

Q3 & 9MFY2013 - INVESTOR COMMUNICATION

9M Revenues up 26% at Rs. 709 crore, PAT grows 67% to Rs. 22.60 crore

Mumbai, February 8, 2013: Deepak Nitrite Ltd. (DNL), a leading manufacturer of Organic, Inorganic, Fine & Speciality chemicals and preferred business partner of global chemical companies, has announced its financial results for the quarter and nine month ended December 31, 2012.

Financial Highlights

9MFY13

- Revenues for first nine months of FY13 of Rs. 709 crore were higher by 26% compared to revenues of Rs. 563 crore in 9MFY12. Revenue growth has been driven largely by turnover growth in fuel additives and the Fine & Speciality chemical segment.
- Operating EBITDA for 9MFY13 of Rs. 52.60 crore is higher by 36% compared to Rs. 38.80 crore in 9MFY12.
- PAT for 9MFY13 of Rs. 22.60* crore is higher by 67% when compared to Rs. 13.51 crore in 9MFY12.

*Excludes exceptional income

Q3FY13

- Revenues grew 19% from Rs. 213 crore in Q3FY12 to Rs. 252 crore in Q3FY13.
- PAT for Q3FY13 of Rs. 9.13 crore is higher by 98% when compared to Rs. 4.60 crore in Q3 FY 12.
- EPS for the quarter stands at Rs. 8.73.

MD's message

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

"We are pleased to report continued growth despite the challenging operating environment. Strategic initiatives of de-bottlenecking and in-house R&D efforts have led to the expansion of revenues.

Products like fuel additives & speciality chemicals continue to be the engines of growth for the company. Although we sense caution from customers in key markets, we believe that the demand environment remains largely stable and we see growth potential in the domestic market as well as in exports.

Moreover, we are most excited about our expansion plans in both Dahej & Nandesari. We are in the final stages of commissioning of these projects which will be a key milestone for the Company and will also provide momentum for the future. We are focussed on execution of our plans and look forward to balanced growth for all our stakeholders

We are pleased to inform that the company was felicitated with the Business World FICCI Corporate Social Responsibility Award 2011-12 in the category of corporate citizen (Large Enterprises).

The company has also got Responsible Care accreditation from the nodal agency namely Indian chemical Council (ICC). This certification is given for conducting its operations with utmost care & respect towards environment, safety & health of people & society at large. Our Company is amongst 160 companies worldwide & twenty companies in India to have received Responsible Care accreditation."

Operating Highlights

- Increase in volumes and better realisations have led to a healthy contribution from exports which constituted 48% of sales in Q3FY 13.
- 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 115%, Fuel Additives by 96% in Q3FY13 compared to Q3FY12.
- The company has a proactive policy to hedge in foreign exchange. The company has taken advantage of weaknesses in the rupee in Q3 to enter into forward contracts at attractive rates.

Outlook

Green field project at Dahej

Part facility is at advanced stage of commissioning which will help us to test all the project plant facilities and utility & systems. The project is expected to be fully operational by the first quarter of 2013-14. With the completion of Dahej, DNL will be the only fully integrated player having vertically integrated from Toluene to OBA.

Brown field expansion project at Nandesari

Trial runs are being carried out. Expected to be commissioned by March 2013. This expansion will help company to achieve higher market share in international market and bid for supply of Nitrates to upcoming solar power plants across the globe.

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 only 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>Q3FY13</i>	<i>Q3FY12</i>	<i>%</i>	<i>9MFY13</i>	<i>9MFY12</i>	<i>%</i>
<i>Inorganic Intermediates</i>	32.64	33.65	-3%	97.66	94.30	4%
<i>Organic Intermediates</i>	144.23	117.20	23%	414.39	324.43	28%
<i>Fine & Specialty</i>	78.77	66.72	18%	204.14	162.93	25%
<i>Others</i>	0.01	0.00		2.57	0.00	
Total	255.64	217.57	17%	718.75	581.67	24%
<i>Inter Segment</i>	3.57	4.86		9.88	18.77	
Net Sales/Op. Income	252.07	212.72	19%	708.87	562.89	26%

Expenditure Analysis

<i>Particulars</i>	<i>Q3FY13</i>	<i>Q3FY12</i>	<i>%</i>	<i>9MFY13</i>	<i>9MFY12</i>	<i>%</i>
Employee Costs	13.55	12.38	9%	45.32	37.35	21%
Other expenses	22.54	17.73	27%	59.26	48.46	22%

<i>Particulars</i>	<i>Q3FY13</i>	<i>Q3FY12</i>	<i>%</i>	<i>9MFY13</i>	<i>9MFY12</i>	<i>%</i>
Interest	2.85	3.13	-9%	7.14	7.39	-3%
Depreciation	4.68	4.43	6%	13.96	13.19	6%
Other Income	0.33	0.69	-52%	1.87	2.76	-32%

- 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

Particulars	Q3FY13	Q3FY12	%	9MFY13	9MFY12	%
PBT*	10.61	6.12	73%	39.14	18.22	115%
PAT*	9.13	4.60	98%	28.40	13.51	110%
EPS (Rs.)*	8.73	4.40	0.98	27.14	12.91	110%

* 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 31st December 2012

Particulars	31 st Dec 2012	30 th Sept 2012
ECB	246.50	237.14
Other Loan Funds (Includes CC)	111.88	59.93
Total Loan Funds	358.38	297.07
Less : Amount in Bank FD/CA for ultimate purpose of capex	27.38	67.61
Net Debt	331.00	229.45
Net Debt/Equity Ratio	1.18	0.83

Capital Employed

Particulars	31 st Dec 2012	30 th Sept 2012
Capital Employed	661.68	590.06
Less : Bank Balance	31.26	71.76
Less : Capital Work in Progress	224.60	175.14
Capital Employed in Operations	405.82	343.16