

Regd. Office: Sai Hira, Survey No. 93,
Mundhwa, Pune - 411 036, India.
Tel: +91 (20) 6645 8000



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED

17th February, 2020

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

Listing Department
National Stock Exchange of India Ltd.
“Exchange Plaza”,
Bandra - Kurla Complex, Bandra (E)
Mumbai – 400 051

Subject: Earnings Presentation Q3 FY 2020

Dear Sir / Madam,

Please find enclosed an Earnings Presentation of the Company for **Q3 FY 2020**.

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



Products to Solutions
Commodities to Brands



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED



INDUSTRIAL CHEMICALS



MINING CHEMICALS



CROP NUTRITION

Deepak Fertilisers And Petrochemicals Corporation Ltd.

Q3 FY2020 Earnings Presentation

(BSE: 500645; NSE: DEEPAKFERT)

February 17, 2020

A Journey of 40 Years

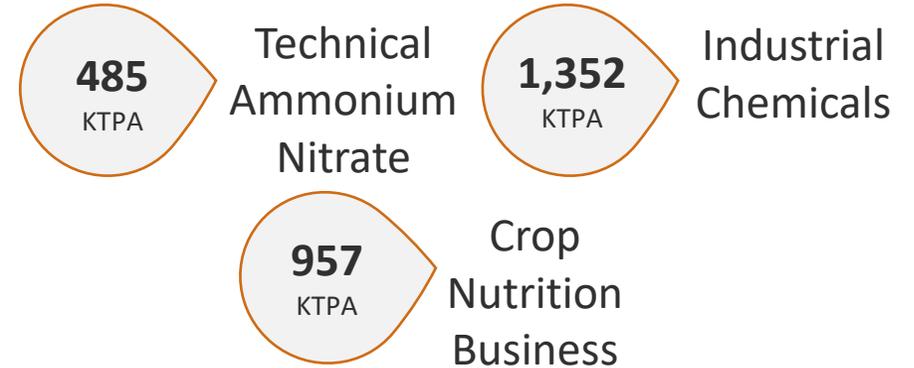


Diversified Business

- Strong knowledge base and experience in:
 - Mining Chemicals
 - Industrial Chemicals
 - Crop Nutrition
- Diversified ammonia downstream player
- ~ 40 years industry experience



Installed Capacity



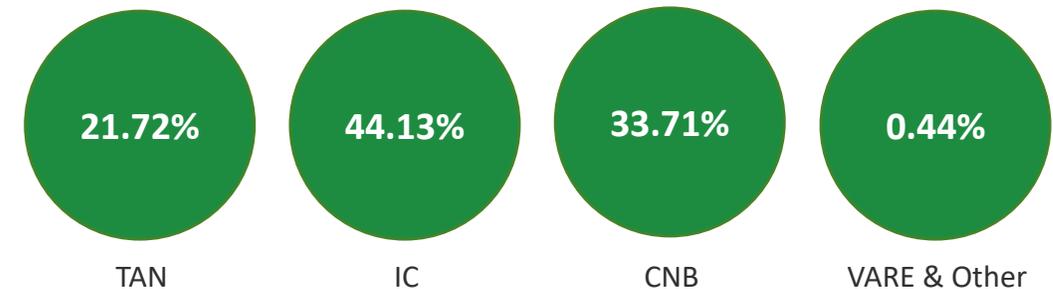
Strategic Plant Locations

- Plants in Western, Northern and Eastern India
- Well-established sourcing channels
- Port and gas pipeline infrastructure for import of raw materials



Revenue from Operations: ~Rs. 6,742 Crore*

Contribution to Total Revenues (%)



