



Earnings Presentation

Q3 FY2019

February 2019



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED

Deepak Fertilisers & Petrochemicals: An Overview

Diversified Business

- Strong knowledge base and experience in crop nutrition and industrial chemicals
- Diversified ammonia downstream player

Strategic plant locations

- Plants in Western (Maharashtra, Gujarat), Northern (Haryana) and Eastern India (Andhra Pradesh), world class technology
- Well-established sourcing channels; port and gas pipeline infrastructure for import of raw materials

Capacity Expansion

- In products of existing business with strong market

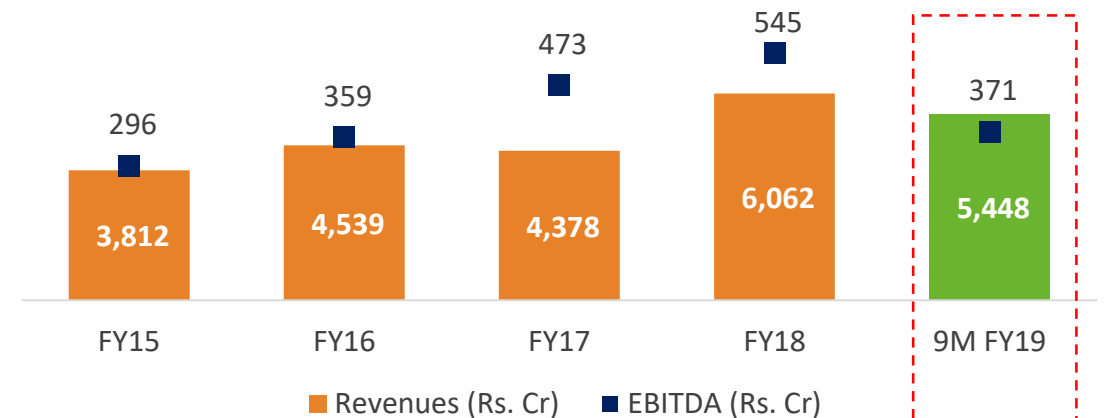
Value Added Real Estate

- “Creativity” Mall - India’s first true Lifestyle Centre on 2.1 lakh sqft land
- Located in Pune, Maharashtra

Exchange listing

- Listed on NSE and BSE
- Market cap of Rs. 1,040 crores with 49% free float

Consolidated Revenue and EBITDA



Note: Consolidated numbers



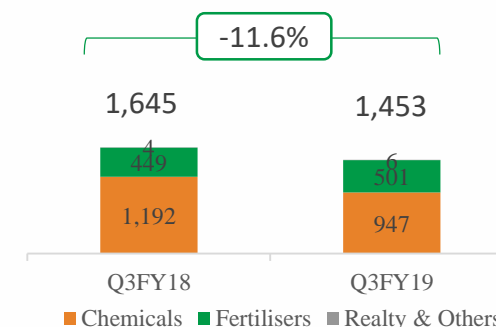
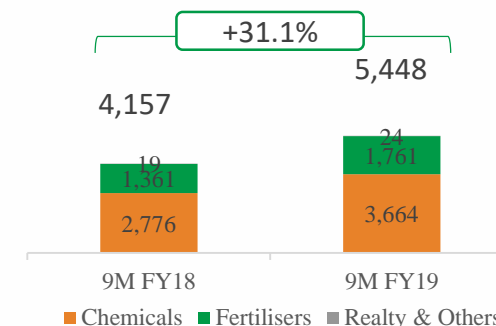
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Q3 and 9M FY2019 Highlights

