

Deepak Fertilisers Announces Nitric Acid Brownfield Expansion

Key Highlights

- Strategic Expansion of WNA (300 KTPA) and CNA (150 KTPA) at a project cost of Rs. 1,950 Cr
- Leveraging 40 years of credible experience in Nitric Acid, DFPCL will become 'Asia's Largest Manufacturer' of Nitric Acid post expansion
- State-of-the-art technology from leading global technology provider, combined with low-emission green technologies for the first time in India
- Approximately 65% of additional CNA capacity is already tied-up under a 20-year contract
- Increasing speciality grades play for premium applications in pharma, steel, solar, and other speciality applications

Pune, India, August 09, 2023: Deepak Fertilisers And Petrochemicals Corporation Limited, a leading producer of industrial chemicals, mining chemicals and fertilisers in India, is pleased to announce brownfield expansion of Nitric Acid at Dahej in Gujarat which is part of its strategic growth journey. The Board of Directors have approved setting up of Weak Nitric Acid (WNA) plant with capacity of 300 KT PA and Two (2) Concentrated Nitric Acid (CNA) plants with total capacity of 150 KT PA.

DFPCL demand-supply gap for WNA is expected to rise from approx. 140 KT in FY24 to 330 KT by FY30. The demand growth is driven by captive and merchant demand, particularly from Nitroaromatics and other downstream industries. Accordingly, the Company plans to expand its WNA capacities by 300 KTPA.

Similarly, India's CNA market demand-supply gap will substantially increase from 85 KT in FY24 to approx. 300 KT PA by FY30. The Company would like to leverage its leadership position in CNA segment and would be expanding its CNA production capacity by 150 KT PA based on increased demand.

Both WNA and CNA expansion projects are strategically planned to feed into this growth, bridge the demand supply gap and strengthen the Company's position as a reliable partner for meeting Nitric Acid requirements. The Company is targeting fast-growing Pharma, Steel, Solar and Agro industry value chains, where India is emerging as an alternate manufacturing hub for intermediates. The proposed expansion will allow the Company to capitalise on the broader Nitric Acid opportunity based on a long-term supply agreement which was signed with Aarti Industries last year. The new technology adaptation and global scale plant would also give a competitive advantage, and the Company intends to increase its focus on export markets.

Commenting on the important development, Mr. Sailesh C. Mehta, Chairman and Managing Director of DFPCL, said, *"The proposed expansion of our Nitric Acid capacities are directly aligned with the evolving market landscape. Given the increasing demand for Nitric Acid from downstream sectors, including significant committed long-term offtakes, which is driven by the 'China plus One' trend for India's Specialty Chemical Sector, our proposed expansion plans has low market risk.*



We are strategically positioned not only to bridge the current demand-supply imbalance, but also to capitalize on growth opportunities through our competitive edge in Nitric Acid, meet supply commitments, and be the market leader. Ammonia from its subsidiary provides sustainable supplies of raw material, resulting in a win-win situation for both the Project and the Ammonia subsidiary.

We strongly believe these strategic investments (including Greenfield Ammonia and TAN) will generate not only sustainable returns of our shareholders in the long run, but also benefit the Indian economy by reducing import dependence and creating local employment."



India is emerging as a strong player in nitration chemistry and approx. 30% of global downstream nitration capacities are in India used for domestic and export markets. The new capacity will ensure customers to meet their growth plans by having steady and sustainable feedstock supplies in the future.

The manufacturing plants will be set up within the existing Nitric Acid complex of DFPCL Dahej in Gujarat as adequate land is available for the proposed construction. The total project cost is estimated to be approx. Rs. 1,950 Cr (including preoperative expenses, contingencies, and finance cost during the construction period). The start of production is tentatively planned in H2 FY2026. The Company will be implementing state of the art technology from leading global technology providers for the brownfield expansion.

DFPCL is the largest player in Indian Nitric Acid business with more than 45% market share. Currently, the total Nitric Acid production capacity (CNA + WNA) is 1,120 KTPA and will expand to approx. 1,600 KTPA post expansion. DFPCL will be leveraging on its 40 years of solid experience in Nitric Acids, with proven expertise in lean manufacturing and handling complex supply chains.

Additionally, to meet the changing market demands, the Company has been innovating and developing specialty grades of Nitric Acid for premium applications in Solar and Steel industry. A part of the new capacity will also be directed toward delivering specialty grades for pharma, steel, solar and other specialty usage.

Additional Notes

Company Overview:

Deepak Fertilisers and Petrochemicals Corporation Ltd. (DFPCL) is among the India's leading manufacturers of industrial chemicals and fertilisers. With a strong presence in Technical Ammonium Nitrate (mining chemicals), Industrial Chemicals and Crop Nutrition (fertilisers), the Company supports critical sectors of the economy such as infrastructure, mining, chemicals, pharmaceutical and agriculture. DFPCL is a publicly listed, multi-product Indian conglomerate and has plants located in four states, namely Maharashtra (Taloja), Gujarat (Dahej), Andhra Pradesh (Srikakulam) and Haryana (Panipat). ICRA has upgraded DFPCL & STL 'Long Term' Credit Rating to AA- with Stable outlook. 'Short Term' Credit Rating is also affirmed to A1+ (Highest Rating).

DFPCL is Leading manufacturer and marketer of Iso Propyl Alcohol (IPA) in India and Largest Manufacturer of Nitric Acid in South East Asia. The Company is developing specialised grades of Nitric acid and IPA to meet specific requirements to cater needs of the industry/consumer. DFPCL is one of the leading manufacturers of Technical Ammonium Nitrate in the world, it is the only producer of prilled TAN solids in India and also manufactures medical grade Ammonium Nitrate. The Company has commenced best in-class Technical Services to drive downstream productivity benefits for the mining end consumers. CNB Segment (fertilisers) 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 specialty fertilizers are developed basis rigorous R&D efforts and product trials at over 50,000 farmer demo plots.

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