



# Deepak Nitrite Ltd.



INDIAN  
INVESTORS

F E D E R A T I O N  
ENGAGE | ENABLE | EMPOWER

ISIN: INE288B01029

BSE:506401

NSE:DEEPAKNTR

CMP: Rs.2881.60

Sat, 9<sup>th</sup> Oct '21

## OVERVIEW

- Deepak Nitrite Ltd is a chemical manufacturing company. The company segments consist of Basic Chemicals, Fine and Specialty Chemicals, and Performance Products. It generates most of the revenue from the Basic Chemicals segments. Some of its product includes Sodium Nitrite; Nitro Toluidine's; Nitrosyl Sulphuric Acid; Oximes; Cumidines; Optical Brightening Agent (OBA); Phenol and

## STRENGTHS

- Exports to 30 countries, 6 continents
- Leading Producer of Sodium Nitrite and Sodium Nitrate since 1972 in India
- Largest producer of Phenol & Acetone since 2018 in India
- Among Top 3 for products like Xylidines, Cumidines and Oximes
- Largest Phenol-Acetone plant in India
- 6 state-of-the-art manufacturing facilities across Nandesari and Dahej in Gujarat, Roha and Taloja in Maharashtra, and Hyderabad in Telangana

## MAJOR CUSTOMERS

- Deepak Nitrite has a very huge base of customers for its products
  - Chemical Customers: Indian Oil, BPCL, Hindustan Petroleum, Sudarshan Chemicals Ltd., Goodyear, Reliance Industries Ltd.
  - Fine & Specialty Customers: Bayer, L'oreal, Basf, Lanxess.
  - Optical Brightening Customers: Trident, Emami, Nirma, Ghadi, TNPL, JK paper

## OPPORTUNITIES

- Substitution of imports:** Import substitution has always been an integral aspect of the Company's business strategy. DNL has successfully substituted imports of key products such as phenol and acetone, and thereby saved millions of dollars of foreign exchange and ensured self-sufficiency
- Government support & initiatives:** Many companies have been encouraged to make their products in India as a result of the Government's 'Make in India' initiative. Various PLI schemes will place India on a firm trajectory. Not only will this help the companies to obtain regulatory clearances in a simplified manner, but will also open up a multitude of prospects for international collaboration
- Encouraging prospects for Indian exporters:** The intention of global majors to minimise the reliance on China gives existing chemical intermediate players in India new opportunities to demonstrate their capabilities on a global level.

## BUSINESS STRATEGIES

- Deepak Nitrite is all set to encash the growing demand as being one of the biggest players in the Chemical industry and has already invested in manufacturing new plants to cater to the growing demand.
- Deepak Nitrite has invested more than Rs 1,400 crore over 25 months, one of the largest investments in India's chemical sector in recent years, to create a manufacturing capacity of 2 lakh tonnes of phenol per annum and 1.2 lakh tonnes of its co-product acetone

## SUMMARY OF FINANCIALS

- Revenue / turnover of DEEPAK NITRITE LIMITED is Over INR 3000 crs
- The CAGR growth rate in last 6 years is 20.1%
- Margin have increased significantly due to forward and backward integration
- Liabilities have decreased by 34%
- Assets of the company has increased by 9%

**Disclaimer:** The analysis is only for information purposes only. Please consult your financial advisor, agent, broker before acting on any information. We may or may not have positions in the stock. We would not be responsible for the profit/loss resulting from this analysis.

Growth Rates (Compound Annual)	1 Yr	3 Yr	5 Yr	10yr
Revenue %	3.4	39.1	26	20.5
Operating Income %	22.7	104.2	53.5	37.5
Earnings/Share %	-	-	-	-
Dividends %	49.3	36.5	32.4	22.4
Book Value/Share %	261.1	122.5	88.7	66.4
Stock Total Return	-	-	-	-
Market +/-	233.2	110.5	78.4	57.3

Valuation Analysis	Current	5Yr Avg	Ind	Mkt.
Price/Earnings	40	22.4	24.2	15.2
Forward P/E	-	-	-	-
Price/Cash Flow	39.2	24.5	-	9.9
Price/Free Cash Flow	49.6	108	-	-
Dividend Yield %	0.2	0.7	0.5	2.8
Price/Book	16.7	3.9	3.6	2.1
Price/Sales	7.5	1.6	2.3	-

Profitability Analysis	Current	5Yr Avg	Ind.	Mkt.
Return on Equity %	-	25.8	13.6	15.4
Return on Asset %	-	11.8	7	5.6
Gross Margin %	40.7	32.9	42.4	-
Operating Margin %	26.2	15	16.1	-
Net Margin %	18.9	10.2	9.4	-
Inventory Turns	-	1.8	1.8	-
Fixed Asset Turns	-	5.9	4.2	-

Financial Position (INR)	03-20(Mil.)	03-21 (Mil.)
Cash	21	89
Inventories	3,945	3,827
Receivables	—	—
Current Assets	11,563	14,522
Fixed Assets	19,742	20,425
Intangibles	301	417
Total Assets	32,086	35,603
Payables	3,912	4,670
Short-Term Debt	3,120	535
Current Liabilities	7,490	5,535
Long-Term Debt	7,794	5,240
Total Liabilities	16,367	12,137
Total Equity	15,719	23,467

Source: Company filings & Analyst research