



15th December, 2022

BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. BSE Code: 500645	National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Sandra (East), Mumbai - 400 051. NSE Code: DEEPAKFERT
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Dear Sir/ Madam,

Sub: Press Release

Further to our communication of even date on “Demerger/ Amalgamation of Composite Businesses: Outcome of Board meeting held on 15th December, 2022”, please find enclosed a Press Release by the Company in this regard.

We request you to take the same on your record.

Thanking you,
Yours faithfully,

**For Deepak Fertilisers
And Petrochemicals Corporation Limited**

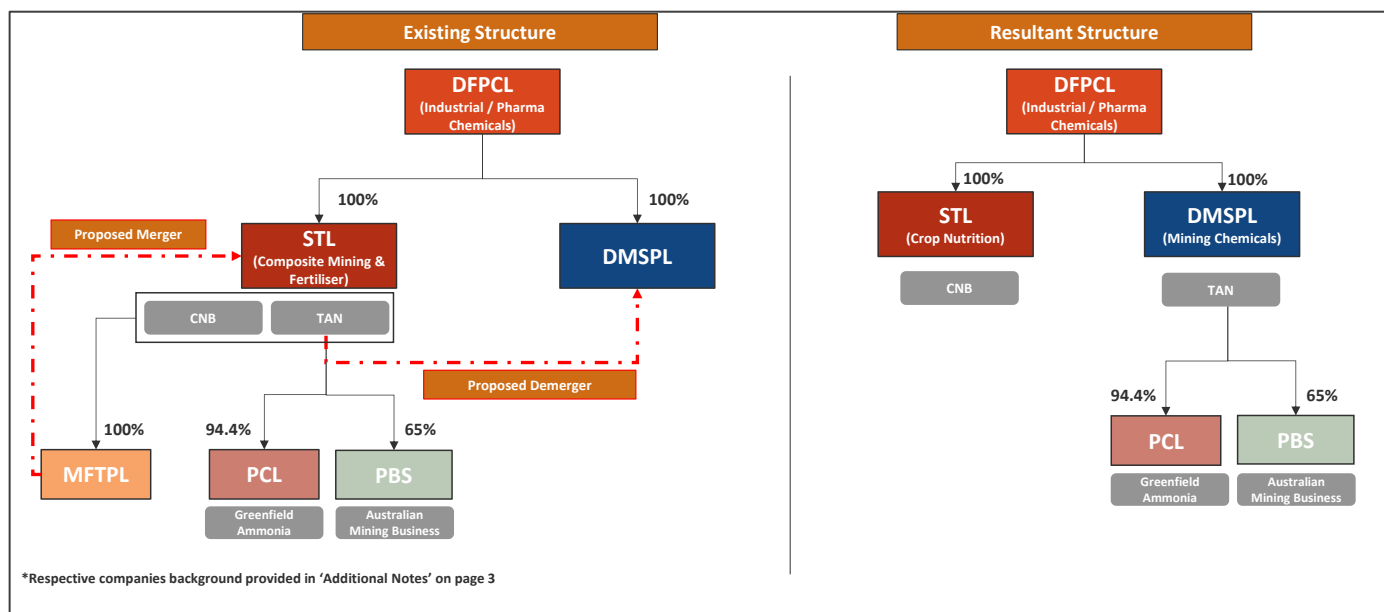
**Ritesh Chaudhry
Company Secretary**

Encl: as above.

Deepak Fertilisers Announces Demerger of its Mining Chemicals & Fertiliser Businesses

Restructuring In-Line With Strategic Shift From Commodity To Specialty; To Provide Focused Leadership, Simple Structure And Growth Potential

Pune, India, December 15, 2022: The Board of Directors of Smartchem Technologies Limited ('STL') at its meeting held today approved a Corporate Restructuring Plan with the objective of unlocking growth potential of each of the businesses. STL is a wholly owned subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited (BSE: 500645; NSE: DEEPAKFERT), one of India's leading producers of industrial chemicals and fertilisers ('DFPCL').



Chairman's Message

Commenting on this important development, Mr. Sailesh C. Mehta, Chairman & Managing Director said:

"Over past few years, DFPCL group has significantly improved its operational performance, generated cash flows, and strengthened balance sheet whilst focusing on increasing investments in greenfield expansions. The proposed corporate restructuring shall considerably help create strong independent business platforms within the larger DFPCL brand umbrella, hence enhancing stakeholders' value over time.

Earlier, DFPCL Group's strategy was primarily focused on production, cost optimization, capacity utilisations and efficiency improvement. Following extensive deliberation to deliver an outward consumer focus, a specified 'Transformation Strategy' with the following fundamental drivers has been executed:

- a) Focus on Customised Specialty in place of Commodity
- b) Move from Volume focus to Value/Premium End-User Focus
- c) Shift from Competition Pricing to Value Pricing

This radical shift in strategy was deemed necessary to significantly improve customer experience, enhance market share, and build a sustainable brand. In terms of growth trajectory and value creation, both TAN and Crop Nutrition business have attained a strategic size and relevance to deserve stand-alone corporate identities and focussed leadership. This transaction shall provide the required strategic flexibility to drive long-term growth and value creation for the end customers, employees and other stakeholders."



