

Q4 & FY2020 – PRESS RELEASE

Deepak Nitrite reports highest ever profitability in FY20

*Standalone Revenues at Rs. 526 crore vs. Rs. 488 crore in Q4 FY19, higher by 8%
EBITDA at Rs. 185 crore vs. Rs. 111 crore in Q4 FY19, growth of 67%
PAT at Rs. 116 crore vs. Rs. 57 crore in Q4 FY19, up by 106%*

*FY20 Consolidated Turnover stood at Rs. 4,265 crore; EBITDA at Rs. 1,061 crore; PBT at Rs. 806 crore
Commenced commercial production of Isopropyl Alcohol ('IPA') at Dahej
Elevation of Shri Maulik Mehta as Executive Director & CEO*

Mumbai, May 27, 2020: Deepak Nitrite Limited, one of India's leading chemical intermediates company, has announced its financial results for the quarter and financial year ended 31st March, 2020.

Deepak Nitrite Ltd.'s (DNL) financial performance for the quarter and full year reflects the strength of its robust manufacturing model with full backward integration and its multi-year relationships with leading global customers in over 30 countries. In addition to a robust performance on a standalone basis, Deepak Phenolics (DPL) has also delivered a robust performance in FY20 with healthy profitability despite cyclicalities in Phenol and Acetone prices globally.

CMD's Message

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

"I am glad to announce that we have ended FY20 on a positive note with record topline performance and highest ever PAT despite disruptions caused due to the CoVID-19 pandemic. We have ticked all boxes with volume growth, improved realisations as well as cost control. This was further supported by reduced finance costs and a favourable rate of corporate tax. The growth in the fourth quarter could have been slightly higher as we lost 10 days of production due to the national lockdown.

We responded quickly to the circumstances by implementing a Business Continuity Plan which focused on ensuring safety and security of all our employees and adhering to the guidelines recommended by the respective Government authorities. We have re-commenced manufacturing operations in a phased manner based on approvals from local authorities and are focused on safely and steadily increasing utilisation levels while exercising tight control over costs.

Even as we navigate through the disruption caused to the operating environment, we remain confident of the agility and nimbleness of our business operations and believe we are well positioned to rebound quickly as the operating environment stabilizes. In addition to capitalising on demand for intermediates in domestic and international markets, we are working on plans to forward integrate into downstream derivatives of phenol and acetone, of which, the first project for IPA has already commenced commercial production."

Financial Highlights (Standalone)

Q4 FY2020

- Revenues stood at Rs. 526 crore in Q4 FY20 as compared to Rs. 488 crore in Q4 FY19, higher by 8% Y-o-Y. Revenue growth was impacted due to 10 days of lockdown in March. Performance was led by realisation gains in both Fine & Speciality Chemicals (FSC) and Performance Products (PP) segment.
- EBITDA for the quarter stood at Rs. 185 crore, higher by 67% when compared to Rs. 111 crore in the same period last year. Robust EBITDA growth is due to ability to capitalise on favourable pricing environment for products across segments. EBITDA margin was 35.2% in Q4 FY20 compared to 22.7% in Q4 FY19. All segments reported improved margins.
- PBT was at Rs. 160 crore in Q4 FY20, rising by 84% over Rs. 87.0 crore in the same period last year.
- PAT stood at Rs. 116 crore in Q4 FY20, as against Rs. 57 crore in Q4 FY19, registering growth of 106% on a y-o-y basis.
- EPS for Q4 FY20 was Rs. 8.52 per share (of face value of Rs. 2 each) as compared to Rs. 4.15 per share in Q4 FY19

Performance Highlights

Domestic & Exports

- Revenues from the domestic market stood at Rs. 264 crore in Q4 FY20 as against Rs. 345 crore in the same period last year. In order to take advantage of favourable pricing in global markets, some part of volumes were diverted towards exports. Further, some revenue de-growth is attributable to shutdown of manufacturing capacity for 10 days in March 2020 as a result of national lockdown.
- Revenues from exports were at Rs. 257 crore in Q4 FY20 compared to Rs. 138 crore in Q4 FY19, resulting in robust growth of 86% Y-o-Y. This was driven by robust demand for key products in the FSC and PP segment in export markets coupled with favourable trend in realisation.

Update on Deepak Phenolics Ltd.

- DPL ended FY20, its first full year of operations, with phenol production volumes just short of 200,000 tons or 100% capacity utilisation. The shortfall was due to shutdown of the plant for 10 days in March 2020 due to the nationwide lockdown. Operating a large, global scale plant at full capacity utilisation in the first complete financial year of operations is validation of the scale of effort, preparedness and efficient management of complex material logistics. In each quarter of financial year 2020, the performance has progressively improved and but for the shutdown, Q4 volumes and revenues would have surpassed the watermark achieved in Q3. DPL commenced commercial production of Isopropyl Alcohol ('IPA') at its manufacturing facility situated at Dahej, Gujarat effective April 21, 2020. This facility has capacity to manufacture 30,000 MT of IPA annually.

- IPA is a solvent primarily used by Pharmaceutical companies and is also used for manufacturing sanitizers.
- The Company has stated that it plans to develop capacities to produce value added derivatives of phenol and acetone through forward integration. The launch of the capacity to manufacture IPA represents the first step towards achieving the vision of developing a comprehensive basket of downstream derivatives.

Key Developments

- The company has acquired various parcels of land during the year for its expansion plans. This includes 127 acres acquired at Dahej, 1.4 acres acquired in Hyderabad adjoining its existing facility and 1.5 acres acquired in Roha again adjoining its existing facility. The Company has paid Rs. 141 crore in aggregate for these land parcels, which has been capitalized during the year.
- Deepak Nitrite has announced elevation of Shri Maulik Mehta as Executive Director & CEO with effect from 1st June, 2020 in place of Shri Umesh Asaikar who is retiring on 31st May, 2020 after completing his term of appointment, as approved by the Board of Directors at its meeting held on 26th May, 2020.

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About Deepak Nitrite

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 a major manufacturer of chemical intermediates. 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 overseas. Its products are manufactured across five locations, which are all accredited by Responsible Care.

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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.