*FY2019 financials

Consolidated Quarterly Highlights

Financial Performance

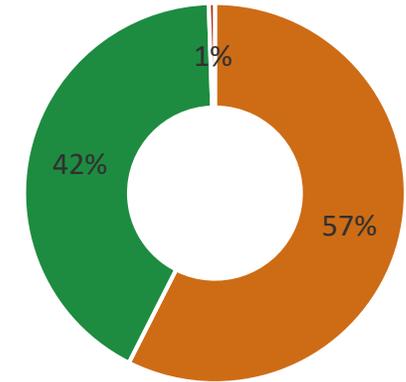
- Total Revenues reported at Rs. 1,119 Cr in Q3 FY20 compared to Rs. 1,453 Cr in Q3 FY19, riding on manufacturing base
 - Continue to consolidate trading portfolio and focus on high-margin products (Chemical trading consciously reduced by Rs. 203 Cr. y-o-y and Fertiliser trading reduced by Rs. 125 Cr 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

Operational Performance

- 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
- 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
- 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

Revenue Breakdown

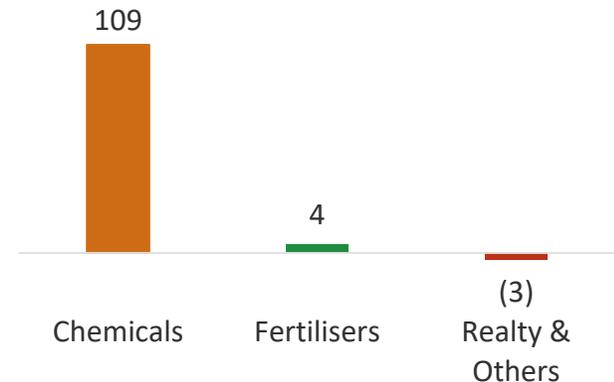
Q3 FY20: Rs. 1,119 Cr



■ Chemicals ■ Fertilisers ■ Realty & Others

Segment Profit

Q3 FY20: Rs. 110 Cr



3

IFC Funding

- 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)
- Funding is part of IFC's US\$60 million investment commitment. Aligning with the capital requirement, the second tranche of US\$ 30 million (i.e. approx. Rs. 210 Crores) is expected to be subscribed in next few months
- Non-Disposal Undertaking (NDU) has been provided by Promoter of DFPCL to IFC for CCDs issued by Smartchem Technologies Ltd., which is usual in such transactions. No pledge of equity shares of DFPCL shares have been created by promoters as on date

Warrants Subscription

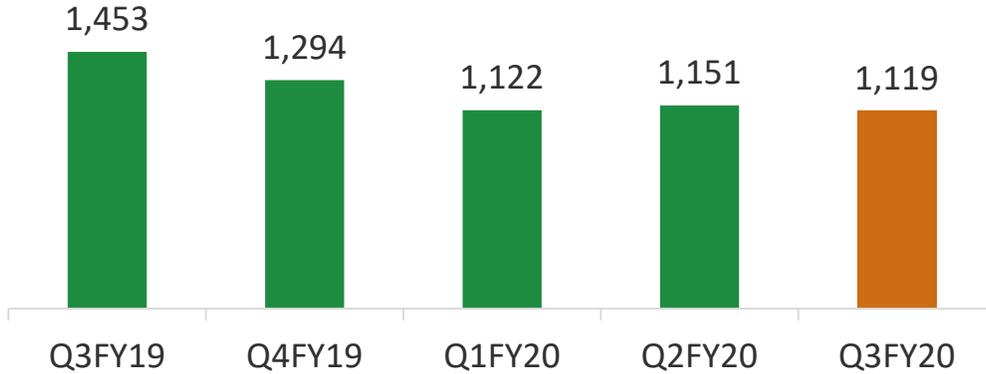
- During October 2019, the promoters of DFPCL infused further Rs. 25 Crores into the Company towards conversion of warrants into equity shares
- Warrants of Rs. 200 Cr were issued to the promoters at a price of Rs. 308.79, out of which Rs. 50 Crores were infused in October 2018
- The promoters remain committed to subscribe to the warrants through preferential allotment. The balance of Rs. 125 Crores would be infused by the promoters within the stipulated period

