



H1 & Q2 FY 2013 - INVESTOR COMMUNICATION

H1 Revenues up 31% at Rs 450 crore, PAT grows 51% to Rs 13.47 crore

Mumbai, November 01, 2012: Deepak Nitrite Ltd. (DNL), a leading manufacturer of Organic, Inorganic, Fine & Specialty chemicals and preferred business partner of global chemical companies, has announced its financial results for the quarter and half year ended September 30, 2012.

Financial Highlights

H1 FY13

- Revenues for H1FY13 of Rs. 450 crore were higher by 31% compared to revenues of Rs. 344 crore in H1FY12. Revenue growth was largely driven by increased volumes.
- EBITDA for H1FY13 of Rs. 33.51 crore is higher by 33% compared to EBITDA of Rs. 25.12 crore in H1FY12.
- PAT for H1FY13 of Rs. 13.47 * crore is higher by 51% when compared to Rs. 8.90 crore in H1FY 12.

** Excludes exceptional income*

Q2 FY13

- Revenues grew 36% from Rs. 179 crore in Q2 FY 12 to Rs. 243 crore in Q2 FY 13.
- PAT for Q2 FY 13 of Rs. 7.17 crore is higher by 155% when compared to Rs. 2.80 crore in Q2 FY 12.
- EPS for the quarter stands at Rs. 6.86

MD's message

*Commenting on the results, **Mr. Deepak C. Mehta, Vice Chairman & Managing Director**, said,*

"We are pleased to report sustained momentum in revenues. This has come about through a strategic focus on key products and markets.

Export realisations have been healthy for most of the quarter and we have also been able to effect price increases in select products to cover price increases in some of the RM building blocks.

The outlook for the business is healthy as some of our businesses are doing quite well. Once our proposed facility at Dahej goes on stream it will enhance our product portfolio and competencies. We are confident of creating sustainable value for all our stakeholders."

Operating Highlights

- Increase in volumes and better realisations have led to a healthy contribution from exports which constituted 40% of sales in Q2FY13.
- Our major exports are to Europe & USA. In Europe visibility of business is stable despite turmoil as some of the leading transnational companies are our customers.
- The Company has achieved a robust revenue growth from its products – revenue of Fine & Specialty chemicals increased by 87%, Fuel Additives by 172% in Q2FY13 compared to Q2 FY 12.
- The company has a proactive policy to hedge receivables in foreign exchange. The company has taken advantage of the weakening rupee in Q2 to enter into forward contracts at attractive rates.

Outlook

Green field project at Dahej

Pre-commissioning activities of part facilities of OBA started on 25th October 2012. This will help us to test all the project plant facilities and operability of utility systems. The entire project is expected to be completed by February 2013 in phases. With the completion of Dahej, DNL now be the only fully integrated player to complete vertical integration from Toluene to OBA, globally.

Brown field expansion project at Nandesari

Pre-commissioning activities at Nandesari brown field expansion are going on and the project is expected to be commissioned by November 2012. This expansion will enable us to move from the position of dominant domestic player to that of active global player.

Attached: Details to the announcement

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About Deepak Nitrite Limited

Deepak Nitrite Limited [NSE - DEEPAKNITR, BSE - 506401] is a leading manufacturer of organic, inorganic, fine & speciality chemicals and is the partner of choice for several global chemical majors. Headquartered at Vadodara, Gujarat, DNL is a multi-division and multi-product company with manufacturing facilities at Nandesari & Dahej in Gujarat, Roha and Taloja in Maharashtra, and at Hyderabad in Andhra Pradesh.

The organic intermediates segment consists of Nitro Aromatic plants and Multi Purpose Aromatic Amines Plant based on Catalytic Hydrogenation Technology. The inorganic intermediates segment consists of manufacture of Sodium Nitrite and Sodium Nitrate by the ammonia oxidation process, where DNL is the largest on purpose manufacturer. The Fine & Speciality Chemicals segment produces a broad and innovative range of Effect Chemicals meeting customized needs of Speciality Producers.

