



# Earnings Presentation

## Q1 FY2020

August 2019



DEEPAK FERTILISERS  
AND PETROCHEMICALS  
CORPORATION LIMITED

# Deepak Fertilisers And Petrochemicals: An Overview

## Diversified Business

- Strong knowledge base and experience in crop nutrition and industrial chemicals
- Diversified ammonia downstream player

## Strategic plant locations

- Plants in Western (Maharashtra, Gujarat), Northern (Haryana) and Eastern India (Andhra Pradesh), world class technology
- Well-established sourcing channels; port and gas pipeline infrastructure for import of raw materials

## Capacity Expansion

- In products of existing business with strong market

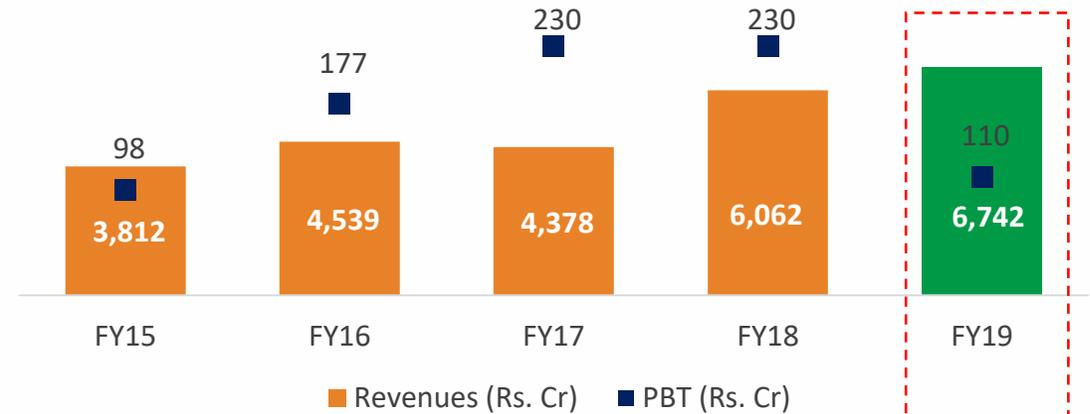
## Value Added Real Estate

- “Creaticity” Mall - India’s first true Lifestyle Centre
- Located in Pune, Maharashtra

## Exchange listing

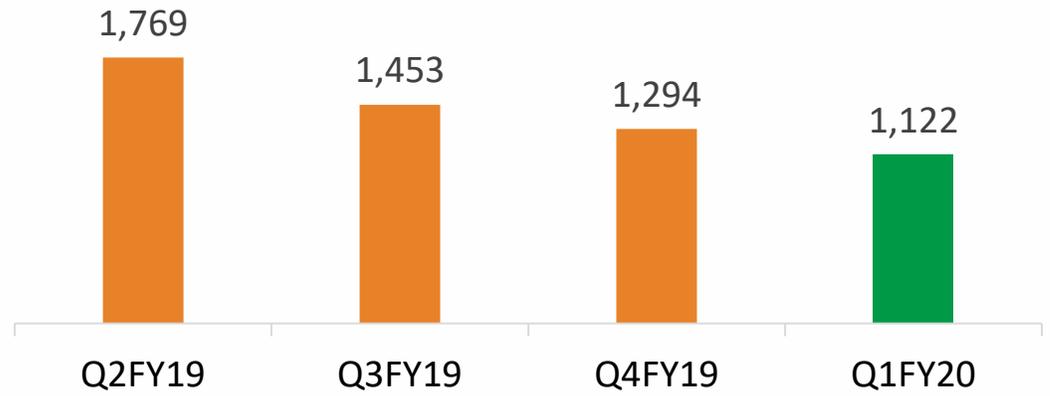
- Listed on NSE and BSE
- Market cap of ~Rs. 800 Crores with 49% free float

