



14th November, 2022

The Secretary  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai – 400 001  
**BSE Code: 500645**

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

**Subject: Earnings Presentation for the quarter ended 30<sup>th</sup> September, 2022**

Dear Sir / Madam,

Please find enclosed an earnings presentation of the Company for the quarter ended 30<sup>th</sup> September, 2022.

We request you to take the same on your record.

Thanking you,  
Yours faithfully,

For **Deepak Fertilisers  
And Petrochemicals Corporation Limited**

**Ritesh Chaudhry  
Company Secretary**

Encl: as above

# REDEFINING VALUE REINVENTING BUSINESS



DEEPAK FERTILISERS  
AND PETROCHEMICALS  
CORPORATION LIMITED

(BSE: 500645; NSE: DEEPAKFERT)

## Earnings Presentation Q2 FY2023

12<sup>th</sup> November 2022

MINING CHEMICALS



INDUSTRIAL CHEMICALS



CROP NUTRITION



## Half Yearly Bottom Line Crosses Full FY22 Profits

### Revenue From Operations

**Rs. 5,750 Cr**

(+56% Y-o-Y)

### Operating EBITDA

**Rs. 1,235 Cr**

(+146% Y-o-Y)

### EBITDA Margins

**21.5%**

(H1 FY2022: 13.6%)

### Profit After Tax

**Rs. 711 Cr**

(+218% Y-o-Y)

### PAT Margin

**12.3%**

(H1 FY2022: 6.0%)

### Net Debt to Equity

**0.43x**

(31 March 22- 0.35x)

- H1 Chemicals Segment contributed ~86% of segment profits. Revenues grew by 74% y-o-y and margins expanded from 17% (H1 FY22) to 35% (H1 FY23)
- H1 Fertilisers Segment revenues grew by 36% y-o-y with segment margins of 8%
- Cost of production inevitably grew due to the sharp rise in the price of raw materials
- Adverse movement of key RM Prices in H1 (Ammonia ▲ ~89% YoY; Phos Acid ▲ ~89% YoY; RGP ▲ ~30% YoY; Gas ▲ 107%)
- ADB grants US\$30 Mn debt assistance and US\$ 0.5 Mn Technical Grant for Farm Efficiency initiatives; 1st tranche of disbursement of US\$ 15 Mn completed
- Promoters' pledged shares now restricted to 2.67% and NDU obligation (and not 'pledge') to 3.66% of paid up share capital
- IFC FCCB Conversion into Equity in Sep 22



## Best Q2 and H1 Financial Performance with high growth trajectory in place

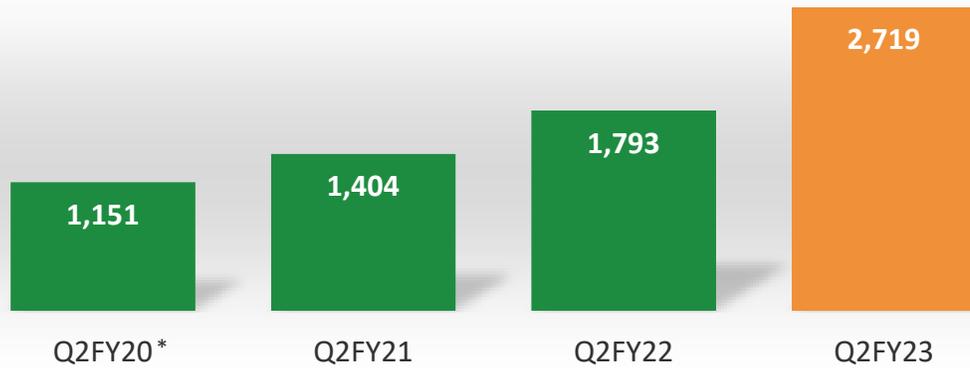
INR CR	Q2FY23	Q2FY22	Y-o-Y growth	H1 FY23	H1 FY22	Y-o-Y growth
Operating Revenue	2,719	1,793	51.7%	5,750	3,695	55.6%
<b>Operating EBITDA</b>	<b>495</b>	<b>212</b>	<b>133.3%</b>	<b>1,235</b>	<b>502</b>	<b>145.9%</b>
<i>Margins (%)</i>	18.2%	11.8%	640 bps	21.5%	13.6%	788 bps
Finance Cost	43	37	17.7%	87	80	8.4%
D&A	56	51	10.0%	115	114	1.2%
<b>Net Profit</b>	<b>276</b>	<b>93</b>	<b>195.3%</b>	<b>711</b>	<b>224</b>	<b>217.6%</b>
<i>Margin (%)</i>	10.0%	5.2%	480 bps	12.3%	6.0%	625 bps