Monetization of Non-Core Assets

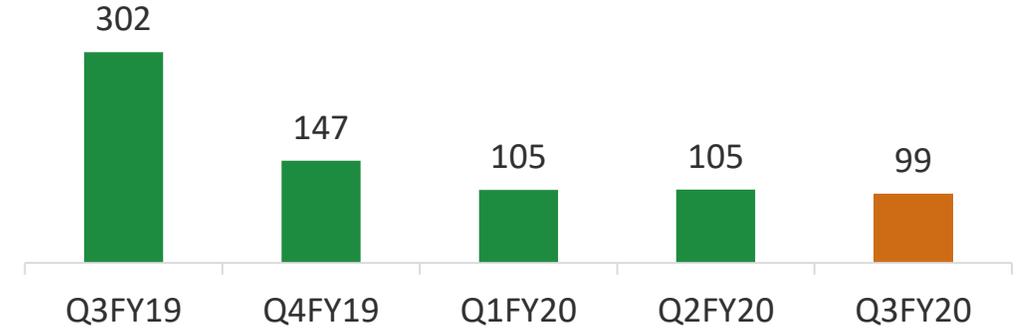
- In December 2019, the Company has divested one of its unused plots of industrial land in Dahej as part of the strategy to divest non-core assets, for total transaction value of ~Rs. 100 Crores. The Company's existing Nitric Acid plant is situated in Dahej, where it continues to have adequate unutilized area in order to take care of any future expansion
- In July 2019, DFPCL sold 75% holding in Desai Fruits and Vegetables Private Limited to Contract Farming Mauritius Private Limited for Rs. 28.2 Crores

Consolidated Quarterly Highlights

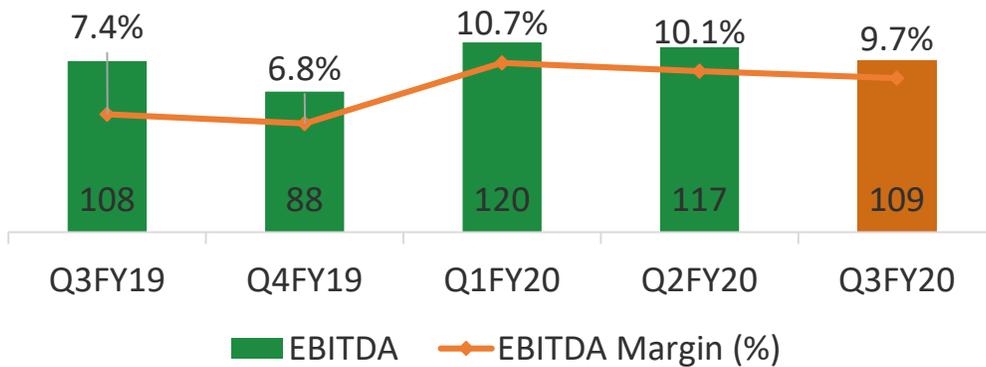
Revenue from Operations (Rs. Cr)



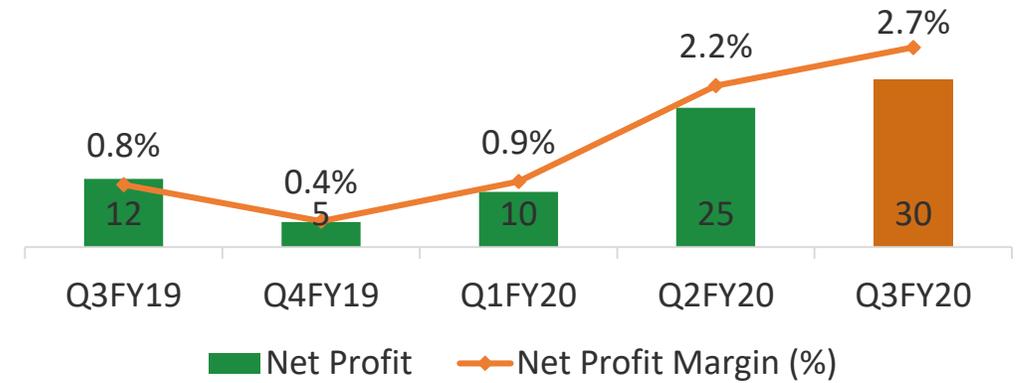
Chemicals: Trading Revenues (Rs. Cr)