## Consolidated Revenue and PBT

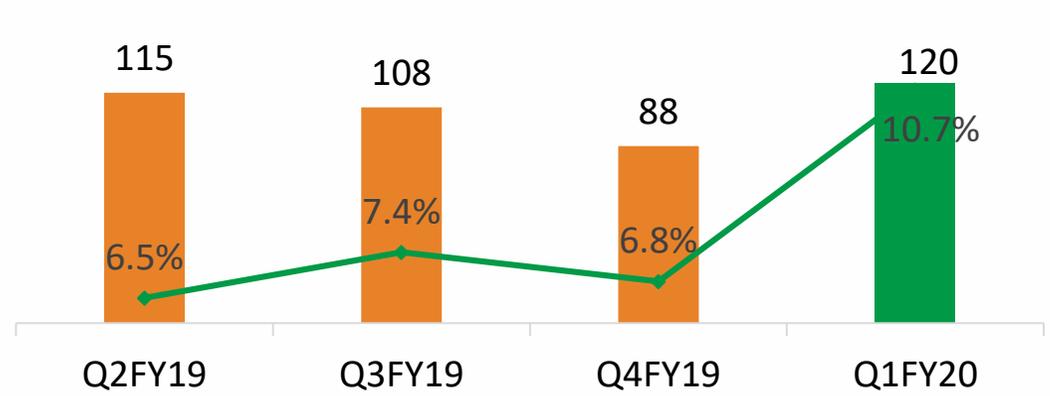


# Consolidated Financial Highlights

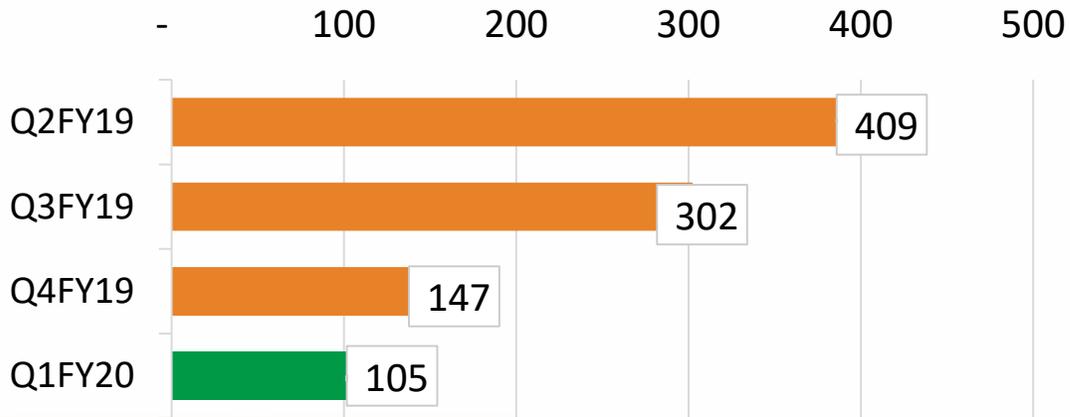
Revenue from Operations (Rs. Cr)



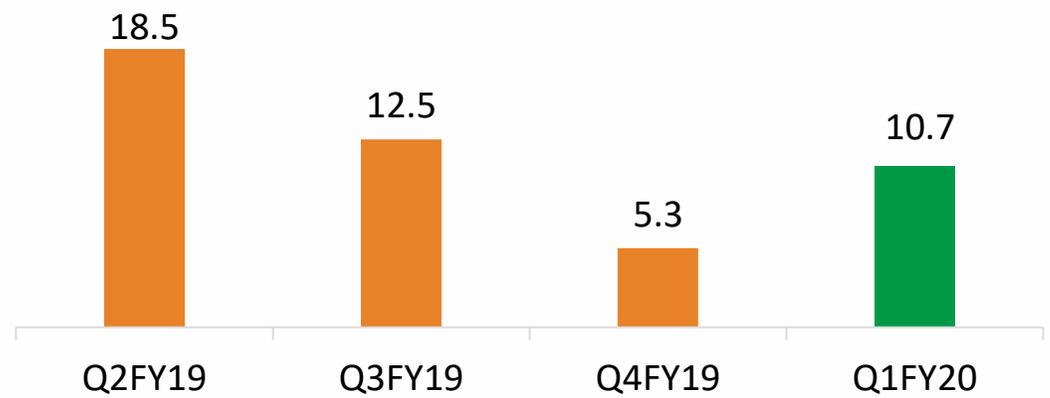
Operating EBITDA (Rs. Cr) and Margins (%)



