Management Discussion and Analysis Report

GLOBAL ECONOMIC SCENARIO

The global economy has just emerged from what can only be described as a prolonged stress test. Over the past few years, it has weathered a chain of disruptions, including the pandemic, escalating consequences of climate change, a series of geopolitical shocks, and now, the redrawing of global trade through de-globalization and tariff wars. These events have upended supply chains, stoked inflationary pressures, and pushed governments into emergency mode, deploying extraordinary fiscal and monetary interventions to steady the ship. And while the global economy has weathered each storm, the recovery has been anything but uniform. A few advanced and developed economies are finding their footing but much of the global economy remains stuck in the long shadow of the heightened volatility, highlighting just how uneven resilience can be in an interconnected world.

According to the IMF's World Economic Outlook (April 2025), global growth is projected at 2.8% for 2025, a downward revision from earlier forecasts, reflecting increased policy uncertainty and ongoing trade tensions. For 2026, the IMF forecasts global growth of 3.0%, indicating a lack of significant acceleration from the 2025 projection. This subdued outlook is attributed to lingering effects of high debt levels, weak investment, slow productivity growth, and demographic pressures. While the green transition and technological advancements like AI offer potential upside, their benefits are not expected to be evenly distributed, and many developing countries face challenges in mobilizing finance for necessary investments.

The global economy grew by an estimated 3.2% in 2024, although growth varied widely across regions. The Euro area, in particular, continued to experience subdued economic activity. Entering 2025, the global economy showed signs of strong momentum; however, this is now weakening due to rising protectionism and escalating trade restrictions.

The full implications of the ongoing tariff war will become evident once the reciprocal tariffs announced by the United States take effect in July 2025. These measures are expected to disrupt global trade flows and supply chains, as major exporting nations seek alternative markets – potentially leading to increased dumping. This shift comes at a time when global demand remains muted, and concerns about a potential recession are mounting.

Notably, the U.S.'s proposed 26% tariff on Indian exports is considerably lower than the rates proposed for China (145%), Taiwan (32%), and Vietnam (46%). This differential gives Indian products a relative cost advantage, potentially enabling India to expand its export footprint and partially offset the decline projected by the Global Trade Research Initiative (GTRI).

Monetary policy trends indicate that major central banks will continue easing interest rates, though at varying paces, reflecting differences in economic growth and inflation outlooks. At the same time, fiscal tightening is expected across advanced economies particularly in the United States, while emerging and developing markets are likely to adopt a more gradual approach.

As economies navigate this evolving landscape, the delicate balance between inflation control and growth ambitions will define the trajectory of global recovery. Policy decisions in the coming years will play a crucial role in determining whether the world economy can sustain its resilience amid lingering uncertainties.

Asia:

Asia continues to assert its role as a pivotal driver of global economic growth. In 2025, the region's economy is projected to expand by 4.5%, increasing its share of global economic output to 48.6% when measured by purchasing power parity (PPP). This growth underscores Asia's resilience and its central position in the world economy.

Several economies are expected to experience robust growth including China, India, Vietnam, the Philippines, Mongolia, Cambodia, and Indonesia. This momentum is fuelled by factors such as accelerated digitalization, rising domestic consumption, and strengthening intra-regional trade among others.

Despite facing challenges linked to global trade tensions and evolving U.S. reciprocal tariffs, Asian nations are proactively enhancing regional economic integration. Initiatives like the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) aim to lower trade barriers and improve Asia's economic integration benefits from coordinated policies, trade liberalization, deepening financial cooperation, and

robust infrastructure development. China maintains a dominant position in global value chains, while ASEAN countries have significantly enhanced their roles. India is increasingly integrating into regional value chains, further solidifying Asia's status as a key pillar of global trade.

Overall, Asia's economic trajectory remains positive, bolstered by strong growth in key economies and enhanced regional integration efforts. Nonetheless, vigilance is required to navigate emerging threats and sustain the region's pivotal role in the global economy.

Sources:

- *https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024*
- *https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025*
- *https://www.asiahouse.org/research-analysis/asia-house-annual-outlook-asias-economies-to-power-ahead-in-2025?*
- *https://www.reuters.com/world/china-japan-south-korea-will-jointly-respond-us-tariffs-chinese-state-media-says-2025-03-31/*
- *https://asean.org/our-communities/economic-community/integration-with-global-economy/regional-comprehensive-economic-partnership-rcep/*
- *https://www.reuters.com/markets/asia/asias-weighted-real-gdp-growth-rate-projected-reach-45-2025-report-says-2025-03-25/*
- *https://www.reuters.com/world/india/indian-rupee-slide-again-after-brief-recovery-erasing-nearly-all-gains-2025-04-01/*
- *https://www.reuters.com/world/china/morgan-stanley-raises-chinese-stock-targets-again-earnings-optimism-2025-03-26/*
- *https://pib.gov.in/PressReleasePage.aspx?PRID=2123826*
- *https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025*

Snapshot of projected global growth trends

Particular	Projections		
	2024A	**2025E**	2026E
World Output	3.3	2.8	3.0
Advanced Economies	1.8	1.4	1.5
United States	2.8	1.8	1.7
Eurozone	0.9	0.8	1.2
Japan	0.1	0.6	0.6
United Kingdom	1.1	1.1	1.4
Other Advanced Economies	2.2	1.8	2.0
Emerging Market and Developing Economies	4.3	3.7	3.9
China	5.0	4.0	4.0
India	6.5	6.2	6.3

IMF Report – April 2025

INDIAN ECONOMIC SCENARIO

India's economic growth remains resilient despite global uncertainties. The International Monetary Fund (IMF) projects India's GDP to grow at 6.2% in 2025 and 6.3% in 2026 as per latest forecasts released in April 2025, making it the fastest-growing major economy. This growth is underpinned by strong private consumption, robust exports, and macroeconomic stability. However, external headwinds such as geopolitical tensions, trade disruptions, reciprocal tariffs and a sluggish global recovery could impact exports and industrial performance, forcing India to leverage its domestic strengths to sustain momentum.

Decoding the GDP Growth

The moderation in India's GDP growth in FY 2024-25, was primarily due to slower capital expenditure and weaker exports. Exports were hampered by supply chain disruptions, particularly in the Red Sea region, while industrial growth was weighed down by contractions in mining and electricity.

Despite these challenges, rural consumption remained robust, supported by strong monsoons, higher agricultural growth, and increased sales of consumer goods. The services sector continued to be a key growth driver.

Budget 2025: Outlook & Impact

On February 1, 2025, Hon'ble Finance Minister Nirmala Sitharaman presented her eighth budget, introducing tax cuts for the middle class to boost consumption.

The Union Budget 2025-26 emphasizes infrastructure development, digital transformation and rural upliftment – key pillars supporting India's ambition to become a $5 trillion economy. With the fiscal deficit maintained within a manageable range, the Government has fiscal space to increase spending and sustain economic momentum. Notably, manufacturing exports – especially in high-value-added segments such as electronics and semiconductors – have shown resilience, highlighting India's rising integration into global value chains. However, inflation continues to pose a significant challenge to macroeconomic stability.

While the budget offers short-term stimulus, India's long-term trajectory hinges on structural reforms, ease of doing business, and financial inclusion.

Capital Market Resilience & Fiscal Stability

India's capital markets have remained resilient amid global volatility, driven by the rising participation of domestic institutional investors (DIIs). This shift has reduced reliance on foreign capital flows, making the markets less vulnerable to external shocks and boosting investor confidence in long-term stability.

Stable capital markets are essential for channelling savings into productive investments, and India's increasingly robust financial ecosystem provides a strong foundation for sustained economic growth. This resilience reflects the strength of India's demographic dividend and expanding middle class, which are not only powering consumption and employment but also anchoring the country's financial market stability.

On the fiscal front, the fiscal deficit is projected to be 4.8% of GDP for FY 2024-25, lower than the initial target of 5.1% envisaged at the start of the year. The reduction is based on factors such as reduced capital expenditure and higher-than-anticipated dividends from the central bank and also factors an increase in government spending in the latter half of the fiscal year, which could support economic activity.

Risks & Near-Term Outlook

Inflation remains a concern, prompting the RBI to maintain its policy rate for the eleventh consecutive review. Core inflation is inching upwards, which could impact consumer spending if left unchecked. Additionally, evolving global trade policies and protectionist measures in developed markets may pose risks to India's export outlook.

However, India's long-term growth story remains intact, supported by structural reforms, macroeconomic stability, and a rising middle class. With FDI inflows increasing and a strategic push toward manufacturing and digital transformation, India is set to retain its position as the world's fastest-growing major economy. The IMF's projection of 6.2% growth in 2025 reinforces confidence in the country's economic trajectory.

Despite short-term volatility, India's strong economic fundamentals continue to position it as a pivotal force in the global growth story. To sustain this momentum, expanding access to long-term finance – particularly by deepening capital markets – will be critical in reinforcing investor confidence and strengthening the overall investment climate.

Sources:

- *https://www.gisreportsonline.com/r/india-economic-growth/*
- *https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html*
- *https://www.businesstoday.in/latest/economy/story/india-to-stay-fastest-growing-economy-with-65-gdp-in-fy26-but-reforms-key-for-future-momentum-imf-466388-2025-03-01*
- *https://pib.gov.in/PressReleasePage.aspx?PRID=2123826*
- *https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025*

INDUSTRY OUTLOOK AND TRENDS

The global chemical industry is staging a strong recovery from prolonged volatility, with production growth now outpacing 2023 levels. Market momentum remains robust – according to Research & Markets, the global chemicals market is expected to grow from $5.61 trillion in 2024 to $6.15 trillion in 2025, and further to $8.58 trillion by 2029, reflecting a healthy compound annual growth rate (CAGR) of 8.6%.

With demand strengthening across key end-use sectors and the inventory destocking cycle normalizing, industry players are prioritizing cost optimization, decarbonization, product portfolio diversification, and innovation. These strategic shifts are positioning companies to sustain growth and enhance resilience in an evolving global landscape.

Since the COVID-19 pandemic, the chemical industry has navigated significant market fluctuations. The strong pent-up demand and inventory buildup of 2021-22 was followed by declining revenues and shrinking margins in 2023, with operating margins hitting their lowest levels since the recession during FY 2007 to FY 2009. These challenges forced cost-optimization programs, post which margins have started to recover, signalling a gradual industry turnaround.

Looking ahead, growth will be influenced by macroeconomic uncertainties, regulatory shifts, evolving customer demands, and technological advancements.

