



2nd November, 2023

BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001. BSE Code: 500645	National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. NSE Code: DEEPAKFERT
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Dear Sir/ Madam,

Sub: Press Release on Unaudited Standalone and Consolidated Financial Results for the quarter and six months ended 30th September, 2023

Please find enclosed a Press Release on Unaudited Standalone and Consolidated Financial Results for the quarter and six months ended 30th September, 2023.

We request you to take the same on your record.

Thanking you,
Yours faithfully,

**For Deepak Fertilisers
And Petrochemicals Corporation Limited**

**Gaurav Munoli
Company Secretary**

Encl: as above.

World-Scale Ammonia Plant Commissioned

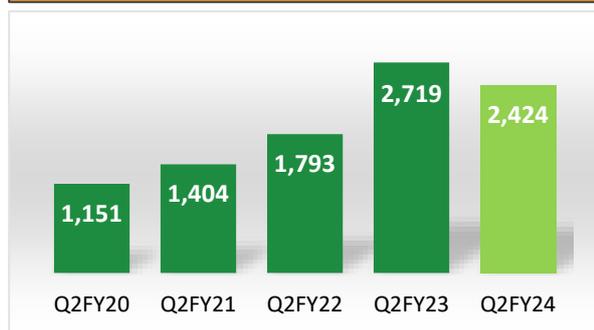
Financial Resilience: Demonstrating 25% CAGR in Q2 EBITDA over the past 4 years

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

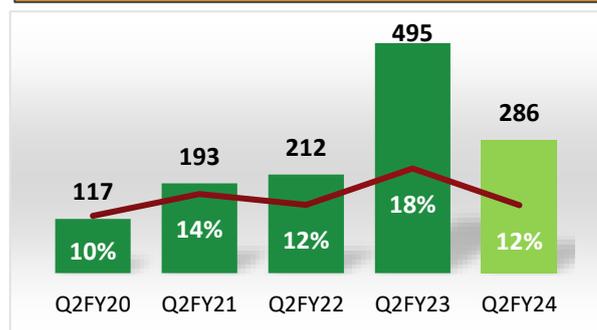
Pune, India, November 2, 2023: Deepak Fertilisers And Petrochemicals Corporation Limited (BSE: 500645; NSE: DEEPAKFERT), one of India's leading producers of industrial chemicals and fertilisers ("DFPCL" or the "Company"), announces its results for the quarter ended September 30, 2023

Consolidated Financial Highlights

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
- **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 30th Sept 2023 (31st March 2023: Rs. 2,518 Cr)
- **Q2 FY24 Chemicals Segment contributed 89% of total segment profits**

Chairman's Message

Commenting on the performance, Mr. Sailesh C. Mehta, Chairman & Managing Director:

"While the last year comparative base was unusually on higher side, DFPCL performance in Q2FY24 underscores our resilience and adaptability under varied market volatilities and geopolitical challenges

- *Our Mining Chemicals segment demonstrated remarkable growth, achieving record sales volumes despite seasonal slowdowns and pricing pressures from dumping of cheap Russian products as they faced global embargo*



- IPA witnessed strong demand in Q2, although Nitric Acid had subdued demand due to low priced Chinese pharma / agro intermediary oversupplies impacting our downstream sectors
- CNB also saw good demand driven by innovative product offerings and crop-specific solutions, although fertiliser profitability was significantly impacted on account of reduction in NBS Subsidy

The Ammonia plant began commercial production in Q2 and the production has now stabilized. With this facility, we have significantly reduced our dependency on imported ammonia, which will enhance our operational efficiencies and eliminate global price volatility impacts

We have also announced the expansion of Nitric Acid plant at Dahej, Gujarat, driven on the growing needs of both the merchant market and the downstream industries

Our focus in H2 FY24 remains on navigating through market challenges whilst emphasising on our unique product offerings, industry leadership position and market resilience”

Chemicals Review

• Mining Chemicals (TAN):

- 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
- Business 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

• Pharma / Speciality Chemicals (Nitric Acid and IPA):

- 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
- Business 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

Fertilisers Review

- 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.
- Business 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



Ammonia Greenfield: 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



Nitric Acid Brownfield Expansion

- 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, DFPC 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

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

Summary Consolidated Financials

(Rs. Crores)	Q2FY24	Q1FY24	Q2FY23
Operating Revenue	2,424	2,313	2,719
Operating EBITDA	286*	281	495
<i>Margins (%)</i>	11.8%	12.1%	18.2%
Net Profit	63	114	276
<i>Margin (%)</i>	2.6%	4.9%	10.1%

* 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



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 speciality fertilizers are developed basis rigorous R&D efforts and product trials at over 50,000 farmer demo plots. The R&D efforts have shown distinct yield and quality improvements for crops across segments such as cotton, sugarcane, onion, fruits & vegetables. Over last three years, value-added nutrition products have benefitted 6 million farmers.

Investor Relations / Media Contacts:

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Safe Harbour:

This document 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.