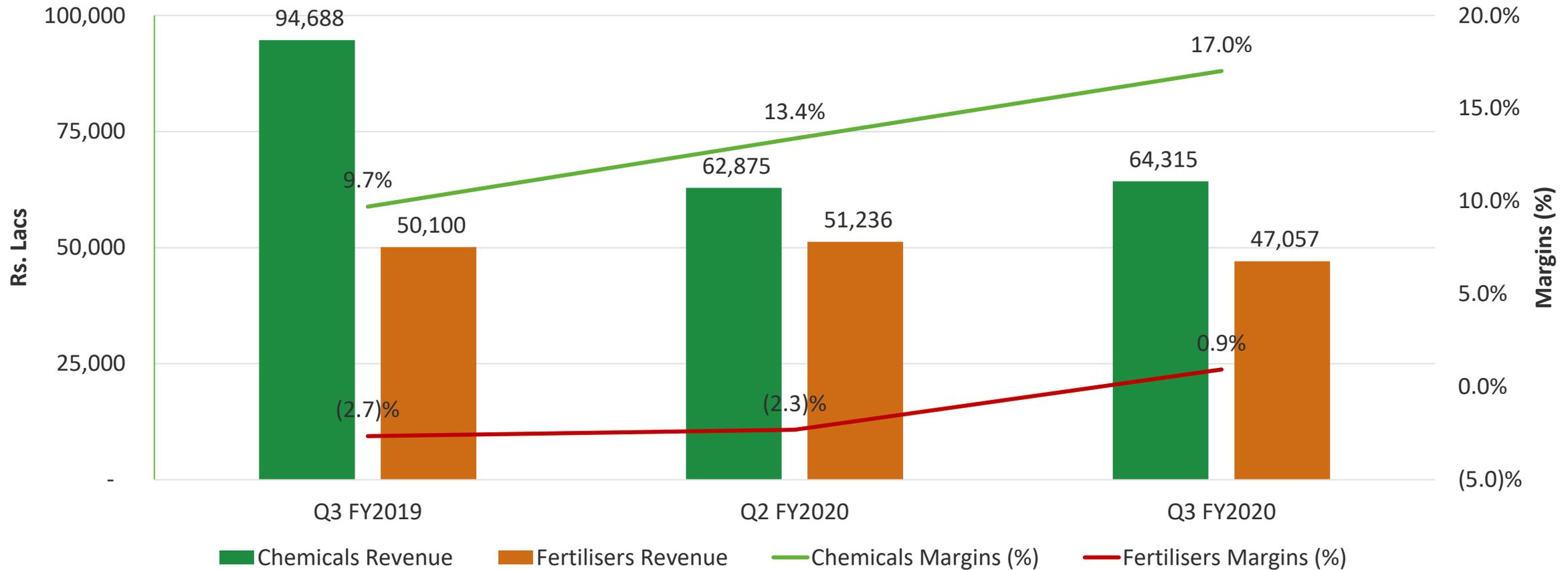
Operating EBITDA (Rs. Cr) and Margins (%)



Profit After Tax (Rs. Cr) and Margins (%)



