



FIN 2 RESEARCH

SHUBH SAMAY NIVESH

RATING

Business	★★★★★
Management	★★★★★
Valuation	★★★★★
Financial	★★★★

Ranking 1 to 5, denoting lowest and 5 highest


FIN2RESEARCH
Investment Advisor Pvt. Ltd.

Deepak Nitrite


DATE: 18-09-2024

BUY RANGE: @ 2880-2850

TARGET : @ 3520

RATING : BUY

Research Report

Stock Info	Amount
Mkt Cap(cr)	39,365.08
52-weeks high	3169.00
52-weeks low	1921.00
No. of eq shares(cr)	13.64
Face Value	2.00
Bse Code	506401
Nse Code	DEEPAKNTR
Free Float Mcap(cr)	19702.66

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	49.24%
DII's Holding	21.20%
FII's Holding	6.86%
Public	22.70%
Total	100.00%

Source : BSE,NSE

(In cr)

Particulars	FY2023	FY2024
ROCE	29%	23%
ROE	23%	18%
ROA	18%	14%
Current Ratio	3	4
Quick Ratio	2	3
Cash Ratio	0.5	0.7
EPS	62.5	59.5

Source : Company Research



Source : Company Report

About: Deepak Nitrite (DNL) stands out as one of India's fastest-growing and most trusted chemical intermediates companies. With a diversified product portfolio serving various industries and applications, DNL has earned global recognition as a 'Responsible Manufacturer' and a 'Supplier of Choice' among prominent customers. Guided by a capable management team, DNL has successfully harnessed its process expertise, technological capabilities, and operational excellence to seize growth opportunities and deliver sustained value to its stakeholders.

Key Highlights:**Q1 FY25 Performance Highlights**

Revenue Growth: The company achieved a significant revenue growth of 21% year-on-year, with revenues reaching ₹2,186 crores in the first quarter of FY25, compared to ₹1,800 crores in the same quarter of FY24. This growth reflects strong market performance and increased demand for its products.

EBITDA Increase: EBITDA saw a notable increase of 36%, amounting to ₹328 crores. This growth was accompanied by a 2% improvement in profit margins, indicating enhanced operational efficiency and cost management.

Domestic vs. Export Revenue: Of the total revenue, ₹1,786 crores were generated from domestic sales, while export revenue contributed ₹399 crores. This distribution highlights the company's solid domestic presence and expanding international footprint.

New Product Development

A new optical brightener has been introduced to meet market demands, and an acetophenone project is being developed using recovered byproducts from phenol production. This project is aimed at both domestic and international markets, with a global demand forecast of 60,000-70,000 tonnes per year.

Future Investments

A commitment of INR 140 billion has been made through Deepak Chem Tech (DCTL) for expansion over the next five years. This includes increasing capacity in specialty chemicals, phenol, acetone, and Bisphenol-A, in partnership with the Government of Gujarat. DCTL also plans to manufacture new polymers, such as Polycarbonate Resins & Compounds (PC), Methyl Methacrylate (MMA), Poly Methyl Methacrylate (PMMA) Resins & Compounds, and Aniline at its Dahej facilities. These initiatives are designed to reduce import dependency and establish a leading market position in India.

Capital Expenditure and Expansion

An ongoing investment of INR 22 billion is focused on backward and forward integration projects. The MIBK/MIBC projects are expected to be commissioned in the fourth quarter of FY25, alongside additional plants for photochlorination, solvent processing, nitration, and hydrogenation scheduled for the second half of FY25. Recent developments include the debottlenecking of Phenol and Acetone plants and the commissioning of a fluorination plant in March 2024. The deployment of advanced process control (APC) has enhanced production of Phenol, Acetone, and IPA. Additionally, an R&D center in Savli, Vadodara, is

Key Risks:

- Global Geopolitics and Monetary Risk:** Global geopolitical events and monetary policy shifts pose additional risks to business operations, impacting stability and financial performance.
- Energy Transition Impact:** The global shift towards renewable energy and away from fossil fuels is influencing business strategies and market conditions, requiring adaptation to new energy norms and regulations.
- Volatility in Raw Material Prices:** Profitability is affected by fluctuations in raw material prices, with some products linked to crude oil and others unaffected. Phenol and acetone prices are particularly volatile, influenced by crack spreads and global supply-demand.



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Research Report

Disclaimer

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- **BUY** – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- **ACCUMULATE** – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- **REDUCE** – We expect the stock to deliver 0% - 5% returns over the next 9 months.
- **SELL** – We expect the stock to deliver negative returns over the next 9 months.
- **NR** – Not Rated. Fin2Research is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- **NOTE** – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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