Chemicals: Trading Revenues (Rs. Cr)



Profit After Tax (Rs. Cr)



# Consolidated Highlights

## Financial Performance

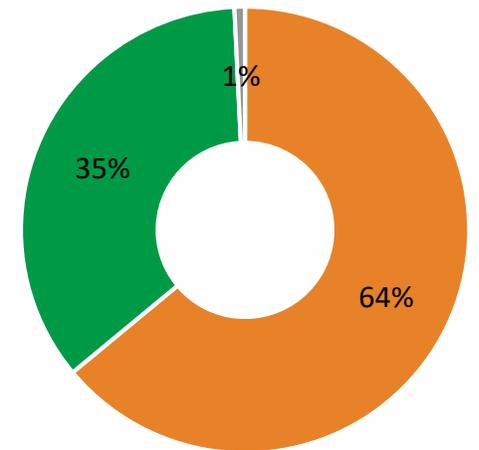
- Total Revenues reported at ~ Rs. 1,122 Cr in Q1 FY2020
- Operating EBITDA stood at Rs. 120 Cr; Margins improved significantly from 6.8% (Q4 FY2019) to 10.7% (Q1 FY2020). Operating margins were 6.7% in Q1 FY2019
- PAT stood at ~ Rs. 10.7 crores in Q1 FY2020. Profits improved by ~104% compared to Q4 FY2019

## Other Recent Highlights

- Commenced commercial production of Nitric Acid (NA) at Dahej, Gujarat; entered into long term agreements for about 70% of the capacity in April 2019
- Secured funding tie-up of US\$ 60 million (~ Rs. 420 Crores) from International Finance Corporation (IFC) by the way of CCDs and FCCBs in April 2019