Performance Highlights

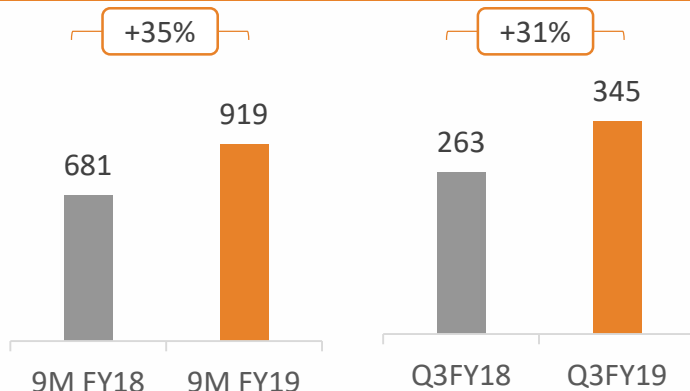
- Total Revenues were ~ Rs. 1,453 crores in Q3 FY19 compared to ~ Rs. 1,645 crores in Q3 FY18
- Operating EBITDA was ~ Rs. 108 crores in Q3 FY19 compared to ~ Rs. 152 crores in Q3 FY18
- Profit After Tax stood at ~ Rs. 12 crores in Q3 FY19 compared to ~ Rs. 55 crores in Q3 FY18
- NPK sales volume were lower during the quarter due to unfavourable market condition, raw material shortage and drought in core command area. Production volumes of IPA and Acids were impacted primarily on account of raw water supply cuts by MIDC and IPA plant shutdown
- Phosphoric Acid supplies have been restored to normal levels from January onwards and a price reduction of approx. \$15 MT has also been witnessed. Water supplies have also been augmented
- Ammonia price in Q3 FY19 increased by approx. 25% over Q3 FY18. However, ammonia price is witnessing downward trend in international market and has already reduced by approx. 8%-10% in Jan 2019
- Maintained leadership market share position with approx. 19% market share in the core market of Maharashtra for NP /NPKs
- Upholding of Award and Order in Company's favour by Hon'ble Delhi High Court against GAIL
- Expansion for Nitric Acid capacities at Dahej is running as per schedule. Successfully completed the mechanical completion and production trial runs are in progress

Revenues (Rs. Cr)

