

Q4 & FY22 Results Presentation

04 May, 2022



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Deepak: Overview – Leading Chemical Intermediates player



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.



30+
Products

56+
Applications

1,000+
Customers

Sustainable & versatile business model

Largest Producer of Sodium Nitrite and Sodium Nitrate since 1972

6 Modern Manufacturing Facilities

30 Countries across 6 continents where products are exported

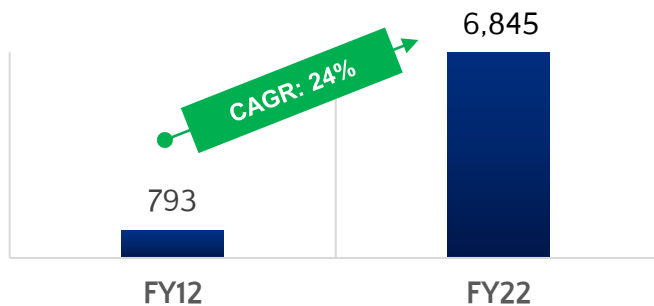
Largest Producer of Phenol & Acetone since 2019 in India

Among top 3 global Players for products like Xylidines and Oximes

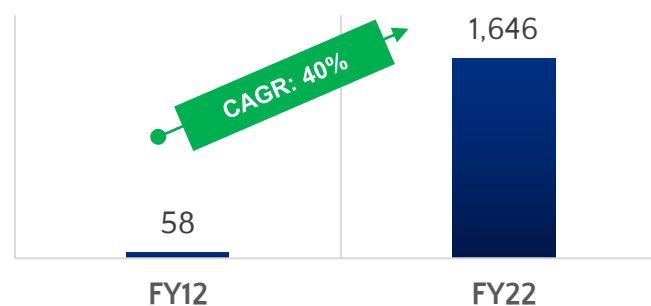
Strong R&D capabilities

Rich Legacy of over 5 Decades

Revenue (Rs. Crore)



EBITDA (Rs. Crore)



PAT (Rs. Crore)



Company overview: Successful and proven track record

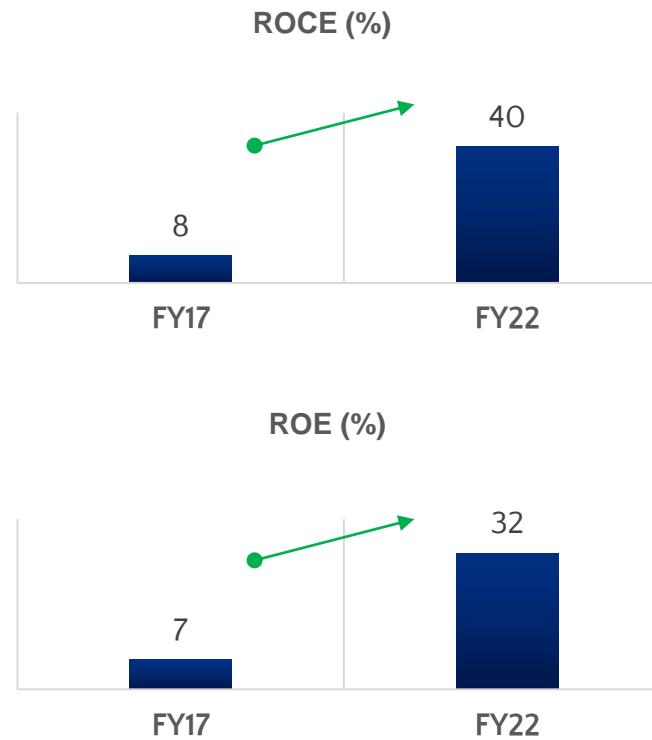
Seizing the opportunity

Shown marked improvement across various parameters

	FY17		FY22
Revenue (Rs. Cr)	1,324	5x	6,845
PAT (Rs. Cr)	52	21x	1,067
Net Gearing Ratio	0.44		0
R&D exp. (Rs. Cr)	9	2x	22

Excellence in execution

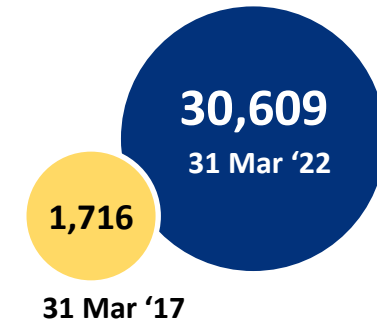
Sustained increase in return ratios, with debt levels at all-time low



