DEEPAK NITRITE LIMITED

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Q3 & 9MFY2012 INVESTOR COMMUNICATION

Revenues grow 17 % on Sequential basis to Rs.209 crore, PAT higher by 63% at Rs. 4.61 crore

Pune, February 03, 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 nine months ended December 31, 2011.

Financial Highlights

- On a sequential basis the revenues for Q3FY12 were higher by 17% as compared to Q2 FY12. Revenue growth was mainly driven by volume growth of around 13%. EBITDA for Q3FY12 of Rs. 12.98 Crore was higher by 34% when compared to EBITDA of Rs. 9.72 Crore for Q2FY12. PAT of Rs. 4.61 Crore was higher by 63% on sequential basis.

- Revenues for Q3FY12 of Rs. 208.89 crore were higher by 22% when compared to revenues of Rs. 170.57 crore in Q3FY11. Revenue growth was driven by volume growth and improvement in realisations as INR depreciation has led to improved realisation from exports.

- EBITDA for Q3FY12 of Rs. 12.98 crore is lower by 13% when compared to EBITDA of Rs. 14.88 crore in Q3FY11. An increase in raw material prices has resulted in moderation of EBITDA margin.

- PAT for Q3FY12 was Rs. 4.61 crore compared to Rs. 6.61 crore in Q3FY11. Apart from moderation in EBITDA margin, notional MTM losses on account of depreciation in rupee is Rs. 5.48 crore in Q3 FY12 as compared to gain of Rs.82 lacs in Q3 FY 11.

- For the nine months ended December 31, 2011 the Company has reported revenues of Rs. 553.38 crore resulting in growth of 17% when compared to the revenues of Rs. 471.29 crore in 9MFY11.

- PAT for 9MFY12 of Rs. 13.51 crore is lower by 25% when compared to Rs. 17.98 crore in 9MY11. PAT was impacted due to notional MTM losses on account of fluctuation in foreign exchange rates to the tune in loss of Rs. 8.82 Crore in 9MFY12 compared to gain of Rs. 1.57 Crore in 9MFY11.

- Exchange loss for Q3 FY12 and 9MY112 is more or less EBITDA neutral since the loss is compensated by increase in export realisation.

MD's message

Commenting on the results, **Mr. Deepak C. Mehta, Vice Chairman & Managing Director**, said, *"We are glad to report continued business momentum driven by firmer volumes as well as improved realisations. On a Y-o-Y basis, our product lines of fuel additives & agro intermediates continue to show strong growth.*

As guided last quarter, input prices of key raw materials Toluene, Ammonia & Caustic Lye have peaked in the current quarter and have started moderating now. The company was able to maintain margins in Q3 as compared to Q2 of FY12 by increasing volumes and increase in realisation of finished products in later half of the quarter since there was a time lag before we could pass on cost increases.

The demand scenario remains healthy and we are focused on growth and managing our cost to drive a robust performance in the coming quarters."

Operating Highlights

- Rupee depreciation has resulted in better realisations from exports which constituted 51% of sales in Q3FY12.
- The Company has achieved revenue of Rs. 69 crore in the fuel additives business. For 9MFY12 revenue from fuel additives was higher by 50%. DNL is confident of crossing Rs. 100 crore in revenues from fuel additives alone in FY12.
- Despite challenges to global economies the Company continues to see healthy demand for its products in export markets. Exports turnover has grown by 21% in 9MFY12 through a mix of improved realisations and higher volumes as compared 9MFY11.

Outlook

- The company's plans for a Greenfield expansion at Dahej in Gujarat and a brownfield expansion in its production capacity for Inorganic Intermediates at its Nandesari facility are on schedule and on course for completion before end - September 2012.

-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 & 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 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.

Safe Harbour