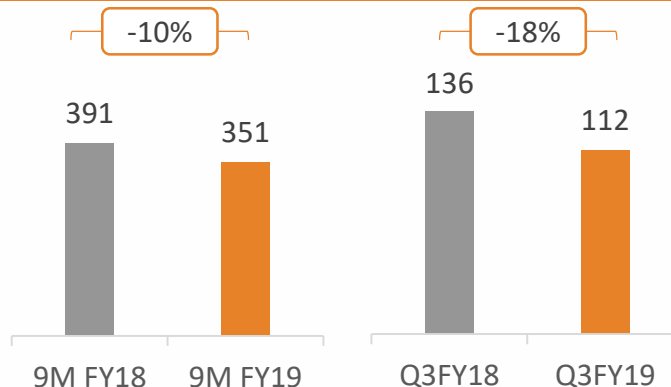


Segment Highlights: Chemicals

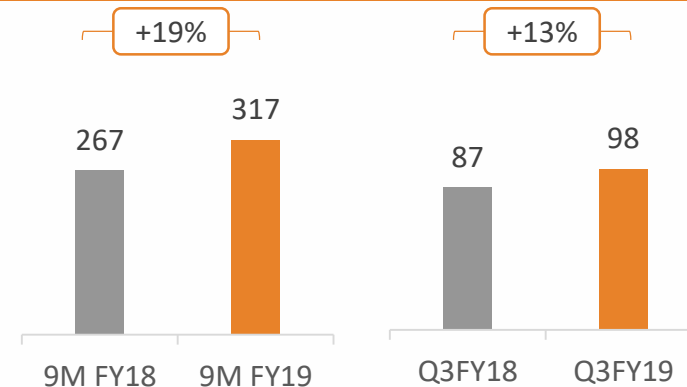
Manufactured TAN Sales



Manufactured IPA Sales



Manufactured Acids Sales



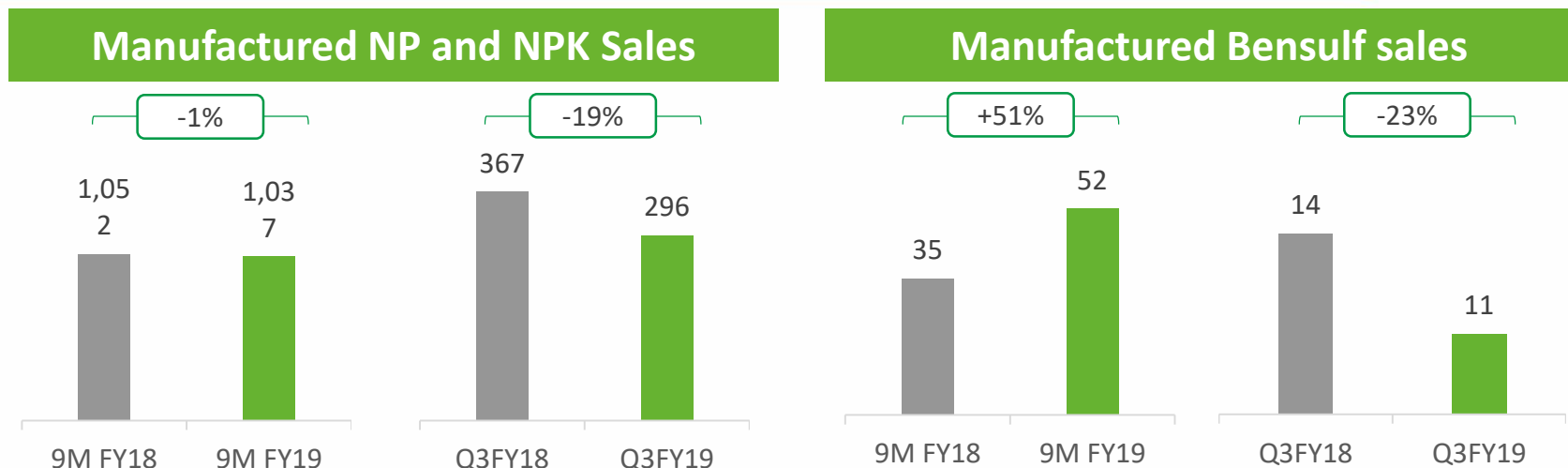
- Overall Chemicals segment reported revenues of ~Rs. 947 crores in Q3 FY19 as compared to ~Rs. 1,192 crores in Q3 FY18
- TAN achieved the highest ever quarterly TAN production in Q3 supported by improved demand scenario
- Production volumes of IPA and Acids were impacted primarily on account of raw water supply cuts by MIDC and IPA plant shutdown. This has resulted in decline in sales volumes. Raw water supplies have improved since then and IPA plant is now operating in full swing
- Margins of IPA were impacted due to higher raw material cost (RGP up by ~25% y-o-y) and inability to pass through due to import price parity
- Sudden fall in prices of pharma solvents in Q3 FY19, primarily arising out of USA's see-saw policies on Iran, has led to downward valuation of trading inventory
- The Company continued to consciously consolidate its trading portfolio and focus on high-margin products

Note: Figures in Rs. CR



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Segment Highlights: Fertilisers



- Fertilizer segment reported revenues of ~Rs. 501 crores in Q3 FY19 as compared to ~Rs. 449 crores in Q3 FY18. NPK sales volumes were lower during the quarter due to unfavourable market condition, raw material shortage and drought in core command area
- Ammonia price in Q3 increased by 25% over Q3, which muted the recovery. However, ammonia price is showing downward trend and has already reduced by approx. 8%-10% in January 2019
- Further increase in global prices of key raw materials in Q3 FY19 (such as phosphoric acid, Ammonia and LNG) have led to the underperformance of the segment in the quarter. Lower monsoon in core regions of Maharashtra and Karnataka resulted in lower capacity utilisation
- Fertiliser segment has witnessed continued growth in differentiated products and specialty products. For differentiated products, segment sold nearly 100,000 MT YTD differentiated NPK product under brand name SMARTEK and was well received by the dealers and farmers
- Availability of phosphoric acid improved substantially in Q3 FY2019 on account of successful trial runs with different suppliers (e.g. Jordan, Vietnam, Senegal etc)

Note: Figures in Rs. CR



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Important Update

Upholding of Award and Order in Company's favour by Hon'ble Delhi High Court against GAIL

Gas Authority of India Limited (GAIL) had raised a claim of INR 357 Crores in respect of supply of domestic natural gas for the period, July 2006 to May 2014 covering two agreements alleging usage of APM gas for the purposes other than production of Urea. The disputes were later referred to Arbitration.

The Hon'ble Delhi High Court vide a Common Judgment, dated 20.12.2018 upheld the well-reasoned Arbitration award and dismissed GAIL's contentions.