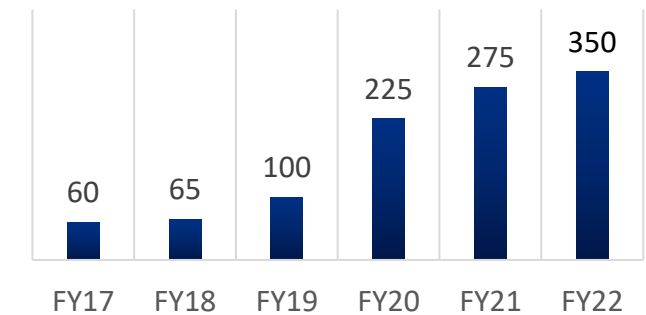
Value creation

Consistently rewarded shareholders

Market Cap. (in Rs. Crore)

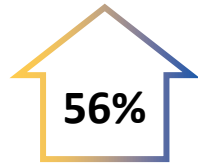


Dividend (%)



Performance highlights – FY22 result updates

Consolidated – FY22 vs FY21



INR **6,845 crore**

Revenues



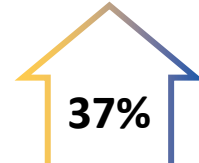
INR **1,646 crore**

EBITDA



INR **1,434 crore**

Profit Before Tax



INR **1,067 crore**

Profit After Tax

Key numbers – Consolidated

24%

EBITDA Margin for FY22

21%

EBIT Margin for FY22

78 : 22

Domestic : Exports Revenue
Mix for FY22

0.00x

Consol. Net D/E Ratio for FY22

24%

10-Year Revenue CAGR

47%

10-Year PAT CAGR

The Board of Directors approved a final dividend of Rs. 7 per share (350%) for FY22

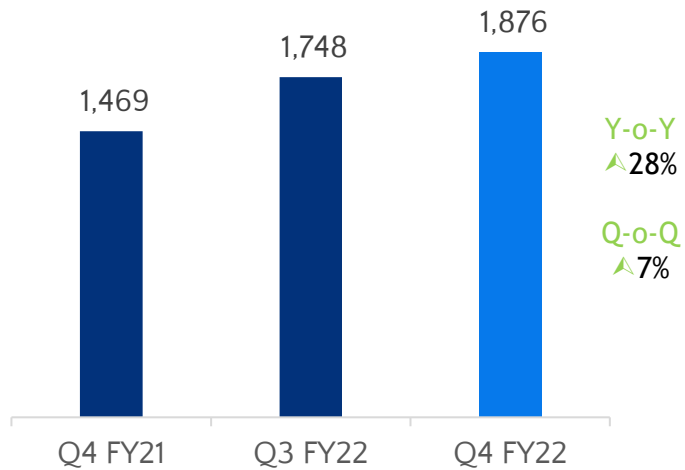
Performance overview



- In FY22, reported highest ever Revenue, EBITDA and PAT in the Company's history, despite a challenging operating environment that was marked by rising prices of key raw materials and other utilities, constraints in logistics and material movement as well as increased uncertainty in global trade on the back of Russia-Ukraine conflict
- Reported Consolidated PAT of Rs. 1,067 crore in FY22 surpassing the milestone of Rs. 1,000 crore in Annual PAT
- Premised on robust financial performance during the year, the Board of Directors has declared a Final Dividend of Rs. 7 per equity share (350%) of Rs. 2 each for FY2021-22 towards rewarding the shareholders
- Deepak Nitrite's solid financial performance demonstrates the strength of its efficient manufacturing model with adequate backward integration and depth of multi-year relationships with key customers
- On a consolidated basis, DNL stood debt free on basis of net debt with strong Networth of Rs. 3,338 crore, enabling ample scope to leverage the strong balance sheet for future expansion
- Credit rating agency ICRA has upgraded DNL's rating outlook from AA (stable) to AA (positive) and DPL's credit rating has been enhanced from AA- (stable) to AA (Positive) within a span of less than a year

