

Q1 FY2025 Results Presentation

August 06, 2024

₹ **2,186** crore

Total Income (in Q1 FY25)

₹ **328** crore

EBITDA (in Q1 FY25)



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.



Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY



Responsible Care® Initiative



32+
Products



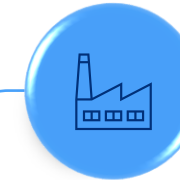
56+
Applications



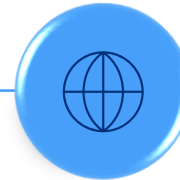
1,000+
Customers



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

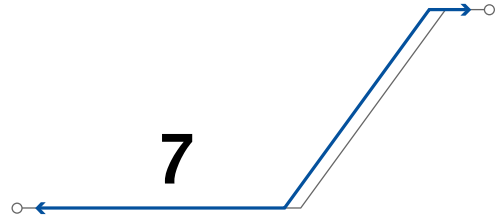


Robust R&D capabilities



Rich Legacy of over 5 Decades

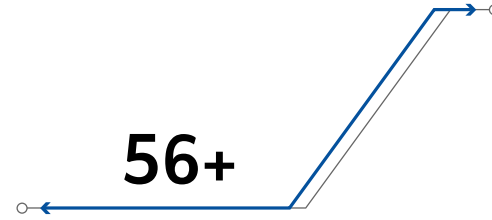
Deepak Nitrite at a Glance



Modern Manufacturing
Facilities at 5 strategic
locations



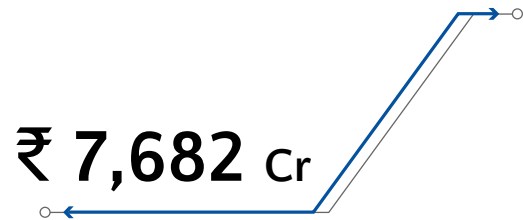
Products



Applications



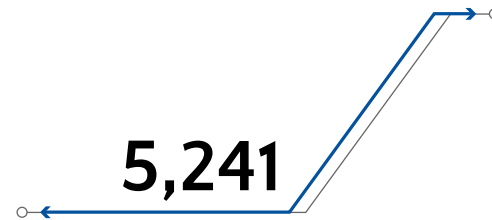
Net debt



FY24 Revenues



Countries receive
our products



Total Workforce



Customers

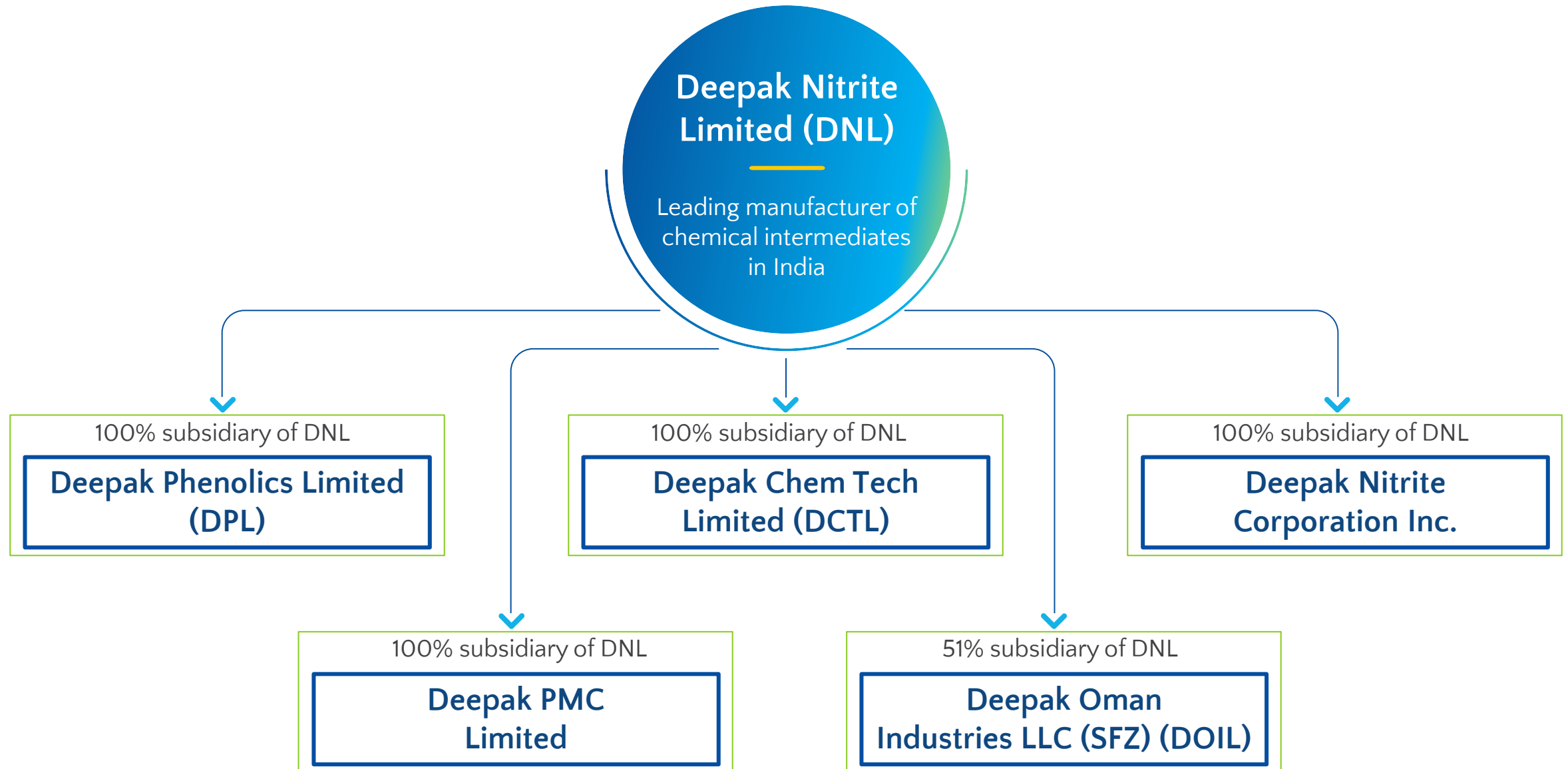


Long-Term Rating

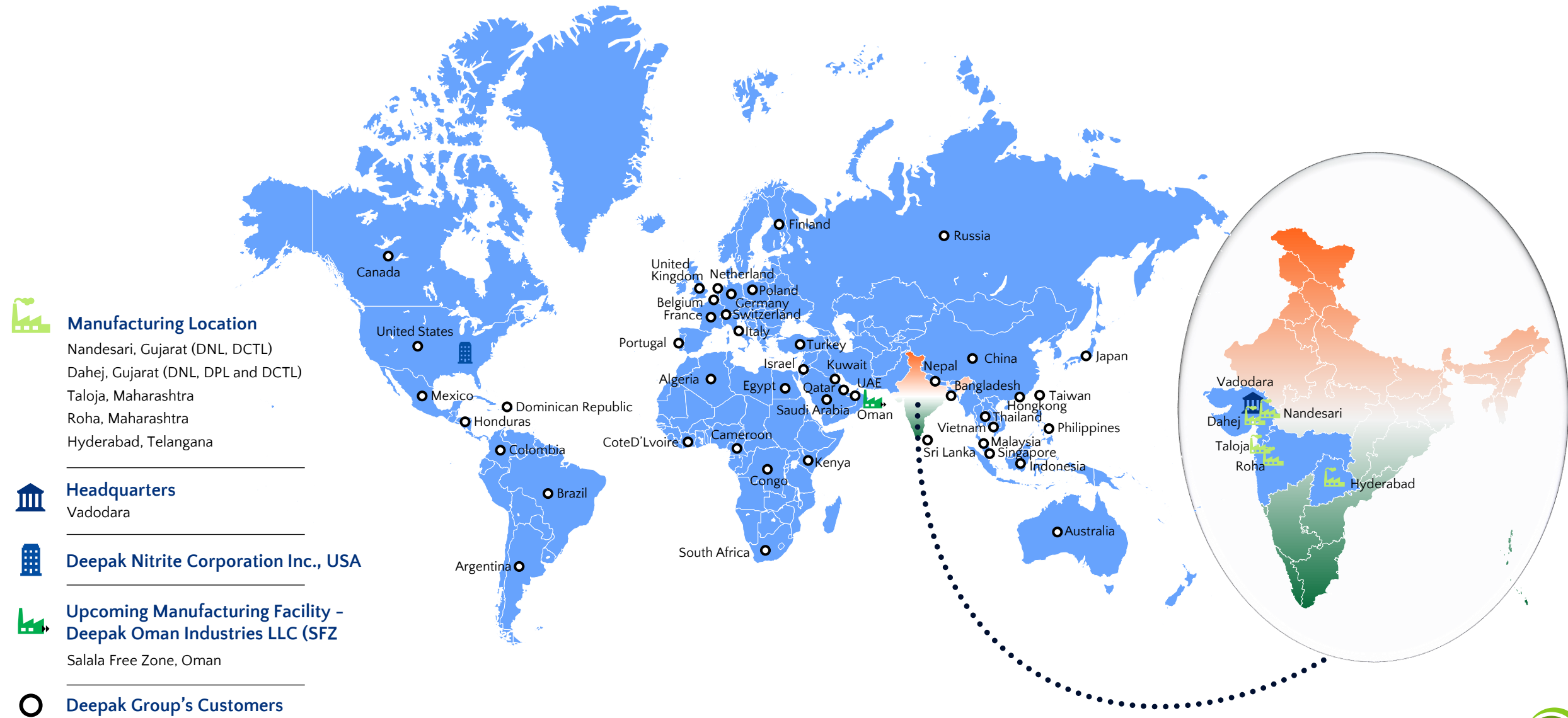


Short-Term Rating

Operating Structure



