



Press Release for immediate release

Deepak Nitrite reports sharp rebound in Q2FY21
Profit rise by 72% over previous quarter (Q1FY21)

On a Consolidated Basis:

- Revenues stood at Rs. 991 crore in Q2FY21, up by 46% compared to Rs 681 crore in Q1FY21
- EBITDA at Rs. 280 crore in Q2 FY21 compared to Rs. 188 crore in Q1 FY21, higher by 49%
- PAT at Rs.170 crore in Q2FY21 compared to Rs99 Crore in Q1FY21, higher by 72% on the back of a robust performance by the phenolics business.
- The FSC segment delivered a stellar performance with revenue growth of 52% y-o-y.
- Export Revenues grew by 30 % at Rs. 319 crore in Q2 FY21 compared to Q2 FY20

Vadodara, 2nd Nov, 2020: Deepak Nitrite Limited, one of India's leading chemical intermediates company, has announced its financial results for the second quarter ended 30th September, 2020. The Company has embarked on its 50th year of operations with a strong operational performance.

DNL's wide product portfolio and process expertise remain bulwarks against global challenges. Keeping a 'People First' approach has allowed all plants across locations to operate at a high level of productivity while stringently observing Government mandates and regulations. All brownfield projects taken up will be commissioned in Q3 and lead to further improvements in profitability.

Financial Highlights

Q2 FY2021 vs. Q1 FY2021 (q-o-q)

- Standalone Revenues improved by 26% to Rs. 448 crore in Q2 FY21 as compared to Rs. 355 crore in Q1 FY21, during which we operated for only 2 months, as volume demand inched back toward normal from key end segments. The company also increased focus on the export market. All the strategic business units (SBUs) rebounded strongly to report double-digit growth.
- On a Consolidated basis, Revenues were higher by 46% at Rs. 991 crore in Q2 FY21 compared to Rs. 681 crore in Q1 FY21 during which production was affected by about 1 month. Despite higher imports, DPL delivered sustainable production in excess of 100% of capacity and identified key export markets in lieu of domestic demand.
- Standalone EBITDA was Rs. 139 crore in Q2FY21 as against Rs. 102 crore reported in the immediately preceding quarter, registering growth of 36%. The EBITDA Margin improved by 230 basis points, from 28.8% in Q1 to 31.1% in Q2 of this year. This

was due to a combination of operating leverage across operations, improved margins in the FSC segment and strategic procurement decisions on the back of attractive petrochemical prices and availability.

- On a Consolidated basis, EBITDA was Rs. 280 crore in Q2 FY21 compared to Rs. 188 crore in Q1 FY21, higher by 49%. The significant increase in utilisation of DPL plant combined with additional contribution from Isopropyl Alcohol have enabled sharp growth in EBITDA.
- Standalone PBT for Q2 was Rs. 124 crore against Rs. 85 crore in Q1 FY21, growing by 46% on a Q-o-Q basis buoyed by effective cash conversion recovery programs and **current position as a debt free company** (standalone). On a consolidated basis, PBT grew by 73% to 229cr compared to the previous quarter as margins remained sustainable while **higher productivity and lower debt resulted in improved returns**.
- Standalone PAT for Q2 was Rs. 92 crore as against Rs. 64 crore in Q1 FY21, growing by 45% on a Q-o-Q basis. The **robust operational performance coupled with lower interest costs has driven the growth in profitability**. On a Consolidated basis, PAT was Rs. 170 crore in Q2 FY21 compared to Rs. 99 crore in Q1 FY21, higher by 72% on the **back of a robust performance by the phenolics business**.
- Standalone EPS for Q2 FY21 was Rs. 6.75 per share (of face value of Rs. 2 each) as compared to Rs. 4.66 per share in Q1 FY21. Consolidated EPS for Q2 FY21 was Rs. 12.48 per share (of face value of Rs. 2 each) as compared to Rs. 7.25 per share in Q1 FY21

CMD's Message

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

“In spite of several challenges, the Company could achieve stellar performance on a consolidated basis. This has been made possible due to significant hard work put in by the team to ensure highest capacity utilization where possible through planning to mitigate supply chain challenges.

DNL's performance and attractiveness is highly influenced by its breadth and depth of products and process competency. This resilience has been instrumental in delivering dependable returns regardless of the myriad challenges that were faced through the quarter.

While in the near term, investments that increase our competitiveness will start bearing fruit, the Company continues to broaden its range of products as well as invest into value addition. In the long term, increased investments towards R&D, operational excellence, adding new products, are contributing to achieving 'Atmanirbhar' for the Nation “.

Performance Highlights

Segmental Performance (Q2 FY21 Vs. Q2 FY20)

- **Phenolics:** Deepak Phenolics witnessed revenues increase by 26% y-o-y with EBITDA growth of 229%. New products such as IPA contributed to an increase in the EBITDA Margin which at 25.6% in Q2FY21 was sharply higher from 9.6% in Q2FY20. With manifold increase in exports, the Company was able to maintain high capacity utilization. The business would continue to put effort in this direction. Despite consistent challenges in interstate logistics for raw materials and finished goods, the team demonstrated admirable agility in ensuring material movement. These challenges

are not expected to show up in coming quarters.

- **Basic Chemicals:** While margins were sustained, top-line suffered by 25% because of slow pick up by end use segments such as textile, oil and fuel additives and also due to temporary supply disruption. The company expects volumes and prices to pick up in upcoming months, with some traction already underway in September, as demand from the dyes industry returns to pre-COVID levels.
- **Fine & Specialty Chemicals:** The FSC segment delivered a stellar performance with revenue growth of 52% y-o-y. The business remains a star performer although capacity utilization was affected partially by COVID-19 related government mandates and short-term challenges from shipping lines. The Business is supported by a strong order book, thereby improving Q3 performance even better.
- **Performance Products:** After having delivered an exceptional performance last year, the Company expected a normalized performance this year particularly in terms of margins. The current pandemic, however, has significantly impacted consumption thereby affecting volumes and margins. The company has seen signs of recoveries in volume and expects to achieve a normalized performance as demand picks up worldwide.

Domestic & Exports

- Domestic Revenues stood at Rs. 672 crore in Q2 FY21 as against Rs. 767 crore in the corresponding period last year. This was due to constraints to peak capacity utilisation during the quarter.
- Export Revenues were Rs. 319 crore in Q2 FY21 compared to Rs. 245 crore in Q2 FY20, higher 30% Y-o-Y. The focus was on regions that were on the path to recovery from the effects of the virus while deploying a strategy to take advantage of a depreciated currency to increase export bias.

Other Developments

- CRISIL Limited has upgraded long term rating outlook of Deepak Nitrite for Bank Loan facilities from “CRISIL AA-/Stable” to “CRISIL AA-/Positive” and has re-affirmed Short Term rating as “CRISIL A1+”.
- The Company has incorporated a wholly owned subsidiary company named Deepak Clean Tech Limited (“DCTL”) with effect from 9th October, 2020. This subsidiary will carry out business of manufacturing of chemical intermediate products.

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 leading supplier 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.

For further information, please contact:

Jaydip Chowdhury | 9011489640 | jchowdhury@godeepak.com

Head - Corporate Affairs & Communications