Sales Volume

Volume MT	Q3 FY19	Q3 FY18	Y-o-Y growth	Q2 FY19	Q-o-Q growth	9M FY19	9M FY18	Y-o-Y growth
Methanol	10,664	20,765	(48.6)%	17,871	(40.3)%	47,771	27,770	72.0%
Nitric Acid	50,206	59,524	(15.7)%	53,684	(6.5)%	150,123	165,914	(9.5)%
IPA	13,818	19,248	(28.2)%	20,992	(34.2)%	46,492	56,906	(18.3)%
TAN Solid	122,664	105,524	16.2%	104,111	17.8%	334,258	277,974	20.2%
LDAN	28,195	24,538	14.9%	30,216	(6.7)%	93,178	72,655	28.2%
HDAN	94,470	80,986	16.6%	73,895	27.8%	241,080	205,319	17.4%
TAN Solutions	13,769	6,822	101.8%	8,705	58.2%	35,289	13,665	158.2%
NP	43,241	47,883	(9.7)%	53,301	(18.9)%	148,996	145,383	2.5%
NPK	51,931	89,972	(42.3)%	56,091	(7.4)%	197,157	250,907	(21.4)%
WSF	321	100	221.0%	280	14.6%	666	296	125.0%
Bensulf	3,832	6,631	(42.2)%	7,837	(51.1)%	20,416	17,367	17.6%



Message from CMD and CFO

HERE'S A
CONVERSATION
YOU DON'T
WANT TO MISS!
TUNE IN FOR
THE DISCUSSION!

Join Mr. Sailesh Mehta – the Chairman & Managing Director of DFPCL, as well as our President & CFO – Mr. Amitabh Bhargava, for an insightful conversation, addressing investor concerns. Visit our website www.dfpc.com to view the discussion and have all your questions answered!



Deepak Fertilisers and Petrochemicals Corporation Limited shared a video of interaction with Mr. S. C. Mehta, Chairman & Managing Director and Mr. Amitabh Bhargava, Chief Financial Officer addressing queries of stakeholders on February 1, 2019

Website Link: [Click Here](#)

Youtube Link: [Click Here](#)



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Recent CSR Activities

Rural Initiatives



Establishment of keshar mango farm



Support for water resource development and conveyance



Dairy Development project



Health Initiatives: Eye checkup camps, cataract operations and distribution of pad



Urban Initiatives



Trained 162 aspirants in various vocational skills training programs at Ishanya Foundation and in other institutes; 72 aspirants were supported with placement



Support class in progress at Parnakutti nagar in Yerwada



272 patients covered during the general health check up camp organised in collaboration with Aundh Government Hospital



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Awards and Recognition



Best Employer Award by World HRD Congress in Pune region for its strategies and implementation across the organisation



Featured in Forbes Asia under a billion list in the year 2017



DFPCL was honoured with two distinguished awards at the PRCI Corporate collateral awards in 2018



Ishnaya Foundation has been conferred with the Prestigious Special Jury Recommendation FICCI CSR Award 2017



Mahadhan was honoured with "Agribusiness leadership" award at the 11th Global Agriculture Leadership Summit 2018



Mobile and Digital Marketing summit 2017 awarded Mahadhan app as the best mobile app, targeted at farming community



