



Q1 FY2021 – PRESS RELEASE

Deepak Nitrite reports a resilient performance amidst CoVID-19 uncertainties

*The Company plans to double IPA Capacity from 30,000 TPA to 60,000 TPA
Consolidated Revenues at Rs. 681 crore, Consolidated EBITDA at Rs. 188 crore
Consolidated PAT at Rs. 99 crore*

Vadodara, August 10, 2020: Deepak Nitrite Limited, one of India’s leading chemical intermediates company, has announced its financial results for the first quarter ended 30th June, 2020.

In the backdrop of the CoVID-19 pandemic, Deepak Nitrite Ltd.’s (DNL) has reported a steady performance during the quarter. The Company operated for close to two-months during Q1 due to the nationwide lockdown. In April 2020, at the height of the lockdown, Deepak Phenolics Ltd. commissioned its premium grade IPA plant with a capacity of 30,000 MT in order to provide local supply of this essential product at a time of immense necessity.

CMD’s Message

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

“Entering the financial year, we knew that this quarter would need a substantial pivot from financial performance to caretaking. Your company’s highest duty is to the 2500 families that depend on it for their livelihood and the countless that live and work around it for their safety.

We were faced with multiple challenges including petrochemical volatility, COVID-19 lockdowns, manpower constraints, Cyclone Nisarg over the quarter. In spite of that, I’m happy to note that, we continue to adhere to the 3Ps of growth.

I am also proud of DPL’s technical team that self-commissioned the IPA plant in April without support from the foreign technology provider to support the nation in its time of need. The plant is already operating at 110% capacity and will soon be expanded. DNL’s brownfield expansions will be commissioned in the 3rd and 4th quarters, and development activity for a range of value added products is taking shape at the newly acquired Dahej site.”

Financial Highlights

Q1 FY2021

- On a Standalone basis, owing to nationwide lockdown caused by Covid19 pandemic, effective capacity utilisation in the quarter was around 65%, i.e. loss of a month's operations, hence revenues for the quarter de-grew by 36%, at Rs. 355 crore in Q1 FY21 when compared to Rs. 554 crore in Q1 FY20.

Consolidated Revenues were Rs. 681 crore in Q1 FY21 compared to Rs. 1,083 crore in Q1 FY20.

- Standalone EBITDA was at Rs. 102 crore, lower by 46% as against Rs. 188 crore in the corresponding period last year. Underutilisation of capacities due to lockdown largely affected earnings. Within the segments, the PP segment witnessed lower EBITDA margin as one of the chemical intermediates – DASDA, which enjoyed an extraordinary run up in prices during last year witnessed demand drop in end-use segments i.e. paper and textiles owing to CoVID-19.

On a consolidated basis, EBITDA was Rs. 188 crore in Q1 FY21 compared to Rs. 265 crore in Q1 FY20.

- Standalone PBT stood at Rs. 85 crore in Q1 FY21, contracting by 48% over Rs. 164 crore in the same period last year.

Consolidated PBT was Rs. 133 crore in Q1 FY21 compared to Rs. 201 crore in Q1 FY20.

- Standalone PAT for the period under review stood at Rs. 64 crore as against Rs. 107 crore in Q1 FY20, de-growth of 41% on a Y-o-Y basis. On a Consolidated basis, PAT was Rs. 99 crore in Q1 FY21 compared to Rs. 132 crore in Q1 FY20.

- Standalone EPS for Q1 FY21 was Rs. 4.66 per share (of face value of Rs. 2 each) as compared to Rs. 7.87 per share in Q1 FY20. Consolidated EPS for Q1 FY21 was Rs. 7.25 per share (of face value of Rs. 2 each) as compared to Rs. 9.65 per share in Q1 FY20

- The Financial position of the Company is stable and it enjoys a comfortable Debt: Equity ratio of 0.04x on a standalone basis and 0.45x on a consolidated basis net of present liquidity position of around Rs 150 Cr at group level.

Performance Highlights

Domestic & Exports

- Domestic Revenues stood at Rs. 157 crore in Q1 FY21 as against Rs. 320 crore in the corresponding period last year. This was partly because the company was constrained in its production, and partly because management chose to take advantage of a depreciated currency and increase export bias.
- Export Revenues were Rs. 186 crore in Q1 FY21 compared to Rs. 227 crore in Q1 FY20, reporting de-growth of 18% Y-o-Y. The focus was higher on exporting to countries that were on the path to recovery from the effects of the virus: Asia and Europe.

Performance of Deepak Phenolics Ltd.

- While prices and demand for Phenol in the domestic market were affected by lockdown, migration and low discretionary spend on housing, DPL changed track to increase export volumes. Demand for its pharmaceutical grade IPA and Acetone however was strong owing to which net income showed growth despite lower production due to an effective shutdown of 40 days.
- The IPA plant which was commissioned in April was already ramped up to 110% capacity utilization within the quarter while maintaining all safety standards.
- The plant and commercial teams managed extraordinary feats given the challenge that production of Phenol and Acetone requires movement of thousands of tons of raw materials and finished goods across multiple state boundaries which each have their own restriction policies.

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

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