



**2<sup>nd</sup> November, 2023**

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 and six months ended 30<sup>th</sup> September, 2023**

Dear Sir / Madam,

Please find enclosed an earnings presentation of the Company for the quarter and six months ended 30<sup>th</sup> September, 2023.

We request you to kindly disseminate the same.

Thanking you,  
Yours faithfully,

**For Deepak Fertilisers  
And Petrochemicals Corporation Limited**

**Gaurav Munoli  
Company Secretary**

Encl: as above

**EXCEPTIONAL  
TODAY**



**EXCITING  
TOMORROW**



**DEEPAK FERTILISERS  
AND PETROCHEMICALS  
CORPORATION LIMITED**

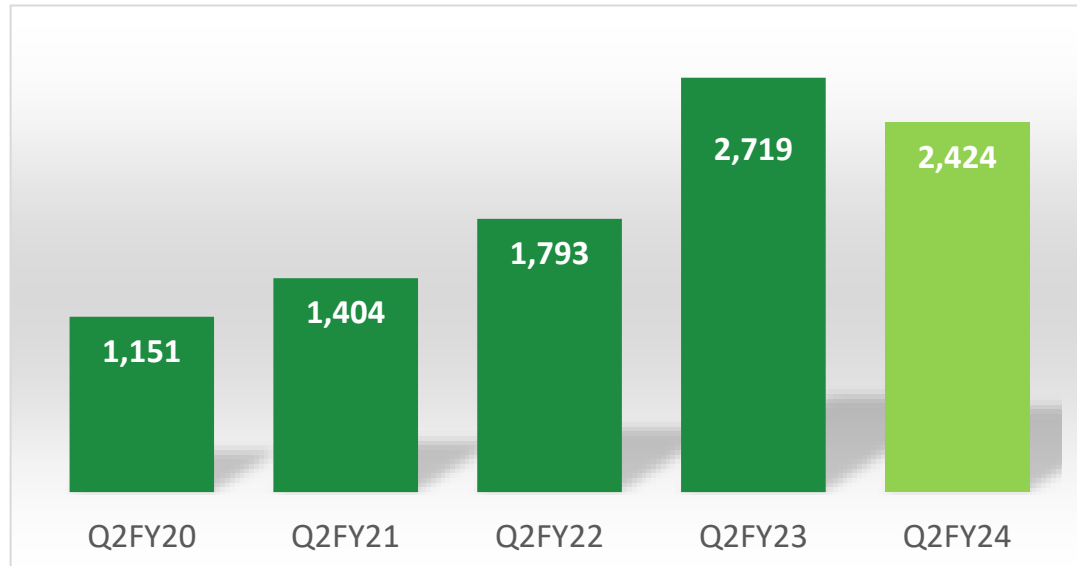
**(BSE: 500645; NSE: DEEPAKFERT)**

## **Earnings Presentation Q2 FY2024**

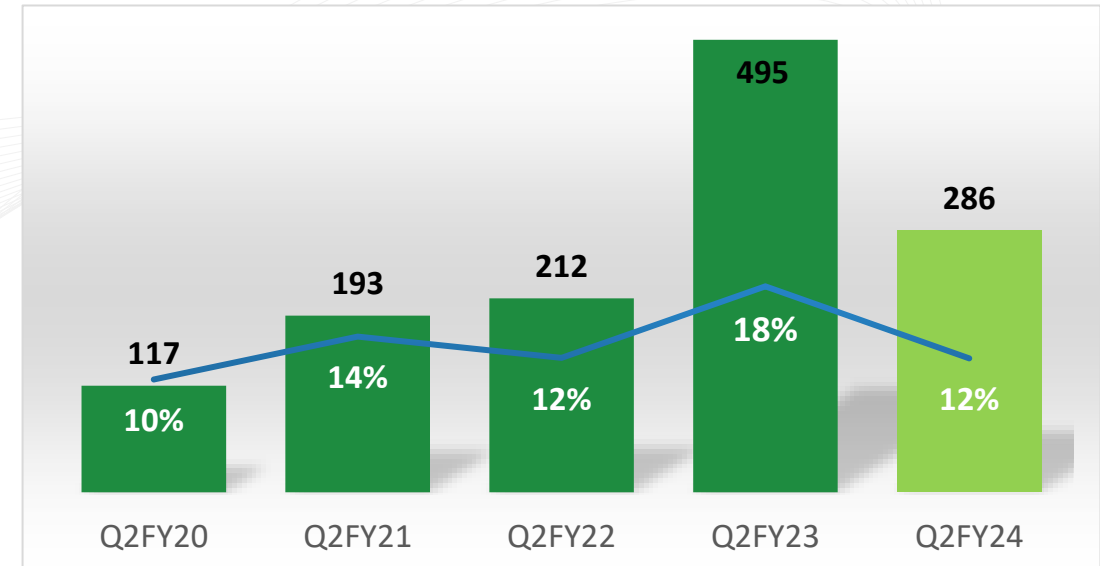
**2<sup>nd</sup> November 2023**

## Financial Resilience: Demonstrating 25% CAGR in Q2 EBITDA over the past 4 years

Q2 Operating Revenues (Rs. Cr)