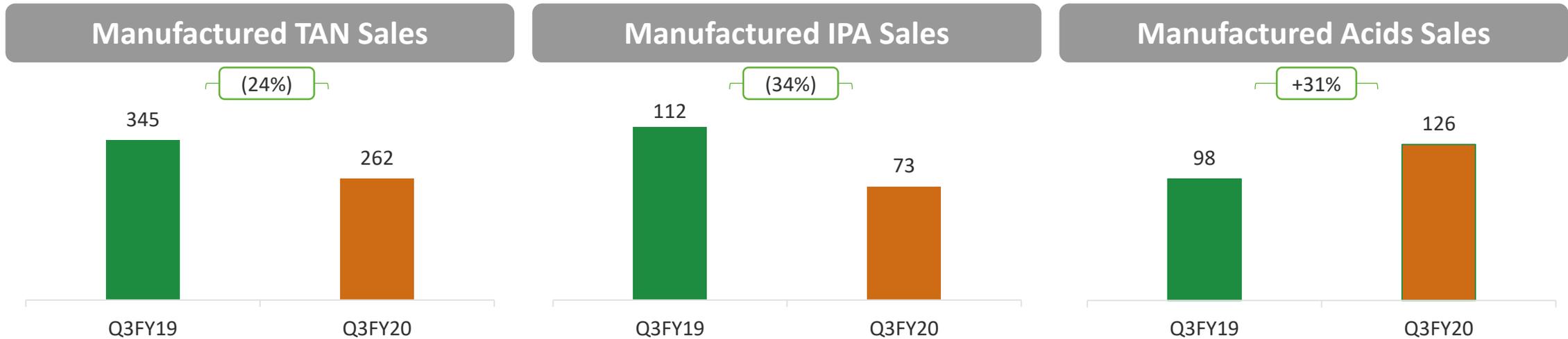
Consolidated Segment Performance



- Chemical Segment margins improved from 9.7% to 17.0% y-o-y; Fertilisers Segment achieved positive segment profit

* Segment margins as per financials; represents segment Profit Before Tax (before finance costs and unallocable expenditure)

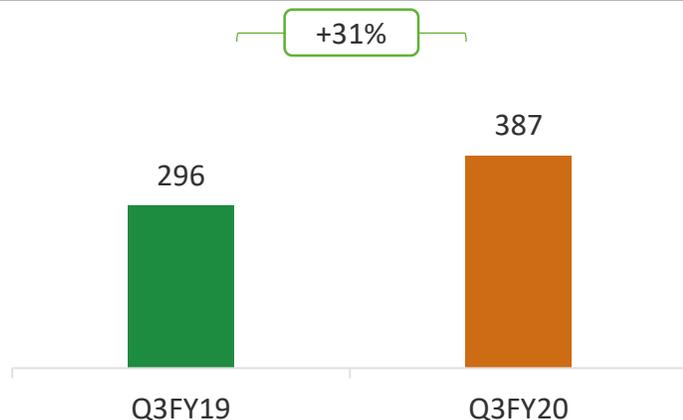
Consolidated Segment Highlights: Chemicals



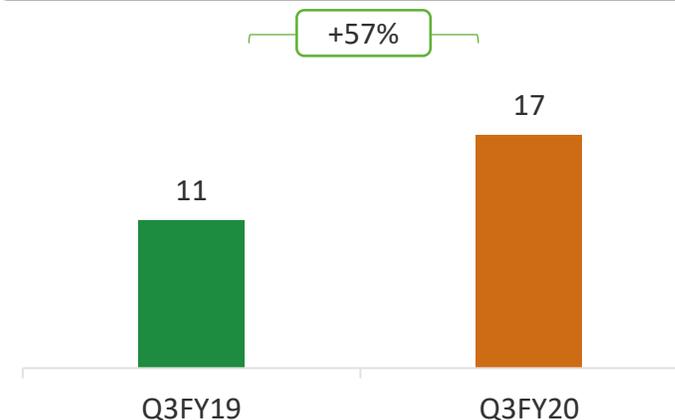
- Manufactured Chemical business reported revenues of Rs. 544 crores in Q3 FY20 as compared to Rs. 644 crores in Q3 FY19
- Chemical Trading business was consciously reduced from Rs. 302 crores Q3 FY19 to Rs. 99 crores in Q3 FY20. The Company continued to consolidate its trading portfolio and focus on high-margin products
- 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%

Consolidated Segment Highlights: Fertilisers

Manufactured NP and NPK Sales



Manufactured Bensulf sales



- 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 from manufactured bulk fertilizer 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
- Despite many headwinds during the H1 such as higher inventory, delayed monsoon, abrupt price disruption, the Company has continued its journey as a leading differentiated fertilisers company in core command area
- 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

