

Q4 & FY2023 – PRESS RELEASE

Closing the year on a high note, DNL clocked in 17% topline growth in FY23

Editor's Synopsis:

Q4 & FY2023 (Consolidated):

- Revenue stood at Rs. 1,974 crore, up 5% Y-o-Y in Q4 and grew 17% to Rs. 8,020 crore in FY23
- Board of Directors recommended a Final Dividend of Rs. 7.5 per eq. Sh. (375%) for FY23
- Recorded highest production from hydrogenation of 4,407 MT at Dahej plant
- Phenol plant clocked utilization of more than 120% for Q4 FY23
 - Achieved highest-ever domestic sale & highest production per day of phenol

Mumbai | Vadodara, May 12, 2023: Deepak Nitrite Limited ('DNL'), one of the fastest growing and trusted chemical intermediates companies in India, announces its financial results for the quarter and year ended March 31, 2023.

During FY23, the operating environment was characterized by sharp volatility as outbreak of the Russia-Ukraine war and resultant disruption in global supply chains caused spike in several commodities and led to high inflationary pressures on inputs. Despite these challenges, DNL's resilient business model, incremental investments, and sustained demand from end-user industries have driven growth. The company has also de-risked its model by securing additional inputs, captive power supply, and value creation from waste. Contracted product supply from both segments offers high visibility for continued growth.

Growth initiatives

Investment in Deepak Chem Tech Limited

- DNL has cumulatively invested of ₹405 crore in DCTL upto March 2023
- Out of ₹405 crore received, close to ₹378 crore has already been deployed towards growth projects
- DCTL has recruited key team members, including project management, procurement, and support function employees, with recruitment ongoing for other key positions

DCTL – Project Status

- BTC /BTF plant is expected to be commissioned in Q3 FY24, while Acid plant is expected to be commissioned in Q4 FY24
 - Both these plants will significantly add to the profitability once commissioned and fully ramped up

- This will also cater to internal captive consumption needs
- Both MIBK and MIBC plants are planned to be commissioned in Q1 FY25
 - These are derivative products of Acetone, and the objective is to captively use acetone to manufacture MIBK and MIBC thereby going into more downstream value-added products

DPL – Project Status

- To meet the robust demand with peaked Phenol capacity utilisation, the company plans to undertake a debottlenecking process, expected to increase production by 10%
 - The process is set to be completed by Q1 FY24.

Outlook

- DNL is poised to benefit from the 'Make in India for the World' initiative and China+1 strategy, presenting numerous opportunities in the sector
- With almost ₹25 billion worth of projects in its key product lines, DNL is dedicated to long-term growth and adding value
- Drawing on its strong manufacturing infrastructure and chemistry expertise, DNL has become a crucial partner for Indian and global conglomerates
- DNL is well-prepared to make progress in both segments with the launch of critical projects in the upcoming year.
 - These projects encompass expanding capacity, improving integration capabilities, developing value-added derivatives, establishing new chemistry platforms, investing in compounding assets, and creating new products to cater to a range of end-user industries

CMD's Message

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

“Our company has performed well in the fiscal year 2023, with healthy topline growth driven by stable demand and high plant efficiency. We have strengthened our market position in several product portfolios and achieved production and delivery volume benchmarks. Despite inflationary pressures in some inputs and utilities, we remain committed to sustainable profitability, focused on people, planet, and profit.

We are extending our product portfolio by introducing new products from our R&D pipeline, confident that our growing footprint across established and new chemistries will sustain our momentum. We have efficiently faced challenges, and fulfilled our supply commitments, ensuring a consistent and steady supply of products to customers. We remain agile, capitalizing on opportunities created through swift shifts in the industry landscape, and excited by our prospects.

Our large-scale investment plans reflect our enthusiasm to capitalize on the opportunities available both in India and worldwide. We continue to diversify our product offering by introducing novel intermediates, broadening our clientele, and improving the overall value proposition. Our robust financial position, deep client relationships, and considered growth investments position us well to elevate our business proposition and consistently enhance value for stakeholders.”

