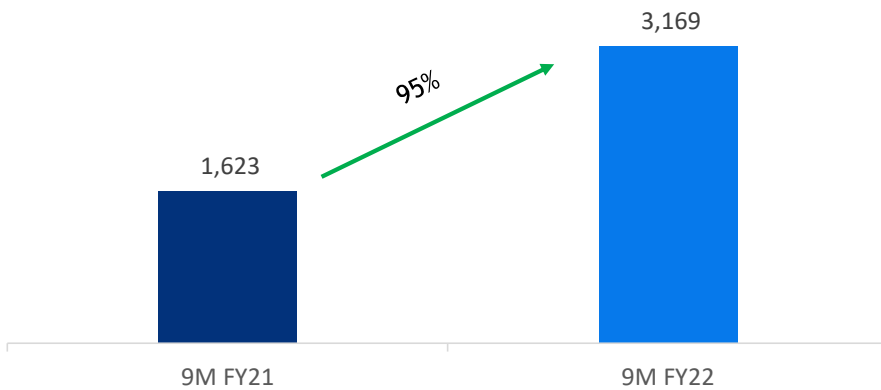
- Momentum in DASDA demand is seen, resulting in higher realization and OBA was also able to pass on this increase in DASDA costs; margins of OBA and topline are also reflecting the same. This build up is expected to continue in the upcoming period as well; volume growth for 9M FY22 remained strong, at 44%
- Based on fully integrated model, DNL remains well poised to capture incremental demand coming out of key applications across Textiles, Paper and Detergents, all of whom have resumed production to Pre-COVID levels

Phenolics



Revenue (Rs. Cr.)

EBITDA (Rs. Cr.)



Key Highlights

- Phenolics business has delivered promising gains, backed by higher average capacity utilization of 117%. This is a result of favorable demand in India and key export geographies
- Brownfield expansion of IPA has been commissioned on 19th December 2021. This has doubled the IPA capacity to 60,000 MTPA

Consolidated P&L Statement



Particulars (Rs. crore)	Q3 FY22	Q3 FY21	Y-o-Y (%)	9M FY22	9M FY21	Y-o-Y (%)
Revenue	1,748	1,240	41%	4,969	2,912	71%
Other Income	26	5	428%	39	16	151%
Total Expenditure	1,370	900	52%	3,724	2,104	77%
• Raw Material expenses	1,062	628	69%	3,024	1,477	105%
• Changes in inventories of FG & WIP	23	48	-53%	-67	20	-435%
• Employee benefits expense	65	67	-2%	203	189	7%
• Other expenses	220	156	41%	576	418	38%
EBITDA	378	340	11%	1,232	808	53%
EBITDA Margin (%)	22%	27%	-500 bps	25%	28%	-300 bps
Finance Costs	7	16	-57%	27	60	-55%
Depreciation and Amortization	45	34	34%	133	96	38%
PBT	325	290	12%	1,072	652	65%
Tax expense	83	74	12%	273	166	64%
PAT	242	217	12%	799	486	65%
PAT Margin (%)	14%	17%	-300 bps	16%	17%	-100 bps
EPS Diluted (Rs.)	17.78	15.88	12%	58.61	35.61	65%

Notes:

1. Other expenses includes power & fuel expenses

2. EBITDA includes other income

Consolidated Segmental Financials – Revenue



Particulars (Rs. crore)	Q3 FY22	Q3 FY21	Y-o-Y (%)	9M FY22	9M FY21	Y-o-Y (%)
Basic Intermediates	345.81	196.24	76.2%	862.19	514.96	67.4%
Fine & Speciality Chemicals	206.66	210.93	-2.0%	611.01	560.6	9.0%
Performance Products	169.88	90.17	88.4%	367.94	217.52	69.2%
Phenolics	1,033.11	746.92	38.3%	3169.09	1,622.97	95.3%
Total	1755.46	1244.26	41.1%	5010.23	2916.05	71.8%

Consolidated Segmental Financials – EBIT & Margin



Particulars (Rs. crore)	Q3 FY22	Q3 FY21	Y-o-Y (%)	9M FY22	9M FY21	Y-o-Y (%)
EBIT						
Basic Intermediates	68.74	46.88	46.6%	216.29	124.16	74.2%
Fine & Speciality Chemicals	53.23	90.99	-41.5%	180.74	254.02	-28.8%
Performance Products	47.01	8.16	476.1%	58.69	19.58	199.7%
Phenolics	183.61	173.83	5.6%	691.26	365.79	89.0%
Other Unallocable	20.46	13.86	47.6%	47.74	51.77	-7.8%
Interest	6.80	15.70	-56.7%	26.98	60.00	-55.0%
Total	325.33	290.30	12.1%	1072.26	651.78	64.5%
EBIT %						
Basic Intermediates	19.9%	23.9%	-4.0%	25.1%	24.1%	1.0%
Fine & Speciality Chemicals	25.8%	43.1%	-17.4%	29.6%	45.3%	-15.7%
Performance Products	27.7%	9.0%	18.6%	16.0%	9.0%	6.9%
Phenolics	17.8%	23.3%	-5.5%	21.8%	22.5%	-0.7%
Other Unallocable	NA	NA	-	NA	NA	-

About Us & Contact Details

Deepak Nitrite Limited (NSE: DEEPAKNTR, BSE: 506401) The company with diversified portfolio that caters to the dyes and pigments, agrochemical, pharmaceutical, plastics, textiles, paper and home and personal care segments and petro 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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Thank You