## Revenue Breakdown

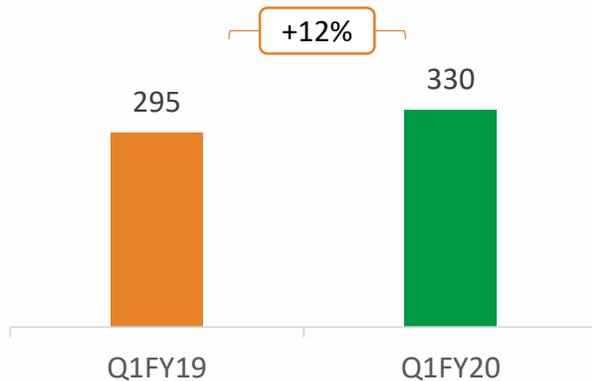
Q1 FY20: Rs 1,122 Cr



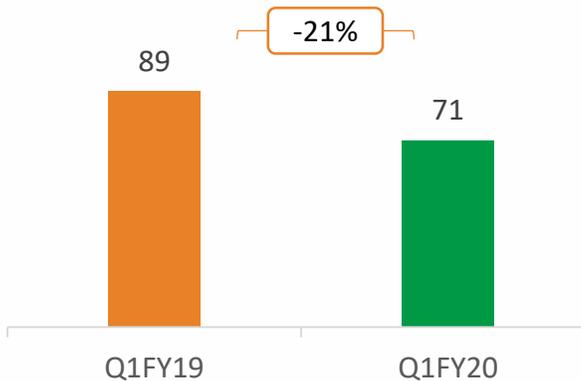
■ Chemicals ■ Fertilisers ■ Others

# Segment Highlights: Chemicals

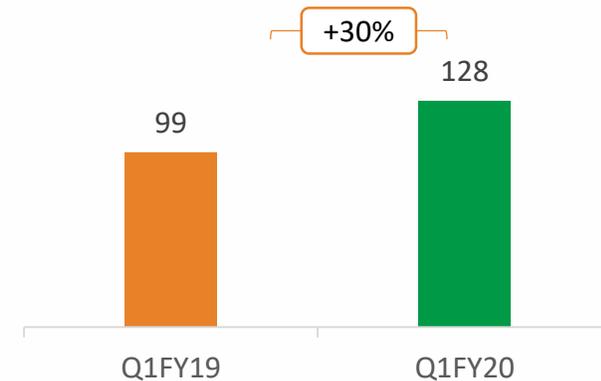
## Manufactured TAN Sales



## Manufactured IPA Sales

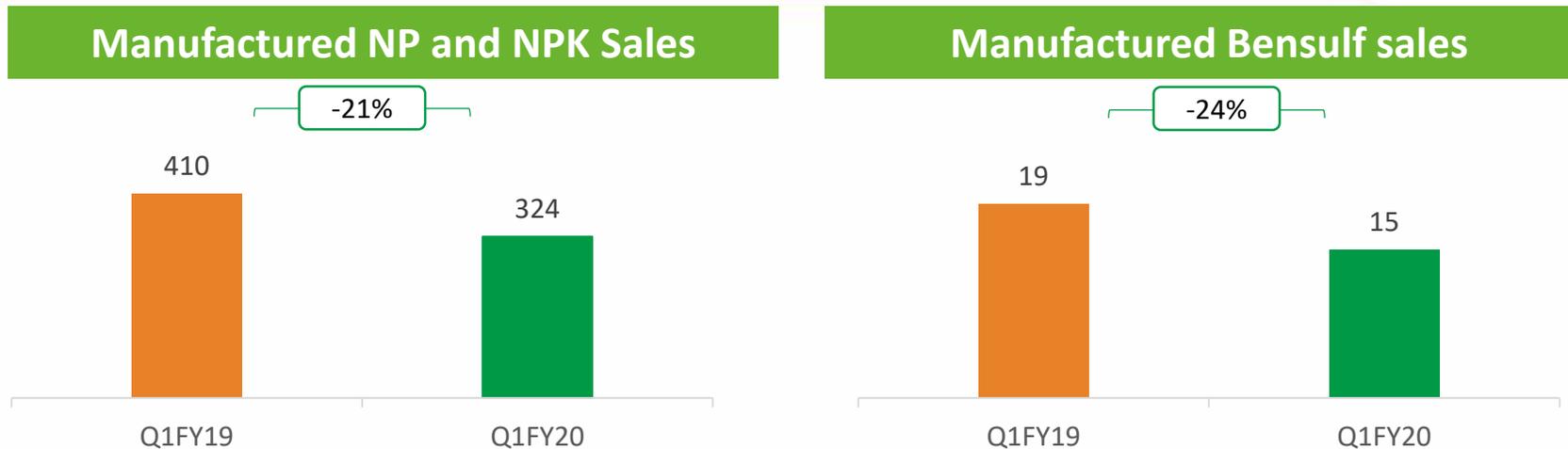


## Manufactured Acids Sales



- Manufactured Chemical business reported revenues of ~Rs. 613 crores in Q1 FY20 as compared to ~Rs. 610 crores in Q1 FY19. Chemical Trading business was consciously reduced from Rs. 1,028 crores Q1 FY19 to Rs. 105 crores in Q1 FY20. The Company continued to consolidate its trading portfolio and focus on high-margin products
- Margins improved in TAN business supported by higher TAN Solutions volumes by ~42.7% y-o-y and HDAN volumes by ~11.0% y-o-y and increase in NSP of HDAN and TAN Solutions
- Successful commissioning of Dahej facility (incl captive power plant) with capacity utilization of WNA at 60% and C'NA at 54% in the first quarter of operations amidst initial teething period and system stabilization phase
- During Q1, margins in IPA business were impacted on account of reduction in IPA import prices and hike in RGP prices on year on year basis. Production volumes were also temporary impacted as plant was shut down for non-availability of propylene; primarily driven by annual maintenance shutdown at suppliers' end. Supplies of propylene have been restored and plant is now operational