Digital Marketing Campaign at the Mobile and Digital Marketing Summit



Overall Winner & Best HR practices Category Winner by IFTDO – 2017



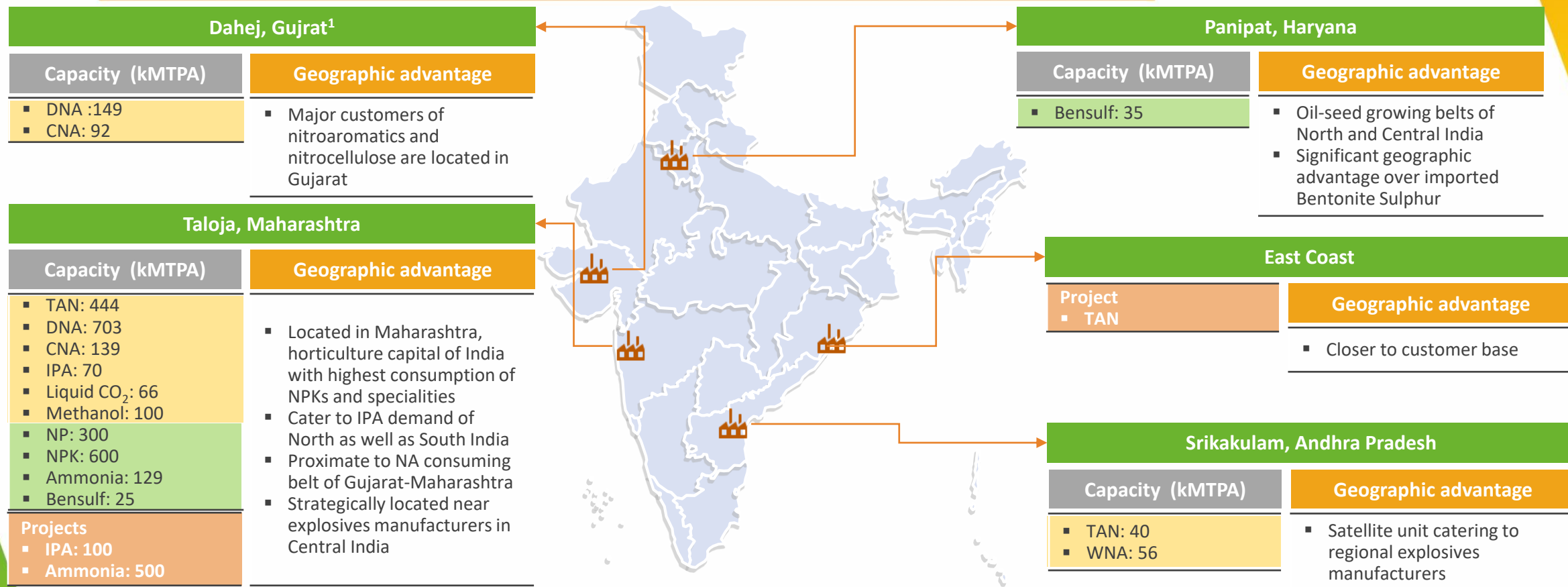
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Appendix



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Geographic Footprint



Financial Results - Profit & Loss (Consolidated)

PART I		(Amounts in Rs Lakhs unless otherwise stated)					
STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 DECEMBER 2018							
Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 December 2018	30 September 2018	31 December 2017 Restated (Refer note 4 & 5)	31 December 2018	31 December 2017 Restated (Refer note 4 & 5)	31 March 2018
	(Refer Notes Below)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	(a) Revenue from operations	145,338	176,873	164,492	544,830	415,654	606,154
	(b) Other income	915	1,371	665	3,045	1,276	2,409
	Total income	146,253	178,244	165,157	547,875	416,930	608,563
2	Expenses						
	(a) Cost of materials consumed	71,875	71,403	70,112	215,597	173,497	237,317
	(b) Purchases of stock-in-trade	51,210	48,326	73,313	232,528	147,422	227,716
	(c) Changes in inventories of finished goods and stock-in-trade	(8,862)	20,521	(17,866)	(12,662)	(19,471)	(9,539)
	(d) Excise duty	-	-	-	-	6,668	6,668
	(e) Employee benefits expense	6,850	6,290	6,256	20,399	17,188	24,580
	(f) Finance costs	5,717	5,747	3,527	17,195	11,553	17,316
	(g) Depreciation and amortisation expense	4,359	4,261	4,327	12,810	12,315	16,323
	(h) Other expenses (Net)	13,489	18,827	17,477	51,877	48,245	64,894
	Total expenses	144,638	175,375	157,146	537,744	397,417	585,275
3	Profit / (loss) before share of (loss) of equity accounted investees and income tax (1-2)	1,615	2,869	8,011	10,131	19,513	23,288
4	Share of (loss) of associates	(88)	(101)	(62)	(191)	(195)	(239)
5	Profit / (loss) before tax (3+4)	1,527	2,768	7,949	9,940	19,318	23,049
6	(a) Current tax	515	407	1,328	1,260	2,640	2,349
	(b) Deferred tax	(236)	510	1,124	1,858	3,559	4,290
	Total tax expense / (reversal)	279	917	2,452	3,118	6,199	6,639
7	Net profit / (loss) after tax, non controlling interest and share in (loss) of associates (5-6)	1,248	1,851	5,497	6,822	13,119	16,410



