



DEEPAK NITRITE LIMITED

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Q1FY2011 INVESTOR COMMUNICATION

Revenues up 45% to Rs. 154.09 Crore, PAT up 82% to Rs. 5.88 Crore
“ Fuel Additives gaining traction”

Pune, July 31, 2010: 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 first quarter ended June 30, 2010.

Financial Highlights

- Revenues for Q1FY11 of Rs. 154.09 crore were higher by 45% when compared to revenues of Rs.106.67 crore in Q1FY10. Revenues have increased due to increase in volumes by 39%.
- EBITDA for Q1FY11 of Rs. 13.28 crore is higher by 19% when compared to EBITDA of Rs. 11.15 crore in Q1FY10.
- Interest cost for Q1FY11 is lower by 11% at Rs. 1.81 crore against Rs. 2.03 crore in Q1FY10.
- PBT for Q1FY11 of Rs. 8.22 crore is higher by 81% when compared to Rs. 4.53 crore in Q1FY10.
- PAT for Q1FY11 of Rs. 5.88 crore is higher by 82% when compared to Rs. 3.23 crore in Q1FY10.

MD's message

Commenting on the results, **Mr. Deepak C. Mehta, Vice Chairman & Managing Director**, said, *“Our performance for this quarter has been encouraging as we have seen an increase in both topline and bottom line over the corresponding quarter last year. This has been driven by an increase in overall volumes, meaningful increase from our fuel additives business coupled with increase in demand for new Xylidine intermediate products introduced last year.*

Our plans for augmenting capacity at our four existing locations are on .We are confident that our strong balance sheet, improved working capital management and low gearing represented by our debt/equity ratio of 0.16 provide us flexibility for further growth and we remain positive about our prospects over the long term.”

Operating Highlights

- Prices have been fairly stable and the company has been able to increase revenues during Q1FY11 when compared to the corresponding period of last year on account of increase in volumes by 39%.
- Fuel additives products introduced last year have performed well with a contribution of over Rs. 15 crore of revenues from this segment. The company expects the annualised turnover from these products to be about Rs. 75 crore per annum.
- Fine & Specialty sales have increased over the corresponding quarter last year on account of buoyant demand from the colour business. Agro business segment has moderately performed due to seasonality.
- The Inorganic segment continues to do well, contributing effectively towards sales.
- New Xylidine products that were introduced last year as agro intermediates have performed well and the company expects healthy demand for these products in the future.
- The company effectively optimised working capital cycle & the positive cash flow generated from operations was used to reduce debt.
- The company continues to compete well in China & USA markets with focus on gaining market share in select product categories.
- Utilisation of manufacturing facilities across all locations has increased substantially.
- Exports account for about 47% of revenues. The company's prudent foreign exchange management policy has ensured in negating the effect of volatility in the exchange rates, on profitability.

Outlook

- The company will be augmenting the capacity at its four existing locations at Vadodara, Taloja, Roha and Hyderabad..
- The full year impact of this expansion in hydrogenation facility at Taloja will be reflected in FY 2011.
- DNL has taken effective steps in the Fuel Additives segment to increase its market share & will accordingly enhance capacity, the effect of which will be realised in the near future.

-ENDS-

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 and speciality chemicals and is the partner of choice for several global chemical majors. Headquartered at Pune, DNL is a multi-division and multi-product company with manufacturing facilities at Nandesari 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 end user industries for DNL range from agro-chemicals, dyestuffs, pigments, inks, whiteners, pharmaceuticals to fuel additives. DNL prioritises R&D activities and invests over 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. The company expects to launch new products through its R&D efforts. As a part of its growth strategy, the company anticipates that it will be able to add around 15% of its revenue through new products. This will help the company to broad base its presence in the market segment.

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.