# Segment Highlights: Fertilisers



- Manufactured Fertilisers business reported revenues of ~Rs. 341 crores in Q1 FY20 as compared to ~Rs. 429 crores in Q1 FY19. Fertilisers Trading business was reduced from Rs. 151 crores Q1 FY19 to Rs. 55 crores in Q1 FY20. The reduction in traded revenue in CNB was inline with the strategic decision to move to differentiated NPK grade
- In line with our strategic decision to move from commodity to differentiated Fertiliser segment, differentiated NPKs. Smartek sales volume in Q1 FY20 was at 40,235 MT against 27,297 MT in Q1 FY19
- During the quarter, NPK sales volume declined by ~ 26.3% y-o-y and NP sales volume declined by ~27.6% y-o-y. Delayed monsoon by about ~3 weeks in core command area has impacted fertilisers sales. This has led to delayed Kharif sowing of major crops like Cotton, Soybean and Groundnut and resultant delays in fertiliser consumptions
- Margins in Q1 FY20, compared to Q1 FY19, were also adversely impacted on account of the increase in prices of phosphoric acid and ammonia on year on year basis. However, margins have increased compared to Q4 FY19 on account of declining raw material prices trend in the recent months resulting in higher margins per ton

Note: Figures in Rs. CR

# Sales Volumes

Volume MT	Q1 FY20	Q4 FY19	Q-o-Q growth	Q1 FY19	Y-o-Y growth
Methanol	10,370	4,444	133.3%	19,236	(46.1)%
Nitric Acid	62,477	49,078	27.3%	46,232	35.1%
IPA	10,827	14,782	(26.8)%	11,682	(7.3)%
TAN Solid	108,571	118,930	(8.7)%	107,483	1.0%
LDAN	27,880	35,429	(21.3)%	34,767	(19.8)%
HDAN	80,691	83,501	(3.4)%	72,716	11.0%
TAN Solutions	18,287	17,715	3.2%	12,814	42.7%
NP	37,957	49,149	(22.8)%	52,454	(27.6)%
NPK	65,666	88,568	(25.9)%	89,135	(26.3)%
WSF	246	181	36.0%	65	281.1%
Bensulf	6,102	3,482	75.2%	8,748	(30.2)%



# Expanding Footprints in Dahej, Gujarat

- **Commissioning of Commercial Operations:** April 2019
- **Production Capacities:** ~92 KTPA (CNA); ~148 KTPA (DNA)
- **Key Highlights:**
  - Strategically located in vicinity of large consumers of CNA
  - Caters to the growing demand for CNA and DNA in the Gujarat region along with customers in North and East India
  - The Company has already entered into agreements for 70% of the capacity and the project is expected to operate at full capacity in the near term.
- **DFPCL's Market Positioning:**
  - Second largest manufacturer of Nitric Acid in India
  - Largest integrated NA plants with a combined capacity of ~1.07 Million KTPA at Taloja, Maharashtra and Dahej, Gujarat
  - Nitric Acid market share expected increase to ~54% from ~45%



# Recent CSR Activities

## Rural Initiatives



Establishment of keshar mango farm and support for mango sale



Dairy Development project



Medical health camp



Vocational Skill Development

## Urban Initiatives



Trained 132 aspirants in various vocational skills training programs



Income Generation Programs



Livelihood Enhancement through Entrepreneurship Development



Entrepreneurship Program



Pathological collection center

# Awards and Recognition



Smartek awarded for **Best formulation – Innovation at the Agribusiness Summit and Agri Awards 2019**



Mahadhan was honoured with “Agribusiness leadership” award at the 11th Global Agriculture Leadership Summit 2018



Smartek won **RMAI Agribusiness Leadership Award 2019** for introduction of revolutionary product in bulk fertiliser category



