



26th July, 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 first quarter ended 30th June, 2023

Please find enclosed a Press Release on Unaudited Standalone and Consolidated Financial Results for the first quarter ended 30th June, 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.

Successful Commencement of Trial Production of Greenfield Ammonia facility at Taloja

Embarking on FY24: Q1 FY24 commenced with a Net Profit of Rs. 114 Cr

Pune, India, July 26, 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 June 30, 2023.

Consolidated Financial Highlights

INR CR	Q1 FY24	Q4 FY23	Q-o-Q Growth	Q1 FY23	Y-o-Y Growth
Operating Revenue	2,313	2,796	(17.3)%	3,031	(23.7)%
Operating EBITDA	281	469	(40.2)%	740	(62.1)%
Margins (%)	12.1%	16.8%		24.4%	
Net Profit	114	257	(55.9)%	436	(73.9)%
Margin (%)	4.9%	9.2%	(429) bps	14.3%	(945) bps

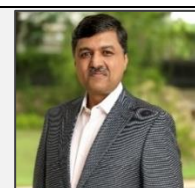
- **Subsidy Impact of Rs. 161 Cr** - Reduced NBS subsidy of Rs.161 Cr on channel inventory significantly impacted consolidated profitability in Q1 FY24
- **Greenfield Ammonia** facility began trial production on July 10, 2023, with all pre-commissioning activities completed. Stabilisation of operations and monitoring of performance parameters underway
- Better volumes of IPA in Q1 FY24 were supported by **Implementation of SGQR**
- **Key RM prices movement** YoY in Q1 FY24: Ammonia ▼ ~39%; Phos Acid ▼ ~38%; RGP ▼ ~23%; MOP ▲ ~5 %, Gas ▼ ~7.1%
- Raised Rs. 900 Crores through its **Maiden Listed NCDs**; primarily used for replacement of ICDs to parent MAL (through Performance Chemiserve Limited, a step-down subsidiary)
- **Unveiling new corporate logo** for Mahadhan AgriTech Limited ('MAL')

Chairman's Message

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

"Despite facing various challenges in our Chemical and Fertiliser businesses during the Q1 FY24, we remained resilient and committed to growth.

- *We encountered adverse price fluctuations in TAN due to dumping of cheap Russian FGAN into India, as Russian products found resistance in countries sympathetic to the Ukraine cause*



- NA sales volumes were better y-o-y although NA production impacted on account of extended shutdown, while IPA sales volumes exceeded expectations with more favourable market conditions and SGQR implementation.
- Reduced NBS subsidy on channel inventory of Rs.161 Cr and delayed monsoons impacted our Crop Nutrition business.

As it was envisaged in the post-Covid swing back of prices of Raw Material and Finished Product, it was expected that in a quarter or so, there is a possibility of gaps in margins as the re-calibration between RM and FG settles back into a fair and balanced equilibrium (which has been the typical long-term average).

The Q1 quarter price swings seemed a transitory quarter in this journey of finding the typical balance.

I am delighted to announce the successful commencement of trial production at our greenfield Ammonia facility in Taloja. We are passionately advancing toward its commercial production. The successful backward integration into Ammonia will provide a long-term risk mitigation on the Supply disruption risk for all the three businesses of the group. This strategic investment shall not only generate returns to our shareholders but also benefits the Indian economy by reducing import dependence and creating local employment opportunities.”

Chemicals Review

• Mining Chemicals (TAN):

- Despite the high-base of Q1 FY23, all key market indicators are showing positive trends. Coal production at an all India level had a remarkable growth of ~10%, while Cement and Steel production, crucial indicators of infrastructure demand, recorded significant expansions at ~11% and ~14%, respectively
- Amidst market challenges, the TAN Business demonstrated its capability to meet domestic demand. Although the overall sales volumes had a marginal decline with a y-o-y de-growth of 15%, the business remained resolute in its customer-centric approach.
- We encountered adverse price fluctuations in TAN due to dumping of cheap Russian FGAN into India, as Russian products found resistance in countries sympathetic to the Ukraine cause
- Leveraging advanced technologies such as drones and AI-based blast modelling, the business significantly enhanced productivity across the entire mineral extraction process
- **Business Outlook:** Anticipating a seasonal dip in mining and infrastructure activity during the monsoon, the TAN Business is preparing for a subsequent demand pickup post Q2 across all segments. Focus will remain on maintaining competitive pricing while delivering key value propositions