Consolidated Sales Volume

Volume MT	Q3 FY20	Q3 FY19	Y-o-Y growth	Q2 FY20	Q-o-Q growth	9M FY20	9M FY19	Y-o-Y growth
Nitric Acid	66,269	49,168	34.8%	57,396	15.5%	185,794	147,687	25.8%
IPA	11,604	13,818	(16.0)%	18,621	(37.7)%	41,053	46,492	(11.7)%
TAN Solid	91,763	122,664	(25.2)%	78,699	16.6%	279,033	334,259	(16.5)%
LDAN	21,046	28,195	(25.4)%	21,993	(4.3)%	70,920	93,178	(23.9)%
HDAN	70,716	94,470	(25.1)%	56,706	24.7%	208,114	241,081	(13.7)%
TAN Solutions	15,774	13,769	14.6%	11,956	31.9%	46,016	35,289	30.4%
NP	57,360	43,241	32.7%	66,394	(13.6)%	161,711	148,996	8.5%
NPK	71,402	51,931	37.5%	68,616	4.1%	205,684	197,157	4.3%
WSF	68	321	(78.7)%	189	(63.9)%	504	666	(24.3)%
Bensulf	7,117	3,832	85.7%	6,567	8.4%	19,786	20,416	(3.1)%

Rural Initiatives



Wadi



Dairy Development project



Arogyam – Spectacle Distribution



Vocational Skill Development



Community Development and Social Welfare (CDSW)



Urban Initiatives



Vocational Skills Development Program (VSDP) and Education



Arogyam



Livelihood Enhancement Through Entrepreneurship Development



Awards and Recognition



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

11TH GLOBAL AGRICULTURE LEADERSHIP SUMMIT AND LEADERSHIP AWARDS 2018

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



Smartchem Technologies Limited bagged the Safest Workplace Award during the Safe-Tech Award Function held in August 2019



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



‘Certificate Of Merit’ awarded to ‘Smartchem Technologies’ by NSC for achieving zero accident frequency rate in chemicals & fertilizers group



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



Creaticity won the ‘Most popular mall for furniture at Times Retail Icons, Pune



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



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



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

Appendix

Profit & Loss Statement – Consolidated (Rs. In Lacs)

Rs. In Lacs

Sr. No.	Particulars (Refer Notes Below)	Quarter Ended			Nine Months Ended		Year Ended
		31 Dec 2019 (Unaudited)	30 Sept 2019 (Unaudited)	31 Dec 2018 (Unaudited)	31 Dec 2019 (Unaudited)	31 Dec 2018 (Unaudited)	31 Mar 2019 (Audited)
1	Income						
	(a) Revenue from operations	111,949	115,074	145,338	339,243	544,830	674,206
	(b) Other income	4,129	3,073	915	8,127	3,045	5,430
	Total income	116,078	118,147	146,253	347,370	547,875	679,636
2	Expenses						
	(a) Cost of materials consumed	63,151	50,510	71,875	167,443	215,597	283,536
	(b) Purchases of stock-in-trade	13,953	19,455	51,210	66,304	232,528	251,930
	(c) Changes in inventories of FG & and stock-in-trade	2,303	14,253	(8,862)	5,437	(12,662)	(6,403)
	(d) Employee benefits expense	6,685	8,147	6,850	22,825	20,399	27,766
	(e) Finance costs	6,053	6,312	5,717	18,482	17,195	22,933
	(f) Depreciation and Amortisation expense	5,410	5,432	4,359	16,030	12,810	17,146
	(g) Other expenses (net)	15,004	11,052	13,489	42,767	51,877	71,444
	Total expenses	112,559	115,161	144,638	339,288	537,744	668,352
3	Profit before share of (loss) of equity accounted investees and income tax (1-2)	3,519	2,986	1,615	8,082	10,131	11,284
4	Share of (loss) of associates	(15)	(3)	(88)	(35)	(191)	(305)
5	Profit before tax (3+4)	3,504	2,983	1,527	8,047	9,940	10,979
6	Total tax expense	473	433	279	1,396	3,118	3,632
7	Net profit after tax, non controlling interest and share in (loss) of associates (5-6)	3,031	2,550	1,248	6,651	6,822	7,347