Several trends that will shape the industry's trajectory in the near term:

- **Digital Transformation:** AI and predictive analytics will enhance operational efficiency, reduce waste, and accelerate the development of sustainable, high-performance products.
- **Geopolitical & Supply Chain Shifts:** Ongoing trade tensions, reciprocal tariffs and shifting global alliances are driving companies to reconfigure supply chains, investing in regional production hubs and localized sourcing to enhance resilience.
- **Asia-Pacific's Leadership:** The Asia-Pacific region will continue to dominate global chemical production, with companies balancing competitive pricing and product quality to maintain market share.
- **Rise of Speciality Chemicals:** High-margin speciality chemicals will gain prominence, especially in semiconductors, automotive, green energy as well as new-age sectors.
- **Sustainability & Innovation:** Investments in low-carbon technologies, circular economy initiatives, and renewable feedstocks will accelerate R&D and product development.

The chemical industry enters the new year with cautious optimism. However, this optimism can be tempered by several disruptive forces reshaping the industry. From green energy and AI-driven manufacturing to supply chain volatility, companies must adapt swiftly to stay ahead.

Emerging Disruptions & Opportunities

- **Green Energy & Sustainability**

  Green energy is set to transform chemical production as companies shift toward renewable energy sources such as solar, wind, and bioenergy to reduce carbon emissions and comply with stricter environmental regulations. By minimizing reliance on fossil fuels, chemical manufacturers can lower greenhouse gas emissions and cut long-term operational costs. Additionally, the growth of bio-based chemicals and renewable feedstocks will create sustainable alternatives to traditional petrochemicals. While infrastructure and technology investments will be necessary, they will offer long-term competitive advantages and market differentiation.

- **AI-Driven Efficiency & Innovation**

  AI will play a critical role in improving efficiency, enhancing decision-making, and accelerating innovation across the chemical sector. Machine learning and real-time data analytics will optimize production processes, reduce waste, and lower operational costs. AI-driven simulations and modeling will enable faster discovery of new materials and formulations, expediting R&D efforts and time-to-market for new products. Moreover, AI will improve supply chain resilience by enhancing demand forecasting, inventory management, and logistics optimization, making the industry more agile, sustainable, and cost-efficient.

To thrive in 2025 and beyond, chemical companies must embrace sustainability, digital transformation, and supply chain agility. Those that invest in innovation and resilience today will define the industry's future

- **Macroeconomic & Geopolitical Disruptions**

  The chemical industry faces several potential disruptions due to geopolitical instability, energy price volatility, and regulatory shifts. Trade restrictions, conflicts, and tariffs could impact raw material sourcing, leading to higher costs and supply chain delays. Fluctuations in global energy markets will affect chemical production costs, particularly for energy-intensive processes.

  Additionally, stricter environmental regulations will drive mandatory investments in green technologies, carbon capture, and sustainable manufacturing practices. Climate change and extreme weather events could further disrupt production facilities and logistics, adding operational unpredictability. As customer demands shift toward sustainability and high-performance materials, chemical companies must adapt quickly to remain resilient, competitive, and innovative.

Navigating the Future

To thrive in 2025 and beyond, chemical companies must embrace sustainability, digital transformation, and supply chain agility. Those that invest in innovation and resilience today will define the industry's future.

Sources:

- *https://www2.deloitte.com/us/en/insights/industry/oil-and-gas/chemical-industry-outlook.html*
- *https://www.globenewswire.com/news-release/2025/01/20/3011825/0/en/Global-Chemical-Industry-Outlook-worth-6-324-billion-by-2025-at-a-CAGR-of-2-3-says-MarketsandMarkets.html*
- *https://www.spglobal.com/content/dam/spglobal/ci/en/documents/news-research/special-reports/Chemical%20Trends%20H1%202025.pdf*

INDIAN CHEMICAL INDUSTRY

The Indian chemical industry plays a pivotal role in the nation's economy, ranking 6th globally and 3rd in Asia in chemical production. As a highly diversified sector offering over 80,000 commercial products, it supports a wide range of downstream industries including agriculture, textiles, automotive, and pharmaceuticals. The industry's robust domestic base, strong global presence, and comprehensive product portfolio – spanning bulk chemicals, agrochemicals, speciality chemicals, polymers, petrochemicals, and fertilizers – position it for sustained growth. Driven by rising demand from end-use sectors like packaging, automotive, and healthcare, and further supported by favorable government policies, infrastructure upgrades, and access to cost-competitive skilled labor, the industry is projected to reach $300 billion by 2025 and scale up to $1 trillion by 2040. This expansion is underpinned by increasing domestic demand, strategic Government initiatives (like PLI schemes, PCPIRs, etc.) and substantial foreign direct investment (FDI) among others.

Market Dynamics and Growth Drivers

The expansion is fuelled by increasing demand from key end-use industries such as packaging, automotive, pharmaceuticals, and more. According to a McKinsey report, the industry is projected to grow at 11–12% annually from 2021 to 2027, and 7–10% from 2027 to 2040. If sustained, this growth could enable India to triple its global market share by 2040. Supportive Government policies, improved infrastructure, and access to skilled, cost-effective labor are further strengthening India's position as a global hub for chemical manufacturing.

Speciality chemicals, agrochemicals, and petrochemicals are emerging as key growth engines of the global chemical industry, with projected CAGRs of 11.5%, 8.3%, and 11% respectively through 2027. This growth underscores a clear shift toward high-value, application-specific solutions tailored to diverse industrial needs.

Speciality chemicals, which account for approximately 20% of the global chemical market, are particularly dynamic. In India, this segment is expected to grow at a robust CAGR of 12%, reaching $64 billion by 2025 – driven by rising demand, strong export potential, and increasing integration into global value chains.

According to McKinsey report, the industry is projected to grow at 11–12% annually from 2021 to 2027, and 7–10% from 2027 to 2040.

Investment and Policy Initiatives

The Indian Government has been proactive in fostering the chemical industry's growth through various initiatives. The Petroleum, Chemicals, and Petrochemicals Investment Regions (PCPIRs) are expected to attract investments worth $420 billion, underscoring the sector's robust potential. Additionally, the establishment of seven Central Institutes of Petrochemicals Engineering & Technology (CIPET) and the Institute of Pesticide Formulation Technology (IPFT) aims to drive skill development, ensuring a competent workforce to support the industry's expansion.

The Government is also contemplating the introduction of a production-linked incentive (PLI), Employee linked Incentive (ELI) scheme for the chemical and petrochemical industry to boost domestic manufacturing and exports.

Sources:

- *https://www.ey.com/en_in/insights/chemicals/catalyzing-growth-india-s-chemicals-and-petrochemicals-drive-growth*
- *https://manufacturing.economictimes.indiatimes.com/news/chemicals/indias-chemical-industry-set-to-reach-1-trillion-by-2040-says-mckinsey-report/118707931*
- *https://www.indianchemicalnews.com/policy/budget-2025-impact-on-the-indian-chemical-sector-by-aashish-kasad-senior-partner-ey-india-and-national-leader-chemicals-and-agri-sector-and-pari-shah-director-ey-india-25235*

STRATEGIC EMPHASIS: MINIMIZING DEPENDENCY ON IMPORTED CHEMICALS

India's chemical industry, despite its strong domestic manufacturing base, remains heavily reliant on imports for several key raw materials and intermediates. This dependency increases vulnerability to global supply chain disruptions, geopolitical risks, and price volatility. In response, the Government and industry players are intensifying efforts to reduce import dependence and strengthen self-sufficiency in chemical production.

Key Challenges of Import Dependency

- **Raw Material Shortages & Price Volatility:** A significant portion of India's chemical imports includes petrochemical feedstocks, speciality chemicals, and intermediates essential for industries like pharmaceuticals, agrochemicals, and electronics. Any global supply chain disruption such as the recent Red Sea crisis or geopolitical tensions directly impacts domestic manufacturers by causing supply shortages and cost escalations.

- **Trade Deficit & Supply Chain Vulnerabilities:** India's import bill for chemicals and petrochemicals remains substantial. In FY2024, the country imported chemicals worth over $50 billion, a figure that has been steadily rising. High reliance on Chinese and European suppliers for speciality chemicals and intermediates further exposes India to trade-related uncertainties.

- **Environmental & Energy Security Concerns:** Many imported chemicals, particularly petrochemical derivatives, are energy-intensive and contribute to carbon emissions. Reducing dependence on fossil fuel-based chemical imports aligns with India's long-term sustainability and energy security goals.

Government Interventions & Policy Initiatives

To tackle these challenges, the Indian Government has introduced several measures to promote domestic production and minimize dependency on imports:

Encouraging Alternative Feedstocks:

- Hon'ble Union Minister Shri J.P. Nadda has emphasized the need for diversification of feedstock sources, including biomass, plastic waste recycling, and green hydrogen

- Research and pilot projects are being encouraged to explore bio-based alternatives for petrochemicals

Tariff Rationalization & Import Duty Adjustments:

- The Government is reviewing import tariffs on several chemical products, part of a broader reassessment. Some of these where Anti Dumping Duty has been imposed include PEDA, acetonitrile, vitamin-A palmitate, insoluble sulphur, and potassium tertiary butoxide among others — aimed at boosting domestic manufacturing and reducing import dependency

- In early 2025, India removed import duties on essential materials required for EV batteries and electronic components, aiming to support local production and downstream industries

*[**Source:** https://www.fibre2fashion.com/news/textile-news/india-imposes-anti-dumping-duty-on-six-chemicals-from-china-303519-newsdetails.html]*

Boosting Domestic Manufacturing Through Incentives:

- The Government is considering a new Production – Linked Incentive (PLI) scheme for the chemicals sector. Modelled after successful PLI initiatives in the electronics and pharmaceuticals industries, this scheme aims to strengthen domestic manufacturing capabilities and reduce reliance on imports

- A long-term vision for the chemicals and petrochemicals sector has been outlined under the Vision 2034 initiative. This roadmap focuses on enhancing local production, minimizing imports, and attracting significant investments. Plans include implementing PLI incentives of 10–20% for the agrochemical segment, with an emphasis on developing integrated manufacturing ecosystems through cluster-based growth

- The Petroleum, Chemicals, and Petrochemicals Investment Region (PCPIR) policy aims to attract $420 billion in investments. This initiative is designed to establish self-reliant, globally competitive chemical manufacturing clusters, promoting large-scale infrastructure and industrial development

Developing Indigenous Chemical Infrastructure:

- Expansion of Petrochemical Complexes: New petrochemical hubs are being set up in key locations like Paradip, Dahej, and Jamnagar to enhance domestic production of high-value chemicals and intermediates

- Investments in Research & Development (R&D): Government-backed research institutes such as the Central Institutes of Petrochemicals Engineering & Technology (CIPET) are promoting indigenous chemical innovation

Strategic Focus on Speciality Chemicals & Green Chemistry:

- Speciality chemicals, has witnessed strong growth. The Government is incentivizing domestic players to produce speciality and performance chemicals that were previously imported

- Circular economy initiatives are being pushed to develop bio-based and recycled chemical alternatives, reducing reliance on imported petrochemicals

Industry-Led Initiatives to Reduce Import Dependency

Apart from Government interventions, leading chemical companies in India are taking proactive steps:

Backward Integration Strategies:

- Major Indian chemical companies are expanding their in-house production of key intermediates

- India's backward integration strategies focus on reducing import dependence by boosting domestic production of key chemical intermediates

- Government support through PLI schemes and infrastructure development encourages upstream investment

Localization of High-Demand Intermediates:

- India has traditionally imported a significant share of its pharma intermediates (APIs), agrochemical precursors, and speciality coatings. Many Chemicals companies are setting up plants to produce these chemicals domestically

Sustainable & Green Chemical Development:

- Bio-based chemical manufacturing is gaining traction, with firms exploring ethanol-based derivatives, green hydrogen applications, and waste-to-chemicals technologies to reduce reliance on imported petrochemicals

- Investments in carbon capture and utilization (CCU) technologies are expected to improve self-sufficiency while aligning with global sustainability goals

The Road Ahead: Building a Resilient Domestic Chemical Supply Chain

With strong Government support and private sector initiatives, India is well-positioned to reduce its dependency on imported chemicals in the coming years. The key to achieving this will be:

- Accelerating domestic petrochemical infrastructure expansion

- Strengthening incentives for speciality and performance chemicals

- Promoting waste-to-chemical and bio-feedstock adoption

- Enhancing trade policies to balance local manufacturing growth with necessary imports

By focusing on these strategic priorities, India can bolster its domestic chemical ecosystem, mitigate risks from external supply shocks, and establish itself as a global leader in sustainable and self-sufficient chemical manufacturing.