Enabled by World-class Manufacturing Infrastructure



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 Growth Drivers



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
- Valorizing 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
- Achieved 95% TFS rating at Hyderabad facility
- 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

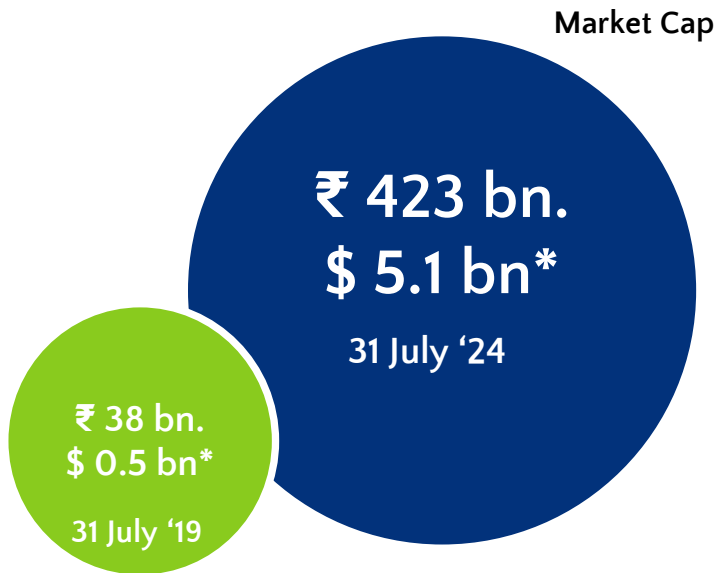
- Prudent raw material procurement and tighter inventory management
- Proactive steps to ensure timely collection from customers