The new facility in Dahej will manufacture Fine & Specialty Performance Chemical (Optical Brightening Agents – OBA). There is good demand for these products across industries like Paper, Detergents, Textiles, Coating Applications in Printing and Photographic Paper. The facility at Dahej enables us to forward integrate to manufacture OBA (Toluene – PNT – DASDA – OBA) and makes DNL one of the few integrated manufacturers of this product in the world.

The end user industries for DNL range from agro-chemicals, dyestuffs, pigments, inks, whiteners, pharmaceuticals to fuel additives, textiles, paper, detergent and solar industry. DNL prioritises R&D activities and invests around 1% of its annual revenues in this area. It has a government approved central R&D facility in Pune which has a sophisticated analytical laboratory, state-of-the-art equipment and advanced facilities.

Safe Harbour

Some of the statements in this document that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.

Details to the Results (All figures in Rs. Crore)

Revenues

<i>Particulars</i>	<i>Q2FY13</i>	<i>Q2FY12</i>	<i>%</i>	<i>H1FY13</i>	<i>H1FY12</i>	<i>%</i>
Organic Intermediates	31.95	29.45	8%	65.03	60.65	7%
Inorganic Intermediates	143.86	108.14	33%	270.16	207.24	30%
Fine & Specialty	72.94	51.49	42%	125.36	96.21	30%
Others	2.57	0.00		2.85	0.00	
Total	251.32	189.09	33%	463.40	364.09	27%
Inter Segment	2.79	6.30		6.30	13.92	
Net Sales/Operating Income	248.53	182.79	36%	457.10	350.18	31%

Expenditure Analysis

<i>Particulars</i>	<i>Q2FY13</i>	<i>Q2FY12</i>	<i>%</i>	<i>H1FY13</i>	<i>H1FY12</i>	<i>%</i>
Employee Costs	17.03	12.41	37%	31.77	24.97	27%
Other Operating exp	39.47	36.22	9%	79.07	67.02	18%

<i>Particulars</i>	<i>Q2FY13</i>	<i>Q2FY12</i>	<i>%</i>	<i>H1FY13</i>	<i>H1FY12</i>	<i>%</i>
Depreciation	4.64	4.39	6%	9.27	8.76	6%
Other Income	0.66	1.41	-53%	1.54	2.07	-26%

- Employee cost increased owing to one time relocation cost of corporate office from Pune to Vadodara
- Interest costs on borrowed funds for capacity expansion are currently being capitalised and will be charged to revenue upon commissioning of these projects
- Depreciation will increase once projects in Dahej and Nandesari are capitalised

Profitability Analysis

<i>Particulars</i>	<i>Q2FY13</i>	<i>Q2FY12</i>	<i>%</i>	<i>H1FY13</i>	<i>H1FY12</i>	<i>%</i>
PBT*	10.62	3.81	178%	28.53	12.10	136%
PAT*	7.17	2.80	155%	19.27	8.90	117%
EPS (Rs.)*	6.86	2.68	155%	18.42	8.51	107%

* Includes exceptional items of Rs. 8.58 cr at PBT level and Rs. 5.80 cr, net of tax at PAT level.

Statement of Borrowings

Secured Loan & Net Debt/Equity as on 30th September 2012:

<i>Particulars</i>	<i>Q2 FY13</i>	<i>Q1 FY13</i>
ECB	237.14	251.24
Other Loan Funds (Includes CC)	59.93	68.70
Total Loan Funds	297.06	319.94
Less : Amount in Bank FD/CA for ultimate purpose of capex	67.61	87.42
Net Debt	229.45	232.52
Net Debt/Equity Ratio	0.84	0.88

Capital Employed

<i>Particulars</i>	<i>Q2 FY13</i>	<i>Q1 FY13</i>
Capital Employed	590.06	600.75
Less : Bank Balance	71.76	92.45
Less : Capital Work in Progress	175.14	159.52
Capital Employed in Operations	343.16	348.78