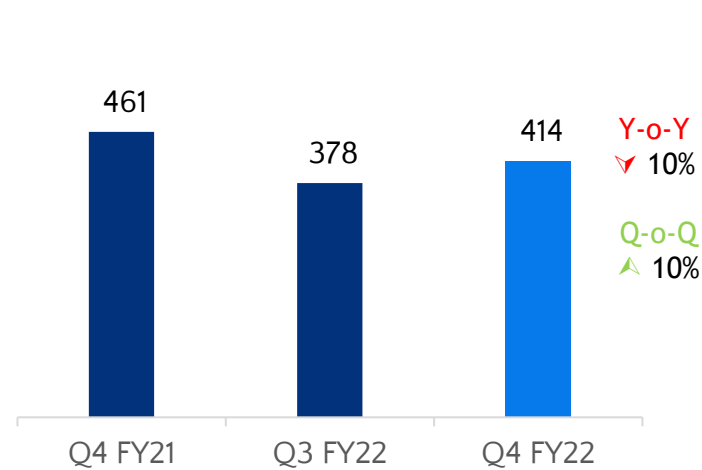
Q4 FY22 – Financial Highlights

Revenue (Rs. Cr.)



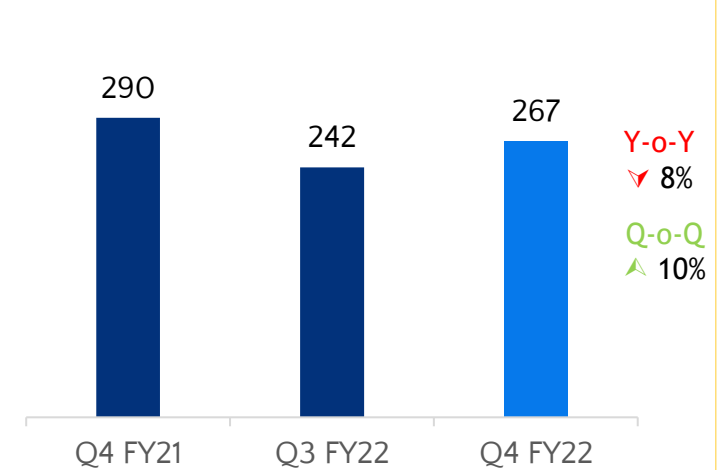
- Strong performance by all segments as the Company reported highest ever quarterly turnover in its 50 year history
- Volume growth for several products during the quarter enabled the Company to deliver traction in revenues
- Formula based pricing, increase in wallet share with large customers and addition of newer customers and geographies have supported the revenue momentum

EBITDA (Rs. Cr.)



- Better realisations combined with higher plant efficiency and operating leverage drove EBITDA margins to 22% during the quarter
- This is despite the impact of severe ongoing logistics challenges, skyrocketing coal and RLNG prices which impacted cost of utilities and lifetime high input prices for several key raw materials

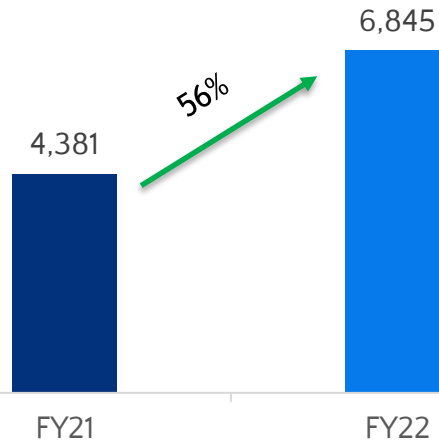
PAT (Rs. Cr.)



- PAT performance was in-line with operational performance during the quarter, further aided by significantly lower finance costs
- Pass through of higher input prices and better planning resulted in production of high-demand products, thereby leading to enhanced profitability on Q-o-Q basis

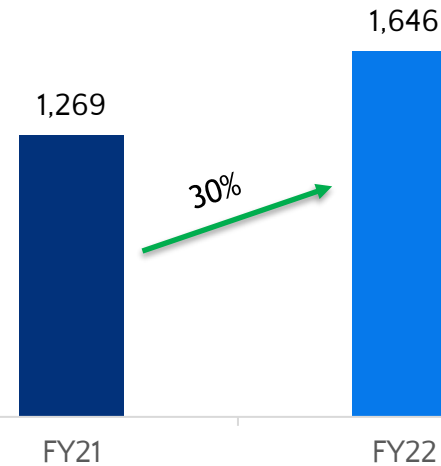
FY22 – Financial Highlights

Revenue (Rs. Cr.)