Deep Customer Relationships

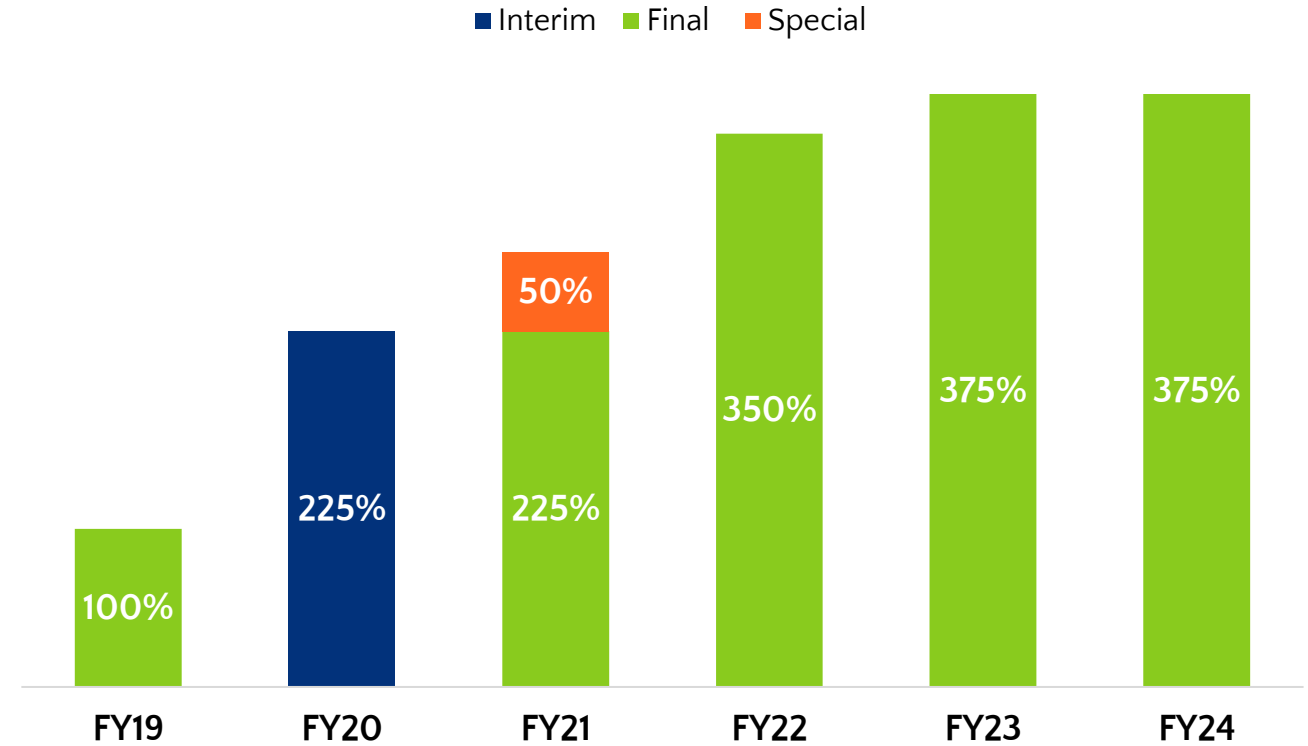
- Offer innovative and cost-effective products to retain and attract customers
- Multi-year relationships with customers and maintaining wallet share through industry cycles

Company overview: Exemplary track record

Consistently rewarded
shareholders

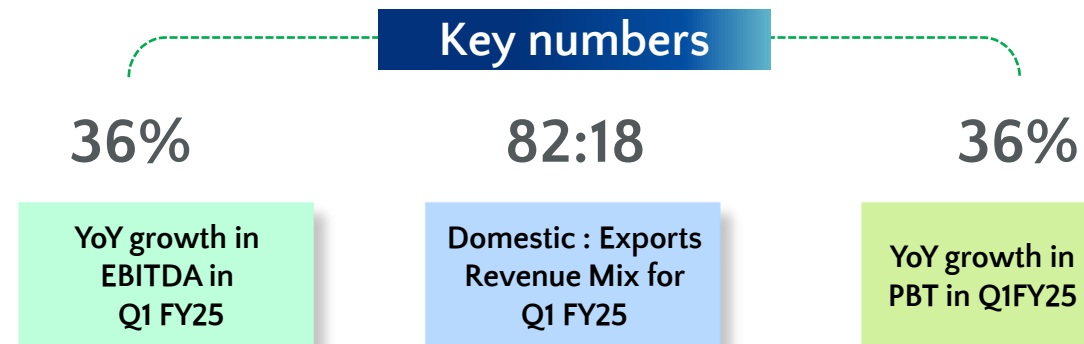


Dividend as % of Face Value



Performance highlights – Q1 FY25 (Consolidated)

Particulars (₹ Cr)	Q1 FY25	Q-o-Q	Y-o-Y
Total Income	2,186	2%	21%
EBITDA	328	2%	36%
PBT- Before Exceptional Items	275	2%	36%



Performance Takeaways

The challenging business backdrop from FY23-24 continues to persist into FY24-25. In Q1 FY25, Chinese supplies to Asia remained abundant with continued inventory destocking while logistical challenges led to export slowdown to US and EU. Customers continue to remain cautious as geopolitical tensions intensified further. In this backdrop, pressure on product realizations is high. While demand recovery in agrochemicals continues to be soft, various other end-user segments including dyes & pigments, paper, homecare, etc. are indicating marginal signs of improving demand.

Deepak Nitrite has navigated these challenging operating conditions and maintained its performance by leveraging its integrated business model. We have achieved incremental volumes in certain high value products even as volumes of core products were stable leading to a slight improvement in the product mix. Further, higher production yields have been achieved on the back of debottlenecking initiatives and enhancing efficiencies of existing processes. In order to maintain the performance amidst the headwinds, the company has actively leveraged strategic relationships while exploring newer territories and new customers. Significant cost savings through yield enhancement and more efficient energy consumption have further supported the performance.

