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Deepak Nitrite in Talks with MNCs

Co. Aims At Increasing Export Earnings from 40% to 50%

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Deepak Nitrite, the Pune-based intermediate and chemicals maker, is in talks with leading multinational agrochemical and pharmaceutical companies for entering into long-term supply agreements for their global operations.

The company is aiming at increasing its export earnings from 40% to 50% of its total turnover during the current fiscal, by supplying inorganic and organic intermediates and specialities chemicals through tie-ups with MNCs in Europe and the US.

The company has already tied up with some MNCs and is in talks with others to step up its international operations. "These efforts will reduce the impact of adverse market conditions prevailing in nitro chloro benzene business and will enable us to maintain our margin," Deepak Mehta, managing director, DNL, told ET.

During the year 2003-04, the company reported a 12% increase in its turnover to Rs. 290 crore. However, it achieved 44% increase in its export turnover.

Sustained increase in crude oil prices and resultant increase in the prices of its basic raw materials like benzene and toluene has put pressure on the industry's margin. Besides, reduction in peak rate of customs duty has made import cheaper by further reducing the margins of domestic products. As a result of these, the company's operating profit margin has come under pressure.

In its bid to improve its margin, the company is expanding capacities of its Roha and Taloja plants through debottlenecking of its plants. The Company is planning to invest around Rs. 5 crore for the debottlenecking of its plants.

Mr. Mehta said that in order to reduce its input cost, the company is setting up 3 mw co-generation power plant at its Baroda manufacturing facility.