Management Discussion and Analysis Report

GLOBAL ECONOMIC SCENARIO

During FY 2022-23, the global economy was posed with formidable challenges, impeding its progress towards the 2030 Sustainable Development Goals (SDGs). The overhang of subsequent waves of COVID-19 remained a threat, while the war in Ukraine led to sanctions that disrupted global supply chains causing shortages for a variety of inputs and consumer products and driving a ripple effect throughout the globe. The resultant surge in inflation impacted businesses as well as consumer spending as a rise in food and energy prices significantly upended spending patterns. Central Banks responded to these inflationary pressures by raising interest rates which caused forex rate volatility, heightened balance of payment pressures and exacerbated sovereign debt sustainability risks in developing countries. Towards the end of the fiscal year, second order effects were witnessed in the global banking and technology sectors where bank failures and headcount reductions fanned fears of severe recessionary conditions. These shocks are expected to continue and have an impact on the world economy in FY 2023-24.

The current economic scenario has led to a decline in consumer confidence and investor sentiment, as rising interest rates and dwindling purchasing power weigh on the global economy. This has resulted in some compression in the global trade, with lower demand being witnessed for consumer goods and persistent supply chain challenges compounded by the prolonged war in Ukraine. As a result, the global growth rate is projected to reach

its lowest point at 2.8% in 2023, followed by a modest increase to 3.0% in 2024. Global inflation is expected to decline, albeit at a slower pace than previously predicted, from 8.7% in 2022 to 7.0% in 2023 and further to 4.9% in 2024.

The world economy's return to pre-2020 levels of economic growth seems increasingly difficult. Despite more than a year passing since Russia's invasion of Ukraine and fading of pandemic concerns through less severe COVID-19 variants, many economies are still grappling with the aftermath of events of the last 3 years. The continuous tightening of global financial market is further impeding the recovery process. Consequently, numerous economies are anticipated to face slower income growth in FY 2023-24, along with rising unemployment. Additionally, despite central banks' efforts to combat inflation by raising interest rates, achieving price stability could be a lengthy endeavour. In the medium term, the outlook for growth appears less promising than in the previous years.

Asia: Emerging through global challenges

Asia and the Pacific's economic headwinds of the previous year are fading as global financial conditions improve, food and oil prices drop. These developments are fostering the region's prospects, with growth predicted to increase from 3.8% in 2022 to 4.6% in 2023 and 4.4% in 2024, making it the world's most dynamic major region and a bright spot in the slowing global economy.

The dynamism is driven by the region's emerging and developing economies, which are set to expand by 5.3% this year, as supply-chain disruptions fade and the service sector thrives. China and India are expected to contribute to more than half of the global growth, with the rest of Asia contributing an additional quarter.

Cambodia, Indonesia, Malaysia, the Philippines, Thailand and Vietnam are all back to their robust pre-pandemic growth levels. These economies are showing their true potential as the pandemic induced supply-chain disruptions fade and the service sector booms. Their economic growth is set to continue, driven by the region's dynamism, making Asia and the Pacific a region to watch for investors and businesses looking for growth opportunities.

The escalation of Asia's inflation, which surpassed central bank objectives last year, has started decelerating. Although core inflation is yet to ease significantly, there are positive indications as the headline inflation reached its peak in the second half of last year. It is widely anticipated that inflation is set to return to central bank targets during the course of next year, as financial and commodity challenges ease.

The rise in inflation beyond the targeted levels has led to a hike in interest rates by central banks. As a result, Asian currencies have been recovering, reversing approximately half of last year's losses, thereby reducing the strain on domestic prices.

This development has relieved some pressure on businesses and consumers, but it is worth noting that the economic outlook remains uncertain due to various geopolitical and environmental risks that may impact the region's inflation rate.

Global GDP Growth

Particulars	Actual	Projections	
	2022	2023	2024
World Output	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
United States	2.1	1.6	1.1
Eurozone	3.5	0.8	1.4
Japan	1.8	1.8	1.8
United Kingdom	4.0	-0.3	1.0
Other Advanced Economies	2.6	1.8	2.2
Emerging Market and Developing Economies	4.0	3.9	4.2
China	3.0	5.2	4.5
India	6.8	5.9	6.3

INDIAN ECONOMIC SCENARIO

The International Monetary Fund (IMF) has projected growth in India to increase from 5.9% in Calendar Year 2023 to 6.3% in Calendar Year 2024. India is expected to maintain its position as the fastest growing large economy in the world.

The IMF also projects India's inflation to slow to 4.9% in the current year and further to 4.4% next fiscal year. Despite these challenges, private consumption in the first half of the fiscal year has been the highest since FY15, leading to a boost in production activity and enhanced capacity utilisation across sectors. The expansion of public digital platforms and measures to boost manufacturing output are expected to contribute to economic growth in India.

The Budget 2023 is characterised as growth-oriented, progressive and prudent, with a specific focus on stability and sustainable development. The Budget introduces various policy measures aimed at generating demand for a variety of chemicals, including construction chemicals, emission control catalysts, thermoplastic polyurethane materials TPUs, bio-pesticides and more. Additionally, changes in the Basic Customs Duty (BCD) rates for goods such as crude glycerin, denatured ethyl alcohol, acid grade fluorspar and specified chemicals for the manufacture of pre-calcined Ferrite Powder are expected to provide impetus to increase domestic manufacturing of these products, aligning with the Make in India initiative.

The total expenditure in the Budget Estimate (BE) for FY 2023-24 is estimated to be ₹ 45,03,097 Crores (₹ 45.03 Lakh Crores), with the total capital expenditure amounting to ₹ 10,00,961 Crores (₹ 10 Lakh Crores). This reflects the Union Government's continued strong commitment to boosting economic growth through investments in infrastructure development, leading to a significant increase of 37.4% in capital expenditure compared to the Revised Estimate (RE) for FY 2022-23. The Budget 2023 emphasises on the Government's focus of promoting economic growth and development through strategic investments and policy measures in the chemical sector and other key areas, while maintaining prudence and stability in fiscal management.

With a strong rebound from the challenges of the pandemic-induced contraction, the Russian-Ukraine conflict and inflation, the Indian economy is showcasing a robust recovery across diverse sectors, positioning itself for a return to the pre-pandemic growth levels in FY 2022-23. According to a report by Deutsche Bank, India is expected to emerge as a USD 7 trillion economy by 2030, fuelled by the triple engines of rapid financialisation, clean energy transition and the digital revolution. This ambitious projection signifies India's potential to double its economy in just seven years from its current GDP of USD 3.5 trillion, driven by factors such as demographic dividend and domestic consumption that have been historically instrumental in driving India's economic growth. Notably, India's remarkable average growth rate of 7.5% per annum over the past two decades, second only to China's 9.6% growth, further reinforces its promising growth trajectory.

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INDUSTRY OUTLOOK AND TRENDS

Prior to the Russia-Ukraine conflict, the global chemicals market was projected to record a higher CAGR of 6.2% and an estimated value of USD 6.8 tn between 2020-2025, compared to 3.6% CAGR and USD 5.0 tn reported between 2015-2020.

The conflict has disrupted supply chains for many chemical companies, particularly those that rely on imports or exports from Russia or Ukraine. This has led to shortages of certain chemicals and raw materials, as well as increased prices. Further, there is increased political and economic uncertainty, resulting delays or cancellation of investments. Due to the imposition of sanctions, Companies have had to shift production into alternate regions. Due to these challenges, as per the most recent projections, the global speciality chemicals market is expected to clock a CAGR of 5.2% over 2020-25E.