Sources:

- *https://www.chemanalyst.com/NewsAndDeals/NewsDetails/budget-2025-chemical-industry-pushes-for-customs-duty-revisions-34055?utm_source=chatgpt.com*
- *https://phys.org/news/2025-04-sustainable-biomanufacturing-key-india-green.html*
- *https://www.tribuneindia.com/news/business/indian-chemical-industry-to-benefit-from-us-tariffs-on-china-prabhudas-lilladher-report/*
- *https://www.tradeimex.in/blogs/what-country-producer-of-chemicals*
- *https://www.reuters.com/world/india/india-review-tariff-surcharge-luxury-goods-renewables-chemicals-amid-us-pressure-2025-02-05/*
- *https://www.sahilbhadviya.in/blog/can-deepak-nitrite-give-10x-return-in-10-years?utm_source=chatgpt.com*
- *https://www.equitymaster.com/detail.asp?date=02%2F18%2F2025&story=4&title=Pros-and-Cons-of-Investing-in-Deepak-Nitrite*

STRUCTURAL GROWTH DRIVERS FOR INDIA

India's chemical industry is undergoing a significant transformation, fuelled by rising domestic consumption, strategic policy support, and evolving global supply chain dynamics. As a backbone of industrial growth, the sector is deeply integrated with several key industries – including agriculture (fertilizers and agrochemicals), pharmaceuticals (APIs and intermediates), automotive (polymers, coatings, and lubricants), textiles (dyes and processing chemicals), construction (adhesives, paints, and sealants), and electronics (speciality gases and semiconductors). This wide-ranging influence has led to substantial value creation – measured not only by the industry's expanding market size, but also by gains in manufacturing capacity, export performance, employment, and foreign direct investment.

Looking ahead, with continued investment, rising demand, and supportive Government initiatives such as the Production Linked Incentive (PLI) scheme and infrastructure expansion, the industry is projected to grow to $300 billion by 2028. This growth underscores India's emerging position as a global hub for speciality chemicals, green alternatives, and custom manufacturing, poised to meet both domestic and international demand at scale.

Several key factors that are driving sustained growth:

1. Expanding Domestic Consumption

India's chemical industry is a critical enabler of key sectors such as agriculture, pharmaceuticals, automotive, electronics, and construction. Driven by rapid urbanization and a growing industrial base, domestic demand for chemicals is accelerating across these industries. Currently, 70% of India's chemical output is consumed within the country, reflecting the sector's strong integration with the national economy.

India ranks as the world's second-largest manufacturer of dyes, third-largest consumer of polymers, and fourth-largest producer of agrochemicals. By 2040, domestic chemical demand is expected to reach $850 – $1,000 billion, with India projected to contribute 20% of incremental global chemical consumption. This surge will unlock unparalleled opportunities for investment, capacity expansion, and global leadership in the sector.

Looking ahead, with continued investment, rising demand, and supportive Government initiatives such as the Production Linked Incentive (PLI) scheme and infrastructure expansion, the industry is projected to grow to $300 billion by 2028.

2. Sustainability-Driven Consumer Behavior

Consumer preferences are rapidly shifting towards eco-friendly, sustainable, and socially responsible products, reshaping demand patterns in the chemical industry. Increasing regulatory pressures and awareness about environmental impact are driving the demand for green chemicals, biodegradable materials, and non-toxic formulations. India, being a leading producer of speciality chemicals essential for sustainable products, is well-positioned to capitalize on this trend. Companies are actively investing in green chemistry, bio-based chemicals, and circular economy models to cater to both domestic and global sustainability requirements, ensuring long-term competitiveness in an evolving market.

3. Geopolitically-Driven Supply Chain Realignment

With disruptions in global trade and increasing geopolitical tensions, manufacturers are actively seeking alternative markets to strengthen supply chains. India's cost competitiveness, regulatory framework, and manufacturing capabilities make it a preferred destination, positioning the country as a trusted global partner in chemical production and exports.

4. Strong Policy Support and Government Incentives

The Indian Government has implemented transformative policies to boost the chemical industry's growth, including

- Remission of Duties and Taxes on Exported Products (RoDTEP) – Enhancing export competitiveness
- Petroleum, Chemicals & Petrochemical Investment Region (PCPIRs) – Creating dedicated hubs for large-scale investments
- Plastic Parks Initiative – Supporting the growth of sustainable and value-added plastic manufacturing

These initiatives are accelerating investments, enhancing domestic production, and reducing import dependency, further strengthening the industry's global positioning.

5. Competitive Advantages in the Global Market

India's low manufacturing costs, skilled workforce, and abundant natural resources, combined with its commitment to sustainability across the supply chain, provide a distinct edge in the global chemicals value chain. As sustainability compliance becomes a key differentiator worldwide, India's early adoption of green chemistry and circular economy practices enhances its attractiveness as a manufacturing hub.

With these structural growth drivers in place, India's chemical industry is set to become a global powerhouse, offering immense opportunities for investment, innovation, and long-term economic growth.

Sources:

- *https://www.investindia.gov.in/team-india-blogs/chemical-industry-growth-drivers-and-investment-opportunities-india*

As industries worldwide shift towards sustainability and high-value speciality chemicals, India is well-positioned to lead with its diverse portfolio, operational excellence, and increasing R&D investments.

DOMESTIC INDUSTRY OUTLOOK: INDIA'S CHEMICAL SECTOR – A GLOBAL POWERHOUSE

India's chemical sector has rapidly emerged as a global leader, exporting to over 175 countries and cementing its status as a trusted manufacturing hub. With exports surpassing $20 billion, the industry plays a pivotal role in global supply chains, serving key markets like China, the US, Brazil, the Netherlands, and Saudi Arabia among others.

As industries worldwide shift towards sustainability and high-value speciality chemicals, India is well-positioned to lead with its diverse portfolio, operational excellence, and increasing R&D investments.

Speciality Chemicals: The Next Growth Engine

Speciality chemicals have become the fastest-growing segment of India's chemical industry, driven by strong demand across sectors such as electronics, automotive, construction, aerospace, food, and pharmaceuticals. This segment currently accounts for 47% of India's domestic chemical market and is projected to grow at a CAGR of nearly 11% over the next five years. ***(Source:*** *https://www.investindia.gov.in/team-india-blogs/chemical-industry-growth-drivers-and-investment-opportunities-india**)***

A key driver of this growth is the agrochemicals sub-segment, which is already a $5.5 billion market and is expected to contribute ~40% of India's overall chemical exports by 2040. With the rising need for advanced crop protection solutions and sustainable farming practices, agrochemicals are becoming a cornerstone of India's export strategy. ***(Source:*** *https://www.investindia.gov.in/team-india-blogs/chemical-industry-growth-drivers-and-investment-opportunities-india* ***)***

Recognizing this potential, global chemical giants such as Lubrizol, Celanese, and Nouryon have invested in technical and global capability centers in India, along with greenfield manufacturing plants. These investments reinforce India's position as a key hub for speciality chemical innovation and production, further solidifying its competitive edge in the global market.

India's Rising Competitiveness in Global Chemical Exports

India's chemical industry is deeply integrated with its manufacturing ecosystem, supplying essential inputs to agriculture, textiles, food & beverages, rubber, and petroleum refining. The sector's economic significance is reflected in its 9.2% share of the Gross Value Added (GVA) in the manufacturing sector for FY 2021-22, growing at a CAGR of 8.3% from FY 2016-17 to FY 2021-22.

With over two million people employed, the industry contributes 6% to India's total exports, shipping a wide range of products including inorganic and organic chemicals, dyes, agrochemicals, plastics, and synthetic rubber. Between April 2000 and March 2024, the sector (excluding fertilizers) attracted $22.14 billion in FDI inflows, and future investments are projected to reach ₹ 8 Lakh Crores by 2025. ***(Source:*** *https://www.investindia.gov.in/team-india-blogs/chemical-industry-growth-drivers-and-investment-opportunities-india* ***)***

The global shift toward sustainable and eco-friendly chemical solutions presents India with a unique growth opportunity. As demand increases for high-performance, customized, and green chemicals, India's strength in speciality formulations and environmentally friendly alternatives gives it a distinct competitive edge in international markets.

Sustainability & R&D: The Future of Indian Chemicals

India's chemical sector is at the forefront of sustainable innovation, with companies aggressively investing in research & development (R&D), clean technology, and decarbonization. Leading petrochemical firms have allocated significant CAPEX towards R&D infrastructure, with ₹ 600 Crores invested in FY 2021-22 alone. ***(Source:*** *https://www.investindia.gov.in/team-india-blogs/chemical-industry-growth-drivers-and-investment-opportunities-india**)***. This commitment to innovation is enabling the industry to develop next-generation chemical solutions that align with global sustainability goals.

India has positioned itself as a trusted global supplier of dyes, agrochemicals, basic chemicals, cosmetics, and speciality formulations. The chemical industry is also playing a crucial role in India's commitment to achieving net-zero emissions by 2070. With regulatory reforms, infrastructure enhancements, and a strategic push towards green technology, the country is creating a robust foundation for climate-conscious chemical manufacturing.

