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DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED

14 November 2019

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: Press Release on Unaudited Financial Results for the quarter and six months ended 30th September, 2019

Dear Sir / Madam,

Please find enclosed a press release on the Unaudited Financial Results of the Company for the quarter and six months ended 30th September, 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 And Petrochemicals Corporation Limited Q2 FY2020 Results Update

Consolidated Operating Margins of ~10.1% in Q2 FY20 (~6.5% in Q2 FY19)

Successful closure of first tranche of International Finance Corporation (IFC) Funding (~Rs.210 Crores)

Promoters infuse further equity capital towards warrants subscription

Pune, India, November 14, 2019 – Deepak Fertilisers And Petrochemicals Corporation Limited (BSE: 500645; NSE: DEEPAKFERT), among India’s leading producers of Industrial Chemicals and Fertilisers (referred to as “DFPCL” or the “Company”), announces its results for the quarter ending September 30, 2019.

Consolidated Performance Highlights

- Total Revenues reported at ~ Rs. 1,151 Cr in Q2 FY2020
- Operating EBITDA stood at Rs. 117 Cr; Operating Margins of ~10.1% in Q2 FY20 (~6.5% in Q2 FY19; ~10.7% in Q1 FY20)
- Net Profit stood at ~Rs. 25.5 crores in Q2 FY20 (Rs. 18.5 Cr in Q2 FY19; Rs. 10.7 Cr in Q1 FY20)
- Net Debt stood at ~Rs. 2,994 Cr as of 30 Sept 2019 (Rs. 3,032 Cr as of March 2019)
- Prices of major key raw material declined compared to Q1 FY2020 and Q2 FY2019
- IFC successfully subscribed to the first tranche of US\$ 30 million (i.e. approx. Rs.210 Crores), by way of Compulsory Convertible Debentures (CCDs) and Foreign Currency Convertible Bonds (FCCBs) in October 2019
- Promoters have infused further Rs. 25 Crores into the company towards conversion of warrants into equity shares in October 2019 at the stipulated price of Rs. 308.79 per share

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

“Q2 has been an challenging quarter for us. On positive side, we had multiple developments on corporate side like monetization of one of the non-core assets, successful closure of first tranche of IFC funding and on the other side, we faced multiple operating challenges impacting the business performance like subdued economic activity in the country, incessant rains impacting Dahej Acids and TAN and water cuts by MIDC to all industries at Taloja.

With the initial delay in the onset of monsoon which became active only in July first week and continued well in August and September, sales volume of NPK increased by 22% Y-o-Y and NP grew by 25% y-o-y. However, the segment profitability mainly got impacted on account of high channel inventory and abrupt price disruption. Raw material prices of key raw material declined compared to Q1 FY20 and Q2 FY19.

The Company has continued its journey as a leading differentiated fertilisers company in core command area. SMARTEK as percentage of NPK sales increased from 37% in H1 FY19 to 57% in H1 FY20. The farmers and retailers have accepted SMARTEK as a premium NPK fertiliser.



Our Chemicals segment performance was impacted primarily due to relatively lower economic activity in the country and flooding situations at customers site at Dahej. There was unfortunate and wrongful blanket water cut by MIDC on all units at Taloja consequent to NGT strictures on the Common Effluent Treatment Plant (CETP) despite the Company being a non-polluting unit. The water supply was restored in October 2019. Despite IPA coming into positive zone, the impact of dumping from Chinese continued to affect IPA margins. Dahej operations tested for 100% capacity utilisation.

As part of our strategy to focus on core business and monetizing non-core assets, we have sold 75% holding in Desai Fruits and Vegetables Private Limited. We are making good progress on monetizing of other non-core assets.

During October 2019, IFC has subscribed to the first tranche of US\$ 30 million (i.e. approx. Rs. 210 Crores) by way of CCDs and FCCBs. The balance of US\$ 30 million (i.e. approx. Rs. 210 Crores) is expected to be subscribed by IFC in next three months. Additionally, with entrusting similar confidence in the business, the promoters have also infused Rs. 25 Crores through warrants in October 2019 at Rs. 308.79 per share and the balance of Rs. 125 Crores would be infused within the stipulated time.

Going forward, with expectation of good Rabi season, gradually improving business dynamics and various strategic initiatives undertaken by us, we are confident of maintaining positive momentum in the coming months."

Segment Performance:

a) Chemicals Segment:

- Manufactured Chemical business reported revenues of ~Rs. 524 crores in Q2 FY20 as compared to ~Rs. 670 crores in Q2 FY19. Chemical Trading business was consciously reduced from ~Rs. 409 crores Q2 FY19 to ~Rs. 105 crores in Q2 FY20. The Company continued to consolidate its trading portfolio and focus on high-margin products
- TAN sales were impacted mainly on account of reduction in sales volumes of LDAN (~27%) and HDAN (~23%) backed by incessant and extended rains in mining region, stagnant growth in cement production, weak infrastructure development and de-growth in Coal India's coal production. The volume loss was offset to some extent by sales volume gain of TAN Solutions (~37%) and better price realizations in HDAN and TAN Solution. The situation is expected to gradually improve over H2.
- Acids volume increased by ~6.3% Y-o-Y in Q2 FY20. Dahej operations tested for 100% capacity utilisation. Sales volumes of IPA decreased by ~11% y-o-y but increased by ~72% compared to Q1 FY2020. IPA margins moved into positive zone with the recent correction in RGP prices.
- MIDC curtailed the inlet water to all the industries in Taloja Industrial Area in the first week of September which continued till the end of the month, resulting in production volume loss of various products. The water supply was restored in October 2019 after stay from Honourable Supreme Court

b) Fertiliser Segment:

- Manufactured Fertilisers business reported revenues of ~ Rs. 420 crores in Q2 FY20 as compared to ~ Rs. 355 crores in Q2 FY19. Fertilisers Trading business was reduced from Rs. 325 crores Q2 FY19 to Rs. 92 crores in Q2 FY20. The reduction in traded revenue in CNB was in line with the strategic decision to move towards differentiated NPK grade

- During the quarter, sales volume of NPK increased by 22% Y-o-Y and NP increased by 25% compared to Q2 FY2020. However, segment profitability impacted due to high channel inventory, delayed monsoon and abrupt price disruption in the core command area
- SMARTEK as percentage of NPK sales increased from 37% in H1 FY19 to 57% in H1 FY20
- MIDC curtailed the inlet water to all the industries in Taloja Industrial area. This also affected the production of fertiliser products
- Prices of key raw material (such as phos acid and ammonia) have declined compared to Q1 FY2020 and Q2 FY2019

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.

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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.