(Rs. CR)	Mar-21	Mar-22	Sep-23
ST Debt	110	-	-
LT Debt	2,187	2,321	2,750
Current Maturities	217	263	246
<b>Total Debt</b>	<b>2,514</b>	<b>2,584</b>	<b>2,996</b>
Cash & Cash Equivalent	170	161	354
Other Bank Balances	69	128	93
Investment in MFs	449	876	628
<b>Net Debt</b>	<b>1,826</b>	<b>1,419</b>	<b>1,921</b>



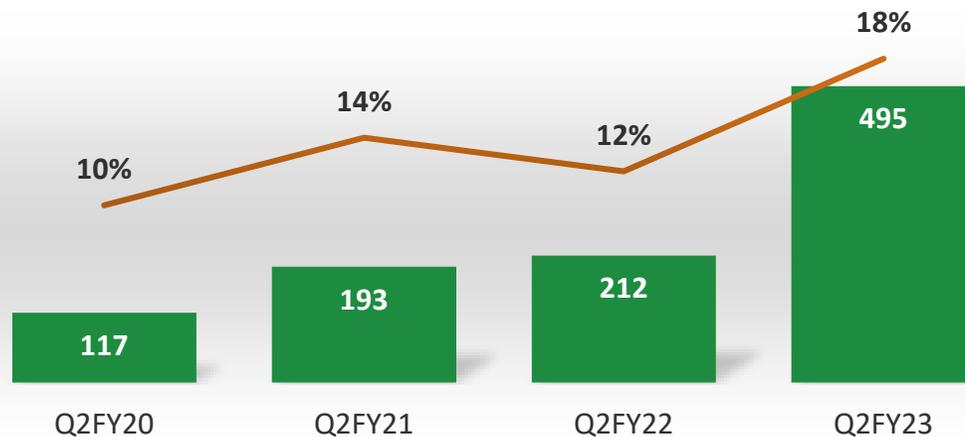
# Quarterly Operating Margins improved from 10% to 18% between Q2 FY20 – Q2 FY23