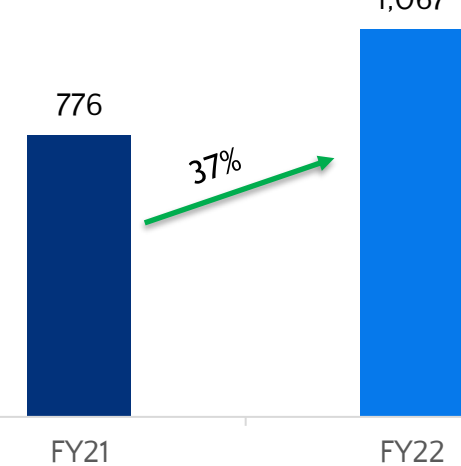
- Combination of high utilisation and focused pricing have enabled DNL to report its highest ever annual turnover
- Amidst a challenging year marked by multiple waves of COVID-19 and significant cost escalations, DNL delivered resilient performance with firm supply commitments to its customers, reconfirming 'Depend on Deepak'
- FY22 performance reflects the choices of products identified for capacity expansion

EBITDA (Rs. Cr.)



- The Company has faced unprecedented pressure on input prices and other overheads during the year. This has been partially mitigated by a combination of price increase, volume gains, process modification and cost rationalisation initiatives across the organisation
- Due to these actions, the Company's margin performance has been resilient as it reported an EBITDA margin of 24% for the year

PAT (Rs. Cr.)



- In addition to strong operational performance, PAT was driven by significantly lower finance costs during FY22
- All functions contributed to the achievement of new benchmark in profitability

Key developments

- DNL received redemption proceeds of Rs. 230 crore during the quarter from its OCPS with DPL. Aggregate proceeds received during FY22 stand at Rs. 280 crore which redeem the OCPS fully
- DNL has **achieved RoCE of over 30% (standalone)** for over 10 consecutive quarters
- The Company has **obtained all permissions from BoD and Shareholders for issue of equity shares through QIP** and is evaluating the market conditions for appropriate time to launch the issue

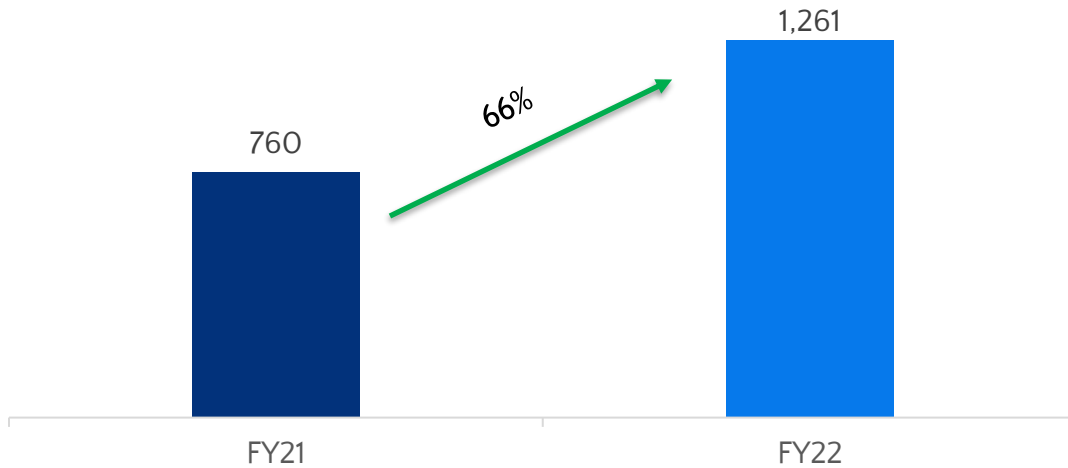


Commenting on the performance for Q4 & FY22, Mr. Deepak C. Mehta, Chairman & Managing Director said:

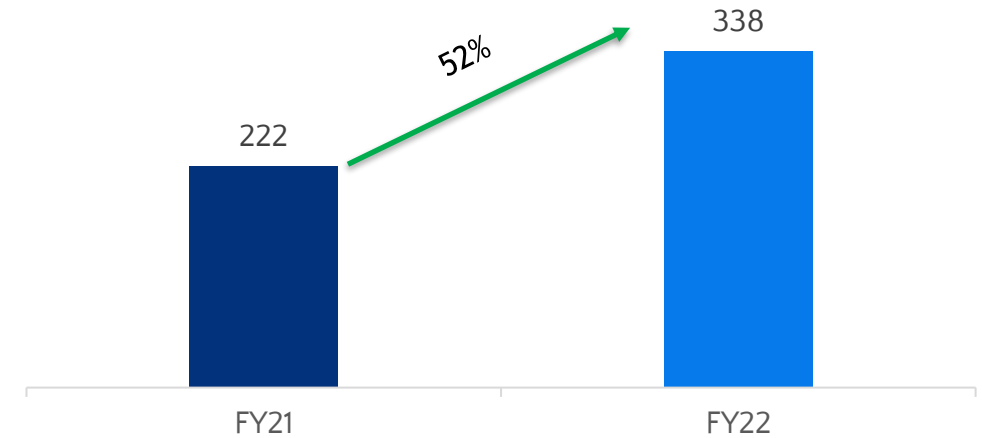
“Our FY22 performance encapsulates the heightened resilience and agility in our Business Model as we have scaled new benchmarks in revenues and profitability during the year. This was achieved in the backdrop of sharp inflation in operating costs, higher input prices and disrupted supply chains. Both Revenues and PAT demonstrated significant growth in FY22 on a consolidated basis. The Company sustains a high degree of efficiency and continues to make progress on several growth initiatives. We will continue to be nimble to the changing needs and preferences of our customers and deliver specialized solutions. While doing so, we will prudently deploy capital to elevate our market position in the chosen chemistries. Our foray into advanced solvents will diversify our product portfolio, broaden our customer base, and raise the amount of sophisticated, high-margin products in the portfolio, thereby enhancing our business proposition.”

Basic Intermediates (BI)

Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)

