

Deepak Fertilisers to invest ₹1,475 cr in ammonia plant

Will have a capacity of 5.20 lakh tonnes

SURESH P IYENGAR

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Deepak Fertilisers and Petrochemicals plans to invest ₹1,475 crore in new ammonia manufacturing plant at Talaja in the outskirts of Mumbai.

The plant is expected to be completed in the next two years. The company has already raised ₹930 crore debt and procured necessary equipments, besides completing the construction works.

Key raw material

The 5.20-lakh-tonnes ammonia plant will not only meet the key raw material need of the company but also have excess capacity for sale in the open market. Currently, the company imports about 4 lakh tonnes of ammonia from West Asia. Ammonia is the key raw material across the company's petrochemical and fertilizer businesses.

The company is also setting up a 3.77-lakh-tonne technical ammonium nitrate plant at Gopalpur in Odisha to tap both the growing demand in



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the domestic and overseas market. The project is expected to be completed by March, 2024.

Sailesh C Mehta, Managing Director, Deepak Fertilisers and Petrochemicals, said once the new ammonia plant starts production, the company would save about \$75-80 a tonne in logistic cost alone and would replace import of ammonia completely.

Price rise

Though the raw material prices have gone up substantially in the last few months, he said the increase in fixed cost subsidiary announced by the government will help overcome the situation.

Supply of key raw material from captive resources will provide margin stability mitigating the impact of volatile

ammonia pricing.

The company has reduced net debt by 30 per cent to ₹1,826 crore as of March-end against ₹2,665 crore in the same period last year, largely due higher cash reserves and a substantial increase in value of investment in mutual funds.

Shift in value chains

With the upstream global speciality chemical intermediates value chains shifting from China to India, Mehta said the company is expected to benefit from nitric acid demand and prices.

The company is also witnessing higher demand for industrial chemicals used in limestone mining with the cement companies increasing capacity and putting up new facilities, he added.