FY24-25 is poised to be an exciting year with multiple projects scheduled for commissioning, which are set to strengthen the integration of our business model further. There are initial signs of improving sentiment from customers which should lead to higher demand in H2. This should coincide with the conclusion of the destocking cycle in China, laying the ground for firming up of product realisations. Along with our commitment to operational efficiency and strategic investments, this position us well for sustained growth and profitability in the thriving Indian economy.

Update on Projects

Project Status

- **Acid Unit:** Significant advancements have been made in the Nitric Acid Unit project with all long lead equipment received and erected. Manufacturing operations are expected to commence in early part of H2.
- **MIBK/MIBC Project:** Major engineering works have been completed and significant proportion of structure fabrication and civil work is nearing finalization. Mechanical and Electrical works to be finalized by Q3FY25 with commissioning likely in Q4FY25.
- **Other Projects:** Our photochlorination and solvent projects along with our hydrogenation and nitration plants are progressing well. These projects are taking shape, with detailed planning and execution underway. The commissioning of these projects will occur in a phased manner, starting from H2 of FY 2024-25
- **R&D Centre:** A state-of-the-art Research & Development Centre is being constructed in Savli, Vadodara, with completion targeted for March 2025

NBTF/ Hydrogenation

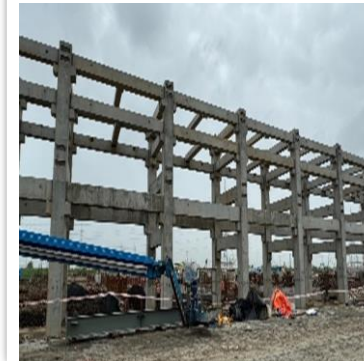


Hydrogenation Plant



NBTF Plant

MIBK/ MIBC



ISBL Piperack



Column structure

Nitric Acid



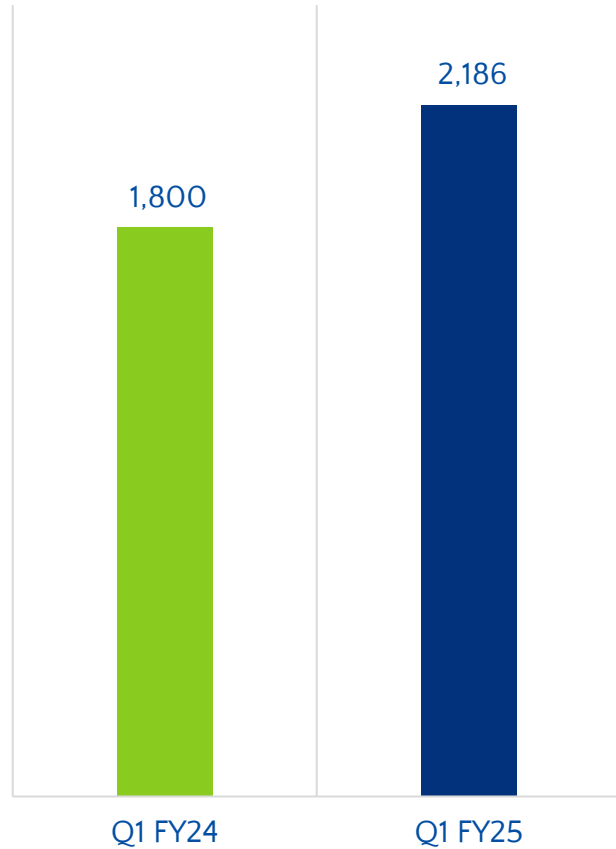
CNA and Utilities



Boiler

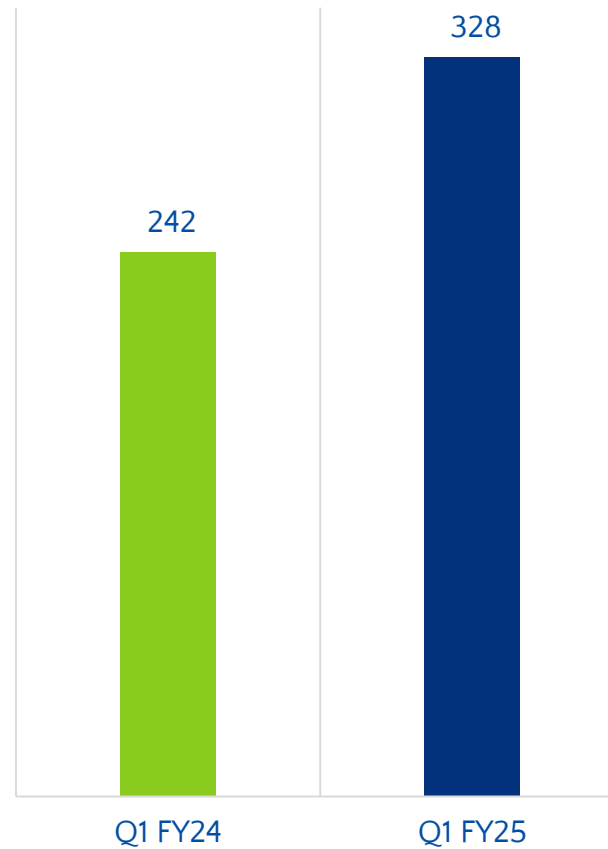
Q1 FY25 – Financial Highlights

Total Income (₹ Cr.)



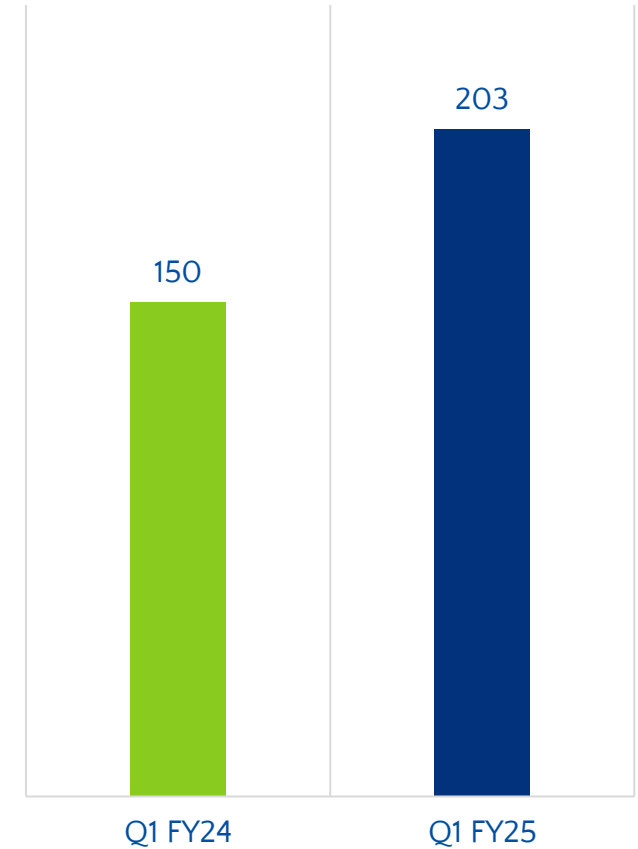
Y-o-Y 21% ▲

EBITDA (₹ Cr.)



Y-o-Y 36% ▲

PAT (₹ Cr.)



Y-o-Y 35% ▲

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

Q1 FY25 vs. Q1 FY24 – Financial Highlights

REVENUE

- Revenue growth was driven by a combination of improved product mix, volume growth and proactive steps to target newer territories and newer customers
- The Phenolics segment demonstrated strong year-on-year revenue growth, driven by improved realisations. This was fuelled by robust demand and favourable spreads.
- Softer agrochemical demand was offset by higher contribution from other end-use sectors like dyes, pigments, paper, and homecare; revival in agrochemicals segment is expected in H2 FY25

EBITDA

- EBITDA performance was bolstered by operating leverage gains due to high plant utilization supported by better volumes
- This came in despite logistical disruptions led by elevated freight costs and unavailability of vessels
- A better product mix enhanced profitability

CMD Message



Commenting on the performance for Q1 FY25, Mr. Deepak C. Mehta, Chairman & Managing Director said:

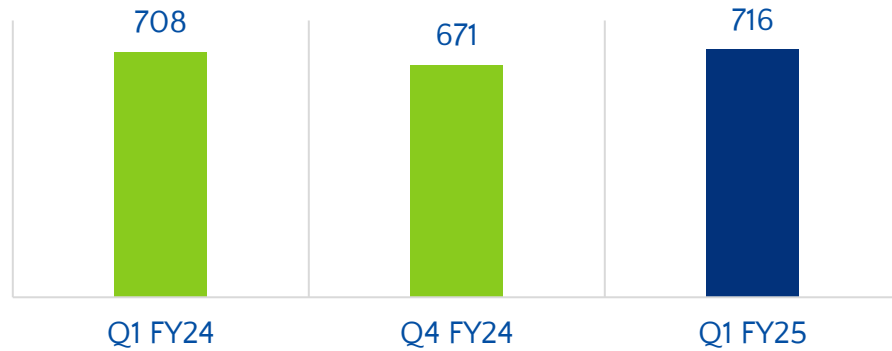
“International developments such as geopolitical disruptions and weakening global consumption will continue to impact the global chemical industry. We are fortunate that our business is highly dependent, to the extent of ~80%, on the domestic market which is a bright spot at present. Further, the policy thrust and initiatives by the Central Government including PLI, Infrastructure augmentation, Aatmanirbharta to name a few have created a fertile environment for growth of the Chemical Industry and we anticipate double-digit growth for the industry over the next few years.

In light of these tailwinds, we are excited to undertake further steps on our four-year plan to develop and augment capabilities across multiple value chains. The pipeline of projects being executed, will enable us to capitalise on the significant growth opportunities for building blocks and intermediates in India. The opportunities in India now warrant the best-in-class global technologies and world scale capacities. Making for India will enable us to simultaneously harness the global potential in Specialty Chemicals, given our widening base of capacities and expanded portfolio of applications.

***Our integrated operations are a key competitive advantage.** This is further enriched by factors such as abundant availability of raw materials, high quality of human resources and the increasing network effect in the domestic market. The recent commissioning of our fluorination asset, the initial steps into material science through specialty polymers and related compounds, as well as the setting up of a world class R&D Centre at Vadodara are set to open up new vistas of growth for Deepak.*

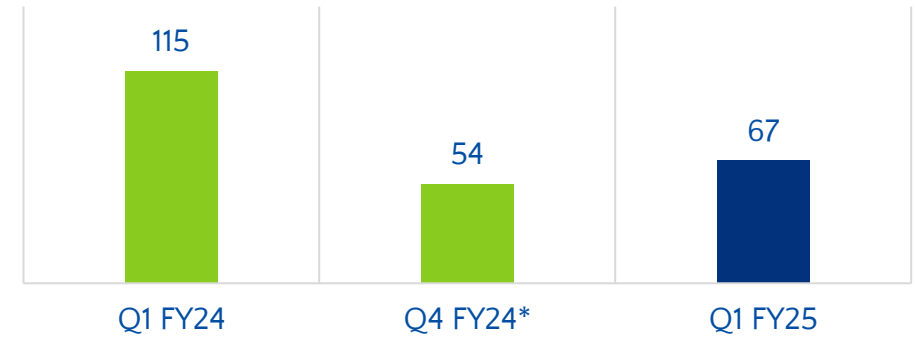
In Q1 FY24-25, the global chemical industry at large continued to face challenges. In this backdrop, we are pleased to report that Deepak has largely maintained its performance on a sequential quarter basis and reported an improved performance on a year-on-year basis. We see initial signs of improving volumes and indications of better sentiment from our customers even as pricing continues to remain under pressure.”

Revenue from Operations (₹ Cr.)



Q-o-Q 7%
Y-o-Y 1%

EBIT (₹ Cr.)