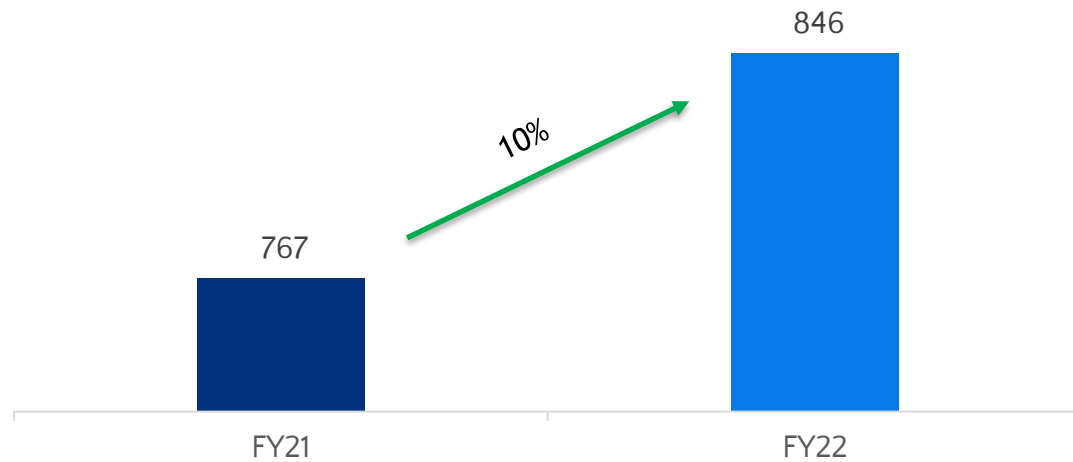


Key Highlights

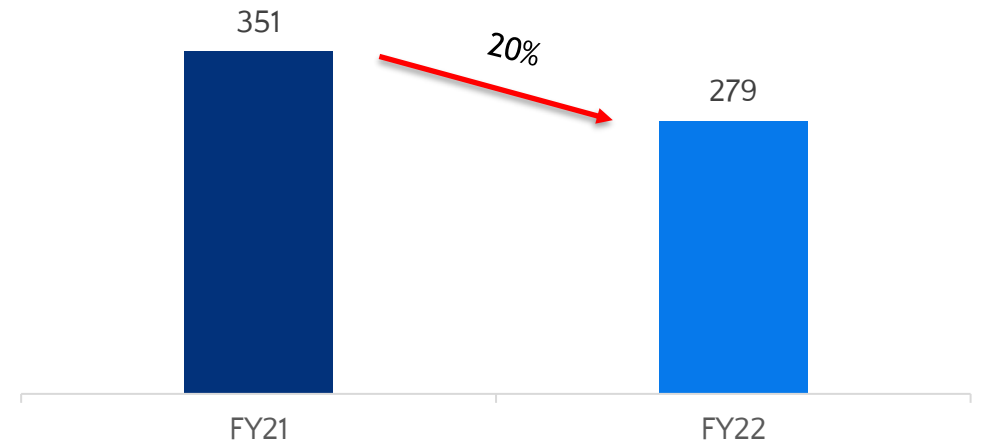
- The Company undertook de-bottlenecking and capacity augmentation in key products in the BI segment, which has enabled it to increase volumes towards the second half of the year. This was further aided by realisation gains for key products in this segment
- There was a sharp rise in input prices during the year and the Company was able to pass on most of the same to customers with some time lag, resulting in sustained EBITDA performance

Fine & Specialty Chemicals (FSC)

Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)

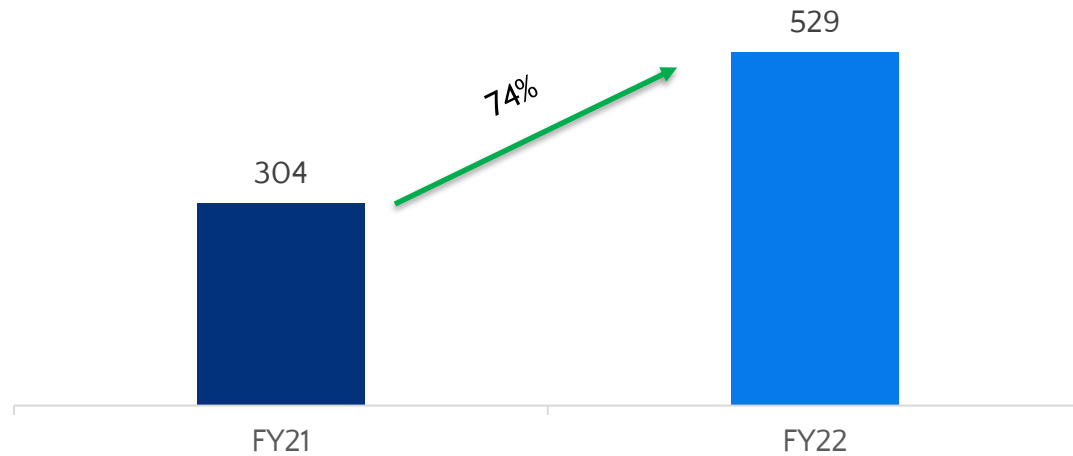


Key Highlights

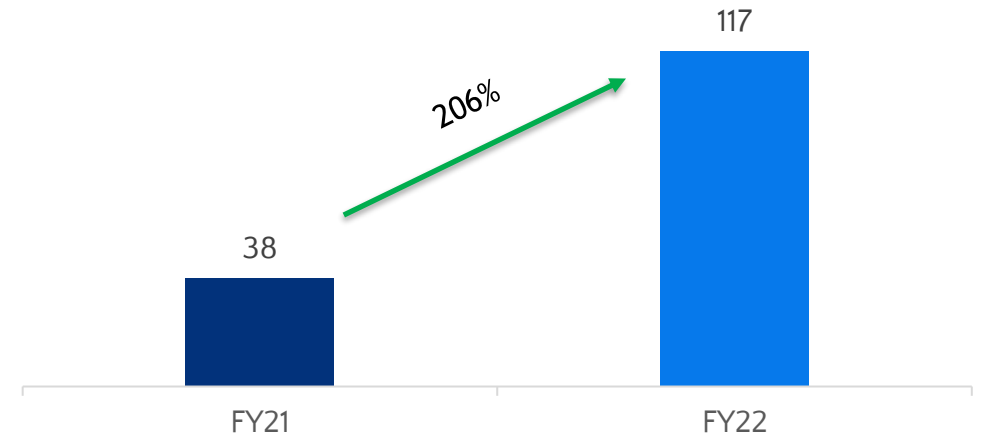
- Prices of Finished Products were abnormally higher during the prior year which have normalised during FY22. Owing to nature of the business, the Company has annualized contract for few niche agrochemicals wherein price negotiation is possible incase of any abnormalities. However, there is some lag in cost pass through. Effect of this is expected to be visible in the ensuing quarters
- Cost of major raw materials have increased during the current reporting period resulting in normalisation of EBITDA performance
- As a strategy reset, going forward the Company will gain from new multi-year contracts with leading customers, with cost pass-through mechanisms in place

Performance Products (PP)

Revenue (Rs. Cr.)



