

DNL acquires India's largest DASDA Business from Vasant Chemicals Ltd.

Deepak Nitrite Limited. entered into an agreement on 24th August 2006 with Vasant Chemicals Ltd. for acquisition of their DASDA business having an annual turnover of around Rs.1 billion per annum. VCL is a closely held company based in Hyderabad. This acquisition, at a total consideration of Rs. 550 million, has been funded partly through DNL's recently concluded rights issue and partly through internal accruals. The acquired facility will now operate under the name of Hyderabad Specialties Division of DNL.

DASDA is used in the manufacture of Optical Brightening Agents (OBA) consumed by the paper, textile and detergent industry. VCL's world class quality and competitive manufacturing capabilities has enabled it to take almost 20% of world's market share of DASDA business.

This strategic acquisition will enable DNL to move up the value chain in its Nitro Toluene business and further strengthen DNL's presence in the international market.

DASDA as a key ingredient of optical brighteners will increase DNL's indirect presence in the paper as well as textile segments. Both these markets are showing rapid growth particularly in India and China and DNL sees a major opportunity for DASDA to meet this growing demand.