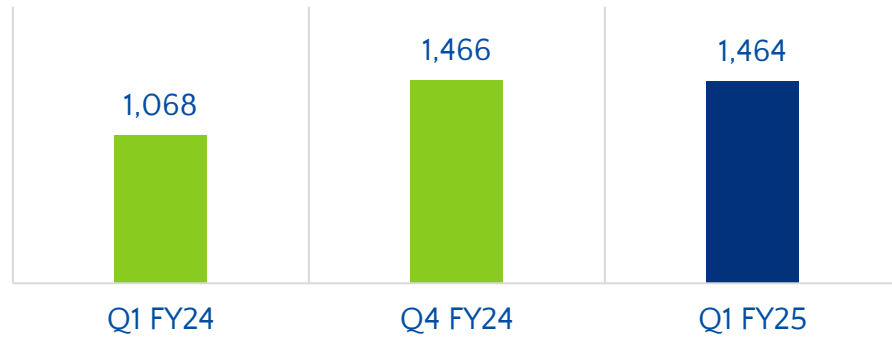
Q-o-Q 23%
Y-o-Y -42%

Note: Q4FY24 EBIT excludes Insurance Claim of Rs. 80 Crore

Key Highlights

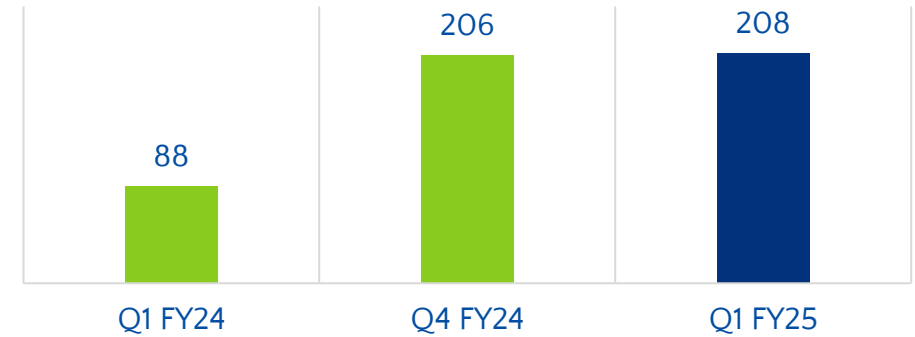
- Domestic market strength led to improved volumes across select product categories. Introduced a novel OBA product to address a specific market demand
- De-bottlenecking initiatives coupled with yield improvement in existing products have contributed to volume growth in select products
- The Company has successfully deepened its market penetration and maintained wallet share for key products within the domestic market

Revenue from Operations (₹ Cr.)



Q-o-Q 0% Y-o-Y 37%

EBIT (₹ Cr.)



Q-o-Q 1% Y-o-Y 137%

Key Highlights

- The Phenolics business exhibited strong performance on y-o-y basis driven by favourable demand environment
- Sustained growth in various end-use industries has led to robust domestic demand for phenol in India.
- Upcoming phenol downstream products to accelerate this momentum



- 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:
 - Backward integration for Nitration products
 - Value-added downstream derivatives of existing products by establishing new platforms of photochlorination, fluorination, cyanation and more.
 - Compounding assets to serve polycarbonates 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)	Q1 FY25	Q4 FY24	Q-o-Q (%)	Q1 FY24	Y-o-Y (%)
Revenue	2,167	2,126	2%	1,768	23%
Other Income	19	19	-2%	32	-41%
Total Revenue	2,186	2,145	2%	1800	21%
Total Expenditure	1,858	1,825	2%	1,558	19%
○ Raw Material consumption and change in inventory	1,500	1,474	2%	1,224	23%
○ Employee benefits expense	95	93	3%	84	13%
○ Power & fuel expenses	118	113	5%	117	1%
○ Other expenses	144	145	-1%	133	8%
EBITDA	328	320	3%	242	36%
EBITDA Margin (%)	15%	15%	0%	13%	15%
Finance Costs	6	4	31%	2	218%
Depreciation and Amortization	47	46	2%	38	25%
PBT Before Exceptional Items	275	269	2%	202	36%
Exceptional Items	0	80	NA	0	NA
PBT After Exceptional Items	275	349	-21%	202	36%
Tax expense	72	95	-24%	52	39%
PAT	203	254	-20%	150	35%
PAT Margin (%)	9%	12%	-25%	8%	13%
EPS Basic & Diluted (₹)	14.85	18.61	-20%	10.99	35%

Consolidated P&L Statement

Particulars (₹ crore)	Q1 FY25	Q4 FY24	Q-o-Q (%)	Q1FY24	Y-o-Y (%)
Advanced Intermediates	716	671	7%	708	1%
Phenolics	1,464	1,466	0%	1,068	37%
Less - Inter segment	12	11	14%	8	59%
Total	2,167	2,126	2%	1,768	23%

Consolidated P&L Statement

Particulars (₹ crore)	Q1 FY25	Q4 FY24	Q-o-Q (%)	Q1FY24	Y-o-Y (%)
EBIT					
Advanced Intermediates*	67	54	23%	115	-42%
Phenolics	208	206	1%	88	137%
EBIT %					
Advanced Intermediates	9%	8%		16%	
Phenolics	14%	14%		8%	

*Excludes Insurance Claim in Q4FY24

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

Disclaimer

This presentation contains forward-looking statements that involve risks and uncertainties. When used in this presentation, the words 'anticipate,' 'belief,' 'estimate,' 'expect,' 'intend,' 'will' and other similar expressions as they relate to the Company and its Businesses are intended to identify such forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements publicly, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This presentation should be read in conjunction with the financial statements included herein.





Thank You

