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DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED

14th February, 2020

BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001.

National Stock Exchange of India Ltd.
Exchange Plaza,
Bandra-Kurla Complex,
Sandra (East), Mumbai - 400 051.

Sub: Press Release on Unaudited Financial Results for the quarter and nine months ended 31st December, 2019

Dear Sir/ Madam,

Please find enclosed a press release on the Unaudited Financial Results of the Company for the quarter and nine months ended 31st December, 2019.

We request you to take the same on your record.

Thanking you,
Yours faithfully,

For Deepak Fertilisers
And Petrochemicals Corporation Limited

K. Subharaman
Executive Vice President (Legal) & Company Secretary

Encl: as above

Deepak Fertilisers delivers consistent business recovery quarter by quarter
Chemical Segment margins expanded from 9.7% to 17.0% y-o-y; Fertilisers Segment achieved positive segment profit

Pune, India, February 14, 2020 – Deepak Fertilisers And Petrochemicals Corporation Limited (BSE: 500645; NSE: DEEPAKFERT), one of India’s leading producers of Industrial Chemicals and Fertilisers (referred to as “DFPCL” or the “Company”), announces its results for the quarter and nine months ending December 31, 2019.

Consolidated Performance Highlights

- Total Revenues reported at Rs. 1,119 Cr in Q3 FY20 compared to Rs. 1,453 Cr in Q3 FY19, riding on manufacturing base
- Continue to consolidate trading portfolio and focus on high-margin products (Chemical trading consciously reduced by Rs. 203 Cr. y-o-y and Fertiliser trading reduced by Rs. 125 Cr y-o-y)
- Operating EBITDA stood at Rs. 109 Cr; Operating Margins increased to 9.7% in Q3 FY20 as compared to 7.4% in Q3 FY19
- Net Profit increased from Rs. 12 Cr in Q3 FY19 to Rs. 30 Cr in Q3 FY20, including sale of non-core assets
- Acids revenues increased by 31% y-o-y to Rs. 126 Crores in Q3 FY20. Sales volumes increased by 36% y-o-y, supported by additional volumes from greenfield plant at Dahej and increase in SNA exports by 134% y-o-y
- Capacity utilisation at Dahej increased to 78% for Q3 FY20
- Share of Differentiated NPK in total NPK sales increased from 51% in Q3 FY 19 to 91% in Q3 FY20
- Bulk Fertiliser sales increased by 37% y-o-y
- Prices of major raw materials declined compared to Q3 FY19
- As part of our strategy of monetization of non-core assets, partially reflected in Q3 FY20, the Company has recently divested one of its plots of industrial land in Dahej, for a total transaction value of ~Rs. 100 Crores

Commenting on the performance, Mr. Sailesh C. Mehta, Chairman & Managing Director, Deepak Fertilisers and Petrochemicals Corporation Limited, said:

“Aggressive cost optimisation drive, efficiency improvement measures and innovative marketing thrust have started showing results, despite external challenges. Fertiliser business reported a positive segment profit after five quarters. Consolidated operating margins expanded by about 228 basis points compared to Q3 FY19.

Our manufactured fertilisers segment reported a revenue growth of 31% and the segment margins also improved significantly driven by a strong demand on account of increase in Rabi sowing area for key cash crops. With significant marketing initiatives and increased farmer confidence on differentiated NPK, the share of Differentiated NPK in total NPK sales augmented from 51% in Q3 FY 19 to 91% in Q3 FY20.

We continue to make our market position stronger in Nitric Acid with sales growth of 31% YoY in Q3 FY20 on account of increased production level at greenfield plant at Dahej. Capacity Utilization at Dahej increase to 78%.



Robust demand for downstream products and the Nitroaromatics sector is expected to support improving utilization level in the near term.

TAN and IPA segment performance remained subdued during the quarter. Our IPA business volumes declined during the quarter mainly due to lower production on account of water supply disruption. Despite multiple odds, IPA demand is expected to be steady in the near term with positive traction in the Pharma sector coupled with restricted supplies from Chinese markets. TAN segment performance was adversely impacted mainly because of extended monsoon in key mining belts and continued slowdown in explosives consumption, a passing phase.

With product differentiation and innovation at core of our business, we are committed to deliver best in class products and services to end customers. As we continue to maintain our market leadership across our key manufactured products and improve business fundamentals, we continue to strive towards attaining our business growth aspirations and maximizing shareholder value."