Consolidated DFPCL Segment (Rs. Lakhs)....(i)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 Dec 2019	30 Sept 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Mar 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue						
	(a) Chemicals						
	Manufactured	54,380	52,364	64,446	168,046	192,415	255,310
	Traded	9,935	10,511	30,242	30,938	173,980	188,643
	Total	64,315	62,875	94,688	198,984	366,395	443,953
	(b) Fertilisers						
	Manufactured	40,438	41,987	30,956	116,503	109,384	152,905
	Traded	6,619	9,249	19,144	21,359	66,701	74,375
	Total	47,057	51,236	50,100	137,862	176,085	227,280
	(c) Realty	494	680	515	1,686	1,604	2,155
	(d) Windmill	83	283	35	711	746	818
	Total income from operations	111,949	115,074	145,338	339,243	544,830	674,206
2	Segment results [profit / (loss) before tax and finance costs from segment]						
	(a) Chemicals	10,943	8,412	9,193	31,881	37,227	51,725
	(b) Fertilisers	442	(1,186)	(1,330)	(1,714)	(79)	(3,886)
	(c) Realty	(324)	(335)	(250)	(1,091)	(1,009)	(1,572)
	(d) Windmill	(13)	184	(64)	418	447	421
	Total	11,048	7,075	7,549	29,494	36,586	46,688
	Less: i) Finance costs	6,053	6,312	5,717	18,482	17,195	22,933
	ii) Other unallocable expenditure (net of unallocable income)	1,476	(2,223)	217	2,930	9,260	12,471
	Total profit before tax	3,519	2,986	1,615	8,082	10,131	11,284

Consolidated DFPCL Segment (Rs. Lakhs)....(ii)

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 Dec 2019	30 Sept 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018	31 Mar 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
3	Segment assets						
	(a) Chemicals	369,593	359,945	331,359	369,593	331,359	336,640
	(b) Fertilisers	192,477	212,569	224,940	192,477	224,940	228,313
	(c) Realty	22,158	22,006	22,094	22,158	22,094	21,884
	(d) Windmill	2,255	2,340	2,252	2,255	2,252	1,960
	(e) Unallocated	85,600	86,232	154,780	85,600	154,780	122,964
	Total assets	672,083	683,092	735,425	672,083	735,425	711,761
4	Segment liabilities						
	(a) Chemicals	259,451	290,543	168,701	259,451	168,701	274,867
	(b) Fertilisers	165,699	149,894	114,708	165,699	114,708	201,311
	(c) Realty	2,710	3,061	1,507	2,710	1,507	2,406
	(d) Windmill	15	69	46	15	46	3
	(e) Unallocated	23,063	25,537	236,799	23,063	236,799	19,012
	Total liabilities	450,938	469,104	521,761	450,938	521,761	497,599

Notes to the Statement of Standalone and Consolidated unaudited Financial Results for the quarter and half year ended 31 December 2019

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 February 2020, approved and adopted the same.
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 Financial 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. Effective 1 April, 2019, the Group adopted Ind AS 116 "Leases", for all lease contracts existing on 1 April, 2019 using the modified retrospective method. The adoption of Ind AS 116 did not have any impact on the opening retained earnings as at 1 April, 2019. Accordingly, comparatives for the year ended 31 March, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right of use assets (ROU) of Rs. 7,498 lakhs and a lease liability of Rs.7,498 lakhs. The effect of this adoption is insignificant.
5. Other income includes:
 - (a) For the quarter and nine months period ended 31 December 2019, profit on sale of a plot of industrial land in Dahej as part of the Company's strategy to divest non-core assets amounting to Rs.3,543.70 lakhs in the standalone and consolidated Financial Results.
 - (b) For nine months period ended 31 December 2019, profit on sale of investment in an associate amounting to Rs. 1,053 lakhs and Rs. 2,372 lakhs in the standalone and consolidated Financial Results respectively.
6. Company is in process of evaluating impact of new tax regime notified by the Taxation Laws (Amendment) Act, 2019 notified on dated 11th December 2019.
7. Previous period's figures have been reclassified/ regrouped wherever necessary.



**DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED**

Reg. Off and Corp. Off: Sai Hira, Survey No. 93, Mundhwa, Pune - 411 036
 CIN: L24121MH1979PLC021360
www.dfpcl.com

Investor Relations Contact:

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

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.