



## Q3 & 9M FY2019 - INVESTOR COMMUNICATION

*Deepak Nitrite reports outstanding PAT growth of 55% yoy*

*Standalone Revenue at Rs. 457.8 crore vs. Rs. 371.6 crore in Q3 FY18, up by 23%*

*EBITDA at Rs. 71.7 crore vs. Rs. 52.7 crore in Q3 FY18, growth of 36%*

*Standalone PAT at Rs. 31.6 crore vs. Rs. 20.3 crore in Q3 FY18, higher by 55%*

*Phenol plant commissioned on Nov 1<sup>st</sup>, 2018*

*Ramping up of capacity utilization above 80% already achieved in Q3 contributing to additional turnover of Rs. 321 Cr from manufacturing*

*Consol. turnover (from manufacturing) at Rs. 778.8 crore vs. Rs. 371.6 crore, up 110%*

**Vadodara, February 1, 2019:** Ranked among Fortune Next 500 and recognized among the top 25 wealth creators by Fortune Magazine, India, Deepak Nitrite [NSE - DEEPAKNTR, BSE - 506401] is acknowledged as one of the country's fastest growing chemical companies. It has a diversified portfolio of intermediates that cater to the dyes and pigments, agrochemical, pharmaceutical, plastics, textiles, paper and home and personal care segments in India and abroad. Its products are manufactured across five locations, which are all accredited by Responsible Care. Deepak Nitrite Limited has announced its Standalone financial results for the quarter and nine-months ended December 31, 2018.

Deepak Nitrite has reported a robust financial performance during the quarter under review driven by sharp improvement in the Performance Products segment supported by steady progress in other segments. Initiatives undertaken in recent quarters to enhance product quality, drive operating efficiencies and increase capacity of select products have yielded results. The Performance Products segment has delivered a turnaround performance registering positive PBT, which has propelled growth in profitability. In a notable development, the Greenfield Plant of Phenol & Acetone, which commenced commercial production in November 2018, has already ramped up capacity utilization above 80% during Q3. As a result, Deepak Phenolics has reported positive EBITDA and PBT in the very first quarter of plant commissioning.

### Financial Highlights (Standalone)

#### Q3 FY2019

- Revenues were Rs. 457.8 crore in Q3 FY19 compared to Rs. 371.6 crore in Q3 FY18, resulting in a strong growth of 23% Y-o-Y. Timely assessment of market demand has enabled the Company to optimise benefit from higher realisations across key products in all segments leading to robust topline growth.

- EBITDA came in at Rs. 71.7 crore, higher by 36% as against to Rs. 52.7 crore reported in the same period last year. EBITDA margins improved by 150 basis points to 15.7%, as compared to 14.2% in Q3 FY18. Strong EBITDA performance driven by product mix adjustments, which enabled the Company to benefit from improved realisations in key products. Improved EBITDA supported by cost optimisation efforts undertaken.
- PBT stood at Rs. 48.1 crore in Q3 FY19 increasing by 56% over Rs. 30.7 crore in the same period last year.
- PAT grew by 55% to Rs. 31.6 crore in Q3 FY19 as compared to Rs. 20.34 crore in Q3 FY18.
- EPS for Q3 FY19 stood at Rs. 2.32 per share (of face value of Rs. 2 each) on an enlarged capital base as compared to Rs. 1.56 per share in Q3 FY18.

## CMD's Message

Commenting on the performance, **Mr. Deepak C. Mehta, Chairman & Managing Director**, said,

*"We are pleased to have sustained our growth momentum in Q3 of this fiscal year with revenues increasing by 23% on a year on year basis. This was due to improved realisations in the domestic market on the back of healthy demand in the end user industries. Favourable shifts in product mix and benefits of operating leverage have propelled PAT higher by 55% yoy.*

*The turnaround of the Performance Products segment that reported over 50% growth in turnover is heartening. This is an outcome of careful planning and reorientation of focus towards customers and end user industries that are exhibiting steady growth and value the high quality and differentiation in our offerings.*

*A development to note during the quarter was the commissioning of our Greenfield facility of Phenol and Acetone. I am delighted to share that we have already stabilised this mega plant and consistently achieved above 80% utilisation in a short span upon commissioning. Through rigorous efforts undertaken towards seed marketing, creation of complementary supply chain infrastructure and logistics as well as selection of the right team, we have been able to report positive EBITDA and PBT in the first quarter of commissioning itself. I would like to congratulate the entire team at Deepak Phenolics for seamless planning and execution.*

*This is just the beginning and I am confident that the several exciting opportunities in downstream intermediates will assist us in further elevating our performance in times ahead".*

## Performance Highlights

### Domestic & Exports

- Domestic revenues stood at Rs. 293.1 crore in Q3 FY19 from Rs. 227.4 crore in the same period last year, growth of 29% Y-o-Y. Domestic revenues registered healthy growth owing to improved realisations and better customer acceptance for the Company's products.

- Revenues from exports came in at Rs. 153.5 crore in Q3 FY19 compared to Rs. 139.7 crore in Q3 FY18, higher by 10%. A stable demand environment combined with improved realisations for key products steered the performance during the quarter.