Q2 Operating EBITDA (Rs. Cr) and Margins (%)



- **Subsidy Impact of Rs. 267 Crores in H1:** Reduced NBS subsidy on channel inventories had a significant impact on consolidated profitability in Q1 of Rs. 161 Cr and in Q2 FY24 of Rs. 106 Cr
- **Ammonia Plant Profitability impacted by Rs. 87 Cr:** Plant profitability in Q2 was impacted during the initial plant stabilization phase. Lower Ammonia prices also impacted consolidated margins

## World-Scale Ammonia Plant Commissioned

- **Subsidy Impact of Rs. 267 Crores in H1:** Reduced NBS subsidy on channel inventories had a significant impact on consolidated profitability in Q1 of Rs. 161 Cr and in Q2 FY24 of Rs. 106 Cr
- **Ammonia Plant Profitability Impacted by Rs. 87 Cr:** Plant profitability in Q2 was impacted during the initial plant stabilization phase. Lower Ammonia prices also impacted consolidated margins
- **Significant Upside for Ammonia Greenfield Project:** Ultra Mega Project benefit from 'The Government of Maharashtra' increased to 100% of the eligible project investments (up from the previous limit of 75%)
- **Substantial Reduction in Promoters Pledge:** Promoters Pledge on 82,98,000 equity shares released in Oct 2023. Pledged shares now only 23,000 equity shares, or 0.02% of the Company's total share capital
- **New Brand Launches in Q2:**
  - Launched 'PUROSOLV' brand for providing all of its pharmacopoeia certified solvents under one umbrella, including IPA, Methanol, Acetone, and MDC
  - Launched 'PICKBRITE' brand for steel grade nitric acid. This is a unique, highly specialised solution developed for pickling of stainless steel alloys
- **Net Debt** of Rs. 2,672 Cr as of 30<sup>th</sup> Sept 2023 (31<sup>st</sup> March 2023: Rs. 2,518 Cr)
- **Q2 FY24 Chemicals Segment contributed 89% of total segment profits**

# Consolidated Financial Performance

INR CR	Q2 FY 24	Q2 FY 23	Y-o-Y growth	Q1 FY 24	Q-o-Q growth	H1 FY24	H1 FY23	Y-o-Y growth
Operating Revenue	2,424	2,719	(10.9%)	2313	4.8%	4,737	5,750	(17.6%)
<b>Operating EBITDA</b>	286*	495	(42.2%)	281	2.0%	567	1235	(54.1%)
<i>Margins (%)</i>	11.8%	18.2%	(639) bps	12.1%	(33) bps	12.0%	21.5%	(952) bps
Finance Cost	107	43	147.6%	79	35.3%	186	87	114.7%
D&A	81	56	43.8%	59	36.4%	141	115	22.2%
<b>Net Profit</b>	63	276	(77.0%)	114	-44.2%	177	711	(75.1%)
<i>Margin (%)</i>	2.6%	10.1%	(752) bps	4.9%	(229) bps	3.7%	12.4%	(863) bps

\* After considering Rs 87 Cr loss due to Ammonia Plant / business stabilisation and Rs.106 Cr loss on fertiliser inventory based on the new subsidy notification

# Consolidated Capital Structure

| EBITDA Margins of 12% | Gross Debt/Equity at 0.76x |

(Rs. CR)	Mar-23	Sep-23
ST Debt	382	1,055
LT Debt	3,231	2,937
Current Maturities	-	-
<b>Total Debt</b>	<b>3,613</b>	<b>3,992</b>
Cash & Cash Equivalent	279	415
Other Bank Balances	219	115
Investment in MFs	597	790
<b>Net Debt</b>	<b>2,518</b>	<b>2,672</b>

## Capital Structure:

- The strategic implementation of the backward integration and expansion-growth projects are being funded through internal accruals and long term borrowings in order to build shareholders' value while simultaneously deleveraging the balance sheet (eg Gross Debt / Equity reduced from 1.66x in March 2018 to 0.76x in Sept 2023)
- Financing of the current expansion projects (i.e. TAN - Gopalpur and Nitric Acid - Dahej) is consistent and similar to the approach to finance strategic growth projects and continue to deleverage balance sheet