## Operating Revenue (Rs. Cr)

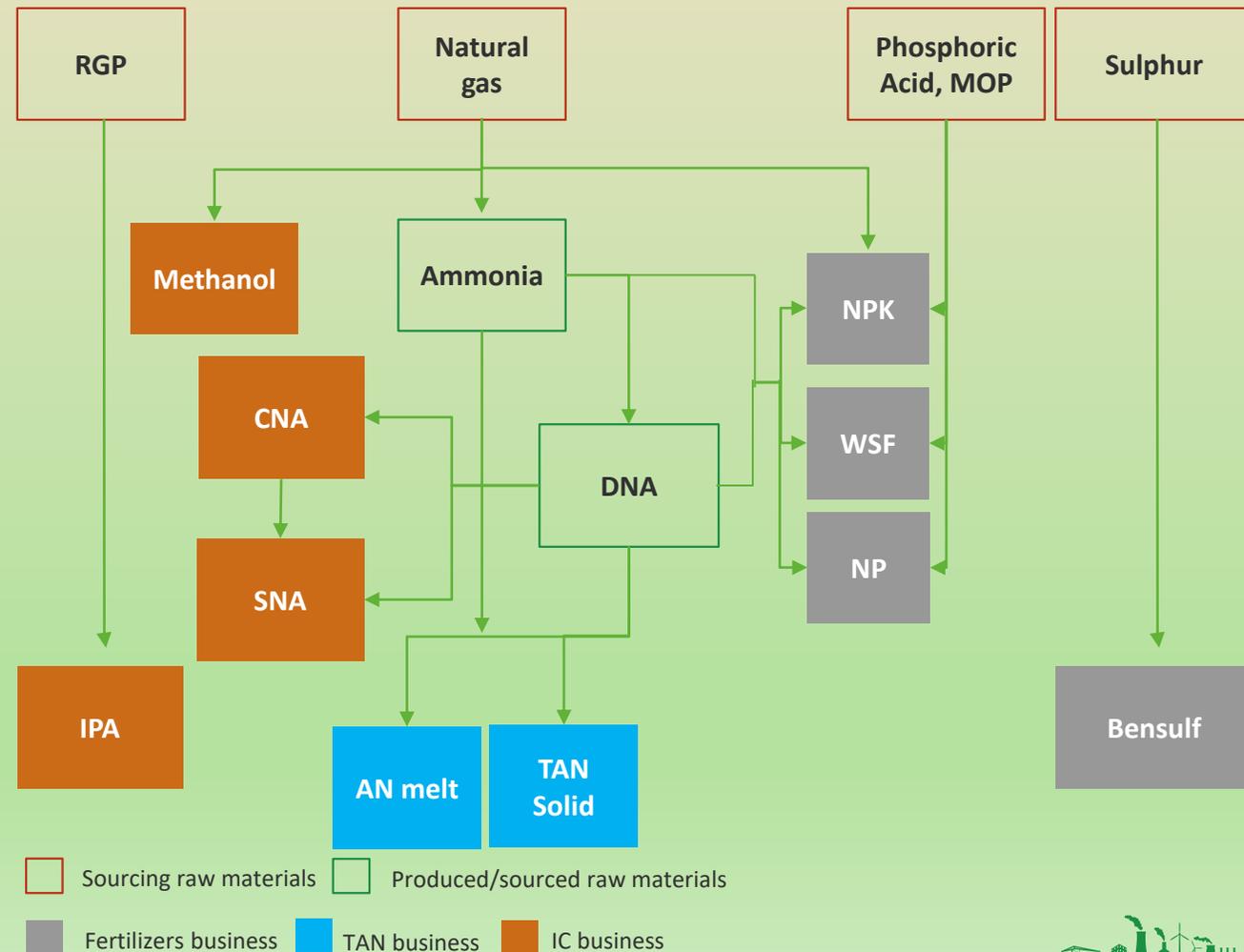


\*Cautiously consolidated trading portfolio with focus on high-margin products

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



## Production Flow Chart



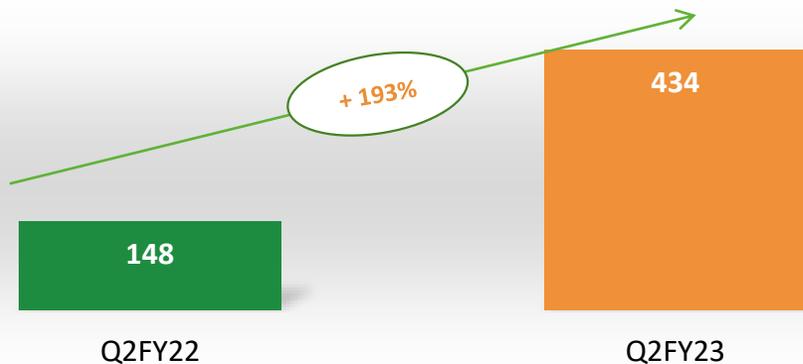
# Robust Performance across segments driven by Demand and Transformation Initiatives

