

Deepak Nitrite – FAQs

CORPORATE INFORMATION & HISTORY

1. How and when was Deepak Nitrite incorporated?

Deepak Nitrite was founded as a private limited Company in 1970 at Nandesari, Gujarat, by Mr. C. K. Mehta with a vision to support the country's drive towards self-sufficiency and import substitution. Since Mr. Mehta was a trader in chemicals, Deepak Nitrite was formed with a view to substitute the imports of select chemical intermediates.

2. Who are the Promoters and their brief background?

Mr. Chimanlal. K. Mehta, a first generation entrepreneur was the Founder and Promoter of Deepak Nitrite. A pioneer and visionary with versatile experience in the Chemical Trade and Industry, he steered the Company from the top. On 5th August, 2016, Mr. C. K. Mehta retired from the directorship of the Company due to his advancing age and ceased to be the Chairman of the Company.

His eldest son, Mr. Deepak Mehta, Vice Chairman and Managing Director of the Company was elevated to the position of Chairman and Managing Director in 2016. Mr. Deepak Mehta has over 35 years' of experience in driving sustainable and responsible manufacturing practices and as a thought leader in the chemical Industry. Mr. Mehta is instrumental in diversifying the company across products, segments, new business and geographies.

Mr. Maulik D. Mehta, from the third generation of the promoter family, serves as a Director of Deepak Nitrite. Mr. Maulik D. Mehta has around 9 years of experience in the areas of Business Development. During the span of his career, he has held important positions including Product Head in the Company.

3. What does the Company manufacture? Which are the major products?

The Company has three Strategic Business Units (SBUs). First SBU is Basic Chemicals which consists of Nitro Tolunes, Fuel additives and Sodium Nitrite. Second SBU is Fine and Specialty Chemicals which includes Xylidines, Oximes and Cumidines, widely used in the agrochemicals and pigment industries. Third SBU is Performance Products which consists of DASDA and FWA, used in Detergents, Textiles and Paper industries.

Deepak Nitrite is also setting up a Greenfield facility to manufacture Phenol and Acetone. This facility is expected to commence commercial operations shortly.

4. How many manufacturing facilities does the Company have? Where are these located?

Overall, the Company has 5 multi-division manufacturing units, one each at Nandesari and Dahej in Gujarat. In Maharashtra, the facilities are located at Taloja and Roha. DASDA is manufactured at the facility in Hyderabad, Telangana.

5. What are the customer industries that DNL serves?

Deepak Nitrite is a multi-product Company which caters to several industries like Colorants, Petrochemicals, Agrochemicals, Rubber, Pharmaceuticals, Paper, Textiles, Detergents and Fine & Specialty Chemicals amongst others.

I. EQUITY SHARES INFORMATION

6. When was Deepak Nitrite's Initial Public Offering (IPO)? Also, on which Stock exchanges is it listed and what are the security codes?

Deepak Nitrite was listed on the Bombay Stock Exchange (BSE) in the year 1971 and in the year 2011 on the National Stock Exchange (NSE).

The respective security codes are below:

Stock Exchange	NSE	BSE
Security Code	DEEPAKNTR	506401

7. What is the history of Bonus Issues and Stock Split at Deepak Nitrite?

In the Fiscal Year 2014-15, in order to ensure more liquidity and increase volumes of trading in the scrip, the Company's Equity Shares of face value of Rs. 10/- were sub-divided into five Equity Shares of Rs. 2/- each. The Company also issued bonus shares in the ratio 1:1, i.e. one equity shares of Rs. 2/- each for every one equity share held of the face value of Rs. 2/-.

II. BUSINESS INFO. AND GROWTH

8. How does Deepak Nitrite effectively manage a highly diversified business portfolio?

The Company's Board of Directors and the management team is diverse in terms of qualification, competence, experience and expertise which enables the Company to ensure long term value creation for all stakeholders as well as diverse business growth and profitability.

