



DEEPAK NITRITE LIMITED

Registered Office: 9/10, Kunj Society, Alkapuri, Vadodara – 390 007.
Tel: +91 265 2351013, www.deepaknitrite.com

Q2 & H1FY2012 INVESTOR COMMUNICATION

Revenues grow 14 % to Rs. 344 crore, PAT lower by 21 % at Rs. 8.9 crore

Pune, November 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 quarter and half year ended September 30, 2011.

Financial Highlights

- Revenues for Q2FY12 of Rs. 179.46 crore were higher by 22% when compared to revenues of Rs. 146.59 crore in Q2FY11. Revenue growth was driven by a mix of volume growth and improvements in realisations.
- EBITDA for Q2FY12 of Rs. 9.72 crore is lower by 24% when compared to EBITDA of Rs. 12.80 crore in Q2FY11. The EBITDA margin has reduced due to the impact of significant increase in raw material prices, viz Caustic lye, Ammonia and Toluene.
- PAT for Q2FY12 was Rs. 2.81 crore. PAT was impacted due to notional MTM losses on account of fluctuation in foreign exchange rates to the tune of Rs.3.64 Crore in Q2 FY12 as compared to loss of Rs. 0.22 Crore in Q2 FY11
- For the Half Year ended September 30, 2011 the Company has reported revenues of Rs. 344.49 crore resulting in growth of 14% when compared to the revenues of Rs. 300.86 crore in H1FY11.
- PAT for H1FY12 of Rs. 8.90 crore is lower by 21% when compared to Rs. 11.37 crore in H1FY11. PAT was impacted due to notional MTM losses on account of fluctuation in foreign exchange rates to the tune of Rs.3.34 Crore in H1 FY12 as compared to gain of Rs. 0.75 Crore in H1 FY11

MD's message

Commenting on the results, **Mr. Deepak C. Mehta, Vice Chairman & Managing Director**, said, *"We are pleased to report continued top line growth in our business. Our product lines of fuel additives and agro intermediates have delivered healthy growth."*

While the building blocks like Toluene, Ammonia & Caustic Lye are experiencing an unprecedented rally in prices there is a lag in reflection of the same in the end products prices. We expect peaking out and corrections/reflection to happen by the end of Q3FY12 thus normalising performance thereafter.

The weakening of rupee has resulted in MTM losses this quarter but should help us net better realisations in H2FY12.

We have achieved financial closure for our expansion plans by raising USD 45 million in ECBs this quarter. Our focus is on rapid implementation of our expansion plans to address the healthy demand from the end user industries that we serve."

Operating Highlights

- Revenue growth has been driven by a mix of volume growth and price increases. For the quarter, volumes are higher by 8% on sequential basis.
- The Company has achieved revenue of Rs. 47.88 crore in the fuel additives business. For H1FY12 revenue from fuel additives was higher by 49%.
- The Company continues to see healthy demand for its products in export markets, exports turnover has grown by 14% in H1FY12.
- In end user industries demand from the agro chemical industry & fuel additive application is promising.

Outlook

- The Company had announced a greenfield expansion at Dahej in Gujarat and a brownfield expansion in its production capacity for Inorganic Intermediates at Nandesari. Both projects are progressing well and are scheduled to be completed before September 2012.
- The Company has achieved financial closure for its expansion projects. It has tied up ECBs of USD 45 million at very competitive interest rate.

-ENDS-

Attached: Details to the announcement

For further information please contact:

Sanjay Deshpande
Deepak Nitrite Limited
Tel: 020 6609 0302
Fax: 020 2668 5760
Email: sdeshpande@deepaknitrite.com

Mayank Vaswani / Rishab Barar
Citigate Dewe Rogerson
Tel: +91 22 6645 1230 / 1238
Fax: +91 22 6645 1213
Email: mayank@cdr-india.com /
rishab@cdr-india.com

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

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.