## Chemicals Business

### Revenues (Rs. Cr)



### Segment Profit (Rs. Cr)

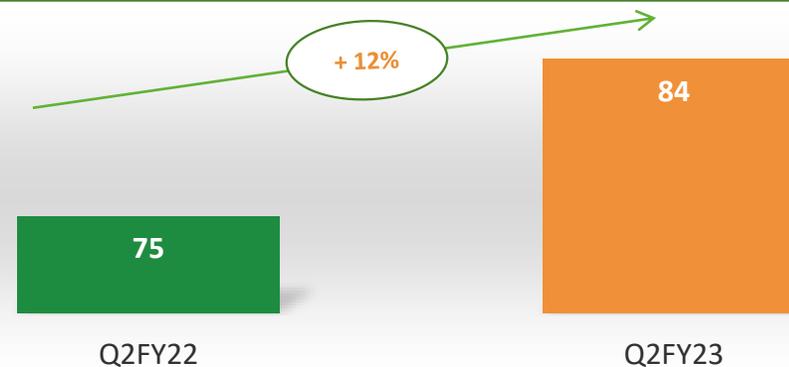


## Fertilisers Business

### Revenues (Rs. Cr)



### Segment Profit (Rs. Cr)

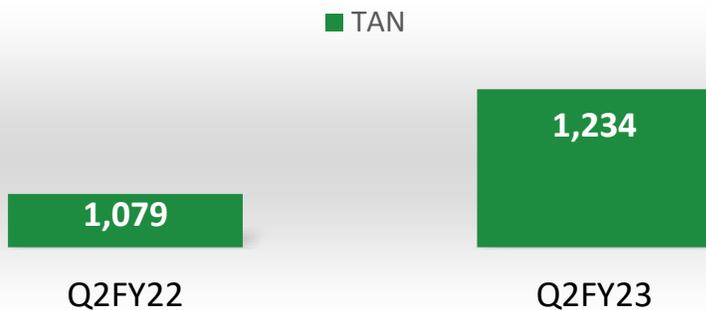


Major key indicators such as CIL's coal and OB production, cement and steel production, showed healthy increase on a year-over-year basis

**Mining Chemicals (TAN) Revenue  
(Manufactured Sales Rs. Cr)**



**Mining Chemicals (Manufactured Sales Volumes MT 00)**



**Q2 FY23 Capacity Utilization**

**TAN 92%**

**Operational Highlights**

- In Q2 FY 23, TAN Business achieved a capacity utilization of 92%. sales volume grew by 14% y-o-y in-line with the market growth
- Q2 is typically a seasonally low period for mining activity due to monsoon. CIL's Coal & OB Production in Q2 FY23 dropped by 13% & 24% respectively compared to Q1 FY23, similarly the Cement & Steel production dropped by 11% & 1% Q-o-Q
- However, major key indicators, such as CIL's coal and OB production, cement and steel production, showed healthy increase on a year-over-year basis in Q2
- Pricing of all products remained competitive. Margins in all product segments (i.e. HDAN, AN Melt and LDAN) improved y-o-y despite adverse impact of increasing raw material prices

**Outlook**

- Growth in our blasting and downstream productivity improvement services, to the Mining and Infrastructure industries
- Explosives demand is also anticipated to rise with Indian economy gaining momentum in Q3 and Q4, which are normally the peak industrial activity quarters

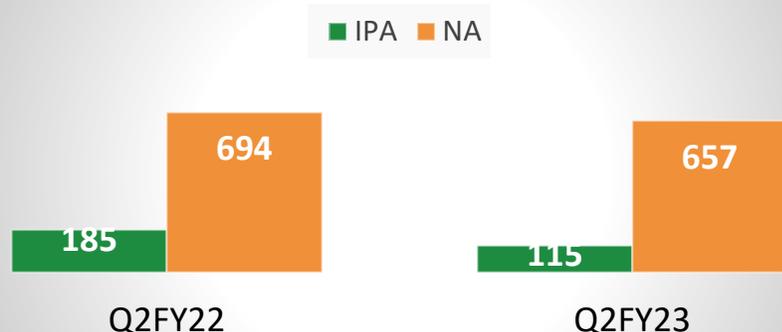


## Demand and pricing of Nitric Acid grades relatively subdued as it is typically expected during monsoon season

### Pharma / Speciality Chemicals (IPA+NA) (Manufactured Sales Rs. Cr)



### Pharma / Speciality Chemicals (Manufactured Sales Volumes MT 00)



### Q2 FY23 Capacity Utilization

IPA 54%

ACIDS 81%

### Operational Highlights

- In Q2, Acid Business achieved a capacity utilization of 81% and IPA business of 54%
- Acetone inventories in China were higher and sluggish demand in local market led to exporters focusing on Indian market. IPA sales volumes decreased by 38% y-o-y in Q2 mainly due to inability to pass through the rising cost of propylene raw material impacting production
- Commercialized high purity Solar grade Nitric acid for texturizing of silicon wafers to support growth of the Solar industry in India
- Hospital range Cororid disinfection products are approved by over 60 hospitals across Maharashtra, and Karnataka. Started supplying to more than 25 hospitals