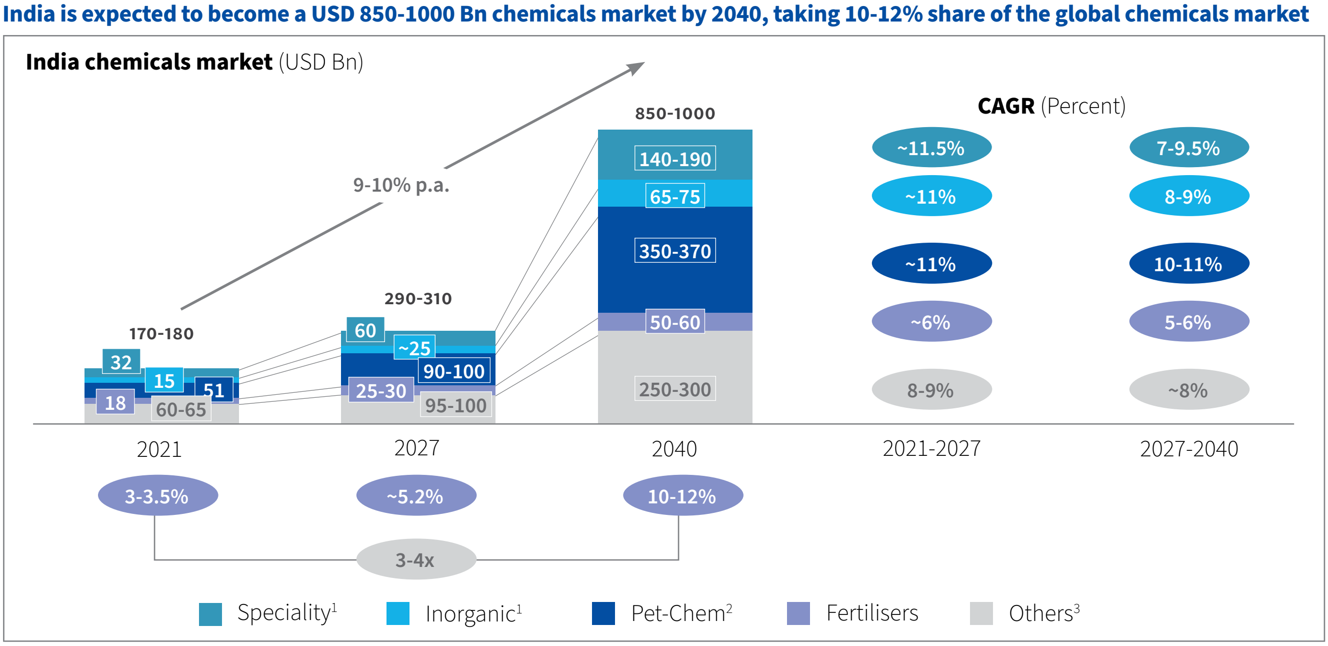
The global chemicals industry has been fairly resilient to the upheavals across the global economy. The following mega-trends are likely to play a huge part in shaping the progress in the years ahead:

- **Sustainable and Green Chemistry:** The chemical industry is under increasing pressure to adopt sustainable and environmental friendly practices. Many companies are investing in green chemistry, which involves using renewable resources, reducing waste and emissions and creating safer products.
- **Digitalisation:** The chemical industry is also embracing digitalisation, which involves using advanced technologies such as artificial intelligence, machine learning and the Internet of Things (IoT) to optimise processes, increase efficiency and reduce costs.
- **Consolidation and Mergers:** The chemical industry has been undergoing consolidation and mergers, with companies seeking to achieve economies of scale, diversify their product portfolios and expand their geographic reach.
- **Shift in Demand:** There is a shift in demand for chemicals from developed countries to emerging markets, particularly in Asia, where there is a growing middle class and increasing demand for consumer goods.
- **Increased Regulations:** The chemical industry is facing increasing regulations around the world, particularly in areas such as environmental protection, worker safety and product quality. Companies are working to comply with these regulations while maintaining profitability.

DOMESTIC CHEMICAL INDUSTRY

In the last decade, India's chemical industry has excelled in capitalising on demand growth and generating wealth for the shareholders on a global scale. Riding on this success, the industry is positioned to further expand its presence in both consumption and manufacturing worldwide. As many countries shift their attention to domestic self-sufficiency and localised supply chains, India's manufacturing competitiveness is proving to be strong compared to other major global chemical clusters. This positions India as a potential hub for chemical manufacturing in the near future.

India is expected to become a USD 850-1000 Bn chemicals market by 2040, taking 10-12% share of the global chemicals market



[1] 2027 estimations basis sub-sector level CAGRS from IHS Markit; 2040 projections basis end-use sector nominal GVA CAGR (weighted)

[2] Estimated basis EIL 2020 and 2040 projections; 5% price CAGR assumed for 2021, 2027 and 2040 projections

[3] Includes pharma products (vaccines, injectables, OSDs, medical devices etc.) as per NIC's industry division 21. Also includes some personal care consumer products (e.g. Shampoo, hair oil, toothpastes, soaps etc.) as NIC's industry division 20

Source: MoCPC 2021 report: "Chemical & Petrochemical Statistics at a Glance", Invest India, "India Petrochemicals Scenario 2040 by EIL. and IOCL, IHS Markit, UN Comtrade, McKinsey Global Institute, Press search

Over the next two decades, India is projected to contribute over 20% to the incremental global consumption of chemicals. The domestic consumption and demand for chemicals are anticipated to increase from USD 170-180 billion in 2021 to USD 850-1,000 billion by 2040 (Source: McKinsey Report).

India is poised to become the fastest-growing global demand centre for chemicals, with domestic consumption projected to grow at a CAGR of 10% going ahead. This growth is driven by factors such as rising disposable incomes, a favourable demographic dividend, the global preference for environmentally friendly alternatives and the expanding diversification of global chemical supply chains.

The chemical sector in India is expected to experience significant growth driven by robust demand from various industries, both domestically and through exports. The speciality chemicals industry, in particular, is witnessing strong growth fuelled by increasing domestic consumption. To meet the rising demand, manufacturers are expanding their production capacity. Additionally, anti-pollution measures in China are creating opportunities for the Indian chemical industry in specific segments. The fast-paced growth of the Indian chemical industry is inevitable and it is transitioning towards speciality materials to cater to evolving user industry needs. The speciality chemicals sector is playing a crucial role in shaping India's economic landscape and it is poised to benefit from future demands from local industry as India ramps up the share of manufacturing in economic growth.

FOCUS ON REDUCING CHEMICAL IMPORTS

India's chemical market has traditionally relied on imports, but over the past decade, domestic manufacturers have made giant strides in new technologies, capabilities and processes. Additionally, the emphasis on backward integration and 'Make in India' initiative is likely to reduce India's dependence on imports.