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

- Q1 FY24 Nitric Acid volumes increased by 7% y-o-y. NA production was impacted due to extended shutdown in WNA plant. The decrease in NSPs resulting on account of lower raw material prices
- Q1 FY24 IPA volumes increased by 87% y-o-y. Implementation of Safeguard Quantitative Restriction (SGQR) and good demand scenario lead to better volumes of IPA in Q1 FY24. SGQR was imposed on IPA dated 31st March 2023 by Directorate General of Foreign Trade, which is indeed favourable for domestic IPA manufacturers
- In the Hospital and Disinfectant range, DFPC introduced two new world-class products, expanding the portfolio to a total of 10 specialty products. Steel grade Nitric acid for steel pickling application has completed its multi-stage commercial trials successfully and 1st commercial order received
- **Business Outlook:** IPA small packs demand, encompassing Pharma and LR grade, is anticipated to remain robust in the future, with products receiving encouraging responses from esteemed pharma customers. The newly developed Electronic Grade IPA is gaining approvals from various institutions, including Government and Private entities

Fertilisers (CNB) Review

- Govt. notification on subsidy was announced in May'23, which reduced the NBS from Jan- March, 2023 and further reduced the NBS w.e.f. April 1, 2023 until Sept. 30, 2023. Reduced NBS subsidy of Rs.161 Cr on channel inventory significantly impacted consolidated profitability in Q1 FY24
- The Fertiliser sector results reflect a one-time simultaneous hit of combined two quarters of the fixed subsidies reductions impacting the market pipeline inventories having the earlier RM prices. Notwithstanding this impact, the



continued margin improvements at the product levels strongly indicate the preference and value of the Crop-specific innovative nutrient strategy. The delayed monsoon has also shifted the typical Q1 Kharif fertilizer movements into Q2

- Despite delayed monsoon in core markets, leading to 40-50% below-normal rainfall in key districts and lower sowing for cash crops, 'Croptek' fertiliser has gained significant popularity, successfully reaching 1 million farmers. Croptek achieved sales of 23,390 MT in Q1, primarily focused on Cotton, Maize, Groundnut, and Sugarcane crops
- Farmer connect programs have been instrumental in engaging 6 lakh growers, effectively enhancing crop productivity through the application of Enhanced Efficiency Fertilisers
- **Business Outlook:** Consumption in Q2 is expected to increase on account of good advancing monsoon and increasing sowing. Our strategic focus on enhancing efficiency with a crop-specific fertilizer portfolio imparts confidence in better crop sowing and fertiliser consumption. Further softening in raw material prices should benefit our profitability going forward

Greenfield Ammonia Update

- The Company is delighted to announce the successful commencement of trial production in its greenfield Ammonia facility at Taloja. The facility, set up through the step-down subsidiary Performance Chemiserve Limited (PCL), began trial production on July 10, 2023, with all pre-commissioning activities completed
- Once the operation stabilises and performance parameters are established, the plant will transition to full-fledged commercial production



Important Updates

- **Unveiling new corporate logo for MAL:** The name of Smartchem Technologies Limited, a material subsidiary of the Company, has been changed to Mahadhan AgriTech Limited ('MAL') w.e.f. 20th April, 2023. Accordingly, the Company is pleased to introduce a new MAL corporate logo
- **DFPCL Wins the Most Prestigious Award in Asia Pacific for Capital Market Interactions:**
 - Institutional Investor - ASIA PACIFIC (EX-JAPAN) BEST INVESTOR RELATIONS Ranking June 2023 (Chemicals, Oil & Gas)
 - **Deepak Fertilisers Ranked Third under 'Small & Mid Cap' in Asia Pacific:**
 - 'Best Investor Relations Program' category
 - 'Company Board of Director' category
 - 'Overall ESG' category
 - Mr. Deepak Balwani, Head - Investor Relations, ranked third under 'Best Investor Relations Professional' category



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 speciality fertilizers are developed basis rigorous R&D efforts and product trials at over 50,000 farmer demo plots.

Promoters Shares Pledge Position:

As on 30th June, 2023, Promoters' pledged shares is 6.60% of paid-up share capital and NDU obligation (and not 'pledge') is of 3.66% of paid-up share capital. Non-Disposal Undertaking (NDU) was provided by Promoter of DFPCL to IFC for CCDs issued by Mahadhan AgriTech Limited (Formerly known as Smartchem Technologies Ltd.) (100% owned). As per the undertaking, the Promoters undertook not to dispose the shares (as distinct from a 'pledge'). These shares are in fact prohibited from pledge, transfer or assignment.

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.