### Outlook

- Customer trials and Product qualification for Solar grade Nitric acid at various Solar cell manufacturers and ramp up of production of Solar grade Nitric acid in Taloja plant
- With additional acetone coming up in NEA, the margin pressure on propylene-based producers may continue
- IPA small packs demand both Pharma and LR grade expected to remain robust in future

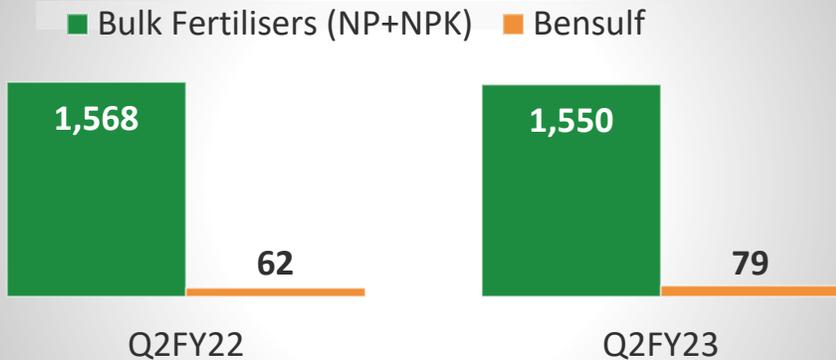


**Q2 Fertilisers Segment revenues grew by 47% y-o-y with segment margins of 7%**

**Fertilisers Revenue (Manufactured Sales Rs. Cr)  
(NP + NPK + Bensulf)**



**Fertilisers (Manufactured Sales Volumes MT 00)**



**Q2 FY23 Capacity Utilization**

**NP/NPK 66%**

**Bensulf 74%**

**Operational Highlights**

- Although the southwest monsoon started off abnormally, it made a full recovery after June. India received above normal rainfall during the monsoon season (June -Sept)
- Croptek Cotton and Maize was introduced in Kharif season. Croptek sales volumes received encouraging response during the quarter which was majorly in Cotton, Maize and Sugarcane
- Restricted availability of MOP, key source of Potassium i.e 'K', majorly impacted Smartek portfolio in Q2
- Cost of production has inevitably grown due to the sharp rise in the price of raw materials

**Outlook**

- The Company expects Good Rabi season and shift of cropping pattern to cash crops like Onion, Potato, Sugarcane etc in view of higher moisture and good water level in reservoirs
- Focus on Enhance Efficiency Fertiliser i.e. Crop specific portfolio to Optimized available resources



# ADB funds farm efficiency initiative of Smartchem Technologies Limited

## Fund Raise

USD 30 mn

(Approx INR 245 Crores)

## Funding Type

External Commercial  
Borrowing (ECB)

- Asian Development Bank (ADB) grants US\$30 Mn debt assistance and US\$ 0.5 Mn Technical Grant for Farm Efficiency initiatives of Smartchem Technologies Limited (STL), a wholly owned subsidiary of DFPCL (with a tenor of 5 years)
- 1st tranche of disbursement of US\$ 15 Mn completed
- ADB has also given approval for a technical assistance grant of USD 5,00,000 for building capacity for Soil Nutrition Management among Smallholder Farmers and Climate Resilience in India. The said grant is in addition to financing of \$30 Million
- The loan will be used to finance capital expenditure as well as research and development of enhanced-efficiency speciality fertilizers