Segment Performance Q3 FY20 vs Q3 FY19:

a) Chemicals Segment:

- Manufactured Chemical business reported revenues of Rs. 544 crores in Q3 FY20 as compared to Rs. 644 crores in Q3 FY19
- TAN business reported muted performance during the quarter. TAN revenues decreased by 24% to Rs. 262 Crores in Q3 FY20. TAN sales were impacted mainly on account of 25% reduction in sales volumes of LDAN and HDAN due to excessive and extended rainfall in key mining belts and continued slowdown in explosives consumption, a passing phase. The volume loss was offset to a certain extent by 15% sales volume gain of AN Solutions
- Acids revenues increased by 31% y-o-y to Rs. 126 Crores in Q3 FY20, primarily supported by additional volumes from greenfield plant at Dahej
- During the quarter, plant capacity utilization of the new plant at Dahej reached to about 78%. With downstream products showing robust demand and the Nitroaromatics sector capitalizing on their latent capacities, new plant is expected to reach to full capacity utilization during FY2021
- IPA revenues decreased 34% y-o-y to Rs. 73 Crores in Q3 FY20. IPA margins impacted y-o-y due to lower sales volumes (down by 16%) and subdued prices (down by 22%). However, prices improved sequentially by 12%

b) Fertilisers Segment:

- Manufactured fertilisers business reported revenues growth of 31% y-o-y to Rs. 404 Cr in Q3 FY20. Fertilisers Trading business was reduced from Rs. 191 crores Q3 FY19 to Rs. 66 crores in Q3 FY20. The reduction in traded revenue in CNB was in line with the strategic decision to move towards differentiated NPK grade
- Sales volume of NPK increased by 37% y-o-y and NP grew by 33% y-o-y. Sales is higher due to good retreating rains coupled with increased ground water level in core command area
- Revenues of NP + NPK increased by 31% y-o-y to Rs. 387 Crores in Q3 FY20. Revenues of Bensulf increased by 57% y-o-y to Rs. 17 Crores in Q3 FY20
- Smartek volume in total sales of NPK fertiliser increased to 69% in 9M FY20 from 46% in 9M FY19
- Prices of major raw materials (such as phos acid and ammonia) declined compared to Q3 FY2019

Other Significant Developments:

- As part of our strategy of monetization of non-core assets, partially reflected in Q3 FY20, the Company has recently divested one of its plots of industrial land in Dahej, for a total transaction value of ~Rs. 100 Crores
 - The Company's existing Nitric Acid plant is situated in Dahej, where it continues to have adequate unutilized area in order to take care of any future expansion
 - MIDC curtailed the inlet water to all industries in Taloja Industrial area from 1st week of September and which continued till October, resulting in production volume loss of various products in Taloja. The water supply was restored in October 2019 after stay from the Honourable Supreme Court
 - During October 2019, International Finance Corporation (IFC) subscribed to the first tranche of US\$ 30 million (i.e. approx. Rs.210 Crores), by way of Foreign Currency Convertible Bonds (FCCBs) and Compulsory Convertible Debentures (CCDs) into DFPCL and its wholly owned subsidiary Smartchem Technologies Limited (STL), thereby reaffirming their confidence in the Company's long term growth prospects
 - During October 2019, the promoters of DFPCL infused further Rs. 25 Crores into the Company towards conversion of warrants into equity shares. Warrants of Rs. 200 Cr were issued to the promoters at a price of Rs. 308.79, out of which Rs. 50 Crores were infused in October 2018
 - Mr. Bhuwan Chandra Tripathi has joined DFPCL as Non-Executive and Independent Director w.e.f. from 13 February 2020. He has served 12 years in the board of GAIL India Limited with a decade long tenure as its Chairman and Managing Director (CMD). From aggressive foray into city gas business and striking Henry Hub linked LNG import deals, he is credited with leading GAIL's transformation into the league of Global Top 10 gas majors
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DFPCL at a Glance:

Deepak Fertilisers And Petrochemicals Corporation Limited (DFPCL), has established a prime position for itself over the last four decades, across Indian markets. Set up in 1979 as an Ammonia manufacturer, DFPCL today, is a publicly listed, multi-product Indian conglomerate, with a portfolio spanning Industrial Chemicals, Bulk and Specialty Fertilisers, Technical Ammonium Nitrate, and Value Added Real Estate.

Investor Relations Contacts:

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<p align="center">Deepak Fertilisers and Petrochemicals Corporation Ltd. Reg. Off and Corp. Off: Sai Hira, Survey No. 93, Mundhwa, Pune - 411 036 CIN: L24121MH1979PLC021360 www.dfpcl.com</p>	

Safe Harbour:

This release contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to DFPCL’s future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. DFPCL undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.