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## Q3 & 9M FY2022 – PRESS RELEASE

Achieved highest ever top line in Q3, both on standalone and consolidated basis

### For 9M FY22 (Consolidated):

*Revenues at Rs. 4,969 crore, up by 71% Y-o-Y  
EBITDA at Rs. 1,232 crore, higher by 53% Y-o-Y  
PAT, at Rs. 799 crore, rises 65% on a Y-o-Y basis*

**Mumbai | Vadodara, January 25, 2022:** Deepak Nitrite Limited ('DNL') announced its financial results for the third quarter and nine months ended 31st December, 2021.

In Q3 FY22, the company has achieved highest ever top line in a quarter, both on standalone and consolidated basis.

The operating environment was challenging, characterized by rising costs and constraints in supply of inputs. Raw material prices remained elevated together with heightened utility costs including power & fuel.

Amidst this backdrop, the Company has effectively and efficiently executed its operating schedule and fulfilled its supply commitments to ensure reliable and stable supplies to customers.

As a process, our business segments are interwoven. This means that if prices of BI increases, you may see a simultaneous dip in FSC segment, as internal product transfers take place at market prices. And accordingly, higher margin in one segment may result in lower margin for other. This year has been very strong for BI segment. In FSC segment, as most are long term contracts, there is some lag in passing the input costs.

Overall, the demand scenario appears robust with several industries getting back to pre-COVID production levels with incremental demand coming out of strategic shift in global supply chain from China to other countries including India.

### **Financial Highlights (Consolidated)**

#### 9M FY2022 Vs. 9M FY2021 (y-o-y)

- Revenues were up 71% at Rs. 4,969 crore in 9M FY22 compared to Rs. 2,912 crore in 9M FY21. Healthy revenue growth was driven by strong gains in Phenolics, further bolstered by improvement in BI and PP segment. Deepak followed dynamic approach based on anticipated demand for key products.
- EBITDA stood at Rs. 1,232 crore in 9M FY22 compared to Rs. 808 crore in 9M FY21, up by 53%. Notwithstanding sharp increase in input & utility costs, the Company demonstrated solid EBITDA momentum on absolute basis. Although margin corrected due to extreme volatility in RM &

energy prices and other costs.

- PAT grew by 65% to Rs. 799 crore in 9M FY22 compared to Rs. 486 crore in 9M FY21. Achieved highest-ever profitability in the 9M period supported by positive contribution from BI, PP and Phenolics SBU. Finance costs were low on account of sizeable prepayments of term loan made during the period.

### Q3 FY2022 vs. Q3 FY2021 (y-o-y)

- Revenues were up 41% at Rs. 1,748 crore in Q3 FY22 compared to Rs. 1,240 crore in Q3 FY21. Continued robust revenue momentum was fueled by solid growth trajectory in Phenolics. This was further supported by gains in BI and PP segment led by positive demand and higher realisation for key products.
- EBITDA was at Rs. 378 crore in Q3 FY22 compared to Rs. 340 crore in Q3 FY21, higher by 11% on a y-o-y basis. EBITDA performance was achieved despite impact of temporary disruption in RM costs as well as increase in utility costs, including coal, natural gas, etc.
- PAT was at Rs. 242 crore in Q3 FY22 compared to Rs. 217 crore in Q3 FY21, higher by 12%. PAT performance was in-line with stable operational performance, partly bolstered by sharp reduction in finance costs owing to repayment of high-cost debt.

### CMD's Message

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

*“The world continued its track record of unprecedented volatility in price and availability of commodities like coal, petrochemicals and even inorganics. This tumultuous environment tested the company and management on its judgement, agility and responsiveness to customer concerns. While we work to mitigate short term challenges and focus on operating efficiencies, we are heartened to see record breaking top line performance of both companies on the back of increase in customer dependance on Deepak for uninterrupted supply. Coupled with this strategic impetus, growing Indian demand beckons us to do much more. As new products enter the Deepak family, our strengths of research capability, process intensification and wide product basket help steer us north with confidence.”*

### Performance Highlights

#### Segmental Performance – 9M FY2022 Vs. 9M FY2021 (y-o-y)

- **Basic Intermediates:** BI segment reported revenues of Rs. 862 crore in 9M FY22 as against Rs. 515 crore in 9M FY21, higher by 67%. Basic Intermediates segment (erstwhile Basic Chemicals) benefited from healthy realization gains as price hikes were undertaken for key products, in-line with higher input costs. Strong performance was achieved despite curtailed production of few products in Q3 FY22 owing to temporary disruption of critical raw material at vendor's end due to force majeure; Volume growth for 9M FY22 came in at 10%. Notwithstanding the challenging macro environment, the Company continues to fulfil its delivery commitments. Moreover, it expects the performance of BI segment to sustain based on shift in global supply chain to

India as well as encouraging demand trajectory.

- **Fine & Specialty Chemicals:** In the FSC segment, revenues stood at Rs. 611 crore in 9M FY22 as compared to Rs. 561 crore in 9M FY21, a growth of 9%. The performance of FSC segment must be seen in light of significant challenges linked to logistics. In addition to this, the Company witnessed elevated raw material costs from BC segment, as internal product transfers take place at market prices. Due to nature of contracts, the prices are not instantly passed on, but with some time lag. Performance going forward will be driven solid demand across products, our ability to pass on cost increase to customers and incremental gains coming out of new multiyear business being tied up.
- **Performance Products:** In the PP segment, revenues grew by 69% to Rs. 368 crore in 9M FY22 vs. Rs. 218 crore in 9M FY21. Momentum in DASDA demand is seen, resulting in higher realization and OBA was also able to pass on this increase in DASDA costs; margins of OBA and topline are also reflecting the same. This build up is expected to continue in the upcoming period as well; volume growth for 9M FY22 remained strong, at 44%. Based on fully integrated model, DNL remains well poised to capture incremental demand coming out of key applications across Textiles, Paper and Detergents, all of whom have resumed production to Pre-COVID levels.

**Deepak Phenolics:** In the Phenolics business, revenues grew by 95% to Rs. 3,169 crore in 9M FY22 as compared to Rs. 1,623 crore in 9M FY21. While EBITDA soared by 85% from Rs. 416 crore in 9M FY21 to Rs. 771 crore in 9M FY22. Phenolics business has delivered promising gains, backed by higher average capacity utilization of 117%. This is a result of favorable demand in India and key export geographies. Brownfield expansion of IPA has been commissioned on 19th December, 2021. This has doubled the IPA capacity to 60,000 MTPA.

## Key Developments

- EcoVadis, world's largest and most trusted provider of business sustainability ratings, has bestowed Silver rating on Deepak Nitrite with sustainability ranking of 83 percentile ranking. This has increased from a 39th percentile score earlier, reaffirming the group's progress towards greater sustainability.
- The Company has prepaid Rs. 100 crore of project loan during the quarter without any prepayment penalty.
- Brownfield expansion of IPA was commissioned on 19th December, 2021. This has doubled the IPA capacity to 60,000 MTPA.

**-ENDS-**

## About Deepak Nitrite Limited

Deepak Nitrite Limited (NSE: DEEPAKNTR, BSE: 506401) has a 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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