Mahadhan received Brand Excellence Award in agri-inputs from ABP News for its constant drive towards innovation



Smartek received “Golden Peacock Award” for innovative product at the Dubai Global Convention 2019



Featured in Forbes Asia under a billion list in the year 2017



Integrated Mahadhan Smartek Launch received the award for best campaign in agriculture and agri-tech from Kaleido



Ishnaya Foundation has been conferred with the Prestigious Special Jury Recommendation FICCI CSR Award 2017



Received the “Best National Employer brand Award” by ET Now and World HRD Congress in the manufacturing category



Mobile and Digital Marketing summit 2017 awarded Mahadhan app as the best mobile app, targeted at farming community



DFPCL was honoured with two distinguished awards at the PRCI Corporate collateral awards in 2018



Best Employer Award by World HRD Congress in Pune region for its strategies and implementation across the organisation

# Appendix



DEEPAK FERTILISERS  
AND PETROCHEMICALS  
CORPORATION LIMITED

**Financial  
Results - Profit  
& Loss  
(Consolidated)**

<b>PART I</b>		<b>(Amounts in Rs Lakhs unless otherwise stated)</b>			
<b>STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2019</b>					
<b>Sr. No.</b>	<b>Particulars</b>	<b>Quarter Ended</b>			<b>Year Ended</b>
		<b>30 June 2019</b>	<b>31 March 2019</b>	<b>30 June 2018</b>	<b>31 March 2019</b>
	<b>(Refer Notes Below)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
1	Income				
	(a) Revenue from operations	112,220	129,376	222,619	674,206
	(b) Other income	925	2,385	759	5,430
	Total income	113,145	131,761	223,378	679,636
2	Expenses				
	(a) Cost of materials consumed	53,782	67,939	72,319	283,536
	(b) Purchases of stock-in-trade	32,896	19,402	132,992	251,930
	(c) Changes in inventories of finished goods and stock-in-trade	(11,119)	6,259	(24,321)	(6,403)
	(d) Employee benefits expense	7,993	7,367	7,259	27,766
	(e) Finance costs	6,117	5,738	5,731	22,933
	(f) Depreciation and amortisation expense	5,188	4,336	4,190	17,146
	(g) Other expenses (Net)	16,711	19,567	19,561	71,444
	Total expenses	111,568	130,608	217,731	668,352
3	Profit before share of (loss) of equity accounted investees and income tax (1-2)	1,577	1,153	5,647	11,284
4	Share of (loss) of associate	(17)	(114)	(2)	(305)
5	Profit / (loss) before tax (3+4)	1,560	1,039	5,645	10,979
6	(a) Current tax	375	91	338	1,351
	(b) Deferred tax	115	423	1,584	2,281
	Total tax expense	490	514	1,922	3,632
7	Net profit after tax, non controlling interest and share in (loss) of associate (5-6)	1,070	525	3,723	7,347

**Financial  
Results - Profit  
& Loss  
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Sr. No.	Particulars	Quarter Ended			Year Ended
		30 June 2019 (Unaudited)	31 March 2019 (Audited)	30 June 2018 (Unaudited)	31 March 2019 (Audited)
	<b>(Refer Notes Below)</b>				
8	Other comprehensive income (OCI)				
	<i>Items that will not be reclassified to profit or loss</i>				
	Remeasurement of defined employee benefit plans	(169)	(278)	-	(520)
	Income tax relating to this item	59	97	-	182
	<i>Items that will be reclassified to profit or loss</i>				
	Exchange difference on translation of financial statements of foreign operations	(42)	79	35	(190)
	Changes in fair value of investments other than equity shares carried at fair value through OCI #	-	13	(89)	(51)
	Income tax relating to the above item #	-	(4)	31	18
	Total other comprehensive income, net of tax	(152)	(93)	(23)	(561)
9	Total comprehensive income (7+8)	918	432	3,700	6,786
10	Net profit attributable to:				
	- Owners of the Company	990	453	3,613	7,067
	- Non controlling interest	80	72	110	280
11	Other comprehensive income, net of tax attributable to:				
	- Owners of the Company	(139)	(128)	(32)	(519)
	- Non controlling interest	(13)	35	9	(42)
12	Total comprehensive income attributable to:				
	- Owners of the Company	851	325	3,581	6,548
	- Non controlling interest	67	107	119	238
13	Paid-up Equity Share Capital (Face Value of Rs.10/- each)	8,820	8,820	8,820	8,820
14	Earnings per share (EPS) (EPS for quarter ended period is not annualised)				
	(face value of Rs.10 each)				
	(a) Basic (In Rs.)	1.12	0.51	4.10	8.01
	(b) Diluted (In Rs.)	1.12	0.51	4.10	8.01