Sources:

- *https://www.investindia.gov.in/team-india-blogs/chemical-industry-growth-drivers-and-investment-opportunities-india*

BUDGET 2025: IMPACT ON THE INDIAN CHEMICAL SECTOR

Addressing key issues through policy interventions, investment incentives, and infrastructure development is critical for unlocking the industry's full potential. Budget 2025 introduced broad economic reforms that will indirectly benefit the chemical sector by boosting manufacturing, infrastructure, reducing customs duties on lab inputs, and allocating ₹ 20,000 Crores to promote private-sector innovation. The Government also plans to extend PLI schemes with R&D-linked incentives, streamline patent benefits, and invest in green chemical hubs, all aimed at shifting the sector toward high-value, innovation-driven growth.

Key Policy Announcements Impacting the Chemical Sector

1. Strengthening Agrochemicals Demand through initiatives like Prime Minister Dhan-Dhaanya Krishi Yojana, Mission for Atmanirbharta in Pulses, National Mission on High Yielding Seeds, and a five-year mission for cotton farming sustainability.
2. Boosting Infrastructure and Manufacturing with the Indian Government's strategic focus on industrial and infrastructure development is reflected in major initiatives such as the National Manufacturing Mission, the ₹10 Lakh Crores Asset Monetization Plan (spanning FY 2025 to FY 2030), and a comprehensive three-year Public-Private Partnership (PPP) infrastructure pipeline. These programs aim to unlock value from existing public assets, attract private investment, and accelerate the growth of core sectors including roads, railways, ports, and urban development. As large-scale construction and manufacturing projects gain momentum, demand for construction chemicals – essential for durability, efficiency, and sustainability – is expected to rise sharply. This creates a significant growth opportunity for industry players aligned with India's infrastructure-led development agenda.
3. Advancing Research & Development through ₹ 20,000 Crores private-sector-driven R&D and innovation initiative, Deep Tech Fund of Funds, etc. This will support chemical industry advancements, particularly in speciality and green chemicals.
4. Promoting Green Energy & Sustainability with investments across solar PV cells, EV batteries, electrolyzers, and wind turbines. The revamped Bilateral Investment Treaties (BITs) intend to boost investment by fostering a more favourable climate for domestic chemical manufacturers and attracting international collaborations
5. Supporting MSMEs and Workforce Development through Export Promotion Mission, establishment of National Centres of Excellence for Skilling and promotion of Global Capability Centres (GCCs) in Tier-2 cities. This will also improve resource availability and operational efficiencies for chemical companies.

While Budget 2025 does not offer direct sector-specific incentives, its broader policy initiatives are poised to indirectly benefit the chemical industry. By driving consumption-led manufacturing, agricultural expansion, R&D investments, and export-oriented growth, these reforms will strengthen demand, innovation, and global competitiveness for Indian chemical manufacturers.

Sources:

- *https://www.indianchemicalnews.com/policy/budget-2025-impact-on-the-indian-chemical-sector-by-aashish-kasad-senior-partner-ey-india-and-national-leader-chemicals-and-agri-sector-and-pari-shah-director-ey-india-25235*

PERFORMANCE OF YOUR COMPANY

The Group maintained a stable performance in FY 2024-25, underscoring its evolution as a leading force in India's chemical manufacturing landscape. With a heritage spanning over five decades, Deepak Nitrite Limited ('DNL' or 'the Company') has consistently advanced its capabilities across basic, fine, and performance chemicals, serving critical sectors such as dyes and pigments, agrochemicals, pharmaceuticals, and petrochemical derivatives among others. Amid a volatile global environment, the Company continued to demonstrate resilience and strategic foresight, reinforcing its position as a dependable partner across global value chains.

FY 2024-25 unfolded against a complex backdrop marked by geopolitical uncertainties, energy cost volatility, and continued disruptions in global supply chains. Yet, it also presented opportunities, as the China+1 strategy gained traction, leading global giants to diversify sourcing to alternative regions including India. DNL's strong execution track record, manufacturing expertise, deep customer relationships, and commitment to value-added chemistry positioned it to capitalize on this shift. At the same time, the Company remained alert to external pressures, including raw material cost swings and tightening environmental norms, responding with proactive sourcing diversification, operational optimization, and enhanced customer focus.

Operationally, FY 2024-25 posed significant challenges, marked by inflationary cost pressures, tightening margins, and subdued demand in certain agrochemicals – driven by prolonged destocking and dumping from China. Additionally, global crop prices, particularly for wheat, corn, and soybean, witnessed a sharp decline, largely due to record-high wheat exports from Russia and increased grain shipments from Ukraine. However, Deepak's agile operations, consistent plant utilization, and emphasis on process efficiencies allowed it to maintain reliability and deliver on customer expectations. Strategic investments in process improvements, cost control measures, and supply chain agility supported margin stability and ensured continuity in dynamic market conditions.

In FY 2024-25, several critical projects like Nitric Acid (both CNA and WNA) are nearing completion & will be ready for commercial production in Q2 FY 2025-26, large hydrogenation facility is also approaching commercial production in Q2 FY 2025-26; other critical projects like MIBK-MIBC, Nitration and Hydrogenation are also nearing completion and are expected to be commissioned in H2 FY 2025-26. Once operational, this will mark a significant step in Deepak's backward and forward integration strategy, enabling resilient business and deeper penetration into value-added applications across pharmaceuticals, coatings, and speciality chemicals. The project reflects the Company's commitment to deepening its product mix and increasing the share of speciality and higher-margin offerings.

On the innovation front, DNL made substantial investments in Research and Development, reaffirming its commitment to both technological advancement and sustainability. The Company is set to inaugurate the state-of-the-art R&D Center in Savli, Vadodara, designed to focus on green chemistry, process optimization, and the development of cutting-edge products. This new center will play a pivotal role in DNL's drive to stay ahead of industry trends while fostering a culture of sustainability across its operations.

Progress was also made on the global front. Facility in Oman, set up for the production of sodium nitrite and sodium nitrate, is advancing well and remains on track. This venture is expected to enhance DNL's access to international markets, particularly in the Middle East, and is aligned with its broader objective of building a global footprint in critical products.

Strategic partnerships further bolstered DNL's growth trajectory in FY 2024-25. Notably, new products were added to be supplied to large agrochemicals globally. Additionally, DNL entered into long-term power purchase agreement for supply of renewable energy, a blend of wind and solar power a crucial step toward meeting the global demand for environmentally responsible chemical solutions. This would reduce use of power generated by conventional source and would cater to about 60%-70% of the Company's power needs. This is a leap step towards the Company's sustainability and responsibility drive and also bolster the country's goal of carbon neutrality. On the supply front, Deepak secured its Propylene and Hydrogen supply by executing a definitive long-term offtake agreement with Petronet LNG Limited to work as raw material security for the Phenol II project which is already announced. These are apart from various backward and forward integration projects already under commissioning / ensuing commercial production stage.

Despite external pressures, DNL's business segments delivered a steady performance. The Phenolics business emerged as a key growth contributor, driven by strong demand, capacity optimization, and improved plant utilization. The Advanced Intermediates segment also gained momentum, supported by volume uptick, improved customer engagement, and focused expansion initiatives. Several key product categories achieved high production and sales volumes during the year, with increased market share and expanded presence across diverse applications including construction, homecare, textiles, and pigments among others.

During FY 2024-25, Deepak delivered a stable performance. Consolidated revenues reached ₹ 8,282 Crores, with Domestic Revenues at ₹ 6,923 Crores and Exports contributing ₹ 1,359 Crores. The Domestic to Export mix of FY 2024-25 stood at 84:16, on a consolidated basis,. Consolidated EBITDA stood at ₹ 1,176 Crores with margins of 14%, while Profit Before Tax and Profit After Tax were at ₹ 953 Crores and ₹ 697 Crores, respectively.

DPL, the Company's Wholly Owned Subsidiary, delivered Robust Revenue of over ₹ 5,805 Crores, higher by 16%. This came

in despite facing pricing headwinds. Performance remained steady on the back of strong demand for Phenol, Acetone, and IPA, supported by efficiency gains and continued operational improvement. The downstream expansion initiatives progressed well during the year, reinforcing DPL's industry leadership and supporting its ambition for scale and differentiation.

Strong operating cash flows have enabled Deepak to maintain a resilient financial position, with gross debt of ₹ 1,170 Crores and a modest net debt of ₹ 256 Crores as of March 31, 2025. Backed by ₹ 900 Crores in cash and liquid investments, Deepak maintains low leverage, strong interest coverage, and solid credit ratings. Its judicious deployment of surplus funds into liquid instruments supports ongoing operations and future growth initiatives, reflecting a disciplined capital management approach that reinforces Deepak's commitment to long-term value creation and financial stability.

DNL declared a dividend of 375%, i.e., ₹ 7.50 per share for FY 2024-25, reflecting its commitment to sustained value creation for all stakeholders

Looking forward, Deepak is well-positioned to continue its growth trajectory. It is strategically focused on capitalizing opportunities in the high-value & downstream products, expanding its geographical footprint, and advancing sustainable practices. The continued growth of its international business, investment in innovation, and commitment to sustainability will be key pillars in Deepak's long-term strategy.

As DNL enters FY 2025-26, it remains committed to enhancing shareholder value, fostering innovation, and pursuing operational excellence. With a robust financial foundation and a clear focus on expansion and sustainability, DNL is poised to lead the domestic chemical industry into the future, solidifying its position as a global leader.

DNL operates across a diverse range of segments, each contributing to its robust growth and market leadership in the chemical industry. These segments include:

1. Advanced Intermediates (AI)

DNL's Advanced Intermediates (AI) segment demonstrated resilience amid a challenging external environment, delivering volume growth despite sectoral headwinds. The Company remains the domestic market leader in Sodium Nitrite and Nitro Toluenes underscoring its strong positioning in key intermediate chemistries. While demand from agrochemical-linked applications was subdued due to global muted trend caused by various factors like destocking, climate condition, recessive trends in various economies in larger countries, unsteady socio-political environment caused by various conflicts amongst countries; however, steady offtake from end-use industries such as textiles, dyes and pigments, infrastructure, construction, and homecare helped cushion the impact and sustain overall volume momentum.

The year was marked by volatile input costs, particularly for petrochemical-linked raw materials, owing to varying refinery throughput levels and geopolitical factors including war-linked premiums on crude, pricing pressure due to dumping from China and demand issues for select agrochemicals. Despite these headwinds, your Company adopted a proactive pricing strategy and recalibrated its product mix to protect margins.

The Company's diversified product portfolio – including Sodium Nitrite, Sodium Nitrate, Nitro Toluenes, Xylidines and other value-added intermediates serve a wide array of end-user industries, namely:

- Paints, Pharma, Health care, Colorants, Rubber Chemicals, Explosives, Dyes, Pigments, Food Colors - to name some
- Pharmaceuticals, Refineries, Agrochemicals, Glass, Personal Care
- Paper, Detergents, Textiles

This wide applicability, combined with backward integration and strong manufacturing capabilities, enables Deepak Nitrite to serve global and domestic clients with agility, consistency, and high quality.

