

DEEPAK FERTILIZERS announces Q2 results

Pune, November 17, 2016: Deepak Fertilizers and Petrochemicals Corporation Ltd (DFPCL) today announced its financial results for the quarter ended September 30, 2016 (Q2 FY17).

The Company witnessed marginal growth in Chemical business, however, recorded subdued performance in Fertilisers because of higher carryover stocks in the country and comparatively lower volumes in Ammonium Nitrate due to seasonal slowdown with delayed and extended monsoons.

The combined negative impact in the fertiliser sector emerging out of the delayed monsoons, inventory build-up from earlier quarter and sudden price cuts impacted the quarter performance. Good rainfalls followed with brisk sales and lowering of raw material costs should help improve the workings of the subsequent quarters.

As regards to TAN, a combined negative impact of large inflow of imported FGAN coupled with slower mining operations impacted due to longer monsoon season dampened the quarter. Monsoon having concluded, the ensuing quarters are expected to re-kindle the mining activities. The softening of raw material prices, specially ammonia, would help the Company combat global competition.

Release of subsidy from Govt. of India has helped the company overcome the liquidity gap in working capital resulting to significant savings in finance cost.

Total income of the Company fell from Rs. 1095.03 crores in Q2 FY16 to Rs. 938.21 crores in Q2 FY17, while profit before tax reduced from Rs. 37.77 crore in Q2 FY16 to Rs. 34.62 in Q2 FY17. Subsequently, PAT reduced marginally from Rs. 28.31 crore to Rs. 26.96 crore during the same period.

Chemical segment revenues stood at Rs.662.38 crores in Q2 FY17 as against Rs. 746.22 crores in Q2 FY16, whereas profit for the chemicals segment stood at Rs. 94.16 crores in Q2 FY17 as against Rs. 97.04 crores in Q2 FY16. Acids and IPA continued to perform almost at par with the same quarter of previous year, lower sales volume of TAN due to low priced imports and seasonal slowdown, impacted the segment performance significantly.

Compared to Q2 FY 16, fertilizers recorded a growth in volumes of manufactured products, traded specialty products and Bensulf. But due to pricing pressure, total income dropped from Rs 395.38 crores in Q2 FY 17 to Rs 314.72 crores in Q2 FY 16, As a result, loss for the fertilizers segment was at Rs. (4.79 Crores) in Q2 FY 17 as against (Rs. 1.54 Crores) in Q2 FY 16.

The brown field expansion of fertilizer is progressing as per schedule and trial production is likely to commence in Q3 FY17. The Company is slated to see positive offshoots of the expansion from Q4 FY17.

Mr. Sailesh C. Mehta, Chairman & Managing Director – DFPCL, said: *“After two consecutive droughts, the Country witnessed good monsoons in the current year. We are poised for achieving smooth production with restoration of full scale water supply and optimistic with respect to outlook for demand growth across all our businesses. Our fertilizer expansion project is aligned to cater to the next kharif season and we are optimistic about a significantly better performance of the fertilizer segment in the quarters to come.*

The growth in the mining sector and related explosive industry is reassuring and we are expecting better performance of TAN in the subsequent quarters, despite competition from imports.”

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