## Segmental Performance

- Revenues from the BC segment stood at Rs. 204.9 crore in Q3 FY19 compared to Rs. 182.3 crore in Q3 FY18, growing by 12% Y-o-Y. Growth in the BC segment was a result of firm realisations supported by improved product mix.
- Revenues from FSC segment were at Rs. 148.4 crore in Q3 FY19, higher by 21% compared to Rs. 122.4 crore in Q3 FY18. Capacity expansion for established products and backward integration initiatives have enabled the Company to drive volume growth which, combined with firmer realisations in select products, has resulted in strong growth in topline for the segment.
- The PP segment reported revenues of Rs. 100.1 crore in Q3 FY19 compared to Rs. 66.7 crore in Q3 FY18, representing a growth of over 50% Y-o-Y. Quarterly revenues from the PP segment crossed the milestone of Rs. 100 crore and now contribute 22% of overall revenues against 18% in Q3 FY18. Favourable demand supply trends have resulted in improved realisations driving a solid performance in the PP segment.

## Commissioned the Greenfield Project of Phenol & Acetone

Deepak Phenolics Ltd. (DPL), a wholly-owned subsidiary of Deepak Nitrite Ltd., commenced commercial production at its Mega-Plant of Phenol & Acetone on 1st November, 2018. This facility, aligned with the 'Make in India' initiative of Government of India, has capacity to manufacture 200,000 MTPA of Phenol and 120,000 MTPA of its co-product Acetone. This is supported by capacity to manufacture 260,000 MT of Cumene for captive consumption. DPL is well positioned to benefit from strong demand growth in the local market for these products.

Following are some of the key milestones achieved in Phenol & Acetone in Q3:

Successfully stabilised the plant and ramped up capacity utilisation above 80% during Q3 FY19

Delivered positive EBITDA and PBT in the very first quarter of plant commissioning

Succeeded in replacing bulk of imports of phenol and acetone in the local market

Succeeded in making pharma grade acetone and also making first export of acetone

Achieved production and despatch of approx. 75% of avg. capacity utilisation showcasing robust logistics

Seed marketing efforts in pre-commissioning phase have firmly established DPL in leadership position

## Outlook

The roadmap going forward is encouraging and the Company is well placed to leverage the opportunities present in the chemicals sector. Abundant availability of locally produced Phenol and Acetone will boost the production of downstream intermediates, which will further diversify the product applications and expand the overall market size in the country.

Established business segments are benefiting from the positive demand environment backed by firm realisations. On the back of solid quarter on quarter growth performance in the last several quarters and with increasing market opportunities, Deepak Nitrite is expected to continue its growth momentum.

## For further information, please contact:

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## Safe Harbour

*Some of the statements in this document that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our established businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.*

## Details to the Standalone Results (All figures in Rs. Crore)

### Revenues

Particulars	Q3 FY19	Q3 FY18	%	9M FY19	9M FY18	%
Basic Chemicals	219.4	193.3	13.5	643.7	560.5	14.8
Fine & Speciality Chemicals	148.4	122.4	21.2	414.5	342.1	21.2
Performance Products	99.5	67.4	47.8	276.9	217.3	27.4
Other Unallocable	0.0	0.0	-	0.0	0.1	-100.0%
<b>Total</b>	<b>467.3</b>	<b>383.1</b>	<b>22.0</b>	<b>1,335.0</b>	<b>1,120.0</b>	<b>19.2</b>
Inter Segment	15.0	11.9	25.3	29.0	33.70	-13.9
<b>Total Revenue from Operations</b>	<b>452.3</b>	<b>371.1</b>	<b>21.9</b>	<b>1,306.0</b>	<b>1086.3</b>	<b>20.2</b>

Note: 1. Other Income not included in the above

### Expenditure Analysis

Particulars	Q3 FY19	Q3 FY18	%	9M FY19	9M FY18	%
Employee Costs	41.7	34.6	21	118.7	99.1	20
Interest	10.3	9.0	14	32.9	29.2	13
Depreciation	13.3	13.0	2	39.1	38.6	1

### Profitability Analysis

Particulars	Q3 FY19	Q3 FY18	%	9M FY19	9M FY18	%
PBT	48.1	30.7	56	125.5	91.2	38
PAT	31.6	20.3	55	81.5	63.1	29
EPS (Rs.)	2.32	1.56	49	5.97	4.83	24

Note: 1. Final Insurance claim settlement for damages and loss of profit of Rs. 3.48 crore has been included in the numbers for 9M FY19

## Statement of Borrowings

### Secured Loan & Net Debt/Equity as on 31st December, 2018

Particulars	Q3 FY19	Q3 FY18
ECB	0	45
Rupee Term Loan	109	130
Other Loan Funds (Includes CC)	365	392
<b>Total Loan Funds</b>	<b>474</b>	<b>566</b>
Debt/Equity Ratio	0.47	0.73

### Capital Employed

Particulars	Q3 FY19	Q3 FY18
Capital Employed from Operations	978	967
Less : Capital Work in Progress	24	32
<b>Net Capital Employed from Operations</b>	<b>954</b>	<b>935</b>