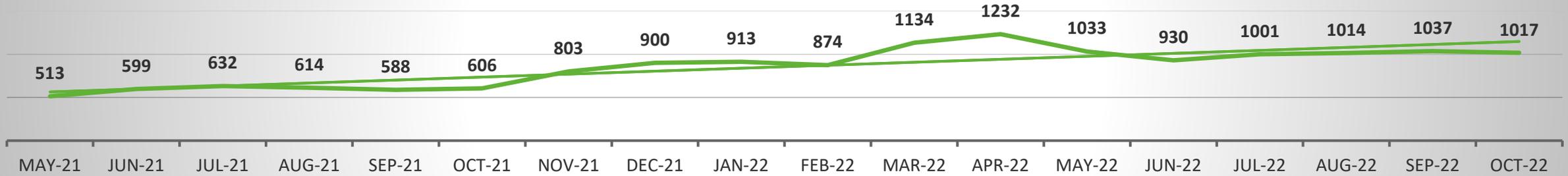
## Why Smartchem

- Successful innovator in the Water Soluble and Specialty Fertilizer category, to emerge as the market leader through Mahadhan Brand
- Offers a basket of 48 products which include bulk fertilizers, Crop nutrient solutions, specialty fertilizers, water-soluble fertilizers, bio-stimulants, micro-nutrients, and secondary nutrients, catering to every crop's nutrient requirement
- Enhanced-efficiency speciality fertilizers are developed basis rigorous R&D efforts and product trials at over 50,000 farmer demo plots. R&D efforts have shown distinct yield and quality improvements for crops across segments such as cotton, sugarcane, onion, fruits & vegetables
- Reduces environmental impact and supports Nutrient uptake efficiencies and thus delivers better productivity leading to improved food security
- Over last three years, value-added nutrition products have benefitted 6 million farmers

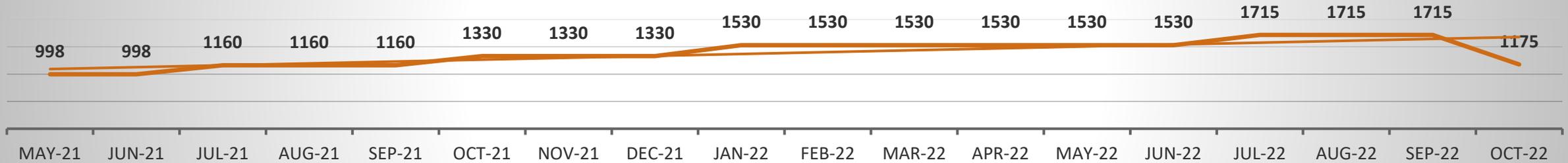


## Raw Material Price Movement in Last 18 Months

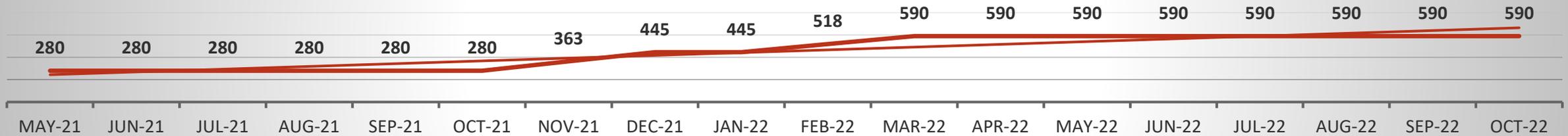
### Ammonia Bulk FOB - ME (\$/MT)



### Phos acid Bulk CFR (\$/MT)



### Potash Bulk CFR India (\$/MT)



# Clearly Defined and Well Funded Capex Program

<b>Ammonia</b>	<ul style="list-style-type: none"> <li>Total planned Investment: <b>Rs 4,350 cr</b></li> <li>Cost incurred to date: <b>Rs. 3,163 cr</b></li> <li>Debt incurred to date: <b>Rs. 1,576 cr</b></li> </ul>	<ul style="list-style-type: none"> <li>Balance investment: <b>Rs. 1,187 cr</b></li> <li>Expected commissioning: <b>Q1 FY24</b></li> </ul>	
<b>TAN</b>	<ul style="list-style-type: none"> <li>Total planned Investment: <b>Rs. 2,201 cr</b></li> <li>Cost incurred to date: <b>Rs. 422 cr</b></li> </ul>	<ul style="list-style-type: none"> <li>Period investment: <b>Rs. 700 - 900 cr</b></li> </ul>	<ul style="list-style-type: none"> <li>Balance investment for TAN planned capex</li> <li>Expected commissioning: <b>Q2 FY25</b></li> </ul>

\*Data as of 30<sup>th</sup> Sep 2022



Capacity (MTPA)	Q1 FY23	Ammonia Expansion	Q1 FY24	TAN Expansion	Q2 FY25
Ammonia	128,700	+500,000	628,700		628,700
Technical Ammonium Nitrate	486,900		486,900	+376,000	862,900