Financial Results - Profit & Loss (Consolidated)

PART I

(Amounts in Rs Lakhs unless otherwise stated)

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 31 DECEMBER 2018

Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 December 2018	30 September 2018	31 December 2017 Restated (Refer note 4 & 5)	31 December 2018	31 December 2017 Restated (Refer note 4 & 5)	31 March 2018
	(Refer Notes Below)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
8	Other comprehensive income (OCI)						
	Items that will not be reclassified to profit or loss						
	Remeasurement of defined benefit obligations	61	(303)	-	(242)	-	(139)
	Income tax relating to this item	(21)	106	-	85	-	48
	Items that will be reclassified to profit or loss						
	Exchange difference on translation of financial statements of the foreign operations	(408)	104	(80)	(269)	(134)	(31)
	Changes in fair value of investments other than equity shares carried at fair value through OCI #	62	(37)	(102)	(64)	(6)	(63)
	Income tax relating to the above item #	(22)	13	35	22	2	33
	Total other comprehensive income, net of tax	(328)	(117)	(147)	(468)	(138)	(152)
9	Total comprehensive income / (loss) (7+8)	920	1,734	5,350	6,354	12,981	16,258
10	Net profit / (loss) attributable to:						
	- Owners of the Company	1,221	1,780	5,445	6,614	13,040	16,267
	- Non controlling interest	27	71	52	208	79	143
11	Other comprehensive income, net of tax attrituable to:						
	- Owners of the Company	(211)	(148)	(129)	(391)	(120)	(148)
	- Non controlling interest	(117)	31	(18)	(77)	(18)	(4)
12	Total comprehensive income / (loss) attributable to:						
	- Owners of the Company	1,010	1,632	5,316	6,223	12,920	16,119
	- Non controlling interest	(90)	102	34	131	61	139
13	Paid-up Equity Share Capital (Face Value of Rs.10/- each)	8,820	8,820	8,820	8,820	8,820	8,820
14	Earnings per share (EPS) (not annualised) (face value of Rs.10 each)						
	(a) Basic (In Rs.)	1.38	2.02	6.17	7.50	14.78	18.44
	(b) Diluted (In Rs.)	1.38	2.02	6.17	7.50	14.78	18.44



Segment Results (Consolidated)

UNAUDITED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES							(Amounts in Rs Lakhs unless otherwise stated)
Sr. No.	Particulars	Consolidated					
		Quarter Ended			Nine Months Ended		Year Ended
		31 December 2018	30 September 2018	31 December 2017 Restated (Refer note 4 & 5)	31 December 2018	31 December 2017 Restated (Refer note 4 & 5)	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment revenue						
	(a) Chemicals						
	Manufactured	64,446	67,015	59,860	192,415	156,996	220,638
	Traded	30,242	40,939	59,301	173,980	120,642	202,410
	Total	94,688	107,954	119,161	366,395	277,638	423,048
	(b) Fertilisers						
	Manufactured	30,956	35,479	38,292	109,384	109,206	148,664
	Traded	19,144	32,492	6,611	66,701	26,912	32,046
	Total	50,100	67,971	44,903	176,085	136,118	180,710
	(c) Realty	515	604	399	1,604	1,233	1,685
	(d) Others	35	344	29	746	664	711
	Total income from operations	145,338	176,873	164,492	544,830	415,653	606,154
2	Segment results [profit / (loss) before tax and finance costs from Each segment]						
	(a) Chemicals	9,193	12,905	16,065	37,227	37,308	51,335
	(b) Fertilisers	(1,330)	(454)	989	(79)	5,500	3,674
	(c) Realty	(250)	(375)	(332)	(1,009)	(1,199)	(1,596)
	(d) Others	(64)	247	(72)	447	390	323
	Total	7,549	12,323	16,650	36,586	41,999	53,736
	Less: i) Finance costs	5,717	5,746	3,527	17,195	11,553	17,316
	ii) Other unallocable expenditure (net of unallocable income)	217	3,708	5,112	9,260	10,933	13,132
	Total profit before tax	1,615	2,869	8,011	10,131	19,513	23,288



Segment Results (Consolidated)