The Government aims to boost domestic production of chemicals, transforming India into a manufacturing hub by reducing imports. India's appeal as a manufacturing destination has grown due to competitive labour costs, cost-efficient manufacturing units and recent changes in corporate tax rates. Indian speciality chemical players have developed unique capabilities and established global supply relationships, despite industry-specific challenges like inadequate infrastructure, high costs of raw materials, expensive capital and the need for facility modernisation. The government has introduced initiatives like Aatmanirbhar Bharat and Make in India to stabilise the industry. However, a major hurdle is shrinking profit margins due to rising raw material costs and higher operating expenses, especially during the COVID pandemic. It is crucial to prioritise the domestic production of essential chemical compounds in India. Chemical companies in India could benefit in the long term from rising domestic demand in various sectors like agriculture, consumer goods, infrastructure, automotive, electronics and healthcare, driving around 50% of incremental growth in the chemical industry as the economy expands. These factors are expected to generate lucrative opportunities in different chemical sub-segments. With policy support from the Central Government and subsequent spends by Indian chemicals majors across R&D, backward integration and technological initiatives, India is gradually reducing its import dependence, while a strong emphasis on exports is providing a much-needed fillip to narrow the trade gap.

STRUCTURAL GROWTH DRIVERS FOR INDIA

Shift in customers' preferences – There is a noticeable change in customer preferences as they are now showing a greater inclination towards environmentally sustainable and socially responsible products and services. Additionally, customers are placing greater importance on health and hygiene and are insisting on greener and safer alternatives.

Increasing per capita consumption – The current per capita consumption of chemical products in India is about one-tenth of the global average and is expected to double by 2025.

Digitalisation and Industry 4.0 – Chemical companies are leveraging digitalisation to gain a competitive edge by enhancing their plant efficiency, integrating their processes and utilising innovative digital business tools. As part of this trend, they are implementing digitalisation initiatives and tools in their supply chains, demand forecast and pricing strategies.

Growing M&A and investment-related activity – The strong surge in M&A and investment activities is being propelled by several factors, including downstream value-added opportunities, robust demand for speciality chemicals and the need to realign portfolios. Major players in the global oil & gas and chemical industries are keen on exploring downstream prospects in emerging economies like India. This trend has already taken shape, with industry leaders like Saudi Aramco, Total and BASF expressing their interest in India's thriving chemical sector.

Structural shift from China – China's chemical industry has experienced significant structural changes due to industry consolidation, environmental reforms and stricter financing regulations. This has resulted in uncertainty for global companies relying on China for their raw material supply chain. The COVID-19 pandemic has further prompted these companies to seek alternative locations, such as India, that provide stability and benefits in terms of low-cost labour and favourable investment policies.

Innovation and sustainability – The chemical industry is adopting a management principle that aims to add value by striking a balance between the economic and socio economic system that is panning out post impact of the pandemic and ongoing Ukraine war. In pursuit of sustainability and green chemistry, chemical companies are continuously innovating their products, technologies and processes and collaborating closely with customers and suppliers throughout the value chain.

Favourable Government Policy – In addition to 'Make In India' and 'Atmanirbhar Bharat', the Govt. has implemented host of reforms and policy initiatives to support chemical manufacturing in India. The focus is to increase the share of the chemical sector to ~25% of the GDP in the manufacturing sector by 2025. In order to achieve this ambitious target, the Government in the Union Budget 2022-23 allocated ₹ 209 Crores (US$ 27.43 million) to the Department of Chemicals and Petrochemicals.

INDUSTRY OUTLOOK

The Indian chemical industry has favourable underlying prospects due to supply chain disruptions and anti-pollution measures undertaken in China. This, in addition to trade conflicts between the US, Europe and China presents ample opportunities for the Indian chemical industry across specific chemical value-chains.

Improved infrastructure through PCPIRs or SEZs, will further enhance competitiveness and development of the industry. Under the Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) policy, dedicated integrated manufacturing hubs aim to attract an investment of ₹ 20 lakh Crores (US$ 276.46 billion) by 2035. To bring about structural changes in the domestic chemical industry, future investments should focus not only on transporting fuels like petrol and diesel but also on setting up crude-to-chemicals complexes or refineries that cater to chemical production.

The Government has promoted various policy initiatives such as mandating BIS-like certification for imported chemicals to prevent the dumping of cheap and substandard chemicals into the country. The Indian Government recognises the chemical industry as a key growth element and forecasts to increase the share of the chemical sector to ~25% of the GDP in the manufacturing sector by 2025. PLI schemes have been introduced to promote Bulk Drug Parks, with a budget of ₹ 1,629 Crores (US$ 213.81 million). The Government of India is also considering launching a production-linked incentive (PLI) scheme for the chemical sector to boost domestic manufacturing and exports.

India's 2034 vision for the chemicals and petrochemicals sector has been set up by the Government to explore opportunities to improve domestic production, reduce imports and attract investments in the sector. The Government plans to implement a production-link incentive system with 10-20% output incentives for the agrochemical sector; to create an end-to-end manufacturing ecosystem through the growth of clusters (Source: IBEF).

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PERFORMANCE OF YOUR COMPANY

Deepak Nitrite Limited ('DNL') has demonstrated remarkable agility in capitalising on the pockets of opportunities available during the year. The sustained focus on driving operational efficiencies has ensured that the plants operate at consistently high utilisation levels. During the period under review, the Company set new production and sales benchmarks for several leading products steered by encouraging demand scenario. Despite volatility due to macroeconomic developments, DNL delivered a strong performance during the year with healthy revenue growth witnessed for key products, especially Phenolics. As a result, consolidated revenues were higher by 17% on a year-on-year basis in FY 2022-23.

During the year, the Company merged the strategic business units of Basic Chemicals, Fine & speciality Chemicals and Performance Products into a single unit called 'Advanced Intermediates'. This will not only allow DNL to evaluate the performance of the entire Group as two business segments, i.e., Advanced Intermediates and Phenolics, but also allocate the desired time and resources based on the value generated from these segments. As a process, the business segments are interconnected given the high integration levels that the Company has achieved, thereby higher margins in one segment may result in lower margins in another. Therefore, it is necessary to view the performance of the Company in a holistic manner to enable a fair assessment. This year, the Company has focussed on customer relationship enhancement and wallet share gains. Nonetheless, the Company has been able to either maintain or gain market share in almost all products by proactively assessing the market situation and ensuring adequate supplies, reinforcing its position as a dependable partner and has increased its wallet share in almost all products.

Operationally, the global landscape has been characterised by significant fluctuations in crude oil prices, plant shutdowns in Europe and China, rapid change in input prices, volatility in forex rates and logistical challenges. DNL has utilised its rich experience in manufacturing and has carefully countered the unforeseen challenges around logistics and supply chain management to ensure that it adheres to the supply commitments. As a result, the availability of critical intermediates has remained consistent even under the volatile operating conditions. In addition, the Company has remained nimble and responsive to the opportunities available due to change in the operating environment, leveraging them to further enhance operations.

One of the key strengths of DNL as a leading chemical intermediates Company is the wide range of products it offers. The diverse portfolio of chemical intermediates caters to various end-user industries, such as dyes and pigments, agrochemicals, pharmaceuticals, plastics, textiles, paper, home & personal care, laminates, ply, adhesive, paints, auto etc. The Company's manufacturing facilities are strategically located in Gujarat, Maharashtra and Hyderabad (Telangana), with its R&D facility located in Nandesari (Gujarat). All the products are certified by Responsible Care. Moreover, DNL's Dahej facility received an unprecedented score of 100 upon 100 in Together for Sustainability Audit.

The Company supplies its products across user segments in most continents such as Europe, North & South American countries, Asia and Africa. DNL exports to approximately 45+ nations worldwide and is known for its cost leadership across major products. It aims to grow its footprint in high-value intermediates and has initiated several growth plans to achieve this goal.

