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Q4 & FY2021 – Press Release for immediate release

In its 50th year, DNL surpasses milestone of Rs. 1,000 crore in PBT as it ends FY21 with highest-ever PBT of Rs. 1,042 crore

Total Revenues in FY21 stood at Rs. 4,382 crore

For Q4 FY21:

Revenues at Rs. 1,469 crore, up by 39% Y-o-Y

EBITDA at Rs. 461 crore, higher by 75% Y-o-Y

PAT, at Rs. 290 crore, rises 68% on a Y-o-Y basis

Board Recommends Dividend of 275% including special dividend of 50% to commemorate Golden Jubilee in addition to regular dividend of 225%

Mumbai | Vadodara, May 07, 2021: Deepak Nitrite Limited, one of India's leading chemical intermediates company, has announced its financial results for the fourth quarter and financial year ended 31st March, 2021.

Ending the year on a high note, DNL delivered a phenomenal performance in the backdrop of a challenging macro-economic environment, despite losing one month of production during the year due to nationwide lockdown. DNL's diverse product line and operational excellence continue to be strongholds against widespread uncertainties. Amidst the severity of the second wave, the Company continues to function at a high level of efficiency and make progress on growth initiatives, while adhering to Government directives, local guidelines and safety protocols across all its facilities. DNL has either maintained or increased market share across products.

Financial Highlights

Q4 FY2021 vs. Q4 FY2020 (y-o-y)

- Revenues grew by 39% to Rs. 1,469 crore in Q4 FY21. The Basic Chemicals segment has performed well driven by higher contribution from key products. The F&S segment has also been a growth engine for the quarter as favourable absorption by end user industries has driven volumes and realisations higher. In Performance Product segment, DASDA prices are now exceptionally lower after prevailing at abnormally high levels in the same quarter last year. This impact was more than offset by the Phenolics business which has capitalized on the improved demand landscape by elevating plant efficiency to generate higher volumes thereby benefiting from prevailing firm realisations.
- EBITDA was at Rs. 461 crore in Q4 FY21, higher by 75%. The EBITDA margin is higher by 600 bps to 31% led by favorable pricing

environment, higher plant efficiency and operating leverage. This would have been even higher, but for the impact of abnormally high DASDA prices in the base period.

- PBT was at Rs. 390 crore in Q4 FY21 higher by 94%. Apart from the improved performance of DPL, PBT has been aided by higher other income and lower interest costs on the back of significant reduction in debt over a 12-month period.
- PAT was Rs. 290 crore in Q4 FY21 higher by 68% as compared to Rs. 172 crore in the same period of last year aided by revenue growth and improved operational and financial efficiency.
- Consolidated EPS for Q4 FY21 is Rs. 21.27 per share (of face value of Rs. 2 each) as compared to Rs. 12.63 per share in Q4 FY20.

FY2021 Vs. FY2020

- Revenues were at Rs. 4,382 crore in FY21 as compared to Rs. 4,265 crore in FY20, up 3%. The accretive performance of the Phenolics business and that of the FSC segment has driven the performance. The Basic Chemicals segment, which witnessed lower demand for products catering to diesel refining has been able to register good traction in nitration based products. Apart from overcoming impact in the PP segment performance this year due to high base of DASDA prices in FY20, the current year's performance is even more resilient given the fact that, there was one month of production loss due to lockdown.
- EBITDA grew by 20% to Rs. 1,269 crore in FY21 compared to Rs. 1,061 crore in FY20. The EBITDA Margin was at 29% in FY21 compared to 25% reported in the previous year. Along with FSC segment, products in Phenolics division contributed to high EBITDA margins.
- PBT was higher by 29% to Rs. 1,042 crore in FY21, surpassing the Rs. 1,000 crore milestone. This is despite loss of one month of production in FY21 due to the national lockdown.
- PAT was Rs. 776 crore in FY21 as compared to Rs. 611 crore in FY20, higher by 27% aided by higher revenue, more efficient operations and lower interest cost.
- EPS for FY21 was Rs. 56.88 per share (of face value of Rs. 2 each) compared to Rs. 44.80 per share in FY20.

CMD's Message

Commenting on the performance, **Mr. Deepak C. Mehta, Chairman & Managing Director**, said, *"In April, 2020, we decided that the company would prioritize both lives and livelihoods. That financial targets were exceeded was an unexpected outcome. The company ensured that all its locations operated with the highest attention to man and material safety. We have also taken up the responsibility of vaccinating all our employees and spouses and will continue to look for opportunities to provide succour to the 2,000 families that depend on us. The company, in partnership with Deepak Foundation has put up a 40 bed COVID hospital with ICU and oxygen beds, purchased oxygen PSA plants to be deployed at nearby facilities and has taken other appropriate measures. DNL also expanded medical and life insurance coverage for all employees.*

Due to the volatility in external environments, the best option for DNL was to become more nimble-footed. The company paid very close attention to internal processes of people management, supply chain and operations and worked to maximize

productivity wherever possible. The company gained value from these focused efforts in terms of crossing 115% capacity on the phenol plant, while at the same time optimizing product mix particularly in the Fine and Speciality SBU. As always, the wide range of Deepak's products helped it to overcome some businesses whose demand was affected by COVID/ oil crisis such as fuel additives and paper chemicals. R&D investments have continued and we are in the process of building a world class Technology Center in Vadodara.