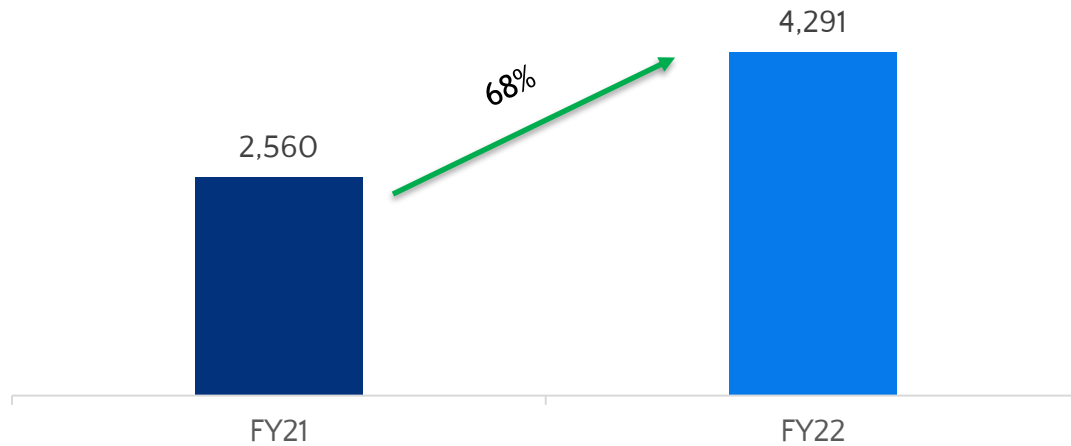
EBITDA (Rs. Cr.)



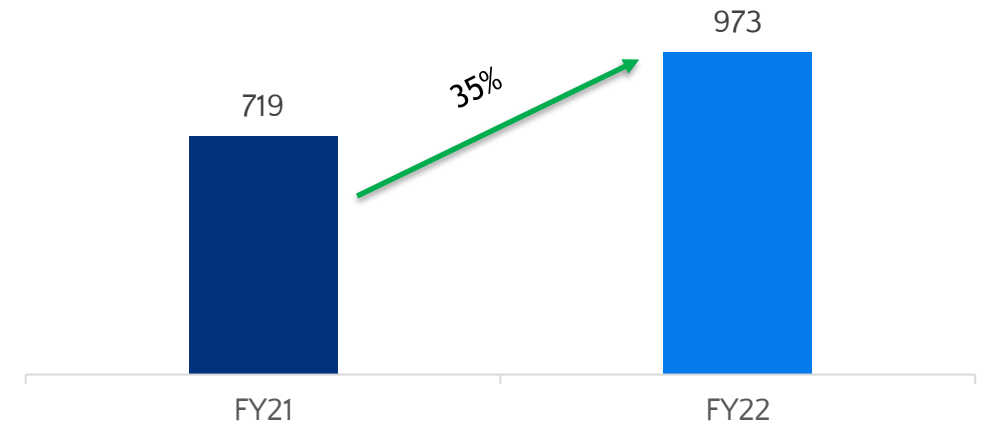
Key Highlights

- Demand trends for key products have significantly improved during the year, resulting in sharp rise in volume accompanied by improved sales realization
- Combination of above factors has contributed to rise in turnover accompanied by accretion in the EBITDA margin; however, prices are expected to be normalized in ensuing quarter resulting into normalized margin

Revenue (Rs. Cr.)



EBITDA (Rs. Cr.)