In FY 2022-23, the Company surpassed the ₹ 8,000 Crores mark of revenue, that stood at ₹ 8,020 Crores, which represents an increase of 17% compared to the previous year. By efficiently operating its plants, effectively sourcing raw materials and actively managing the logistical challenges, the Company has sustained high volumes for its products. However, profitability has not grown in line with topline growth due to a combination of factors including high inflationary pressures, particularly in commodities and pet-chem input and interruption of business due to fire at Nandesari plant. As a result, the Company reported an EBITDA of ₹ 1,337 Crores, lower than the EBITDA of ₹ 1,646 Crores achieved in the prior fiscal year. The EBITDA margin declined by 738 basis points (bps) year-on-year, reaching 16.67%. PBT for the year amounted to ₹ 1,146 Crores, reflecting a decline of 20% over the previous year, while PAT stood at ₹ 852 Crores, 20% lower than was reported in the previous fiscal year. Your Company proactively pursued opportunities in all product categories, with keen focus on ethics and transparent business practices further deepening the 'Depend on Deepak' initiative.

In terms of revenue contribution, the domestic market accounted for 80%, while exports accounted for 20%. Domestic revenues grew by 22%, while steady demand in key export geographies resulted in a 2% increase in export revenues. The Company was able to maximise the utilisation of its facilities and compete in both domestic and export markets, leading to improved profitability. DNL is methodically investing in expansion projects to diversify its expertise and widen the addressable market, with an objective of expanding the product portfolio where it has a clear competitive advantage. This will diversify the Company's offerings and strengthen its operational integration.

Overall, the demand outlook seems to be resilient, with most industries returning to normal production levels. There is an additional demand emerging from strategic shift in the global supply chain from China to other countries, particularly India.

Your Company enters into FY 2023-24 with a de-risked business model, a robust balance sheet and a pipeline of projects lined up for commissioning. This provides an attractive growth outlook and the Company will endeavour to sustain the performance momentum.

Post the incident of fire, the Company has obtained help of several eminent external experts to strengthen the system further, across all its units to ensure such incidents don't recur and towards this , the Company has already incurred a sizeable investment and have duly completed all the safety audits & checks.

1. Advanced Intermediates

Your Company delivered steady revenue growth on the back of sustained demand from key customers and end user industries. This performance was achieved despite non-availability of Nandesari plant for a period of about 40 days due to fire. Further, the after-effects of pandemic and the global sanctions imposed on Russia led to rise in crude oil and related petrochemical-based intermediates. Combined with fluctuations in foreign currency rates and sharp shifts in spot prices of commodities, there were myriad operational challenges.

The Company has actively pursued opportunities both domestically and internationally, demonstrating a commitment to fulfilling delivery obligations and catering to ongoing demand landscape despite external headwinds. Its competitive position and assured supply of key inputs suggest that it will maintain its strong performance momentum. While revenue growth has been strong, growth in EBITDA has been impacted by the sharp increase in input costs compared to the corresponding period last year. The Company has taken proactive measures to address this issue by creating in-house capacity for key inputs, development of relationship with alternate vendors, benchmark based pricing and creating storage facilities. The Advanced Intermediates segment has successfully expanded its international customer base and is expected to continue the performance momentum based on positive demand trajectory and shift of global supply chains to India. The Company's future performance will be driven by new multiyear contracts with pass-through clauses, strong demand and its ability to negate cost increases to customers.

In FY 2022-23, revenue increased by 21% to ₹ 3,034 Crores versus ₹ 2,511 Crores in FY 2021-22. The growth is owing to contribution from established products and ability to cater to the healthy demand and increase in market/wallet share. EBITDA was lower by 7% to ₹ 631 Crores during the period under review for reasons enumerated above. EBIT came in at ₹ 555 Crores, translating into a margin of 18% demonstrating a resilient performance despite the current operating environment faced with several challenges.

With the Nandesari plant fully restored and other plants running at high utilisation levels, the Company is well poised to deliver profitable growth moving ahead. Captive power supply and assured supply of critical raw materials further de-risks the operations. With multiple brownfield and greenfield projects set for commissioning in the coming quarters, the performance trajectory is set to elevate, further embellishing its value creation journey. However, presently market conditions are very volatile due to various factors like revocation of zero covid policy in China and elevated interest rate resulting in compressed demand.

User Industries under the segment:

Advanced Intermediates

Colourants, Rubber Chemicals, Explosives, Dyes, Pigments, Food Colours, Pharmaceuticals, Diesel Blending, Agrochemicals, Glass, Personal Care, Paper, Detergents and Textiles.

Phenolics

Laminates, Ply, Adhesive, Paints, Auto, Pharmaceuticals, Plastics, etc.

2. Phenolics

Deepak Phenolics Limited ('DPL'), is a wholly owned material subsidiary of your Company. DPL is engaged in the business of manufacture of Phenol, Acetone and Iso Propyl Alcohol ('IPA').

Phenol is a versatile industrial organic chemical and is used for manufacture of various chemical intermediates. Phenol is consumed in a broad spectrum of end-user segments, including ply, laminates, foundry, paints, rubber, surfactants, pharmaceuticals and agro-chemicals. Acetone and IPA are mainly used in pharmaceutical end use and also in paints, adhesives and thinners amongst many others.

DPL entered the FY 2022-23 amidst a robust business environment as global recovery took root after the COVID-19 related concerns and restrictions were slowly withdrawn globally, including in India. At the same time, events in Europe and Ukraine caused a major spike in energy prices, including for household use, which resulted in a marked shift in consumer spends towards basic essentials like food and energy. An unusual pull from transport fuels caused Benzene prices to spike to unprecedented levels in the middle of the year. However, the market witnessed a steady decline thereafter as global consumption declined, new capacities of Phenol came on-stream in China and downstream BisPhenol-A and Polycarbonates lost their lustre. A continuous bear phase in Phenol caused chain margins to shed nearly 25% from the previous year.

DPL stabilised its operations of second Boiler as well as the captive power plant in the initial months of the year and consequently, improved the operational reliability significantly. DPL could avoid at least ten to twelve power disturbances related plant stoppages thanks to operating the power plant on an islanded mode. Despite the challenges and while the Asian producers were struggling to keep operating rates above 75%, DPL created new benchmark in terms of volumes of production and sales. DPL was awarded the prestigious Responsible Care certification by ICC during the year. DPL's IPA product was also certified to be meeting the quality requirement of Indian, British and American (US) Pharmacopeia, reflecting the commitment to produce world class quality products. DPL also commenced debottlenecking its Phenol production capacity by 10% over and above the current level of production, which is expected to be operational by the end of H1 of FY 2023-24.

DPL also started trials of using bio fuels in its boilers to reduce its usage of fossil fuels and it is planned to further scale it up during FY 2023-24.

During FY 2022-23, DPL achieved robust sales growth despite external headwinds, aided by the Phenol plant operating at high utilisation levels. Average capacity utilisation for the year stood at more than 120% which is meaningfully higher than the rated capacity. Revenues increased to ₹ 4,986 Crores in FY 2022-23 from ₹ 4,318 Crores in FY 2021-22. Revenue growth was linked to enhanced volumes of production and sales. Despite the improved top line performance, EBITDA margin compressed compared to the previous year. Profit After Tax reduced to ₹ 445 Crores in FY 2022-23 as against ₹ 624 Crores in FY 2021-22 which was largely due to drop in chain margins.

DPL continued to remain the largest producer of Phenol and Acetone in India with a market share of ~56%. Further with expanded capacity of IPA Plant, your Company is able to reduce import dependency of IPA. During the year under review, your Company successfully placed its volumes in the domestic market to reflect its commitment towards Aatmanirbhar Bharat.