The company has continued to develop its core technology platforms that include nitration, reduction and diazotization. It is investing around Rs. 300 crore into products that utilise its core platforms for new agrochemical and pharmaceutical intermediates. Introduction of new platforms including fluorination and photochlorination are also being undertaken. The new investment is expected to be completed by the second half of next year. I am also happy to note that that new products that are being taken up score high marks on DNL's 'Right to Win' checklist.

Looking ahead, I am confident that our efforts will continue to build a redoubtable balance sheet and brand equity which is in line with our values"

Performance Highlights

Segmental Performance – Q4 FY21 Vs. Q4 FY20 (Y-o-Y)

- **Basic Chemicals:** The BC segment reported revenues of Rs. 245 crore in Q4 FY21 compared to Rs. 226 crore in Q4 FY20, higher by 9%. This came in despite significant increase in raw material prices and was driven by robust volume growth Y-o-Y due to sharp rebound in key end user industries. The BC segment was able to pass on costs to thereby driving realisations higher for select products.
- **Fine & Specialty Chemicals:** The FSC segment revenues grew by 30% to Rs. 206 crore in Q4 FY21 compared to Rs. 158 crore in Q4 FY20 supported by volume increment of 15%. Encouraging demand resulted in better pricing in the FSC segment on a y-o-y basis although it has had to absorb near term cost increase until it can review prices on a quarterly basis with customers .
- **Performance Products:** The PP segment revenues came in lower at Rs. 87 crore in Q4 FY21. Overall volumes in the PP segment improved by 12% in-line with the opening of the economy. Given the pick-up in economic activity and demand recovery across key end user industries, PP segment volumes have already reverted to pre-COVID levels and pricing is expected to follow.

Deepak Phenolics: Deepak Phenolics revenues grew by 77% to Rs. 938 crore in Q4 FY21 compared to Rs. 531 crore in Q4 FY20. Revenue realization for both Phenol and Acetone has increased significantly from last year as a result of healthy demand. Plant productivity initiatives have resulted in utilization levels exceeding 115% of specified capacity in Q4 FY21 Vs. 98% in Q4 FY20. While EBIT soared by 319% Y-o-Y, the EBIT margin stood at 28.5% in Q4 FY21 as compared to 12.0% in Q4 FY20. Improved prices and increased capacity utilization helped performance significantly.

Key Developments

- Shri Deepak Mehta, Chairman & Managing Director of Deepak group has been awarded India's Top CEO by Business Today and as Entrepreneur of the Year (EOY) Award 2020 (manufacturing) by Ernst & Young LLP.
- Shri Sanjay Upadhyay has been awarded with Best CFO under Excellence



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in Sustained Wealth Creation and Exemplary All Round Performance in the 'Business Leader of the Year' awards.

- ICRA Limited and CRISIL both upgraded the long-term rating on bank facilities of DNL from ICRA AA- to ICRA AA and CRISIL M-/Positive to CRISIL AA/Stable. The outlook on the long-term rating has been revised from Positive to Stable
- ICRA also re-affirmed Short-Term rating at ICRA A1+ on bank facilities of DNL. ICRA has also re-affirmed the short-term rating at ICRA A1+ assigned to the Commercial Paper programme of DNL. While CRISIL Limited re-affirmed Short Term rating as "CRISIL A1+".
- DPL's credit rating was upgraded by ICRA by two notches, from A to AA-; DPL's short-term credit rating was upgraded from A1 to A1+, which is the highest in the category.
- During the quarter, DPL has pre-paid its project term loan to the extent of Rs.100 crore without incurring any prepayment penalty. This will result in substantial reduction in interest cost in the following periods. The Net Debt / Equity ratio is 0.15x as of March 31, 2021 compared with 0.69x as of March 31, 2020.
- Land development in Dahej-2 is nearing completion on a 55-acre site out of a total of 127 acres
- DNL has reported another zero-incident year at its manufacturing facilities. In a year marked by unprecedented disruption and faced with constrained manpower availability due to restrictions, DNL has elevated its focus on health and safety.

About Deepak Nitrite Limited

Ranked among Fortune 500 and Forbes Asia (under Bn) top 200, DNL is one of the fastest growing chemical intermediates with diversified portfolio that caters to the dyes and pigments, agrochemical, pharmaceutical, plastics, textiles, paper and home and personal care segments and petro derivatives intermediates -phenolics, acetone and IPA in India and overseas. Its products are manufactured across 6 locations, which are all accredited by Responsible Care.

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