



DEEPAK NITRITE LIMITED

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Q3 & 9MFY2011 INVESTOR COMMUNICATION

Growth driven by higher volumes, new products

Pune, February 04, 2011: 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 third quarter and nine months ended December 31, 2010.

Financial Highlights

- Revenues for Q3FY11 of Rs. 171.11 crore were higher by 21% when compared to revenues of Rs. 141.18 crore in Q3FY10. This was driven by an increase in volumes by 23%.
- EBITDA for Q3FY11 of Rs. 14.88 crore is higher by 31% when compared to EBITDA of Rs. 11.33 crore in Q3FY10.
- PAT for Q3FY11 of Rs. 6.61 crore is higher by 20% when compared to Rs. 5.53 crore in Q3FY10.
- For the nine months ended December 31, 2011 the Company has reported revenues of Rs. 471.79 crore resulting in growth of 26% when compared to the revenues of Rs. 374.54 crore in 9MFY10.
- PAT for 9MFY11 of Rs. 17.98 crore is higher by 34% when compared to Rs. 13.40 crore in 9MFY10.

MD's message

Commenting on the results, **Mr. Deepak C. Mehta, Vice Chairman & Managing Director**, said, *“Our performance during the quarter is indicative of the improvements that we have brought into our business. We have increased volumes compared to the earlier periods through de-bottlenecking of existing facilities and improvement in product mix. A focus on working capital management and control of interest costs has led to improved profitability.*

We remain confident of our prospects as we are witnessing robust demand for our products especially colour intermediates and agro intermediates. That is being supplemented by an encouraging performance by our recently introduced fuel additives and xylidine products.”

Operating Highlights

- The company has been able to increase Volume by 25% in 9MFY11 when compared to 9MFY10 resulting in increased revenues. Condition from pricing has been less significant as the prices of products have been largely stable during the period.
- The agro intermediates business continues to improve due to an uptick in demand on the back of improved climatic condition.
- The fuel additives business continues to show good traction for nine months ended 31st Dec'10. Turn over from fuel additives business is Rs 46 crore
- The colour intermediates business has seen volume growth of around 24%
- Volume growth in the inorganic segment has increased significantly and sales from this segment alone stands at Rs. 91.35 crore for nine months ended 31st Dec'10
- Export account for about 42% of revenues. The company's prudent foreign exchange management policy has ensured in negating the effect of volatility in exchange rates, on profitability.

Outlook

- Following the success of its Fuel Additives products, DNL will enhance capacity for the manufacture of these products to sustain the performance of this segment. The effects of this capacity expansion will be realised towards end FY11.
- The company is actively working on its expansion plans at Dahej and the planning and strategizing for phase I is in its maturity. The company has further decreased its debt and will look to tie up funds for implementation of Phase I which is expected to be completed by March 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 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.