**Building upon 40+ years of Proven Capabilities**



## Ammonia Project – Site Construction Work In Progress (September 2022)

June 2021



Sep 2022



- **Why Ammonia Project:**
  - Security of Ammonia supply for downstream units
  - Eliminate price volatility of merchant Ammonia, improved consolidated margins
  - Risk mitigation for all business segments
  - Rs. 20,000 Cr. import substitution and forex saving over the next 10 yrs
- **Other Highlights:**
  - World's most proven and latest energy efficient technology - KBR
  - All statutory approvals has been obtained; the project has been accorded 'Ultra Mega Project' status by the State Government of Maharashtra
  - All Plant & Machinery delivered to site
  - Import substitution of Ammonia promoting "Aatmanirbhar Bharat **Abhiyaan**"



## TAN Project – Site Construction Work In Progress (September 2022)



**Piling and Load Testing**



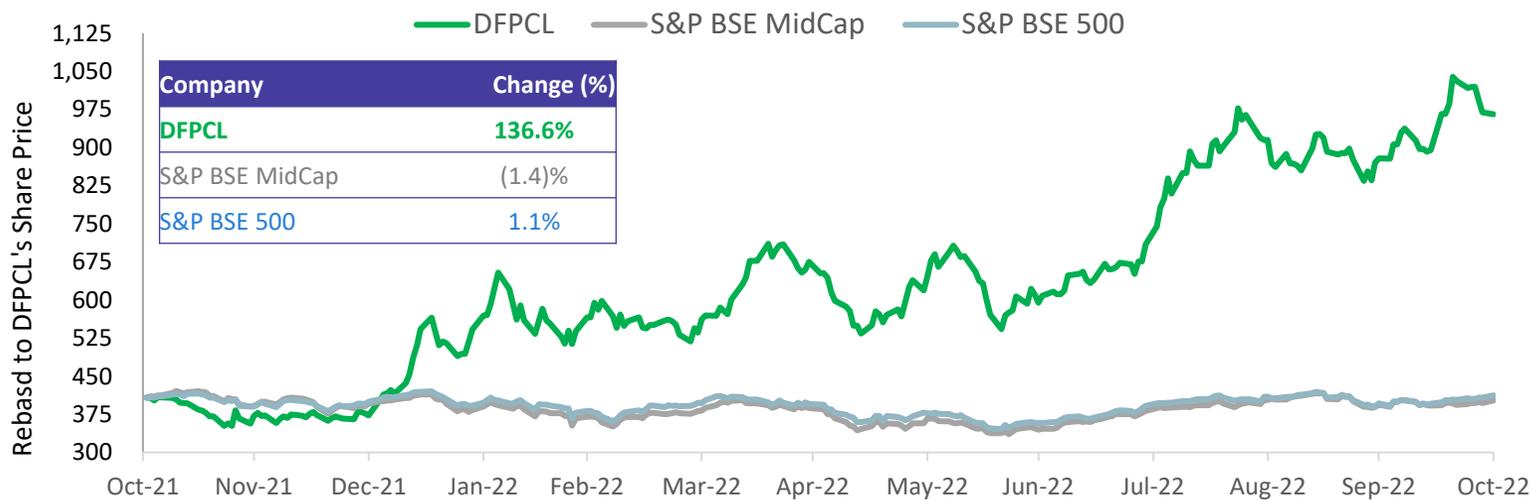
**Internal Road**

- **Why TAN Project:**
  - Strategically located at 'Tata SEZ' at Gopalpur near the major mining hubs to capture domestic demand, substitute imports and take advantage of export opportunities
  - Increase TAN production capacity to global scale and improve domestic market share to > 65%
- **Other Highlights:**
  - Riding on the India Growth Story: Mining, Coal for Power, Limestone for Cement/Infrastructure, Metals/Minerals
  - World-Class technology to enhance Mine Productivity
  - Environmental clearance and CRZ clearance obtained; CTE for cross country pipeline received. Land preparation and piling work commenced



**Promoters' pledged shares now restricted to 2.67% and NDU obligation (and not 'pledge') to 3.66% of paid up share capital after release of 50,00,000 Pledged Shares and 29,01,569 NDU Shares in Oct 2022**