9. What is the global reach of the Company?

Deepak Nitrite has a wide distribution network across the globe with footprints in over 30 countries from USA, Canada and Argentina in the West to Saudi Arabia, UAE in the Middle East to China, Hong Kong and Japan in the Far East.

10. What is the segmental revenue break-up on the basis of end user industries?

End User Industries	Segmental Revenue Break-up in FY17 (%)
Colour Industry	62%
Agrochemicals	21%
Fuel Additives	11%
Pharma	2%
Others	4%

11. For FY17, what is the revenue contribution & EBIT of Basic Chemicals (BC) segment?

BC Revenues (Rs. crore)	635
Revenue contribution to Topline (%)	52%
EBIT (Rs. Crore)	91
EBIT Margin (%)	14.3%

12. For FY17, what is the revenue contribution & EBIT of Fine & Specialty Chemicals (FSC) segment?

FSC Revenues (Rs. crore)	359
Revenue contribution to Topline (%)	29%
EBIT (Rs. Crore)	85
EBIT Margin (%)	23.7%

13. For FY17, what is the revenue contribution & EBIT of Performance Products (PP) segment?

PP Revenues (Rs. crore)	240
Revenue contribution to Topline (%)	20%
EBIT (Rs. Crore)	-14
EBIT Margin (%)	-5.9%

14. What is the employee strength of DNL?

DNL and its subsidiaries had 1400 employees as of March 31, 2018.

15. What is the credit rating of the company?

The credit rating of the company is A+ (long term) and A1+ (short term) by ICRA

III. ON PHENOL AND ACETONE PROJECT

16. Industry trends & dynamics – Phenol & Acetone. More info. about Deepak Nitrite’s wholly owned subsidiary – Deepak Phenolics?

Presently, India is largely dependent upon imports for its requirements of phenol and acetone, two organic chemicals which are used in a wide variety of products such as personal care, paints, laminates, explosives and pharmaceuticals. The phenol consumption in the country has been growing at a CAGR of about 7%-8%, from nearly 200,000 MT in FY2010-11 to 280,000 MT in FY2015-16. Against this backdrop of increasing demand, the import component has been rapidly rising at a CAGR of 15% between FY2010-11 and FY2015-16. Thus, the import component has been growing faster than the total demand and as a result, the domestic installed capacity has been largely stagnant at 80,000 MTPA, with no capacity additions for the past 7-8 years.

Sensing this untapped opportunity to cater to the domestic demand for Phenol and Acetone, Deepak Nitrite Limited (DNL) took a strategic investment decision to manufacture these products domestically, through its wholly-owned subsidiary, Deepak Phenolics Limited.

17. What is the size of the mega Greenfield project – Phenol & Acetone Project?

The Phenol capacity will be 200,000 MTPA and 120,000 MTPA of the co-product Acetone. This will be supported by capacity to manufacture 260,000 MT of Cumene, which is a feedstock for manufacturing Phenol and Acetone.

18. What is the Capital expenditure involved in commissioning the Phenol & Acetone Project? And how will this be funded?

The proposed Phenol Plant will be located at Dahej in the State of Gujarat, with a capital expenditure of Rs. 1,400 crore being funded by debt : equity in the of ratio 60 : 40.

19. By when do we expect the project to commission?

The Greenfield project of the Company is on track to commence commercial operations shortly. This will make Deepak Phenolics Ltd., the Company's wholly owned subsidiary a market leader for Phenol & Acetone in the country and also open up new frontiers of growth for Deepak Nitrite Limited.

20. Could you highlight the QIP details of the Company?

Overall, the Company raised Rs. 383.3 crore through QIP for the purpose of funding the mega Greenfield project under Deepak Phenolics Ltd. for manufacturing of Phenol & Acetone. Below are the QIP details.

<u>Particulars</u>	<u>Date</u>	<u>Amount</u>
1st round of QIP	6th Jan, 2016	Rs. 83.3 crore
2nd round of QIP	7th March, 2017	Rs. 150 crore
3rd round of QIP	30th Jan, 2018	Rs. 150 crore