UNAUDITED SEGMENT-WISE REVENUE, RESULTS, ASSETS AND LIABILITIES							
(Amounts in Rs Lakhs unless otherwise stated)							
Consolidated							
Sr. No.	Particulars	Quarter Ended			Nine Months Ended		Year Ended
		31 December 2018	30 September 2018	31 December 2017 Restated (Refer note 4 & 5)	31 December 2018	31 December 2017 Restated (Refer note 4 & 5)	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
3	Segment assets						
	(a) Chemicals	331,359	381,168	324,851	331,359	324,851	317,714
	(b) Fertilisers	224,940	234,712	241,183	224,940	241,183	174,726
	(c) Realty	22,094	25,102	23,483	22,094	23,483	23,568
	(d) Others	2,252	3,323	2,843	2,252	2,843	2,726
	(e) Unallocated	154,780	126,309	91,602	154,780	90,102	180,412
	Total assets	735,425	770,614	683,962	735,425	682,462	699,146
4	Segment liabilities						
	(a) Chemicals	168,701	180,533	156,046	168,701	156,046	155,159
	(b) Fertilisers	114,708	149,022	160,042	114,708	160,042	136,459
	(c) Realty	1,507	1,437	1,121	1,507	1,121	993
	(d) Others	46	45	46	46	46	46
	(e) Unallocated	236,799	231,774	181,157	236,799	181,157	197,839
	Total liabilities	521,761	562,811	498,412	521,761	498,412	490,496



Financial Results - Notes

1. The above unaudited results of Deepak Fertilisers and Petrochemicals Corporation Limited (“the Company”), its subsidiaries (collectively referred to as “the Group”), its associates and its joint operations were reviewed by the Audit Committee and the Board of Directors at its meeting held on 14th February 2019, approved and adopted the same
2. The Department of Fertilisers (DoF), Ministry of Chemicals and Fertilisers, had withheld subsidy, due to the Group in accordance with applicable Nutrient Based Subsidy (NBS) scheme of Government of India (GOI), alleging undue gain arising to the Group on account of supply of cheap domestic gas, since challenged by the Group before the Honourable High Court of Bombay. Based on the directive of the Honourable High Court, DoF agreed to release subsidy withheld except a sum of Rs. 31,052 Lacs pending final decision, which has been released during the month of January 2018 against a bank guarantee of equal amount.
3. The unaudited standalone and consolidated financial results of the Company (including its subsidiaries, associates and joint operations) are prepared in accordance with applicable accounting standards i.e. Ind AS, as prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.
4. Previous period’s figures have been reclassified/ regrouped wherever necessary.
5. The comparative consolidated financial results for the quarter and nine months period ended 31 December 2017 have been restated on account of increase in tax expenses by Rs.500 Lacs and Rs. 1500 Lacs respectively, due to reversal of deferred tax asset created on unamortised amount of intangible assets and goodwill created due to demerger of TAN and fertiliser business in the standalone financial statements of Smartchem Technologies Limited.

Financial Results - Notes

6. Effective 1 April 2018, the Company/Group has adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative effect method. The standard is applied retrospectively only to the contracts that are not completed as at the date of application and the comparative information is not restated in the financial results. The adoption of Ind AS 115 did not have any material impact on the financial results of the Company/Group.
7. In accordance with the requirement of Ind AS, revenue for the period from 1 April 2018 to 31 December 2018 and the period from 1 July 2017 to 31 March 2018 is net of Goods and Service Tax (GST). However, revenue for the period 1 April 2017 to 30 June 2017 is inclusive of Excise Duty.
8. The statutory auditors of the Company have conducted a limited review of the standalone and consolidated financial results of the Company for the quarter and nine months ended 31 December 2018 and have expressed an unqualified report on these financial results. The emphasis of matter in the limited review opinion on the consolidated unaudited financial results pertains to ongoing matters related to withholding of fertiliser subsidies released based on issue of bank guarantee of equivalent amount as more fully explained in Notes 2 above. This matter is pertaining to Smartchem Technologies Limited, a wholly owned subsidiary.
9. Management’s response to the Emphasis of Matter: With regard to the emphasis of matter stated in Note 8 above, there are no further developments on the matters mentioned in notes 2 above.

Disclaimer: 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 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.

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