3. Investment in Deepak Chem Tech Limited

The Group aims at growing through organic route, through its 100% subsidiary company, Deepak Chem Tech Limited ('DCTL'). With its Registered Office at Vadodara in the State of Gujarat, DCTL is in the process of implementing various projects to produce intermediate chemicals for various applications leveraging existing competencies and product portfolio of the Group. DNL has invested ₹ 9.50 Crores as equity and ₹ 395.50 Crores as Compulsorily Convertible Debentures (CCD) into DCTL towards part funding the on-going projects.

As of now, DCTL is incorporating projects across two sites in Gujarat under both the business segments – Advanced Intermediates (AI) and Phenolics. To start with, DCTL is implementing several projects for an overall capital outlay of approx. ₹ 2,000-2,200 Crores across new products, upstream and downstream products. DCTL has acquired big-parcel of land at Dahej, Gujarat, where it is implementing most of the projects.

DCTL has already created a very strong project implementation team, which works closely with the R&D and Technical Services toward licenses and technical know-how and executing projects for the Group. DCTL has an existing employee strength of 135 which largely comprise of project team. It puts special emphasis on timelines and cost of projects while simultaneously looking deeply into various aspects such as health, safety, environment and compliances. In line with the Group's philosophy, it walks extra mile towards ensuring sustainable processes and easy scalability so that, in future, the Group's ability to expand is much more at less costs so to achieve better efficiency, green processes and reducing carbon footprints.

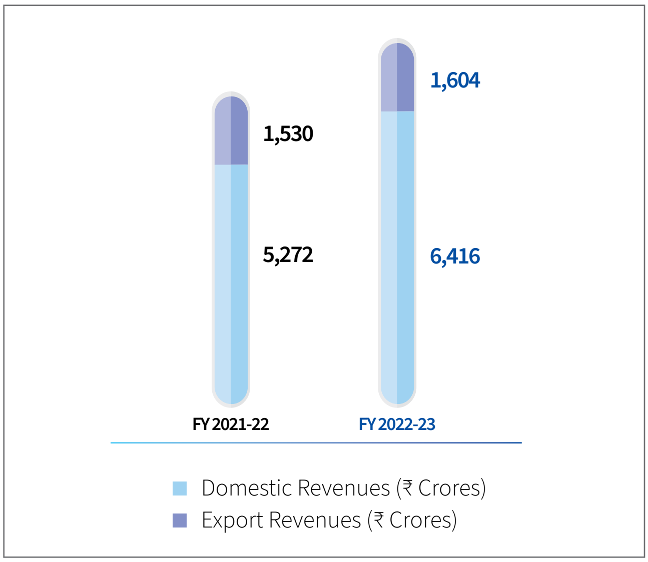
Alongside project implementation, DCTL is also creating a full capability operations team to ensure smooth take over and running the gamut of operations across all plants at various locations.

In a recent event, DCTL has signed an MoU with the Government of Gujarat, whereby it announced its intent of implementing another Phenol and Bisphenol A capacity. It is worth mentioning that, Phenol is a pre-cursor of Bisphenol A, while Bisphenol A is a pre-cursor of Polycarbonate. DCTL is already in the process of implementing a project of Polycarbonate compounding (i.e. downstream products of Polycarbonate).

During FY 2022-23, DCTL generated a total revenue of ₹ 1.41 Crores and a net loss of ₹ 0.56 Crores.

GEOGRAPHICAL PERFORMANCE

Domestic Revenues for FY 2022-23 stood at ₹ 6,410 Crores when compared to ₹ 5,272 Crores in FY 2021-22. Revenue contribution from Exports stood at ₹ 1,562 Crores, up by 2% when compared to ₹ 1,530 Crores in the previous financial year. On a Standalone basis, mix of Domestic versus Export Revenues has been 57:43 in FY 2022-23.

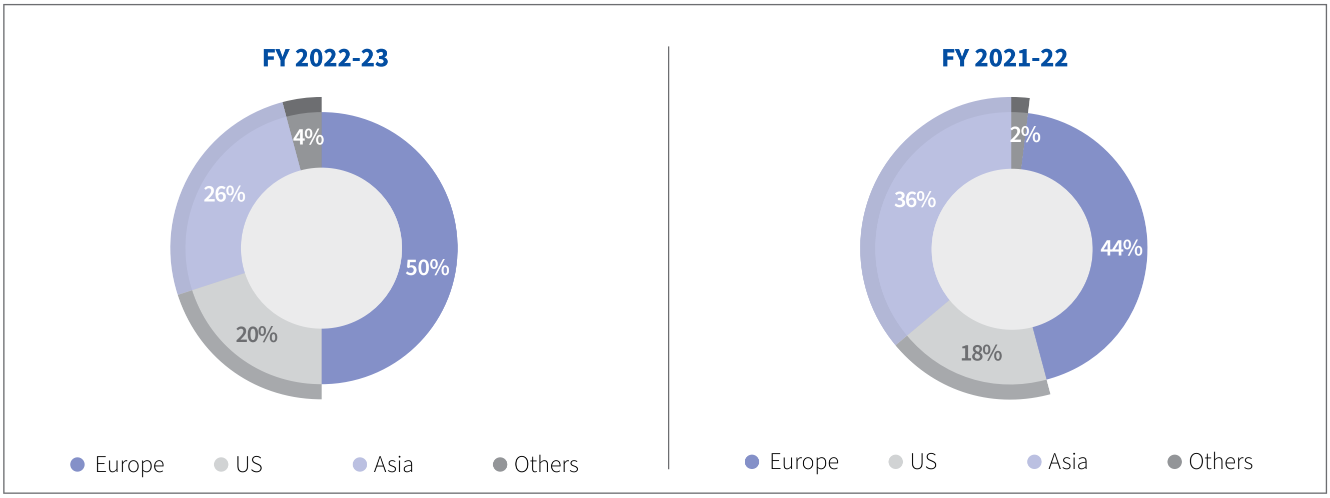


During the year, there was a significant increase in domestic revenues, by 22%, as demand in key end-user industries recovered. Further, with stringent COVID protocols in place in China in the early part of the fiscal year and increased shipping costs and logistics charges, domestic suppliers did become more competitive than imports.

The growth in demand was catered to despite capacity constraints during the first half of the year and DNL was able to maintain the wallet share for most of its products. The Company has maintained its position as a preferred supplier for key domestic customers, thanks to its competitiveness. This has been further complemented by efficient production and favourable product mix that resulted in positive volume growth for select products.

Exports grew by 2% during the period under review, driven by enhanced customer engagements in key geographical regions and the shift in the global supply chain resulting from the China+1 strategy. Your Company has been able to maintain this momentum by optimising plant utilisation levels and streamlining manufacturing processes. Europe's contribution as a percentage of exports rose to 50% compared to 44% in the previous financial year, while Asia's contribution stood at 26%. In addition, the US also contributed 20% of the overall share of exports.

The growth momentum of both domestic and export revenues has been strong, driven by DNL's focus on cost leadership, production efficiency and enhancement of product mix. The Company is well-positioned to continue its growth journey by leveraging opportunities in key end-user industries, optimising plant utilisation levels and increasing customer engagement in key geographical regions.



For DPL, revenues for FY 2022-23 stood at ₹ 4,970 Crores and Domestic and Exports Revenue mix stood at 95:5.

