



Date : 16th August, 2019

The Deputy General Manager BSE Limited Corporate Relationship Department 1 st Floor, New Trading Ring Rotunda Building, P J Towers, Dalal Street, Fort Mumbai 400 001 Scrip No: 500645	The Manager Listing Department National Stock Exchange of India Limited "Exchange Plaza", C-1, Block G Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 Scrip No: DEEPAKFERT
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Sub: Press Release on Unaudited Financial Results for the quarter ended 30th June 2019

Dear Sir,

Enclosed please find a press release on the Unaudited Financial Results of the Company for the quarter ended 30th June 2019.

We request you to take the same on your record.

Thanking you,

Yours truly,

For **DEEPAK FERTILISERS AND PETROCHEMICALS
CORPORATION LIMITED**

K. Subharaman

Executive Vice President – Legal & Company Secretary

Deepak Fertilisers And Petrochemicals Corporation Limited Q1 FY2020 Results Update

Early green shoots witnessed after some turbulence; operating EBITDA margins improving significantly from 6.8% (Q4 FY2019) to 10.7% (Q1 FY2020)

Pune, India, August 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 June 30, 2019.

Consolidated Performance Highlights

- 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
- 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

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

“Our continuous efforts for improving operational performance and reversal of commodities prices has shown signs of financial recovery. First quarter of FY2020 has witnessed a healthy growth in profitability, improving by about 104% compared to the previous quarter. Operating margins also increased significantly to 10.7% compared to 6.8% in Q4 FY2019 and 6.7% in Q1 FY2019.

Our TAN Business, which is directly linked with infrastructure and mining activities, continues to experience growth momentum. Acids business performance improved during the quarter primarily on the back of higher demand and commencement of operations of the new nitric acid plant. Our Nitric Acid plant at Dahej, Gujarat has already established highest single day production of 98% for WNA and 90% for C’NA plants and is expected to operate at optimal capacity steadily very soon. The quality of Nitric Acid produced at the new plant is well acknowledged by our customers and we have secured long-term contracts for ~70% of the capacity.

The scenario for Crop Nutrition industry remained challenging during Q1 FY2020, impacted by the weak onset of monsoon, resulting in delayed crops sowing. This has been partially offset by softening of major raw material prices, such as Ammonia and Phosphoric Acid in the recent months. Improving rainfall, brimming dams, favourable RM prices coupled with recent Government initiatives such as increased budgetary allocation for P&K subsidies and desire for DBT 2.0 are expected to provide the much-needed impetus to the sector.

However, our IPA business was impacted by cheaper Chinese imports and lower volumes due to temporary plant shut down on account of non-availability of propylene, caused due to maintenance shut down at BPCL.

As part of our strategy of monetizing non-core assets, we have recently offloaded 75% stake in Desai Fruits and Vegetables.

With continuous improvement in business dynamics, operational efficiencies and margins, we are confident of creating long term value for our shareholders and strategic partners.”



Segment Performance:

a) Chemicals Segment:

- 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

b) Fertiliser Segment:

- 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 i.e. Smartek were sold at 47% higher on y-o-y basis. 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
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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.