The Company continued to deepen its global footprint by expanding its customer base and increasing wallet share across both established and high-potential international markets. Deepak Nitrite ranks among the top three global manufacturers of Xylidines, Cumidines, and Oximes – reinforcing its leadership. Despite heightened competitive intensity, the Company sustained or grew its market share in several regions, enabled by enduring customer relationships, a strong service track record, and a reputation for reliable, high-quality supply.

With assured access to key raw materials, the AI segment remains partly insulated from external supply chain risks. The Company's strategic investments in automation, debottlenecking, and sustainability-led improvements further bolstered production efficiency and reliability.

In FY 2024-25, segment revenue came in at ₹ 2,527 Crores and EBIT stood at ₹ 176 Crores, maintaining a stable margin profile despite persistent external pressures.

Looking ahead, Deepak is poised to elevate its growth trajectory through a combination of brownfield and greenfield expansions through its Wholly Owned Subsidiary (Deepak Chem Tech Limited). These projects will deepen integration, increase manufacturing capacity, and enable Deepak to tap into emerging demand in both traditional

and evolving applications. The shift of global supply chains towards India presents a long-term opportunity, and the AI segment is well-aligned to capture this momentum through innovation, import substitution, and strategic partnerships.

2. Phenolics

Deepak Phenolics Limited (DPL), Wholly Owned Subsidiary of Deepak Nitrite Limited, continues to be a cornerstone of the Company's growth and diversification strategy. In a year shaped by global pricing volatility and supply chain disruptions, DPL demonstrated resilient performance, underpinned by strong domestic demand, enduring customer relationships, and agile operations. Despite headwinds from global oversupply and higher input costs, impacting margins, the business maintained steady profitability driven by improved plant efficiencies and an increasing share of downstream, value-added products. For FY 2024-25, DPL recorded Revenue of ₹ 5,805 Crores up 16%, EBIT of ₹ 783 Crores, and an EBIT margin of 13%, reflecting its ability to navigate challenges while sustaining operational and financial strength.

DPL's products continue to serve diverse industries, including:

- Laminates, Construction Materials, Automotive, Homecare
- Pharmaceuticals, Agrochemicals, Paints & Coatings, Textiles
- Personal Care, Adhesives, Disinfectants

Given India's growth story, full throttle all-round economic activities resulting in the country to be fourth-largest economy in the world, growth in infrastructure, consumer durables, and health & hygiene segments continues to drive demand for Phenolics and their derivatives, presenting long-term growth potential.

In FY 2024-25, DPL demonstrated strong operational resilience, maintaining high asset utilization across its core product lines – Phenol, Acetone, and Isopropyl Alcohol (IPA) – supported by robust domestic demand. With a commanding 50% market share in India for Phenol and Acetone, the Company continues to lead in scale and reliability. Productivity was further enhanced through targeted debottlenecking initiatives and the installation of critical equipment to increase plant throughput.

DPL reinforced its sustainability agenda by initiating the use of biofuels, significantly reducing coal dependence and aligning operations with India's broader net-zero aspirations. As part of a strategic pivot toward high-margin, value-added products, DPL is deepening its presence in downstream segments to capture greater value and mitigate exposure to cyclical commodity pricing.

Since the commissioning of its integrated Phenol and Acetone manufacturing facility at Dahej, Gujarat, in 2018, DPL has been instrumental in reducing India's dependence on imports of critical petrochemicals. Anchored by world-class infrastructure and backward-forward integration, DPL is building long-term value by scaling operations and moving decisively up the value chain. DPL's strategic vision is to gradually transition towards producing value-added downstream products through its fellow subsidiary (Deepak Chem Tech Limited), necessitating the internal consumption of its existing product portfolio of Phenol and Acetone.

User Industries under the segment:

- Laminates and Plywood
- Adhesives, Resins, brake fluids for Auto segment
- Paints, Pharmaceuticals (API) segment as a solvent
- Pharmaceutical formulation – Indian Pharmacopoeia certified Solvents for formulations
- Speciality Chemicals – Agrochemicals end use (herbicides and pesticides), detergent and anti-oxidant end use (alkyl Phenols)

Notable initiatives include the near-completion of the Methyl Isobutyl Ketone (MIBK) project, expected to commence operations in FY 2025-26 under Deepak Chem Tech Limited, and the industry-first acetophenone recovery initiative, also scheduled for commissioning in FY 2025-26.

DPL has also embarked on a unique, waste-to-wealth initiative to recover high-value Acetophenone from a low-value by-product stream. This project is expected to be operational by Q4 FY 2026.

Together, these efforts strengthen Deepak's ability to transition towards a more speciality-focused portfolio, enhancing growth, profitability, and long-term sustainability.

As part of its long-term growth strategy, Deepak is set to double its Phenol capacity and expand its range of speciality derivatives, ensuring greater control across the value chain and a stronger competitive position. These initiatives align with national priorities such as Atmanirbhar Bharat, while positioning the business to serve as a reliable partner to global supply chains.

By combining scale, integration, innovation, and sustainability, Deepak is not only enhancing its financial performance but also driving its vision of delivering long-term, inclusive, and resilient growth.

The year witnessed general levels of economic distress in the global chemical industry and severe contraction in operating margins due to capacity build up in China and general economic slowdown in large consuming centers like China and the EU zone. In addition, domestic margins were severely

squeezed due to disproportionate supply push into Indian market by Asian producers. Despite such headwinds, DPL recorded a milestone revenue of over ₹ 5,800 Crores in FY 2024-25 while EBIT witnessed a healthy increase of 22% to ₹ 783 Crores. EBIT margins remained stable at around 13%. This was primarily attributed to higher volumes in Phenolics, combined with gains from operating leverage and process optimization.

During the year, DPL implemented several high impact initiatives to enhance productivity and operational efficiency and to reduce specific energy consumption. The Phenol plant recorded an average utilization rate of over 165% during the year. Cumene and IPA also achieved an average utilization rate of 172% and 134% respectively. The overall specific energy consumption reduced by 5% compared to FY 2023-24.

3. Deepak Chem Tech Limited

Deepak Chem Tech Limited (DCTL), a Wholly Owned Subsidiary of Deepak Nitrite Limited, continued to make significant progress in FY 2024-25, reinforcing its role as a key player in the advanced chemicals sector. DCTL, focuses on manufacturing high-value chemical intermediates. The Company has made remarkable strides in expansion, with key milestones that underscore its strategic direction and commitment to innovation.

A key highlight for FY 2024-25 was the successful operationalization of DCTL's fluorination plant at Dahej, Gujarat, which began in March 2024. This state-of-the-art facility produces Benzo Trifluoride (BTF), a critical intermediate widely used in the chemicals and petrochemicals industries. The commissioning of this plant is a testament to DCTL's ability to meet the growing demand for specialized chemical intermediates, marking a significant step in strengthening India's chemical manufacturing capabilities. The establishment of this plant also aligns with DCTL's strategic aim to cater to high-value, high-demand applications.

Looking forward, DCTL is well-positioned for future growth with a strong pipeline of new projects and a clear focus on expanding its production capabilities for high-value, downstream products. Deepak is poised to play a pivotal role in strengthening Deepak Group's long-term growth strategy, contributing significantly to the broader vision of becoming a leader in India's chemical manufacturing landscape.

Strategic Projects and Outlook

Looking ahead to FY 2025-26, the DCTL's focus will shift to completing construction, commissioning key plants, and ramping up production. Major milestones anticipated include commissioning of the Nitric Acid plant at Nandesari, MIBK/MIBC and Hydrogenation; Nitration project at Dahej.

Project execution is progressing well, with engineering and procurement activities nearing completion across all major streams. The Nitric Acid plant has already been constructed, while the Hydrogenation and Nitration units are at an advanced stage of development. Construction of the MIBK and MIBC plants is also in the final stretch, with mechanical and electrical works moving swiftly toward completion. These units are slated for phased commissioning starting FY 2025-26. Together, they form a key pillar of Deepak's integrated growth strategy – ensuring backward and forward integration, securing critical feedstocks, strengthening supply chain efficiency, and enabling the production of high-value, differentiated products across performance chemicals, pharmaceuticals, and coatings.

This robust and diverse talent pool will be instrumental in driving the company toward full-scale operations.

Investment Update: Deepak Chem Tech Limited

Deepak Chem Tech Limited (DCTL), a Wholly Owned Subsidiary of Deepak Nitrite Limited, has unveiled an ambitious ₹ 8,500 Crores capital investment plan to set up a world-class integrated chemical manufacturing complex. This facility will focus on the production of Cumene – Phenol- Acetone (Phenol II), Polycarbonate resins and its downstream compounds – key intermediates used in a wide range of industries including automotive, electronics, construction, semi-conductor, consumer goods, defence and medical device applications . India's entire current requirement of Polycarbonate Resins and its compounds are being imported into the country. Hence, these projects are a critical step toward enhancing India's domestic manufacturing capacity and reducing reliance on imports for essential

Looking ahead to FY 2025-26, the company's focus will shift to completing construction, commissioning key plants, and ramping up production.

chemicals. As mentioned above, DPL has already signed a definitive agreement for procuring propylene to support Phenol II operations, the entire facility prescribes a high degree of cohesive integration. These projects give tremendous opportunity to grow and build a resilient business model with forward and backward integration.

As part of this strategic initiative, DCTL has signed a definitive agreement to acquire the Polycarbonate assets of Trinseo from its Stade facility in Germany. The acquisition also includes advanced process technology as well as access to the CALIBRE™ trademark for Polycarbonate resins. This move significantly strengthens DCTL's technological capabilities and global market positioning, enabling it to enter the high-performance polymers space with a strong foundation.

Leveraging this acquisition, DCTL plans to establish a greenfield Polycarbonate manufacturing plant with a capacity of 1,65,000 metric tonnes per annum (MTPA) at its Dahej site in Gujarat. The facility will integrate seamlessly with upstream and downstream operations, allowing for greater operational efficiency and cost optimization. This will also make India self-reliant in Polycarbonate production to a large extent, which is currently heavily dependent on imports.

The integrated complex will contribute meaningfully to India's "Atmanirbhar Bharat" (self-reliant India) and "Viksit Bharat" (developed India) visions by enabling the domestic production of advanced materials that are critical to multiple value chains.

Beyond industrial capabilities, the investment is expected to have a significant socio-economic impact. The complex will generate thousands of direct and indirect employment opportunities, foster skills development, and catalyze ancillary industries in the region. With all key polymer projects targeted for commissioning by FY 2027-28, this initiative marks a pivotal milestone in Deepak Chem Tech's journey to becoming a leading global player in the speciality chemicals and advanced materials space.

