



DEEPAK NITRITE LIMITED

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Q2 & H1FY2011 INVESTOR COMMUNICATION

H1 Revenues up 29% at Rs. 301 Crore, PAT up 44% at Rs. 11.37 Crore

Pune, October 30, 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 second quarter and half year ended September 30, 2010.

Financial Highlights

- Revenues for Q2FY11 of Rs. 146.59 crore were higher by 16% when compared to revenues of Rs. 126.69 crore in Q2FY10. This was driven by an increase in volumes by 18%.
- EBITDA for Q2FY11 of Rs. 12.80 crore is lower by 4.8% when compared to EBITDA of Rs. 13.45 crore in Q2FY10.
- PAT for Q2FY11 of Rs. 5.49 crore is higher by 18% when compared to Rs. 4.65 crore in Q2FY10.
- For the Half Year ended September 30, 2010 the Company has reported revenues of Rs. 300.68 crore resulting in growth of 29% when compared to the revenues of Rs. 233.36 crore in H1FY10.
- Interest cost for H1FY11 lower by 29% at Rs. 2.60 crore against Rs. 3.65 crore in the corresponding period last year.
- PAT for H1FY11 of Rs. 11.37 crore is higher by 44% when compared to Rs. 7.87 crore in Q2FY10.

MD's message

Commenting on the results, **Mr. Deepak C. Mehta, Vice Chairman & Managing Director**, said, *"We are very pleased with our performance during the first half and strongly believe that the latter part of the year will prove to be even more fruitful. Our new businesses of fuel additives and amines for agrochemical segment continue to do well and demand for these products is promising. All the three business segments that we operate in have been showing reasonable growth and this is demonstrated by their continued contributions to the top line."*

Our strong balance sheet position which includes low debt on books give us an added advantage over peers to seize any opportunities for further expansion. With all our business segments displaying growth, progress in our expansion plans and increasing efficiency in our operations we are confident of robust growth in the future."

Operating Highlights

- The company has been able to increase volumes by 28% in H1FY11 when compared to H1FY10 resulting in increased revenues. Contribution from pricing has been less significant as the prices of the products have been largely stable during the period.
- The Organic and Inorganic segments continue to perform well and have maintained their, contribution to sales and profits.
- The Fine & Specialty Chemicals segment demonstrated greater traction during the period on account of buoyant demand from the colour business. This has driven overall growth for the segment and helped to mitigate seasonality in the Agro products business.
- Within our new product range the Fuel additives products continue to contribute impressively to turnover with a contribution of approximately Rs. 28 crore in revenues. These products were introduced in H2FY10 hence there was no contribution from these products in the same period last year.
- The amines for agro business that were introduced last year have performed well and the company expects sustained demand for these products in the future.
- The company continues to make significant strides in the Chinese & US markets and is focussed on gaining market share in select product categories.
- Exports account for about 40% of revenues. The company's prudent foreign exchange management policy has ensured in negating the effect of volatility in the exchange rates, on profitability.

Other Developments

- The stock was listed on the National Stock Exchange w.e.f. – September 29, 2010.

Outlook

- The company has undertaken de-bottlenecking of capacity at existing locations. Further it will be augmenting the capacity at its four existing locations at Vadodara, Talaja, Roha and Hyderabad. in the current year.
- 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.

-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.