On a Consolidated basis, the Domestic Revenues for the year stood at ₹ 6,410 Crores while Export Revenues came in at ₹ 1,562 Crores. Domestic and Exports Revenue mix was at 80:20.

RISK MANAGEMENT

As a major player in the global chemical industry, your Company faces a wide range of risks. To mitigate these risks, the Company has implemented a comprehensive Enterprise Risk Management Framework and Policy that has been approved from the Board of Directors. This framework is aligned with the standards set forth by ISO 31000 and COSO, enabling the Company to identify risks at all levels, including the shop-floor level. By adhering to this robust risk management framework, DNL is equipped to proactively identify and address potential risks throughout the organisation. Risk management has been a key part of the operations and the Company continues to prioritise the development around integrated leadership and succession planning strategies to improve the performance trajectory.

Each Business and Functional Head is responsible for implementing Risk Management practices within their business units/functions, identifying short, medium and long-term risks, likelihood, impact and devising mitigation strategies against each identified risks. Risk registers are prepared to capture details about each identified risks. By aggregating and evaluating risks across these registers, DNL identifies its principal risks and formulate an appropriate response mechanism. Business and Functional Heads review risks specific to their operations / functions, assess changes in risk profiles and decide on necessary actions to manage and mitigate risks. These risks and mitigation plans are presented by respective Business and Functional Heads to the management for their review and inputs, every quarter. A comprehensive Risk Management report is then presented to a duly constituted Risk Management Committee of Directors.

The Risk Management Committee plays a crucial role in overseeing and guiding the organisation's Risk Management efforts. The Risk Management Committee provides overall oversight of the Risk Management process within the Company. It ensures that a systematic and comprehensive approach is in place, aligning with the Company's strategic objectives. To further support the Risk Management process, the Risk Management Committee collaborates closely with the Board. Through the expertise and oversight of the Board, the Committee further strengthens the organisation's ability to effectively address and mitigate risks.

Overall, your Company has implemented effective risk management and prevention frameworks that enable it to navigate the risks associated with its operations in the chemical sector on a global scale. By leveraging its best-in-class products and implementing appropriate risk mitigation strategies, the Company continues to strengthen its operational capabilities and improve institutional performance.

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS (STANDALONE)

	FY 2022-23	FY 2021-22	Change (%)	Reason
Debtors Turnover Ratio	5.47	5.56	-2	Trade Receivables are higher on account of higher sales realisation
Inventory Turnover Ratio	4.86	5.21	(7)	Reduction in inventory turnover ratio on account of increased import supply in bulk quantities of key raw materials at a lower rate and ensure sufficient supplies of inputs
Interest Coverage Ratio	1,827.31	1,533.74	19	Major improvement due to Nil borrowings.
Current Ratio	4.61	4.55	1	Improved current ratio on account of efficient working capital management.
Debt Equity Ratio	0.00	0.01	0	DNL is debt free on account of a healthy balance sheet
Return on Net Worth (%)	17.88	21.55	(17)	Lower ratios in current year on account of higher input and energy price which could not be fully passed on to customers and temporary disruption of manufacturing at Nandesari plant due to fire incidence.
Operating Profit Margin (%) (EBIT)	19.50	24.93	(22)	
Net Profit Margin (%) (PBT)	19.45	24.87	(22)	

INTERNAL CONTROL FRAMEWORK

Your Company has established a Corporate Governance structure to regulate its operations and its management team adheres to financial and accounting policies, processes and systems. The Company's Risk Management Framework and Planning & Review Processes provide a solid foundation for internal financial controls over its financial statements. The planning is based on essential accounting policies that are meticulously chosen by the management, endorsed by the Audit Committee and the Board and reviewed and updated regularly. Key management evaluates these processes, SOPs and controls, which are also audited by an internal audit and assurance team. The findings and recommendations of the Internal Audit Team are reviewed by the Audit Committee and implemented accordingly. The Company has effective internal financial controls in place for its financial statements. These controls are evaluated regularly throughout the year, focussing on the most significant aspects of internal controls. Following a thorough assessment by key management, no reportable material deficiency, or significant deficiencies in implementing internal financial controls were identified. The Company employs regular audit and review techniques to reinforce these programmes on a continuous basis.

Reputed firms were engaged to study the efficacy of various processes such as financial, business, information technology are in place. This is a continuous process and we shall remain vigil in order to strengthen the process with respect to changing business environment.

HUMAN RESOURCE DEVELOPMENT

Your Company currently has a total of 1,694 permanent employees as of March 31, 2023. The Company's approach to Human Resource Development is based on the fundamental principles of relevance, continuity and fairness. The Company continues its endeavour of investing in Human Talent and Talent Management process through its various interventions and programmes to improve and enhance competencies, capabilities, skills and potentials of its workforce. Maintaining "best-in-class" talent is critical to talent management and HR is committed to ensuring it.

As a result of various initiatives and engagement activities, there has been a significant improvement in attracting, developing, nurturing & retaining right talent and keeping them motivated. Virtual Town Halls were organised wherein Executive Director & CEO, Director (Finance) & Group CFO address all the employees thereby have established a strong sense of bonding between the Company's Management and Employees. During the year, recognising the significance of identifying high-potential employees to ensure a robust talent pipeline, the Company carried out competency assessment through a renowned agency to identify training needs of high-potential performing teams for career development.

Performance management links individual and team performance to the Company's overall strategic objectives. The HR department is committed to aligning its strategic interventions and procedures with a long-term vision to create and enhance value for DNL and its stakeholders. This remains one of the most important factors in boosting business performance.

SWOT ANALYSIS

Strengths

Versatile Product Portfolio: DNL offers a diverse range of products that are divided into two main segments, namely, Advanced Intermediates and Phenolics. The Company provides a range of products for various industries such as dyes & pigments, agrochemical, pharmaceutical, plastics, textiles, paper, laminates, auto, plywood, home & personal care and petro derivatives. This helps DNL cater to the needs of different customers across multiple end-use sectors and mitigate risks associated with the obsolescence of any particular product or category. DNL has enhanced its product portfolio by utilising its production expertise and knowledge of complex chemistries.

Cost Leadership: Your Company enjoys a strong cost leadership position for several of its products thereby garnering a healthy market share. This is possible due to relentless focus of achieving economies of scale while offering value to the customers through regular process innovations.

Deep-rooted Partnerships & Wide Reach: DNL has a well-established distribution network that covers 45+ countries across six continents, including the United States, Europe, China and India. It is strategically positioned to enter new regions and capture market share. The Company's strong customer relationships and customer-centric approach have helped it maintain its position as a preferred supplier for key customers worldwide. DNL's is well-positioned to benefit from the growing demand for chemicals both domestically and internationally.

Sustainable Strategic Vision: Your Company's commitment to business sustainability has been acknowledged by its customers as one of the key priorities. As DNL progresses towards becoming a diversified chemical company, it plans to retain its leadership position in the existing value chain while also ensuring sustainable use of natural resources and contributing to environment, social and governance principles. Furthermore, DNL will maintain its emphasis on process intensification and operational excellence, while ensuring that sustainability and responsibility remain its guiding values.

Your Company is expanding its base by backward integrating into manufacturing of key raw materials incorporating new chemistries. We are also involved in forward integration of our products there by internally utilising higher proportion to manufacture derivatives.

Agile Supply Chain Operations: Over time, the Company has demonstrated significant agility to meet its delivery commitments, thereby delivering a strong performance. DNL has effectively and efficiently executed its operational plan and met its supply commitments, ensuring reliable and consistent deliveries to customers. The Company's expertise in chemical manufacturing has enabled it to efficiently manage large-scale logistics and supply chains. Using technology, DNL's nationwide supply chain team maintains close relationships with suppliers and customers, ensuring quality service and market performance.