## TAN domestic demand is expected to improve further based on growth in coal, cement and steel production

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



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



### Q2 FY24 Capacity Utilization

TAN: 118%

### Operational Highlights

- In Q2 FY24, the delayed arrival of monsoon supported increased demand in power, cement and steel sectors with all the key market indicators showing positive growth trends
- TAN exhibited strong volume growth of 9% y-o-y and 20% q-o-q. The Company achieved its highest-ever Q2 and H1 yearly sales volume of AN Melt. Margins were impacted due to dumping of cheap Russian FGAN into India
- TAN completed two Total Cost of Ownership (TCO) projects in limestone mining companies and also expanded its fleet of Bulk Mix Delivery Trucks (BMDs) to enhance services

### Outlook

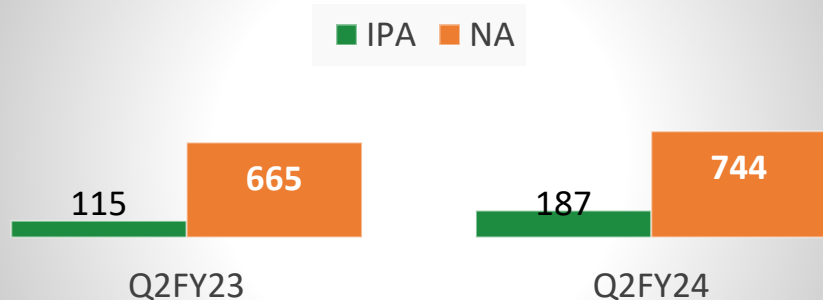
- TAN domestic demand is expected to improve further based on growth in coal, cement and steel production
- New export potential opportunity opens up with the recent lifting of the export ban by the Government of India
- FGAN Black Sea prices are expected to improve in conjunction with urea and Ammonia prices going forward

## Nitric Acid demand is stabilising and is expected to improve

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



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



### Q2 FY24 Capacity Utilization

IPA: 76%

ACIDS: 93%

### Operational Highlights

- Subdued demand due to the monsoon season and low cost import from China for downstream pharma / agro intermediary industries products led to margin erosion for Nitric Acid.
- Strong volume demand coupled with implementation of Safeguard Quantitative Restriction led to better volumes and margins of IPA in Q2 FY24
- **New Brand Launches in Q2:**
  - Launched 'PUROSOLV' brand for providing all of its pharmacopoeia certified solvents under one umbrella, including IPA, Methanol, Acetone, and MDC
  - Launched 'PICKBRITE' brand for steel grade nitric acid. This is a unique, highly specialised solution developed for pickling of stainless steel alloys

### Outlook

- Nitric Acid demand is stabilising and is expected to improve
- The improvement in Ammonia prices in the near term is expected to support price stability in the Nitric Acid market.
- The prices of Isopropyl Alcohol (IPA) are anticipated to maintain their current trajectory



## Acceptance of impactful yield improvements with Crop Specific grades is increasing, allowing stabilisation of higher premiums

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



### Fertilisers (Manufactured Sales Volumes MT 00)



### Q2 FY24 Capacity Utilization

NP/NPK: 51%

Bensulf: 52%

### Operational Highlights

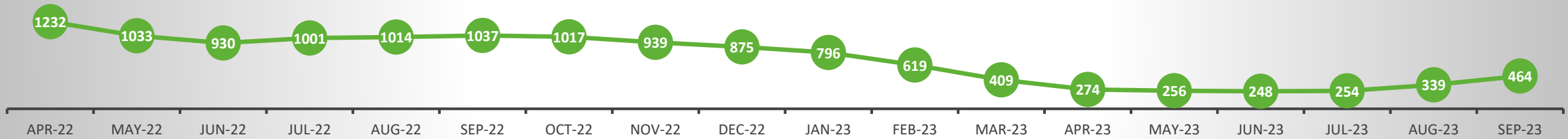
- Witnessed strong demand in Q2 driven by its differential product offerings, crop specific solutions and leveraging marketing capability developed over last few years
- Reduced NBS subsidy on channel inventories had a significant impact on consolidated profitability in Q1 of Rs. 161 Cr and Q2 FY24 of Rs. 106 Cr
- Crop and stage specific solution (Solutek) products in horticulture crops such as tomatoes, grapes and pomegranates performed well. New Solutek grade introduced for banana crops
- The Company also conducted over 3,500 farmer connect activities, enhancing outreach and demonstrating the product value proposition. There was good liquation of fertiliser volumes in spite of erratic monsoon season.