BUILDING THE FUTURE – STRATEGIC CAPITAL INVESTMENTS

Deepak is embarking on a transformative journey, underpinned by strategic capital investments exceeding ₹ 10,000 Crores through FY 2027-28. These investments reflect Deepak's long-term commitment to value creation through innovation, integration, and sustainability, while advancing India's self-reliance in critical chemistries.

This bold CAPEX roadmap is central to Deepak's aspiration to evolve into a future-ready, globally competitive chemical leader with a strong presence across the value chain.

Transformational CAPEX Initiatives

- **Greenfield Polycarbonate Resins Facility (Dahej):** In a landmark step, Deepak Chem Tech Limited (DCTL) received Board approval in November 2024 for India's first large-scale Polycarbonate resins plant. Powered by technology from Trinseo, Germany, this facility will significantly reduce import dependence in critical engineering polymer segment. Operations are slated to begin by FY 2027-28, with commercial contributions expected from FY 2028-29.

- **New Capacity of Phenol, Acetone & IPA:** Approved in April 2025, this new integrated complex will expand capacities of Phenol, Acetone and Isopropyl Alcohol. The project will enhance downstream integration, boost economies of scale, and strengthen Deepak's leadership in key building block chemicals.

- **Entry into Speciality Fluoro Chemicals:** Marking its diversification into complex chemistries, Deepak is investing in high-value fluoro compounds used in pharmaceuticals, agrochemicals, and electronics. This venture positions the Company in high-growth, high-barrier segments.

- **Projects in Nitric Acid, Nitration & Hydrogenation:** These strategically vital projects, currently in advanced development, will deepen vertical integration, improve cost structures, and enable production of advanced intermediates. Commissioning is expected next year.

- **MIBK/MIBC & Acetophenone Projects:** Engineering and procurement are complete for these downstream Phenol derivative units, expected to go live in FY 2025-26. The Acetophenone plant targets the global flavors and fragrances market, enhancing value from Phenol chain integration.

Enhancing Supply Chain Resilience

- **Long-Term Feedstock Agreement with Petronet LNG:** A 15-year agreement ensures uninterrupted supply of 250 KTPA of propylene and 11 KTPA of hydrogen to Dahej via pipeline – delivering both cost and environmental efficiencies.

- **Polycarbonate compounding seeding Programs:** Launched in November 2023, these programs focus on product performance validation and early customer

Deepak is embarking on a transformative journey, underpinned by strategic capital investments exceeding ₹ 10,000 Crores through FY 2027-28. These investments reflect the Company's long-term commitment to value creation through innovation, integration, and sustainability, while advancing India's self-reliance in critical chemistries.

engagement to ensure market readiness upon plant commissioning.

- **Project Updates – Photohalogenation & Acid Units:** Photohalogenation facility will cater to high-value derivatives. The Acid Unit is set to commence by FY 2025-26.

- **R&D and Innovation Engine:** A new state-of-the-art R&D Center in Vadodara, backed by an investment of ~₹ 100 Crores. It will drive innovation in sustainable processes and next-gen chemistries enabling Deepak to compete on global technology benchmarks.

A new state-of-the-art R&D Center in Vadodara, backed by an investment of ~₹ 100 Crores. It will drive innovation in sustainable processes and next-gen chemistries enabling Deepak to compete on global technology benchmarks.

Strategic Pillars for Sustainable Growth

- **Backward Integration:** Securing feedstock and improving cost stability through pipeline connectivity and in-house sourcing.

- **Import Substitution:** Reducing India's dependency on chemical imports by scaling indigenous capabilities in key sectors.

- **Portfolio Diversification:** Expanding into high-value, niche segments to unlock new growth vectors and elevate margins.

- **Sustainability at the Core:** All new facilities are designed with world-class energy efficiency, environmental responsibility, and minimal waste generation – aligning with global ESG frameworks.

- **Global Market Alignment:** Strengthening export readiness and international competitiveness through capacity augmentation and quality assurance.

DNL's capital investment strategy goes beyond capacity expansion, it represents a generational transformation. By reinforcing integration, driving innovation, and focusing on high-value products, the Company is transitioning to a world – class manufacturer of high quality compounds.

While near-term investments imply elevated capital deployment, they are laying a strong foundation for sustained, diversified, and profitable growth. Backed by a clear strategic vision and executional strength, Deepak is poised to emerge as a global chemical powerhouse delivering long-term value to stakeholders and contributing meaningfully to India's industrial progress.

DIGITAL TRANSFORMATION

Deepak also accelerated its digital transformation with the successful implementation of SAP S/4HANA and also other applications encompassing, Transport management, Customer Relationship management, Laboratory management, Weigh bridge management etc. The ERP, along with sharp applications brings in real-time data visibility, improved decision-making, and enhanced supply chain efficiency.

Further, Deepak is into Analytics and AI-based applications for bringing in high level viewability of operations and sharper predictability of future decision.

GEOGRAPHICAL PERFORMANCE

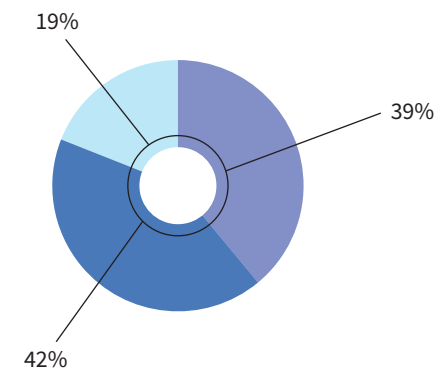
In FY 2024-25, DNL demonstrated a well-balanced geographical performance, driven by sustained domestic strength and strategic international expansion. On a standalone basis, Export Revenue decreased to 45% of Total Revenues. The Domestic-to-Export Revenue split stood at 55:45.

Domestically, DNL retained its leadership through high-capacity utilization, cost-efficient operations, and strong customer relationships. The Advanced Intermediates segment was a major contributor, supported by robust demand in sectors like Colours, Rubber, Glass, Pharma, Renewable Energy, Dye, Pigments etc. Strategic locations such as Vadodara and Dahej provided competitive advantages in terms of logistics and operational agility.

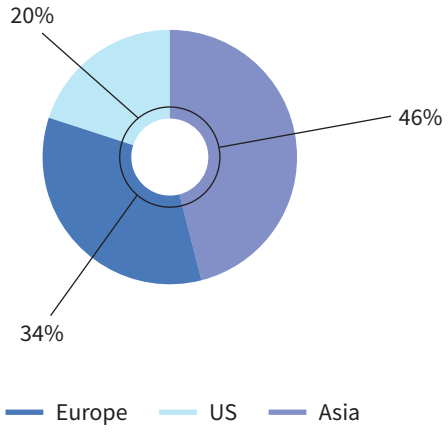
Export performance benefited from proactive customer engagement and increasing share from Asian markets. While Europe's contribution declined amid elevated energy costs in the Eurozone, the region remained a strategically important export market. DNL's ability to align production and supply strategies with evolving global needs enabled it to maintain export momentum despite a volatile international environment.

DPL continues to be predominantly focused on the domestic market. In FY 2024-25, DPL generated Revenues of ₹ 5,805 Crores, with a Domestic-to-Export mix of 96:04. With consistently high utilization levels for Phenol, Acetone, and IPA, the business benefited from demand in laminates, construction, and automotive sectors. Export volumes remained modest but stable.

FY 2023-24

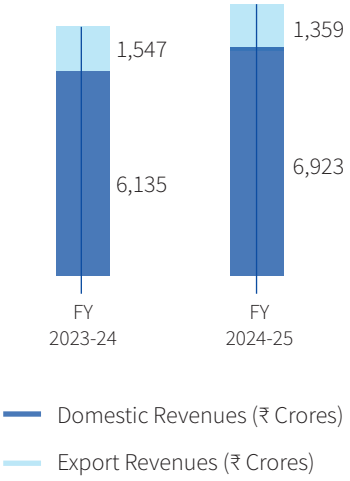


FY 2024-25



Consolidated revenues, combining DNL and its subsidiaries stood at approximately ₹ 8,282 Crores, with Domestic Revenues contributing ₹ 6,923 Crores and Exports at ₹ 1,359 Crores. The consolidated revenue mix remained stable at 84:16, indicating consistent domestic traction across key user industries such as agrochemicals, pharmaceuticals, and performance materials.

Overall, DNL's strategic approach built on cost leadership, integrated supply chains, and a diversified product mix continues to support its strong positioning in both domestic and international markets. The Company is well poised to tap emerging opportunities by deepening customer relationships and enhancing production efficiencies across geographies.



SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS (STANDALONE)

Key Financial Ratios	FY 2024-25	FY 2023-24	Change (%)	Reason
Debtors Turnover Ratio (x)	4.12	4.50	-8%	No major variance.
Inventory Turnover Ratio (x)	3.93	4.17	-6%	No major variance.
Current Ratio (x)	3.29	4.99	-34%	Decrease in cash & cash equivalents as compared to last year. Profits generated from business has been deployed in projects during the current year.
Debt Equity Ratio (x)	0.01	0.00	-	The Company remains debt free on net basis.
Interest Coverage Ratio (x)	407	529	-24%	Decrease in profitability as compared to previous year due to headwinds in Agrochemical business and steep Chinese competition in the Company's business segment.
Return on Net Worth (%)	8.84	14.67	-583 bps	
Operating Profit Margin (%) (EBIT)	12.76	16.87	-411 bps	
Net Profit Margin (%) (PAT)	10.94	15.91	-497 bps	

(x) represents number of times.

SOLID, RESILIENT BUSINESS MODEL

Deepak Group businesses and products are highly integrated, creating a robust value chain.

The Advanced Intermediates business also showcases a strong integration driven by its foundational chemistry and subsequent downstream applications. The product suite of this segment primarily builds upon core processes like nitration, hydrogenation, diazotization, and sulphonation. Starting with basic chemicals like sodium nitrite and sodium nitrate, for which Deepak Nitrite is a leading global producer, the Company then leverages these to create a wide array of fine and specialty chemicals, which are crucial building blocks for various high-growth industries such as agrochemicals, pharmaceuticals, dyes and pigments, and personal care. The control over value chain extends to backward integration into key raw materials to ensure supply stability and forward integration by developing new chemistries, such as fluorination and photo chlorination, and producing value-added derivatives that cater to specific customer requirements and new market demands. This comprehensive approach minimizes external dependencies, enhances cost efficiencies, and allows Deepak Nitrite to offer a diversified and specialized product portfolio, solidifying its position as a 'supplier of choice' for global customers.

This integration is also built / being further built in its phenolics segment, where it starts with basic petrochemical derivatives like benzene and propylene to produce cumene and phenol and acetone. These crucial intermediates then serve as building blocks for further value-added products. For instance, acetone is captively consumed to manufacture IPA, while both phenol and acetone are going to be used for manufacture of polycarbonate (PC) resins; and Deepak has also ventured into PC compounding which are essentially downstream products of PC resins, allowing them to capture more value across the entire phenol chain. In addition, acetone is also consumed into manufacturing MIBK and MIBC, the facilities of which will be commissioned soon under DCTL (Deepak Chem Tech Limited). This backward and forward integration, from raw materials to specialized end-products like polycarbonates and their compounds, strengthens the Company's competitive position by ensuring stable raw material supply, enhancing margins, and catering to diverse industries such as pharmaceuticals, agrochemicals, plastics, and automotive.