Deepak Phenolics is a prime example of a global-scale plant that transports large quantities of raw materials and finished products in the most efficient and timely manner.

Valorisation in Innovation & Technological Advancements: Your Company's R&D initiatives aim to innovate new chemical compounds and create value-added products from by-products while consistently assessing existing products and processes to increase efficiency and save costs. DNL will continue to utilise its proficiency in sustainable chemistry while taking advantage of the potential size. The Company's exceptional execution skills and established track record are crucial elements in its active transition to a research and innovation-led enterprise.

Strong Leadership & Competent Management: The key management team at DNL consists of well-respected stalwarts with extensive industry experience and a deep understanding of market trends. The management places a high value on the Code of Responsible Care and ethical principles. The current management team has made a significant contribution to the Company's success and has been with DNL for many years. They remain focussed on high-margin products and prioritise R&D and increasing business from existing customers.

Weaknesses

Volatile Input Costs: An operating environment can be considered challenging when input costs and supply limitations increase, particularly for utilities such as power and fuel. Factors such as demand and supply, political and economic conditions, shipping and employee wages, natural disasters, pandemics and competitive pressure can all affect the supply of raw materials and expenses. Despite the use of various methodologies and assumptions, there are still unknown variables in estimating these factors. To mitigate the negative impact of these factors, your Company has specific teams in place to access such scenarios on an ongoing basis and has ensured, wherever possible, pass-through clauses in its contracts.

Shortage of Sustainable Resources: As the scale and complexity of chemical reactions increase, manufacturing processes require a constant source of energy. In order to address this need, the Company commissioned a captive power plant at Dahej, with a capacity of 29 MW in May 2022. As a responsible company, DNL continues to explore and implement various methods to increase its environmental efforts. One way to reduce greenhouse gas emissions is by improving energy efficiency, which the Company recognises.

Fluctuating Forex Rates: The fluctuation of exchange rates is a well recognised risk for Companies engaged in exporting products and services and it is essential to manage this risk. In FY 2022-23, there was higher than normal volatility in global exchange rates and DNL has taken necessary actions to protect itself against unforeseen and adverse movements. This has led gain of ₹ 6.91 Crores to DNL during the year. DNL continues to have exposure to exchange rate risks due to its growing export business, however, the Company is suitably utilising the hedging techniques to mitigate such risks.

Opportunities

Large Potential for Import Substitution: DNL has historically concentrated on products where the domestic market relied heavily on imports, starting from its first product, 'Sodium Nitrite,' to its venture through Deepak Phenolics. Import replacement has been a crucial component of DNL's overall business strategy. The Company has effectively replaced critical products such as phenol and acetone, saving millions of dollars in foreign exchange and achieving self-sufficiency. It has established a new benchmark for other chemical businesses to follow. DNL continues to prioritise the introduction of value-added downstream products to substitute imports, primarily taking advantage of the favourable demand situation.

Favourable Government Initiatives: Companies across sectors have been invited to manufacture their products in India as a part of the Government's 'Make in India' campaign. Additionally, the 'Atmanirbhar Bharat' initiative and several PLI schemes are expected to strengthen India's position compared to global players. These initiatives will not only facilitate regulatory approvals but also provide numerous opportunities for foreign partnerships. DNL will leverage these opportunities to effectively achieve its growth objectives.

Buoyant outlook for Exports: Global chemical giants are constantly looking to reduce their reliance on China, creating opportunities for established Indian chemical intermediates firms to showcase their capabilities on a global scale. The favourable demand scenario has driven Indian chemical exporters to expand their capacities and operations, leading them to reinvest in R&D to enhance production efficiency.

Threats

Product and Process Viability Risk: The risk of products becoming obsolete is a constant concern as newer technologies and methods are introduced. The emergence of innovative products that offer more efficient ways to produce chemical compounds can challenge the viability of current product lines, leading to a decrease in demand for older products or replacement of existing processes. However, with its dominant position in several product categories, DNL is relatively insulated from such threats. Moreover, the Company continuously evaluates and improves its processes, as necessary, in response to advancements in technology.

Inadequate Skilled Manpower: The expertise required for chemical processes and mechanisms can make it difficult to find skilled workers with the necessary knowledge. At the same time, there may be a shortage of technically trained personnel in India. To address this challenge, your Company takes various initiatives such as providing extensive training for professional development,

educating employees on the complexities of the industry and promoting adherence to international best practices to retain and expand the current talent pool.

External Challenges: Your Company caters to a wide range of industries, which reduces the risk of dependency on a single customer or sector. However, this also makes the Company vulnerable to demand-supply fluctuations in multiple industries. DNL relies on the Indian market, which contributes large portion of its total revenue. Any downturn in the domestic market could impact the Company's performance.

Geopolitical Developments: Global geopolitical developments like the Russia-Ukraine War results in disruption of established trade relations due to increased tariff rates and sanctions, leading to higher prices and diminished availability of some products and commodities. While the Company proactively monitors the evolving situation, it can face negative outcomes due to these geopolitical tensions.

MANAGEMENT OUTLOOK

DNL is well-positioned to benefit from the significant opportunities arising in the sector due to the 'Make in India for the World' initiative and the increasing adoption of the China+1 strategy. In order to achieve its growth objectives, DNL has embarked ₹ 2,500 Crores of capital expenditure across the parent company and the two wholly owned subsidiaries.

The growth plans include a project for manufacturing Polycarbonate compounding, which aligns with the goal of entering the PC business. Through this project, the Company aims to gain insights into market trends, customer requirements and other important factors to progress towards a successful Polycarbonate project.

Furthermore, your Company has commissioned several brownfield projects that will contribute to its future performance, such as a new unit for producing a key agrochemical intermediate. Alongside these efforts, other plans include Brownfield expansion of select products, strengthening backward integration capabilities for key inputs to enhance margins, value-added downstream derivatives of Phenol and Acetone including solvents and adding new chemistry platforms such as photochlorination and fluorination. Plans include establishing a compounding asset to meet India's significant and specialised demands for 5G, electronics, EVs, medical devices and other new products. DNL aims to accomplish this by utilising highly efficient chemistries that can serve various end-user industries.

Going ahead, your Company plans to elevate its growth trajectory by expanding the product categories and identifying/introducing various downstream and complex chemicals strategically. DNL will continue to be agile while seizing opportunities from fast-changing industry trends. Adding new solvents will diversify DNL's products, reach more customers and raise the share of complex, high-margin products in its mix, thereby improving its business proposition.

Europe's contribution as a percentage of exports rose to 50% compared to 44% in the previous financial year, while Asia's contribution improved to 26%. In addition, the US also contributed 20% of the overall share of exports.

In order to fund these plans, DNL has been steadily strengthening its balance sheet to create adequate headroom for incremental growth capex.

Advanced Intermediates – Industry leaders with focus on achieving high integration levels; Thriving on immense growth opportunities

The Advanced Intermediates business achieved robust revenue trajectory amid strong demand. The Company aggressively pursued opportunities both domestically and with international customers, resulting in a significant increase in exports. Going forward, the Company expect this segment to continue to perform well, given the shift in global supply chains and continued positive demand trends. Despite the elevated prices of few products and raw materials, the Company has managed to improve the per kilo margins.

