



DEEPAK NITRITE LIMITED

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Q4 & FY2011 INVESTOR COMMUNICATION

Annual revenues exceed Rs. 650 crore, higher by 24%

Pune, May 06, 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 fourth quarter and full year ended March 31, 2011.

Financial Highlights

- Revenues for Q4FY11 of Rs. 193.29 crore were higher by 19% when compared to revenues of Rs. 162.08 crore in Q4FY10. This was driven by an increase in volumes by 18%.
- EBITDA for Q4FY11 of Rs. 16.05 crore is higher by 12% when compared to EBITDA of Rs. 14.33 crore in Q4FY10.
- PAT for Q4FY11 of Rs. 7.81 crore is higher by 18% when compared to Rs. 6.61 crore in Q4FY10.
- For the full year ended March 31, 2011 the Company has reported revenues of Rs. 672.24 crore resulting in growth of 24% when compared to the revenues of Rs. 542.21 crore in FY10.
- PAT for FY11 of Rs. 25.80 crore is higher by 29% when compared to Rs. 20.01 crore in FY10.
- The Company has announced a dividend of Rs. 6/- per share of Rs. 10/- each for the year ended March 31, 2011.

MD's message

Commenting on the results, **Mr. Deepak C. Mehta, Vice Chairman & Managing Director**, said, *"We are extremely glad to announce that our annual revenues have exceeded Rs. 650 crore for the first time. Our focus on introducing new products has resulted in additional turnover of Rs.70 crore in the current year. Our efforts to expand across all three business segments continue with the de-bottlenecking and augmentation at our current facilities. Our Project for new capacity addition at our Greenfield site in Dahej will commence from Q1 FY11-12."*

"With a low debt to equity ratio and effective working capital management the Company has created an excellent platform for growth and we are very well placed to continue to add value for all our stakeholders as we enter into a new financial year."

Operating Highlights

- This year has seen an excellent up tick in the organic, inorganic as well as the fine & specialty business leading to an increase in revenues by 24 % during the year.
- The company continues to demonstrate an improved business performance and has been able to increase volumes by 23% as compared to the corresponding period last year leading to the substantial increase in revenues.
- As estimated, the Company has achieved revenue of Rs. 63 crore in the fuel additives business. Fuel additives now form nearly 10% of the total revenue. The outlook for this business is very positive.
- In roads to USA and China markets continue to be key areas of focus and DNL has achieved revenues of Rs. 47 crore from the USA market, a growth of almost 50% and revenues of Rs. 35 crore from the Chinese market in this financial year.
- In the current year the colour intermediates business has seen healthy volume growth of 16%.
- Exports accounted 43% of the total revenue in the current year. Due to the company's prudent exchange management it has ensured in negating the effect of volatility in exchange rates, on profitability.
- ICRA has upgraded Company's short term rating from A1 to A1+ and long term rating from LA to LA+.

Outlook

- The Company has drawn up plans to enhance its portfolio of products. It is setting up manufacturing facilities for a Fine & Speciality Performance Chemical which will result in forward integration of one its existing products - DASDA. The proposed expansion will involve capital outlay of around Rs 150 Crore. The Company expects Revenues from this project to be around Rs. 350-400 Crore per annum at full capacity utilisation with a significant portion from the export market. The estimated time of completion for the project will be around 15 months.
- The Company has also drawn up plans for expansion in its production capacity for Inorganic Intermediates. This will address the growing demand from the domestic market as well as the US market. The proposed expansion will involve capital outlay of around Rs. 50 Crore. Revenue from the project are expected to be around Rs. 120-140 Crore per annum at full capacity utilisation. The estimated time of completion for the project will be around 15 months.
- Our R&D efforts continue to contribute to the development of new products and we maintain our focus of contributing 1% of our revenues towards this initiative.

-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 Talaja 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.