Performance overview & other highlights

- The Board of Directors has recommended a Final Dividend of Rs. 7.5 per equity share (375%) of face value of Rs. 2 each for FY2022-23
- Phenol plant has clocked utilization of more than 120% for the quarter, and, achieved highest-ever quarterly domestic sale and highest production per day of phenol
 - In Jan 2023, DPL crossed the milestone of 1 million tonnes of phenol production on a cumulative basis since inception
- Phenolics achieved high utilisation rates of more than 120% in Phenol Plant, 125% in Cumene Plant and 104% in IPA in FY23
- In FY23, Revenue in the Advanced Intermediates segment increased by 21% Y-o-Y due to sustained healthy demand from key customers, while EBITDA was lower by 8% due to a combination of internal and external factors
- Phenolics segment experienced a 15% Y-o-Y revenue growth due to strong volume growth. However, the EBITDA margin decreased Y-o-Y and Q-o-Q due to input price volatility
- For consolidated – Domestic : Export Ratio, moved from 83:17 in Q2FY23 to 79:21 in Q3 FY23 to 77:23 in Q4 FY23
- First railway rake movement for Phenol from Dahej to Punjab in Oct 2022 was a success, highlighting DPL's logistical prowess
- DNL submitted insurance claim for fire at Nandesari Plant. An interim payments of ₹11 crore upto March 2023 and a further ₹14 crore in April 2023 aggregating to ₹ 25 crore received
- Dahej unit of DNL achieved a milestone of getting 100% score in FIRST ATTEMPT in Together for Sustainability (TfS) Audit conducted by DQS India
- DNL effectively managed forex volatility risk in Q4 FY23 using dynamic hedging, resulting in a gain of ₹2.28 crore, with a cumulative gain of ₹6.91 crore. Total treasury income for FY23 was ₹34.37 crore.
- In FY23, prepayment of term loan was ₹161 crore leading to savings in interest costs. In Q4 FY23, DPL prepaid term loan of ₹ 61 crore, taking its Net Debt Equity ratio to 0.03x as compared to last year's 0.20x
- On a consolidated basis, DNL remains debt-free, with a net worth of ₹4,090 crore, thereby strengthening its balance sheet for future expansion
- DNL recorded the highest production from hydrogenation of 4,407 MT at Dahej plant
- Reported Highest export sales of inorganic intermediates of 7,603 MT, out of which US export sales were 4,184 MT
- DPL – A 29MW captive power plant was commissioned in April 2022 to provide assured power supply

Financial Highlights (Consolidated)

Q4 FY2023 Vs. Q4 FY2022 (Y-o-Y)

- Revenues grew by 5% to Rs. 1,974 crore in Q4 FY23. DNL's year-on-year revenue growth was fueled by steady demand from end-user industries catered by high operational efficiency as the company was able to operate its facilities at high utilization rates

- EBITDA stood at Rs. 361 crore in Q4 FY23. EBITDA has improved significantly on a sequential quarter basis as the company partially passed on higher input costs to customers and witnessed realization gains in select products
- PAT came in at Rs. 234 crore in Q4 FY23. Profit after tax has improved on a Q-o-Q basis due to operating leverage combined with stable other income and lower finance cost

FY2023 Vs. FY2022 (Y-o-Y)

- Revenues were up by 17% to Rs. 8,020 crore in FY23. Revenue grew strongly due to higher volumes in the Phenolics segment; while DNL also invested in brownfield expansion and de-bottlenecking of processes
- EBITDA stood at Rs. 1,337 crore in FY23. EBITDA performance was impacted due to a high base effect on account of higher realisations for some products in the prior period combined with sharp rise in input prices as well as utility costs such as power and fuel in the current period
- Profit after tax came in at Rs. 852 crore in FY23 and was in-line with the EBITDA performance

Performance Highlights

Segmental Performance – Q4 FY2023 Vs. Q4 FY202 (Y-o-Y)

- **Advanced Intermediates:** Despite facing global volatility and inflationary pressures, the company was able to cater to healthy demand and fulfill its delivery obligations thereby delivering strong revenue growth. There was a pickup in export dispatches in the segment during the quarter
- **Deepak Phenolics:** DPL achieved strong sales growth as it operated the Phenol plant at high levels with all products achieving production volumes ahead of rated capacity

Awards & Accolades

- Deepak Nitrite's Annual Report 2021-22 received the Excellence in Financial Reporting award from ICAI
- Deepak Nitrite's 51st Annual Report won three awards at the League of American Communications Professionals (LACP). The report ranked among Top 100 Reports Worldwide, winning The Gold Award for excellence within its industry and won Technical Achievement Award for overall excellence in the art and method of Annual Report communication
- Business Today awarded Deepak Nitrite's CMD, Mr. Deepak Mehta, as the Best CEO of the Chemical Sector for 2022
- The 2022 Hurun India Special Jury Award recognized Mr. Deepak Mehta's outstanding contribution to the Chemical sector and Indian Economy as CMD of Deepak Nitrite
- Mr. Sanjay Upadhyay, Director Finance and Group CFO, DNL, was awarded the Best CFO of the Year in the Chemical Sector at the ASSOCHAM Vibrant Bharat CFO Summit Awards

- Mr. Sanjay Upadhyay also received the Best CFO - Large Enterprise award from Business World at the 6th Annual Edition of BW Best CFO Finance Strategy Summit Awards 2023 in New Delhi



-ENDS-

About Deepak Nitrite Limited

Deepak Nitrite Limited (NSE: DEEPAKNT, BSE: 506401) India's fastest growing Chemical Intermediates company, 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 six locations, which are all accredited by Responsible Care. Focusing on a Triple Bottomline principle of People, Planet, Profit, Deepak Nitrite Ltd. deploys globally benchmarked standards & systems, we are now accredited 'Silver Rating' by EcoVadis in 2022, for sustainability initiatives.

For further information, please contact:

Dipti Agrawal | +91 7738485450 | dcagrawal@godeepak.com

Head, Corporate Communications