DCTL, a Wholly Owned Subsidiary of Deepak Nitrite, is strategically integrated to drive the group's foray into high-growth, specialized chemical segments, particularly high-performance polymers. Its integration is centred around leveraging Deepak Group's existing strengths in phenol and acetone production to move further downstream into the value chain. The upcoming Nitrite Acid facility will also be used to manufacture various existing and upcoming products around nitration chemistry.

SWOT ANALYSIS

Strengths

1. **Strong Manufacturing set up with focus on Backward Integration:**

   Deepak operates multiple state-of-the-art manufacturing facilities across India with focus on backward integration, manufacturing some of its own raw materials which leads to cost efficiencies and better supply chain control.

2. **Diverse Product Portfolio:**

   Deepak has a well-diversified product portfolio across Advanced Intermediates and Phenolics, catering to industries such as dyes & pigments, agrochemicals, pharmaceuticals, plastics, textiles,

laminates, paper, home & personal care, and petro derivatives. This broad reach mitigates risks associated with product obsolescence and ensures a steady revenue stream. By leveraging its expertise in complex chemistries, the Group continuously enhances its offerings to meet evolving market demands.

3. **Global Reach and Strong Partnerships:**

With our products being supplied to customers spread over 50 countries across six continents, including key markets like the United States, Europe, China, and India, Deepak enjoys a strong international presence. Its deep-rooted customer relationships and 'Depend on Deepak' initiative position it as a preferred supplier, enabling the Company to capitalize on growing global demand.

4. **Optimized Supply Chain and Operations:**

Deepak has demonstrated agility in fulfilling delivery commitments, ensuring consistent and reliable performance. Its expertise in managing large-scale logistics, optimizing supply chains, and leveraging technology enhances service quality, reduces costs, and strengthens competitiveness.

5. **Commitment to Sustainability & ESG Compliance:**

Sustainability is deeply ingrained in the Group's strategic vision and operational approach. As a Responsible Care company, Deepak is committed to environmentally responsible manufacturing, resource efficiency, and strong ESG compliance. These efforts not only support long-term value creation but also align with global and national sustainability priorities. A key focus is the transition to clean energy, with initiatives underway to adopt renewable sources, improve energy efficiency, and implement sustainable practices across operations. Deepak aims to meet 60–70% of DNL's energy requirements through renewables – advancing its goal of significantly reducing its carbon footprint while contributing to India's broader emission reduction targets.

6. **Innovation and R&D Excellence:**

Innovation through R&D lies at the heart of the Group's long-term vision. Deepak is focused on advancing sustainable chemistry, optimizing processes, and unlocking value through by-product utilization – delivering tangible gains in efficiency, cost reduction, and product differentiation. These initiatives are supported by strong execution capabilities and a deliberate shift toward becoming a research-driven organization. As a key enabler, the Group is setting up a state-of-the-art R&D Centre near Vadodara, designed to accelerate innovation and technology development. Backed by a team of more than 100 highly skilled scientists, R&D is deeply integrated into the Group's strategy, fueling its transformation and future growth.

7. **Cost Leadership & Market Competitiveness:**

Through economies of scale, process innovation, and operational efficiency, Deepak has established a strong cost leadership position across its product portfolio. Key initiatives – such as by-product valorization and the implementation of Advanced Process Controls – have significantly improved yields and reduced production costs. These measures not only strengthen profitability but also empower Deepak to offer competitive pricing to customers while preserving healthy margins.

8. **Guiding Leadership with Strategic Vision:**

Led by industry veterans with deep expertise and market insights, the Group follows a well-defined growth strategy. The leadership team upholds high ethical standards, responsible care policies, and a strong focus on R&D. Their commitment to innovation and customer relationships continues to drive the Group's success.

Weaknesses

1. **Partial Dependency on Traditional Fuels Challenging Sustainability:**

As chemical processes become increasingly complex, ensuring reliable energy availability is critical. In 2022, Deepak commissioned a 29 MW captive power plant at Dahej to strengthen energy self-sufficiency. However, it continues to depend on conventional fuels such as coal and furnace oil, which pose sustainability concerns. To address this, the Group is actively enhancing energy efficiency and exploring greener alternatives – such as utilizing ETP sludge biomass in boilers and progressing toward hybrid energy solutions combining solar and wind power – in alignment with its ESG commitments.

2. **Input Cost Volatility & Supply Chain Risks:**

Deepak operates in an environment of fluctuating raw material costs, geopolitical uncertainties, and supply chain disruptions. Factors such as logistics expenses, labour costs, natural disasters, and global economic trends can impact margins. To counter this, the Group has implemented a benchmark-based pricing strategy with focus on forging long-term arrangements with customers. It also regularly assesses market scenarios to mitigate risks.

Opportunities

1. **Favorable Government Policies & Incentives:**

India's 'Make in India' and 'Atmanirbhar Bharat' initiatives, along with Production-Linked Incentive (PLI) schemes, are accelerating domestic manufacturing. These policies streamline regulations, offer financial support, and attract foreign partnerships, creating strong tailwinds for Deepak's expansion plans.

2. **Expanding Export Market & China+1 Shift:**

Global chemical leaders are diversifying their supply chains beyond China, opening up significant export opportunities for Indian chemical manufacturers. With its established production capabilities and competitive advantages, the Group is well-positioned to capture a larger global market share.

3. **Leveraging Strong Relationships and Technical Expertise:**

   Deepak's long-standing relationships with major customers in India and globally, coupled with its robust technical skills in areas like nitration, hydrogenation, and oxidation among others, provide a strong foundation for capturing new opportunities and expanding its product offerings.

4. **Growing Demand for Import Substitution:**

   Deepak has a proven track record of targeting import-dependent products, starting from Sodium Nitrite to Phenolics. Import substitution remains a core strategic focus, helping the Group reduce India's reliance on foreign chemicals. Additionally, its expansion into Phenol derivatives offers significant downstream growth opportunities, in a market currently dependent on imports. This will also give forward & backward integration possibilities.

Threats

1. **Exposure to Domestic Market Fluctuations:**

   Despite its global presence, a significant portion of the Group's Revenue (over 50%) comes from India, making it vulnerable to domestic demand-supply fluctuations across sectors. While diversification across industries mitigates risk, a slowdown in domestic consumption could impact earnings.

2. **Geopolitical Uncertainties & Trade Risks:**

   Global events such as the Russia-Ukraine conflict, shifting trade policies, tariff disputes, and regulatory changes continue to disrupt supply chains and escalate input costs. Compounding these challenges are price pressures and the dumping of low-cost products from China, which undermine market stability and intensify competitive pressures. The Group actively monitors these external developments and adapts its sourcing and operational strategies accordingly. However, such macroeconomic and geopolitical factors, often beyond the Company's control, remain significant risks to cost structures and supply chain resilience.

3. **Technological Disruption & Product Obsolescence:**

   The rapid evolution of chemical manufacturing technologies means existing products could face obsolescence due to more advanced, efficient alternatives. To stay ahead, Deepak must continuously invest in R&D and innovation.

4. **Shortage of Skilled Manpower:**

   The chemical industry requires specialized talent, but India faces a shortage of experienced professionals. The Group addresses this through employee training, skill development, and best-practice adoption, though talent acquisition remains a long-term industry challenge. To support workforce development, the Indian Government has introduced schemes like the Employment Linked Incentive (ELI), which incentivizes job creation, and the National Apprenticeship Promotion Scheme (NAPS), which provides financial support to companies engaging apprentices.

RISK MANAGEMENT

Deepak operates in a complex and fast-changing global chemical environment, where exposure to diverse risks ranging from supply chain uncertainties to market volatility is inherent. To effectively manage these challenges, it has put in place a robust Risk Management framework that supports operational resilience, financial stability, and sustainable growth.

This framework is governed by a comprehensive Risk Management Policy and is actively overseen by the Board's Risk Management Committee, which regularly assesses key risk areas and ensures strategic readiness to address them.

Risk oversight is seamlessly integrated into daily operations. A strong Internal Audit function conducts focused, risk-based evaluations across business verticals, enabling early detection of vulnerabilities and prompt corrective action. These efforts are supported by clear processes, sound governance practices, and periodic reviews that strengthen the overall control environment.

To mitigate material risks such as fluctuations in raw material costs, commodity cycles, and currency movements, Deepak adopts prudent sourcing strategies, effective hedging practices, and flexible planning models.

Furthermore, recognizing that people are central to its long-term success, Deepak places significant emphasis on leadership development and succession planning, ensuring continuity and agility in a changing business landscape.

Through this disciplined and forward-looking approach to risk and control, Deepak continues to reinforce its capacity to manage uncertainty, protect stakeholder interests, and maintain operational excellence across all facets of the business.

INTERNAL CONTROL FRAMEWORK

DNL has instituted a well-defined Corporate Governance framework to ensure accountability, transparency, and operational integrity. Management operates within a disciplined structure, adhering strictly to established financial policies, accounting standards, and internal systems.

A robust Risk Management Framework, coupled with structured Planning and Review processes, forms the backbone of the Company's internal financial control environment. These frameworks are underpinned by accounting policies carefully selected by the management, approved by the Audit Committee and the Board, and regularly reviewed to ensure continued relevance and compliance.

Key management personnel continuously monitor and evaluate the effectiveness of internal controls, standard operating procedures (SOPs), and related governance mechanisms. These are further subjected to independent assessments by the Internal Audit team. Audit findings and improvement recommendations are presented to the Audit Committee, which oversees their timely and effective implementation.

The Internal Financial Controls governing the preparation and presentation of financial statements are assessed throughout the year, with a specific focus on high-risk and critical areas. Based on a comprehensive evaluation conducted by senior management, no reportable material weaknesses or significant deficiencies were observed during the year under review.

DNL remains committed to maintaining a strong internal control environment through regular audits, proactive risk management, and continuous process enhancements.

HUMAN RESOURCE DEVELOPMENT

Our people are the driving force behind the Company's sustained performance and future aspirations. As of March 31, 2025, the Company employed 1,757 permanent professionals whose skills, dedication, and agility continue to power our growth momentum.

Our Human Resource strategy is built on the pillars of relevance, consistency, and fairness, with a sharp focus on building capabilities, fostering leadership, and creating a culture of ownership. Targeted initiatives across business functions have led to significant improvements in employee engagement, productivity, and retention.