**Segment  
Results  
(Consolidated)**

<b>UNAUDITED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES (Amounts in Rs Lakhs unless otherwise stated)</b>					
<b>Consolidated</b>					
<b>Sr. No.</b>	<b>Particulars</b>	<b>Quarter Ended</b>			<b>Year Ended</b>
		<b>30 June 2019</b>	<b>31 March 2019</b>	<b>30 June 2018</b>	<b>31 March 2019</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
1	Segment revenue				
	(a) Chemicals				
	Manufactured	61,302	62,895	60,954	255,310
	Traded	10,492	14,663	102,799	188,643
	<b>Total</b>	<b>71,794</b>	<b>77,558</b>	<b>163,753</b>	<b>443,953</b>
	(b) Fertilisers				
	Manufactured	34,078	43,521	42,949	152,905
	Traded	5,491	7,674	15,065	74,375
	<b>Total</b>	<b>39,569</b>	<b>51,195</b>	<b>58,014</b>	<b>227,280</b>
	(c) Realty	512	551	485	2,155
	(d) Others	345	72	367	818
	<b>Total income from operations</b>	<b>112,220</b>	<b>129,376</b>	<b>222,619</b>	<b>674,206</b>
2	Segment results [profit / (loss) before tax and finance costs from Each segment]				
	(a) Chemicals	12,526	14,498	15,129	51,725
	(b) Fertilisers	(970)	(3,807)	1,705	(3,886)
	(c) Realty	(432)	(563)	(383)	(1,572)
	(d) Others	247	(26)	264	421
	<b>Total</b>	<b>11,371</b>	<b>10,102</b>	<b>16,715</b>	<b>46,688</b>
	Less: i) Finance costs	6,117	5,738	5,731	22,933
	ii) Other unallocable expenditure (net of unallocable income)	3,677	3,211	5,337	12,471
	<b>Total profit before tax before share of (loss) of equity accounted investees</b>	<b>1,577</b>	<b>1,153</b>	<b>5,647</b>	<b>11,284</b>

**Segment  
Results  
(Consolidated)**

<b>UNAUDITED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES (Amounts in Rs Lakhs unless otherwise stated)</b>					
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		<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
3	Segment assets				
	(a) Chemicals	286,940	336,640	394,347	336,640
	(b) Fertilisers	229,412	228,313	249,452	228,313
	(c) Realty	22,079	21,884	22,047	21,884
	(d) Others	2,212	1,960	3,036	1,960
	(e) Unallocated	157,307	122,964	111,060	122,964
	<b>Total assets</b>	<b>697,950</b>	<b>711,761</b>	<b>779,942</b>	<b>711,761</b>
4	Segment liabilities				
	(a) Chemicals	262,492	274,867	181,912	274,867
	(b) Fertilisers	207,142	201,311	168,626	201,311
	(c) Realty	2,714	2,406	1,033	2,406
	(d) Others	67	3	46	3
	(e) Unallocated	10,400	19,012	238,662	19,012
	<b>Total liabilities</b>	<b>482,815</b>	<b>497,599</b>	<b>590,279</b>	<b>497,599</b>



Notes to the Statement of Standalone and Consolidated unaudited Financial Results for the quarter and ended 30 June 2019