Composite Scheme of Arrangement

The Board of Directors approves the following 'Composite Scheme of Arrangement':

- (i) Demerger of the TAN Business (Mining Chemicals) from STL to Deepak Mining Services Private Limited (DMSPL), a wholly owned subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited (DFPCL); and
- (ii) Amalgamation of Mahadhan Farm Technologies Private Limited (MFTPL), being a wholly owned subsidiary of STL, with STL.

This draft Scheme of demerger is subject to customary, statutory, and regulatory approvals including approvals of respective shareholders and creditors, NCLT and all other regulators as may be required.

Strategic Rationale

A. Demerger of TAN Business (Mining Chemicals) from STL to DMSPL:

- a. **Focused Leadership:** Over the last five years, the focus of both TAN and CNB business has evolved from commodity to specialty, with an increased emphasis on solutions. Both independent entities to have individual growth plans, focused leaderships, and strategies to maximise its growth prospects
- b. **Consumer-focused Orientation Strategy:** There is no product, seasonality, markets, branding, or value proposition overlap between CNB and TAN businesses. Consumer-focused orientation strategy likely to get impacted if the CNB and TAN work culture remains intermingled
- c. **Demerger to Unlock the True Potential:** Enable sector specific strategic and financial investments in respective businesses
- d. **Economies of Scale:** Strengthening customer service, distribution network, overall economies of scale for all the business verticals

B. Amalgamation of MFTPL with STL:

- a. **Simplification of Corporate Structure:** Reduction of multiple entities carrying on similar businesses simplifies the group corporate structure
- b. **Economies of Scale:** Strengthening customer service, distribution network, overall economies of scale for all the business verticals (including reduction of overhead / administrative costs)



Additional Notes

Company Overview:

Deepak Fertilisers and Petrochemicals Corporation Ltd. (DFPCL) is among the India's leading manufacturers of industrial chemicals and fertilisers. With a strong presence in Technical Ammonium Nitrate (TAN), Industrial Chemicals (IC) and Crop Nutrition business (CNB), the Company supports critical sectors of the economy such as infrastructure, mining, chemicals, pharmaceutical and agriculture. DFPCL is a publicly listed, multi-product Indian conglomerate and has plants located in four states, namely Maharashtra (Taloja), Gujarat (Dahej), Andhra Pradesh (Srikakulam) and Haryana (Panipat). ICRA has upgraded DFPCL & STL 'Long Term' Credit Rating to AA- with Stable outlook. 'Short Term' Credit Rating is also affirmed to A1+ (Highest Rating).

Smartchem Technologies Limited (STL) is carrying on the following businesses: (i) manufacturing of NPK and specialty fertilisers in India under its flagship brand 'Mahadhan' ('Crop Nutrition Business') (ii) manufacturing of Technical Ammonium Nitrate ('TAN Business') (iii) production of Ammonia which acts as a raw material for both the fertilisers and chemicals segment ('Ammonia Business') (iv) Manufacturing of Nitric acid, utilities (Steam, Effluent treatment plant) and trading of fertilisers and chemicals. STL is a wholly owned subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited ('DFPCL'), the equity shares of which are listed on the National Stock Exchange of India Limited and BSE Limited.

Deepak Mining Services Private Limited (DMSPL) was incorporated with the objective of providing consultancy to mining companies in India inter alia to the entire value chain of the mining business. However, currently it has no business activities. DMSPL is a wholly owned subsidiary of Deepak Fertilisers and Petrochemicals Corporation Limited.

Mahadhan Farm Technologies Private Limited (MFTPL) is engaged in the business of manufacturing of water-soluble fertilisers. MFTPL is a wholly owned subsidiary of STL.

Platinum Blasting Services Pty. Limited, Australia (PBS) is a joint venture (JV) between Smartchem Technologies Ltd. (STL) with local Australian partners having vast experience in providing value-added blasting services. and operational expertise to mining and explosives industries in Australia. This is part of DFPCL's forward integration initiative.

Performance Chemiserve Limited (PCL) is a subsidiary Company of Smartchem Technologies Limited (STL). PCL is involved in Chemicals drum filling activities. Further, PCL is setting up Ammonia Project of 1,500 MTPD Capacity.

Investor Relations / Media 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 document contains statements that contain "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating Deepak Fertilisers and Petrochemicals Corporation limited's (DFPCL) future business developments and economic performance. While these forward looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks and uncertainties, are based on management belief as well as assumptions made by and information currently available to management and only 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.