Key Highlights

- All key products in the segment, viz. Phenol, Acetone and IPA experienced attractive realisation rates though FY22
- Commendable EBITDA performance was achieved despite sharp increase in key raw materials such as Propylene and Benzene combined with skyrocketing prices of coal
- The Company managed to operate the plant at an elevated utilisation level of about 118% during the year

Update on Projects

Key updates

- DPL has commissioned its captive power plant during the quarter. This is expected to lead to production efficiencies due to assured and consistent power supply
- Projects approved by the Board aggregating to Rs. 1,500 crore are being implemented as per plan and commissioning to happen in a phase-wise manner from Q1 FY23

- ✓ The Company's project commitments are driven by getting:
 - Value-added products of Phenol and Acetone
 - Adding new chemistry platforms
 - Investing into upstream integration projects to improve margins
- ✓ A well-capitalized balance sheet & past track record of executing large projects will allow the Company to pursue growth in line with its business strategy
- ✓ DNL remains poised to accomplish its 'Make in India for the World' goal, bolstered by strong end-user demand, expanding Indian economy and China+1 strategy
- ✓ Over the next two years, the Company will invest about Rs. 15 billion in new upstream/ downstream products besides debottlenecking projects in existing product line
- ✓ **Depend on Deepak:** We commit to being a company that leverages deep chemistry expertise to become partner of choice by supplying complex chemicals manufactured using safe and sustainable means

Consolidated P&L Statement



Particulars (Rs. crore)	Q4FY22	Q4 FY21	Y-o-Y (%)	FY22	FY21	Y-o-Y (%)
Revenue	1,872	1,463	28%	6,802	4,360	56%
Other Income	4	6	-33%	43	22	95%
Total Revenue	1,876	1,469	28%	6,845	4,381	56%
Total Expenditure				5,198	3,112	67%
• Raw Material expenses	1,187	797	49%	4,211	2,274	85%
• Changes in inventories of FG & WIP	-30	-30	0%	-97	-10	870%
• Employee benefits expense	71	58	22%	274	247	11%
• Other expenses	234	183	28%	810	601	35%
EBITDA	414	461	-10%	1,647	1,269	30%
EBITDA Margin (%)	22%	31%	-900 Bps	24%	29%	-500 Bps
Finance Costs	7	14	-50%	34	74	-54%
Depreciation and Amortization	45	56	-20%	178	153	16%
PBT	362	390	-7%	1,434	1,042	38%
Tax expense	95	100	-5%	368	266	38%
PAT	267	290	-8%	1,067	776	38%
PAT Margin (%)	14%	20%	-600 Bps	16%	18%	-200 Bps
EPS Diluted (Rs.)	19.59	21.27	-8%	78.20	56.88	37%

Notes:

1. Other expenses includes power & fuel expenses

2. EBITDA includes other income

Consolidated Balance Sheet

Particulars (Rs. crore)	As on March 31, 2022	As on Sept 30, 2021	As on March 31, 2021
<u>Assets</u>			
Non-Current Assets	2,146	2,110	2,108
Current Assets	2,285	1,768	1,452
<i>Total Assets</i>	4,430	3,877	3,560
<u>Liabilities</u>			
Shareholders' Funds	3,338	2,828	2,347
Non-Current Liabilities	345	461	660
Current Liabilities	747	589	553
<i>Total Liabilities</i>	4,430	3,877	3,560

Consolidated Segmental Financials – Revenue



Particulars (Rs. crore)	Q4 FY22	Q4 FY21	Y-o-Y (%)	FY22	FY21	Y-o-Y (%)
Basic Intermediates	399	245	63%	1,261	760	66%
Fine & Speciality Chemicals	235	206	14%	846	767	10%
Performance Products	161	87	86%	529	304	74%
Phenolics	1,122	938	20%	4,291	2,561	68%
Less - Inter segment	45	12	272%	125	32	296%
Total	1,872	1,463	30%	6,802	4,360	58%

Consolidated Segmental Financials – EBITDA & Margin



Particulars (Rs. crore)	Q4 FY22	Q4 FY21	Y-o-Y (%)	FY22	FY21	Y-o-Y (%)
EBITDA						
Basic Intermediates	103	81	27%	338	222	52%
Fine & Speciality Chemicals	83	85	-3%	279	351	-20%
Performance Products	45	7	570%	117	38	206%
Phenolics	202	302	-33%	973	719	35%
EBITDA %						
Basic Intermediates	26%	33%		27%	29%	
Fine & Speciality Chemicals	35%	41%		33%	46%	
Performance Products	28%	8%		22%	13%	
Phenolics	18%	32%		23%	28%	

About Us & Contact Details



Deepak Nitrite Limited (NSE: DEEPAKNTR, BSE: 506401) is one of the leading chemical intermediates with 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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Thank You