### Share Price Performance Chart (LTM)



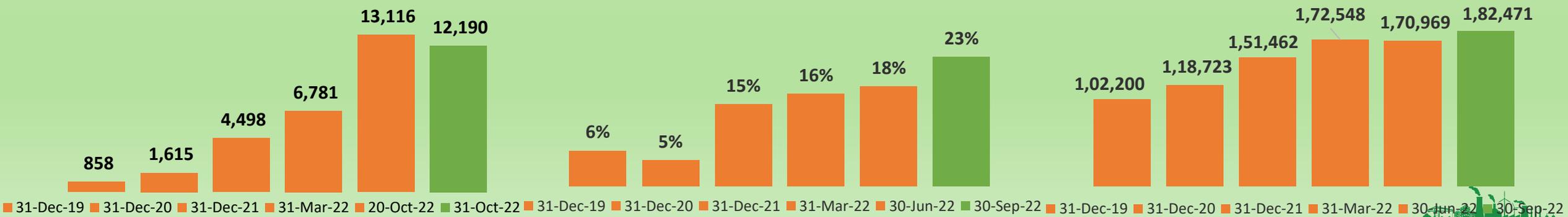
### Key Institutional Investors

- SMALLCAP WORLD FUND
- INTERNATIONAL FINANCE CORPORATION
- VANGUARD EMERGING MARKETS
- BNP PARIBAS ARBITRAGE - ODI
- AXIS MUTUAL FUND
- GOVERNMENT PENSION FUND GLOBAL
- HABROK CAPITAL MANAGEMENT LLP
- MAHINDRA MANULIFE
- DOLLY KHANNA
- AEQUITAS

### Market Cap (Rs. Crores)

### Institutional Ownership (%)

### Total No. of Shareholders



## Focused on overall development and well being of Farmers



132 aspirants completed Sowing of vegetables done by all aspirants. Some them started production.



Total 42 aspirants covered under Basic tailoring course



Doorstep Health Services (Treatment & Lumpy Skin Disease Vaccination)



Health Camp at Dahej

### Recognitions

#### Mahadan Croptek

- Golden Peacock Innovative Product/Service Award
- Best New Brand, Product Or Service Launch Award From ET Ascent

#### Technology

- DFPCL participated and won in category of “Best Zero Trust Security - Manufacturing” by Quantic India’s Cyber Security Excellence Awards 2022.

#### Creaticity

- Creaticity won ‘BRAND OF THE YEAR 2022’ award from Marskmendaily.com and media partner India Today Television



## Strategic Roadmap for Transformation Journey

- **Getting the size right by building upon:**
  - **40+ years** of deep-rooted knowledge base and proven experience
  - **Operational Excellence** through improved plant efficiencies and capacity utilizations besides low-cost debottlenecking initiatives
  - **Strong alignment with India Growth Story**, giving positive tailwinds for all Business Sectors (i.e. IC, TAN, CNB)
- **Capturing value-chain** - Integrate backward into Raw Material Chain to mitigate risk & leverage cost efficiencies
- **Strengthen the backbone** of Systems & Processes to ensure sustenance of best-in-class Performance
- **Redefine & Reinvent product offerings:**
  - Moving from commodity products to holistic solutions
  - Serving the end consumer beyond the channel-customer and
  - Innovating and partnering with end users to deliver the customized value



**Safe Harbour:** 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 are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks and uncertainties, are based on management belief as well as assumptions made by and information currently available to management and only 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.



DEEPAK FERTILISERS  
AND PETROCHEMICALS  
CORPORATION LIMITED

Industrial Chemicals

Crop Nutrition

Mining Chemicals



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



**Deepak Balwani**  
Head – Investor Relations

[deepak.balwani@dfpcl.com](mailto:deepak.balwani@dfpcl.com)  
+91 20 6645 8733



**Amitabh Bhargava**  
President and Chief Financial Officer

[amitabh.bhargava@dfpcl.com](mailto:amitabh.bhargava@dfpcl.com)  
+91 20 6645 8733

**Ashok Negi / Rajiv Pandya**  
Churchgate Partners

[deepakfertilisers@churchgatepartners.com](mailto:deepakfertilisers@churchgatepartners.com)  
+91 22 6169 5988