Your Company continues to capitalise on its cost leadership and large-scale production capabilities to drive higher volumes and better profitability. Thanks to the benefits of cost leadership, DNL has achieved a market share of around 55% and 70% in products such as sodium nitrate and sodium nitrite respectively. With India's local demand base growing at a rapid pace, this segment will remain a significant revenue contributor. Over the past five decades, Deepak has honed its expertise in nitration, hydrogenation, oxidation and diazotization of organic and inorganic molecules. The Company is now leveraging this knowledge to create high-value products that enjoy better demand. The presence across the value chain allows the Company to offer competitive pricing while mitigating the impact of raw material margin volatility.

Despite a challenging macro environment, DNL's advanced intermediates revenues have shown strong growth. Recently, the Company completed a brownfield of one of its product that has significantly increased the production capacities. The Company anticipates that the segment's performance will remain strong due to a shift in global supply chains to India and favourable demand trends. In FY 2022-23, the Company achieved a year-on-year revenue growth of 21%, driven by robust demand across all segments, particularly in the pharma industry, thanks to the addition of new products and increased exports resulting from the China +1 opportunity. From FY18 to FY23, the Company achieved an annual growth rate of 15%, supported by R&D investments and incremental expansions that led to a growing product portfolio. Export is the top market for the advanced intermediates products, with roughly 43% shipped in value terms. The backward and forward integration initiatives are generating desired results resulting in attractive margins and supporting the Company's standalone success.

Phenolics – Robust Revenue Growth Amidst External Challenges; Emphasis on Import Substitution to Cater to Global Industry Needs

Deepak Phenolics Limited ('DPL') a wholly owned subsidiary of DNL, is a leading player in the domestic phenol and acetone markets. It entered the industry to capitalise on import substitution and successfully expanded its capacities, including a brownfield expansion of IPA. With a significant domestic market share of about 95% , DPL is poised to benefit from future opportunities by introducing downstream derivative products of phenol and acetone.

DPL has been a significant revenue contributor to DNL in the recent years, with its volumes have increased significantly due to high capacity utilisation and firm demand. In FY 2022-23, DPL contributed 62% revenue (~63% in FY 2021-22), with capacity utilisation increasing above 120% from 117% in FY 2021-22 and 111% in FY 2020-21 and 90% in FY 2019-20. Despite many Asian Phenol plants operating at only 60%-65% capacity, DPL has managed to produce and sell over 120% of its production capacity during the year.

Further, the Company plans to improve its backward integration capabilities by adding new capacities for key raw materials and expanding its capacity for captive waste treatment. This move is expected to ensure a stable supply of key inputs and offer a margin advantage. Additionally, various projects are being implemented at the new site in Dahej, including the introduction of various derivatives of Phenolics products.

ROADMAP AHEAD – CAPEX INITIATIVES

The Company has announced investment aggregating to ₹ 2,500 Crores for expanding its capacity, enabling assured availability of inputs, backward integration for improved efficiency, widening of product portfolio and assimilation of new chemistries within its operations –

- To enhance market share and maintain its leadership position, your Company has planned brownfield projects for certain key products. These projects aim to meet the growing demand and improve the overall business proposition.
- A Greenfield expansion in Polycarbonate compounding will help your Company venture into the Polycarbonate business. This expansion will provide valuable insights into the market, including niche and major players. It will also enable the catering of specialised demand in new-age applications such as 5G boxes, EV batteries, medical devices and more.
- Another project focussed on backward integration will incorporate new chemistry platforms like photochlorination and fluorination, your Company aims to reduce supply chain risks in the agro space and expand the range of products using these chemistries. It will strengthen the backward integration capabilities for key inputs.
- The MIBK-MIBC project involves forward integration. These products are derived from acetone and the objective is to introduce new chemistries thereby enabling utilisation of a higher proportion of acetone internally to manufacture MIBK and MIBC. This move enables the production of other downstream value-added products.

These projects will contribute to DNL's robust revenue growth, expand its market share, improve margins, mitigate business risks through a diversified product mix and strengthen customer and supplier relationships.

DISCLAIMER: The contents of this Report include statements that look forward into the future and may carry risks and uncertainties. These forward-looking statements are identified by words such as 'anticipate,' 'belief,' 'estimate,' 'expect,' 'intend,' 'will' and other similar expressions related to the Company and its Businesses. The Company does not have an obligation to update or modify these forward-looking statements publicly, whether due to new information, future events, or other reasons. The actual results, performances, or achievements may differ significantly from what is expressed or implied in these forward-looking statements. It is advised that readers exercise caution and not overly rely on these forward-looking statements as they only reflect the state of affairs as of the date of this Report. It is recommended to read this Report together with the financial statements and their accompanying notes.

FINANCIAL HIGHLIGHTS FOR THE LAST TEN YEARS

Sr. No.	Particulars	UOM*	Ind-AS												Indian GAAP		
			Consolidated					Standalone									
			2022-23	2021-22	2020-21	2019-20	2018-19	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
1	Total Income	₹ in Cr	8,020	6,845	4,382	4,265	2,715	3,135	2,582	1,823	2,237	1,795	1,491	1,324	1,337	1,329	1,271
	YoY Growth	%	17.16	56.22	2.73	57.08	60.80	21.43	41.63	-18.52	24.67	20.38	12.56	-0.96	0.61	4.55	23.42
2	EBITDA	₹ in Cr	1,337	1,646	1,269	1,061	429	688	716	550	804	308	214	152#	168	140	114
3	Profit / (Loss) Before Taxation	₹ in Cr	1,146	1,434	1,042	806	268	610	642	479	706	212	122	74#	91	68	58
	Percentage to Total Income	%	14.29	20.96	23.78	18.91	9.87	19.45	24.87	26.28	31.56	11.84	8.19	5.58	6.83	5.10	4.57
4	Profit / (Loss) After Taxation	₹ in Cr	852	1,067	776	611	174	469	486	355	544	138	83	52#	65	53	38
	Percentage to Total Income	%	10.62	15.58	17.71	14.33	6.40	14.97	18.83	19.47	24.32	7.69	5.60	3.92	4.87	4.02	3.01
5	Equity	₹ in Cr	27	27	27	27	27	27	27	27	27	27	27	26	23	21	10
6	Net worth	₹ in Cr	4,090	3,338	2,347	1,572	1,072	2,625	2,256	1,845	1,491	1,058	944	732	476	347	308
7	Debt	₹ in Cr	54	301	578	1,099	1,187	0	14	-	208	328	462	574	495	545	505
8	Dividend on Equity Capital	₹ in Cr	102##	95	75	61**	27	102##	95	75	61**	27	18	16	14	10	10
	Percentage	%	375##	350	275	225**	100	375##	350	275	225**	100	65	60	60	50	100
9	EPS	₹	62.46	78.20	56.88	44.80	12.73	34.41	35.65	26.01	39.89	10.12	6.34	4.43	6.07	5.11	36.63
10	Book Value*#	₹	300	245	172	115	79	192	165	135	109	78	72	62	44	34	294
11	Net Debt/ Equity Ratio	x	0.00	0.00	0.15	0.68	1.08	0.00	0.00	0.00	0.14	0.30	0.43	0.64	0.89	1.56	1.62

*UOM: Units of Measurement

**Interim Dividend

Excludes Exceptional Income

Proposed dividend is accounted as and when declared by the Company

*# In FY 2014-15, the Company has split its Equity Shares from face value of ₹10 each to ₹2 each and issued Bonus Shares in the ratio of 1:1. Hence, Book Value is not comparable.