



FIN2RESEARCH
Investment Advisor Pvt. Ltd.

Deepak Nitrite Limited

Date : 28/08/24

Techno Funda : Buy Deepak Nitrite Limited.

Buy Range : @ 2840-2870

Target : 1st @ 3000 2nd @ 3300

Stock Info	
Mkt Cap (cr)	39294.84
52-Weeks High/Low	3,169 / 1,922
Avg Volume	5,07,874
No. of eq shares (cr)	13.64
Face Values	2.00
Bse Code	506401
Nse Code	DEEPAKNTR
Free Float (cr)	19946.06

Source : NSE/BSE

Particulars	2023	2024
P/E	29.50	35.69
P/B	6.25	6.00
EV/EBITDA	19.00	22.30
Quick Ratio	2.36	2.80
Current Ratio	3.45	3.65
ROCE	29.50%	23.15%
ROIC	22.90%	16.25%
ROA	17.83%	14.85%
ROE	23.00%	18.35%
DSO	56.46	62.54
DPO	36.12	39.62
DIO	45.49	52.64
Interest Coverage	45.45	81.37

Source : Company, Fin2Research

Particulars	2023	2024
Revenue op. Growth	17.20%	-3.64%
EBITDA Growth	-19.60%	-12.77%
EBT Grwoth	-20.08%	-3.84%
PAT Growth	-20.15%	-4.81%
EPS	78.20	62.47

Source : Company

Particulars	% of Total Shares
Promoters	49.24%
Mutual Funds/AIF	10.44%
Insurance co. & others	9.96%
Other DIIs	0.8100%
FII	6.86%
Retails and Others	22.69%
Non Promoter-Non Public	0.00%
Total	100.00%

Deepak Nitrite: Deepak Nitrite Ltd operates as a chemical manufacturing company with two main business segments: Advanced Intermediates and Phenolics. The majority of the company's revenue comes from the Phenolics segment, which produces chemicals such as Cumene, Phenol, Acetone, Isopropyl Alcohol, and Alpha Methyl Styrene (AMS), among others. These chemicals serve a wide range of industries, including Laminates & Plywood, Automotive, Construction, Pharmaceuticals, Adhesives, and Sanitisers. Geographically, Deepak Nitrite Ltd generates most of its revenue from the Indian market, with the remainder coming from exports to other countries

Key Highlights : Deepak Chem Tech Limited (DCTL) has signed a Memorandum of Understanding (MoU) worth Rs. 14,000 crores with the Government of Gujarat for the manufacturing of MMA/PMMA resins and compounds in the fiscal year 2023-24.

Deepak Chem Tech Limited has commenced operations at its state-of-the-art Fluorination plant located in Dahej, District Bharuch, Gujarat. This facility marks the first Fluorination plant for the Deepak Group and is set to provide direct employment to approximately 150 skilled workers. Fluorination chemistry is crucial across various fields, including materials science, pharmaceuticals, agrochemicals, and electronics, due to its wide range of properties and applications.

The government has recommended the imposition of an anti-dumping duty on imports of isopropyl alcohol (IPA) from China, according to reports. IPA is extensively used in various industries, such as pharmaceuticals, cosmetics, personal care, and household products. China is a major supplier of IPA to India, and Deepak Nitrite, a chemicals company, also supplies IPA in the domestic market. The company alleged that dumped imports of IPA from China were causing material injury to the domestic industry. Consequently, it requested the imposition of anti-dumping duties on these imports from China.

Deepak Nitrite has announced plans to acquire Narmada Thermal Power Private Ltd in a cash deal valued at Rs 61.65 crore. The company stated that its wholly-owned subsidiary, Deepak Chem Tech Ltd, has entered into a share purchase agreement with the shareholders of Narmada Thermal Power Private Ltd (NTPPL) to acquire 100% of the paid-up equity share capital of NTPPL for approximately Rs 61.65 crore, according to an exchange filing.

Deepak Nitrite has announced its intention to acquire Narmada Thermal Power Private Ltd in a cash transaction worth Rs 61.65 crore. The company confirmed that its wholly-owned subsidiary, Deepak Chem Tech Ltd, has signed a share purchase agreement with the shareholders of Narmada Thermal Power Private Ltd (NTPPL). This agreement aims to acquire the entire 100% paid-up equity share capital of NTPPL for around Rs 61.65 crore, as disclosed.

In the Nitric Acid Unit project, significant advancements have been achieved, with all long-lead equipment received and installed. Manufacturing operations are anticipated to begin in early H2. For the MIBK/MIBC project, major engineering tasks are completed, and a substantial portion of structure fabrication and civil work is close to completion. Mechanical and electrical works are expected to be finalized by Q3 FY25, with commissioning likely in Q4 FY25. Additionally, other projects such as photochlorination, solvent projects, and hydrogenation and nitration plants are progressing well. Detailed planning and execution are ongoing, with commissioning set to occur in phases starting from H2 FY 2024-25.

Key Risk :

- Profitability is impacted by fluctuations in raw material prices, although formula-linked price contracts help manage some risks. While some key products' prices are linked to crude oil prices, this correlation varies and may not fully match crude price changes. Additionally, prices for certain products, such as sodium nitrite, trifluoromethyl acetophenone (TFMAP), optical brightening agents (OBA), and DASDA, are not affected by crude oil price movements.
- The company has faced financial stress due to an increase in material costs from 60% to 68% over two years and a decline in operating profit margin (OPM) from 24% to 15%.

Buy Range : @ 2863

Target : 1st @ 3000 2nd @3300



Upward Crossovers: When a shorter-term moving average (e.g., 50-day) crosses above a longer-term moving average (e.g., 200-day), it can signal a bullish trend.

Price Above Moving Averages: If the asset's price is consistently above its moving averages, it suggests a bullish bias.

Oversold Conditions: An RSI below 30 indicates oversold conditions, which could be a buying opportunity. However, a prolonged oversold condition might suggest a potential reversal.

MACD (Moving Average Convergence Divergence): Bullish Crossover: When the MACD line crosses above the signal line, it can indicate a bullish trend.

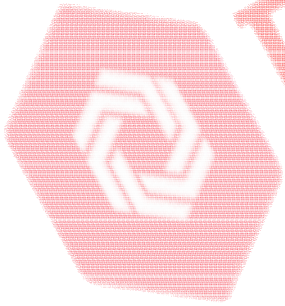
Breakout Above Upper Band: A breakout above the upper Bollinger Band can signal a strong bullish trend.

GUIDELINES FOR THE REPORT

- It is recommended to enter in a staggered manner within the prescribed range provided in the report.
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on a closing basis • The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact you via mail or other modes of communications.
- Once target1 is achieved, use a trailing stop loss of the recommended average price.

Portfolio Allocation:

- It is not recommended to allocate the entire corpus to a single stock or product without first understanding the risk and return associated with that stock or product.
- It is recommended to diversify the corpus in a proportionate manner among various tech-funda research reports and other reports as stated.



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