## Financial Results – Notes

1. The above unaudited results of Deepak Fertilisers and Petrochemicals Corporation Limited (the "Company"), its subsidiaries (collectively referred to as "the Group"), its associates and its joint operations were reviewed by the Audit Committee and the Board of Directors at its meeting held on 13 August 2019 and 14 August 2019 respectively, approved and adopted the same. The Statutory Auditors have carried out a limited review of these financial results for the quarter ended 30 June 2019 and have issued an unmodified report on these results.
2. The Department of Fertilisers (DoF), Ministry of Chemicals and Fertilisers, had withheld subsidy, due to the Group in accordance with applicable Nutrient Based Subsidy (NBS) scheme of Government of India (GOI), alleging undue gain arising to the Group on account of supply of cheap domestic gas, since challenged by the Group before the Honourable High Court of Bombay. Based on the directive of the Honourable Court, DoF agreed to release subsidy withheld except a sum of Rs. 31,052 Lakhs pending final decision, which has been released during the month of January 2018 against a Bank Guarantee of equal amount.
3. The Unaudited standalone and consolidated results of the Company (including its subsidiaries and associates and joint operations) are prepared in accordance with applicable accounting standards i.e. Ind AS, as prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.
4. Figures for standalone and consolidated financial results for the quarter ended 31 March 2019 as reported in these unaudited financial results, are the balancing figures between the audited figures in respect of the full financial year and published year to date figures for nine months period ended 31 December 2018. The figures upto 31 December 2018 had only been reviewed and were not subjected to audit.
5. The Group has adopted Ind AS 116 "Leases", applied to all lease contracts existing as of April 1, 2019 using the modified retrospective method. Accordingly, comparatives for the year ended 31 March, 2019 have not been retrospectively adjusted. The adoption of Ind AS 116 did not have any impact on the opening retained earnings as at April 1, 2019. Ind AS 116 replaces Ind AS 17 "Leases" and related interpretation and guidance. On transition, the adoption of new standard has resulted in recognition of Right-of-use assets of Rs. 7,498 Lakhs and a lease liability of Rs. 7,498 Lakhs as at April 1, 2019 in the consolidated financial results for leases previously classified as operating leases. The Group has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability.

## Financial Results – Notes

During the quarter, the Company has recognised finance costs on leases amounting to Rs. 57.29 lakhs and depreciation on right-of-use assets amounting to Rs. 135.61 lakhs in the standalone financial results and the Group has recognised finance costs on leases amounting to Rs. 179.67 lakhs and depreciation on right-of-use assets amounting to Rs. 332.01 lakhs in the consolidated financial results. As a result of that finance costs and depreciation are higher by the above amount and other expenses are lower by Rs. 145.86 lakhs in standalone financial results and by Rs. 395 lakhs in consolidated financial statements.

6. Previous period's figures have been reclassified/ regrouped wherever necessary.

For DEEPAK FERTILISERS AND PETROCHEMICALS  
CORPORATION LIMITED



S. C. MEHTA

Chairman and Managing Director

DIN: 00128204

Place: Pune

Date: 14 August 2019

**Disclaimer:** This presentation 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 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.

**Investor Relations Contact:**

Deepak Balwani Associate Vice President – Investor Relations	<a href="mailto:deepak.balwani@dfpcl.com">deepak.balwani@dfpcl.com</a> +91 20 6645 8733
Amitabh Bhargava President and Chief Financial Officer	<a href="mailto:amitabh.bhargava@dfpcl.com">amitabh.bhargava@dfpcl.com</a> +91 20 6645 8292
Ajay Tambhale Churchgate Partners	<a href="mailto:deepakfertilisers@churchgatepartners.com">deepakfertilisers@churchgatepartners.com</a> +91 22 6169 5988

**Reg. Off and Corp. Off:** Sai Hira, Survey No. 93, Mundhwa, Pune - 411 036

**CIN:** L24121MH1979PLC021360

[www.dfpcl.com](http://www.dfpcl.com)