Human Resources remains a strategic enabler, closely aligned with the Company's long-term vision of contributing meaningfully to the Indian chemical industry and delivering stakeholder value. We believe that attracting, developing, and retaining high-caliber talent is essential for driving innovation and scaling future-ready operations.

To strengthen our ability to retain and reward key talent, the Company introduced an Employee Stock Option Plan (ESOP), which has received shareholder approval. The plan is performance-linked, with stock options to be granted based on clearly defined Key Result Areas (KRAs), as evaluated by the Nomination and Remuneration Committee. This initiative is expected to play a vital role in reinforcing leadership depth and securing top talent as we undertake large-scale, capital-intensive projects.

MANAGEMENT OUTLOOK

Turning Challenges into Opportunities: Building a Future-Ready Deepak Nitrite

As we advance into the new year, DNL stands at a transformative juncture, poised to harness the evolving global and domestic chemical landscape. With a steadfast commitment to innovation, integration, and sustainability, we are accelerating our journey toward becoming a technology-driven, customer-centric leader in the chemical industry. FY 2024-25 was not just a year of growth, it was a year of strategic consolidation and bold progression, underpinned by our robust manufacturing backbone, diversified portfolio, and unwavering focus on value creation.

Our outlook reflects confidence in navigating near-term macroeconomic volatility while capitalizing on long-term structural opportunities, such as 'Make in India for the World' initiative, shifting global supply chains, and rising demand for speciality chemicals.

Vision: Powered by Resilience and Ambition

Our strategic blueprint was designed to reinforce DNL's position as a trusted global partner while driving sustainable, profitable growth. We are guided by three core imperatives:

- **Value Chain Integration:** Expanding backward and forward to secure feedstock, enhance product differentiation, and deliver higher-margin solutions.
- **Technology as a Catalyst:** Leveraging AI, digitalization, and advanced chemistries to optimize operations, accelerate innovation, and future-proof our business.
- **Sustainability as a Cornerstone:** Embedding Environmental, Social, and Governance (ESG) principles into every facet of our operations to build resilience and stakeholder trust.

With a disciplined approach to capital allocation and a project pipeline totalling over ₹ 2,000 Crores slated for commissioning in the near term, we are aligning our growth ambitions with India's self-reliance goals and the global shift toward diversified supply chains.

Advanced Intermediates (AI) – Chemistry That Powers Progress

The Advanced Intermediates segment remains a cornerstone of our growth story, delivering stable performance amid a mixed demand landscape.

- **Market Dynamics:** While agrochemicals face slower recovery, sectors like textiles, infrastructure, dyes and homecare exhibit strong momentum. Our agility in capturing export opportunities along with catering to the domestic market has driven a significant increase in international market share, with exports accounting for a substantial portion of sales.
- **Operational Highlights:** Record production and sales of key intermediates like sodium nitrate and nitrite reflect our focus on cost leadership, process optimization, and large-scale capabilities. Brownfield expansions completed in FY 2023-24 have boosted capacities, positioning us to meet rising demand.
- **Way Forward:** We continue to deepen backward integration to mitigate raw material volatility, introduce new high-value intermediates, and strengthen our leadership in niche applications for pharmaceuticals and agrochemicals.

Our over five-decade expertise in chemical processes, coupled with R&D investments, ensures we stay ahead of the industry and deliver competitive, sustainable solutions.

Deepak Phenolics Limited (DPL) – From Bulk Scale to High-Value Derivatives

DPL continues to solidify its position as a domestic leader in Phenol, Acetone, and IPA, evolving into a high-value contributor to DNL's portfolio.

- **Performance Snapshot:** In FY 2024-25, DPL achieved record production of Phenol and Acetone, with high capacity utilization. Revenue contribution stood at 69%, supported by robust volumes and operational efficiencies.
- **Strategic Expansion:** DPL continue to see the rollout of downstream derivatives targeting healthcare, coatings, and electronics, reducing India's import reliance. Projects for captive waste treatment and raw material integration are on track for timely commissioning.
- **Financial Strength:** Achieving debt free status with liquid investments, underscores DPL's financial discipline. The successful SAP implementation further enhances operational transparency and efficiency.

Looking ahead, DPL will capitalize on growing Polycarbonate resin demand (driven by construction, automotive, and electronics) and reinforce its import-substitution leadership with a diversified, high-margin product mix.

Deepak Chem Tech Limited (DCTL) – Engineering India's Next Speciality Platforms

DCTL emerges as DNL's dynamic growth engine, channelling investments into cutting-edge chemistries and scalable platforms.

- **Investment Momentum:** A key development is the Deepak Chem Tech Board's approval of a ₹ 3,500 Crores investment in April, 2025, to expand capacities for Phenol, Acetone, and Isopropyl Alcohol (IPA), which will feed into the production of Polycarbonate resins. With this, the total planned investment in the PC resins value chain – starting from Phenol and Acetone – now total approximately ₹ 8,500 Crores, including the earlier ₹ 5,000 Crores approved for PC resins projects.
- **Focus Areas:** To establish a world-scale integrated chemical complex that drives innovation in advanced technologies and specialized processes, supporting high-value sectors such as agrochemicals, electronics, and performance materials. The facility will include large-scale production of Polycarbonate, MMA/PMMA resins, and aniline, with the goal of creating thousands of jobs, directly and indirectly by 2027 and positioning the complex as a hub for industrial and economic growth.
- **Strategic Intent:** By diversifying our portfolio and enhancing customer reach, DCTL is positioning Deepak Group as a global player in speciality chemicals, supported by innovation, IP development, and a strong financial foundation.

Deepak's forward-thinking approach will unlock new revenue streams and elevate the competitive edge in high-growth markets.

Key Strategies: Navigating Complexity with Clarity and Confidence

Our approach to thriving in a challenging environment rests on six strategic pillars:

- **Business Resilience:** Optimizing assets and adapting swiftly to market shifts to maintain steady performance.
- **Portfolio Optimization:** Balancing product offerings to maximize margins while meeting diverse customer needs.
- **Customer-Centric Growth:** Deepening relationships to sustain market leadership across key products.
- **Operational Excellence:** Enhancing efficiency through process automation, SAP adoption (extending beyond DPL), and by-product valorization.
- **Sustainability Leadership:** Reducing our carbon footprint with multi-fuel boilers, renewable energy, and waste recycling initiatives.
- **Financial Prudence:** Strengthening our balance sheet to fund growth CAPEX while maintaining robust controls over inventory and working capital.

Technology & Innovation: Empowering Growth Through Digital and Chemical Advancements

- **Digital Integration:** AI-driven process controls, predictive analytics, and digital twins are enhancing plant efficiency, safety, and quality. SAP implementation across entities will streamline operations further.
- **R&D Acceleration:** Investments in AI-assisted molecule design and continuous flow chemistry are shortening innovation cycles and expanding our speciality offerings.
- **Sustainability Enablers:** Energy optimization, water conservation, and green chemistry adoption are reducing costs and environmental impact.

ESG Commitment: Growth with Purpose – A Sustainable Legacy

- **Environmental Stewardship:** Targeting zero liquid discharge in new facilities, scaling renewable energy use, and valorizing waste to minimize our ecological footprint.
- **Social Impact:** Expanding community programs, fostering workforce diversity, and creating employment through large-scale projects like DCTL's Gujarat initiatives.
- **Governance Excellence:** Upholding transparency, compliance, and ethical standards across operations and supply chains.

A VISION REALIZED: RESILIENT TODAY, THRIVING TOMORROW

Deepak enters in FY 2025-26 with optimism and clarity. Our integrated business model, diversified revenue streams, and strategic investments position us to weather global headwinds while seizing opportunities in high-growth sectors. With a project pipeline, enhancing capacity, a focus on speciality platforms, and a commitment to sustainability, we are building a strong Organization that delivers enduring value for shareholders, customers, employees, and society.

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									
			2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
1.	Total Income	₹ in Cr	8366	7758	8020	6845	4382	4265	2715	2676	2848	3135	2582	1823	2237	1795	1491	1324	1337
	YoY Growth	*%*	*7.84*	*-3.26*	*17.16*	*56.22*	*2.73*	*57.08*	*60.80*	*-6.05*	*-9.16*	*21.43*	*41.63*	*-18.52*	*24.67*	*20.38*	*12.56*	*-0.96*	*0.61*
2.	EBITDA	₹ in Cr	1176	1199[@]	1337	1646	1269	1061	429	441	567[@]	688	716	550	804	308	214	152[@@]	168
3.	Profit / (Loss) Before Taxation	₹ in Cr	953	1022[@]	1146	1434	1042	806	268	338	478[@]	610	642	479	706	212	122	74[@@]	91
	Percentage to Total Income	*%*	*11.39*	*13.17*	*14.29*	*20.96*	*23.78*	*18.91*	*9.87*	*12.62*	*16.80*	*19.45*	*24.87*	*26.28*	*31.56*	*11.84*	*8.19*	*5.58*	*6.83*
4.	Profit / (Loss) After Taxation	₹ in Cr	697	811	852	1067	776	611	174	276	433	469	486	355	544	138	83	52[@@]	65
	Percentage to Total Income	*%*	*8.34*	*10.45*	*10.62*	*15.58*	*17.71*	*14.33*	*6.40*	*10.33*	*15.22*	*14.97*	*18.83*	*19.47*	*24.32*	*7.69*	*5.60*	*3.92*	*4.87*
5.	Equity	₹ in Cr	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	26	23
6.	Net worth*[#]	₹ in Cr	5389	4797	4090	3338	2347	1572	1072	3126	2955	2625	2256	1845	1491	1058	944	732	476
7.	Debt	₹ in Cr	1171	217	54	301	578	1099	1187	19	0	0	14	-	208	328	462	574	495
8.	Dividend on Equity Capital	₹ in Cr	102[##]	102[##]	102	95	75	61**	27	102[##]	102[##]	102	95	75	61**	27	18	16	14
	Percentage	*%*	*375[##]*	*375[##]*	*375*	*350*	*275*	*225***	*100*	*375[##]*	*375[##]*	*375*	*350*	*275*	*225***	*100*	*65*	*60*	*60*
9.	EPS	₹	51.12	59.45	62.46	78.20	56.88	44.80	12.73	20.27	31.78	34.41	35.65	26.01	39.89	10.12	6.34	4.43	6.07
10.	Book Value	₹	395	352	300	245	172	115	79	229	217	192	165	135	109	78	72	62	44
11.	Net Debt/ Equity Ratio	*x*	*0.05*	*0.00*	*0.05*	*0.00*	*0.15*	*0.68*	*1.08*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.14*	*0.30*	*0.43*	*0.64*	*0.89*

*UOM: Units of Measurement

**Interim Dividend

[@] Excludes exceptional income derived from insurance claims received against fire.

[@@] Excludes exceptional income derived from sale of land.

[##] Proposed dividend is accounted as and when declared by the Company.

*[#] Net worth attributable to owners of the company.