### Outlook

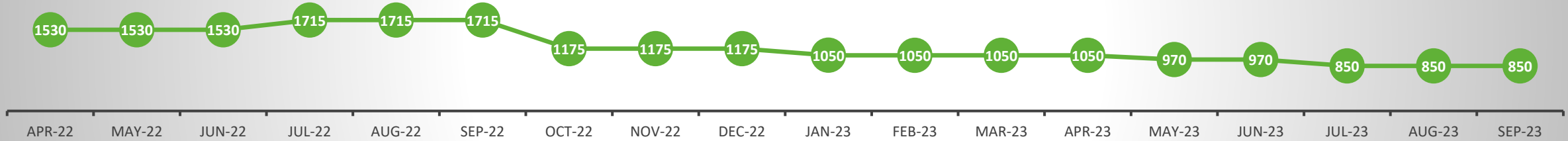
- Given the erratic monsoon and lower reservoir levels in the few markets, crop sowing and yield may have some impact
- Acceptance of impactful yield improvements with Crop Specific grades is increasing, allowing stabilisation of higher premiums

# Raw Material Price Movement in Last 18 Months

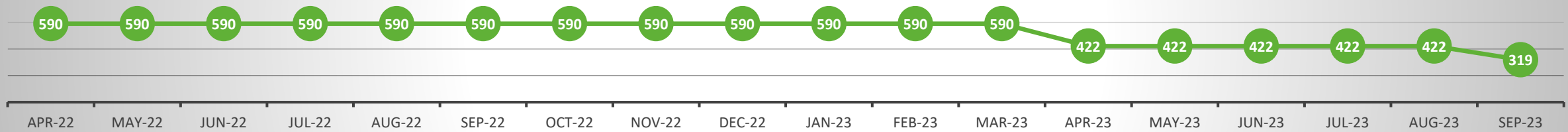
### Ammonia Bulk FOB - ME (\$/MT)



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



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



Source: Fertecon, Argus and CRU

# Ammonia Greenfield Plant: Commenced Commercial Production



- The Greenfield Ammonia plant was successfully commissioned in Q2 FY24 on August 4th, 2023. Medium-term gas contracts have been secured with reliable suppliers such as GAIL, IGS, and GSPC.
- Profitability was impacted by Rs. 87 Cr in Q2 during the initial plant stabilisation phase. Unusually low Ammonia prices also impacted the consolidated margins.
- The plant has now entered into the stabilized phase delivering the rated capacities. New ammonia plant margins started witnessing improving trends with rising Ammonia price trends in last few weeks in line with long term averages
- Significant Upside: Ultra Mega Project benefit increased to 100% of eligible investment in the project, up from the previous limit of up to 75% based on meritorious representation
- The project will enable substantial forex savings through import substitution, besides beautifully aligning us with the India growth story and supporting the China-plus one strategy



## 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

# TAN Project – Site Construction Work In Progress (September 2023)



Compound wall



Piling Work



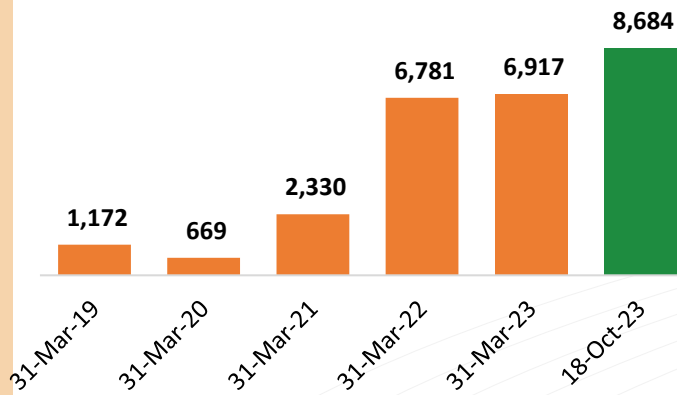
Ground Improvement



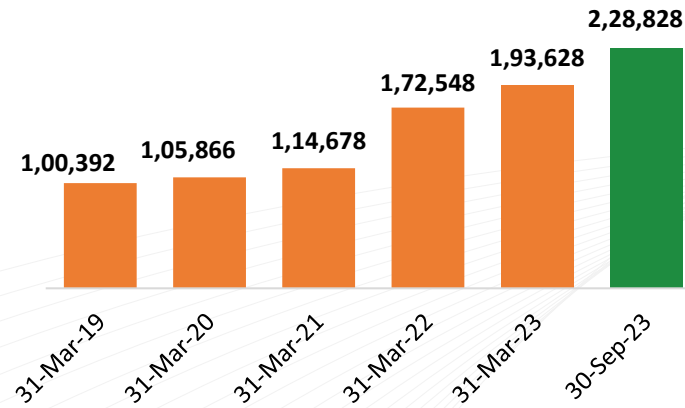
Internal Road

# Capital Market: Building on trust by delivering on expectations

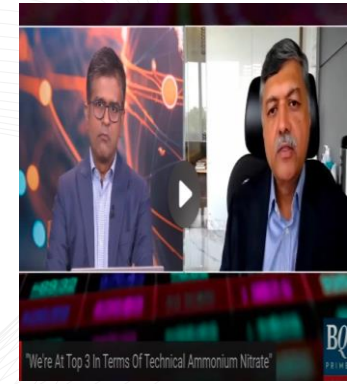
## Market Cap (Rs. Crores)



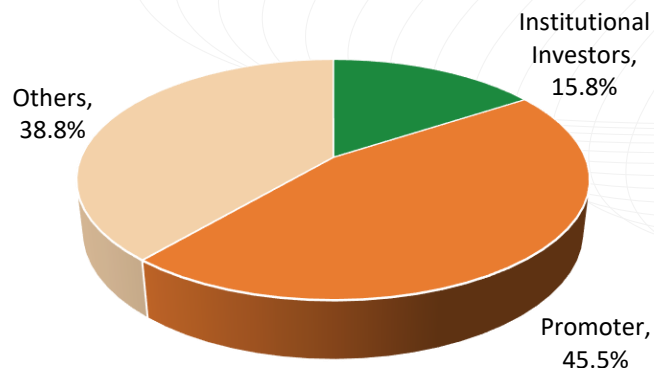
## Total No. of Shareholders



## Media Interactions: Zee Business (26 sept), CNBC TV 18 (08 Sept) and BQ Prime (06 Sept)



## Shareholding Pattern (30<sup>th</sup> Sept 2023)



- **Substantial Reduction in Promoters Pledge:** Promoters Pledge on 82,98,000 equity shares released in Oct 2023. Pledged shares now only 23,000 equity shares, or 0.02% of the Company's total share capital
- **Annual Report and BRSR:** DFPC has published its first BRSR report, showcasing its sustainability initiatives and unwavering commitment to the environment
- **CMD Media Interactions:** Zee Business (26 sept), CNBC TV 18 (08 Sept) and BQ Prime (06 Sept)
- **4 independent research notes released post Q1 FY2024:** IIFL, Phillip Capital, SBI and Religare with 'BUY' recommendation
- **Key institutional investors includes** IFC, Axis Mutual Fund, Aequitas, Habrok, Government Pension Fund, New India Insurance, BNP Paribas, Life Insurance Corporation, Abu Dhabi Investment Authority etc



# Corporate Social Responsibility for inclusive community welfare



Eye Check-up camps has been conducted Koliyad village. In this camp total 143 patients examined



Total 53 aspirants enrolled for Basic tailoring course at Pale Kh. 17 aspirants completed course



Desktop and Printer Handed Over at Rahiyad Secondary School



22 Aspirants of Home Chef Course undergoing the training at Ishanya Foundation in collaboration with Idea Foundation



Aspirants of A C Refrigeration and Electrician Course being conducted in collaboration with USDC



Skill enhancement Training Program conducted by IsFon for 21 beneficiaries of Mukul Madhav Foundation

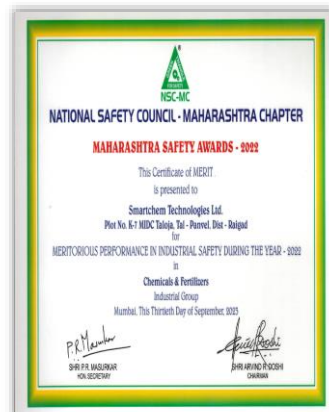
# Recent Awards and Recognition



Mahadhan received RMAI Corporate Excellence Award for outstanding contribution and path breaking work in rural India



Winner in Best-in-class Supply Chain Innovation, in the ELSC leadership Awards as a part of the ELSC Conclave



Received "CERTIFICATE OF MERIT" from National Safety Council - Maharashtra Chapter for achieving Zero Accident Frequency Rate in 2020-22



Gold Award at the 37th Annual Chapter Convention on Quality Concepts



**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**

**(BSE: 500645; NSE: DEEPAKFERT)**



**INDUSTRIAL/PHARMA  
CHEMICALS**



**MINING  
CHEMICALS**



**CROP  
NUTRITION**

**DEEPAK FERTILISERS AND PETROCHEMICALS  
CORPORATION LIMITED**

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