

Deepak Fertilisers to invest ₹450 cr to increase capacity at Taloja plant

Will enhance production of isopropyl alcohol and diisopropyl ether

OUR BUREAU

Mumbai, September 24

Deepak Fertilisers and Petrochemicals Corporation Ltd (DFPCL) plans to invest ₹450 crore to expand the production capacity at its plant in Taloja, near Mumbai.

The funds will be used to enhance production of isopropyl alcohol (IPA) and diisopropyl ether (DIPE). The company is the sole manufacturer of IPA in India, a solvent primarily used by the pharma industry.

The Pune-based company will expand IPA capacity by 1 lakh tonnes per annum and

DIPE production by 70,000 tonnes per annum. The project is expected to be completed in about 30 months. The company has signed a memorandum of understanding with HPCL for supply of key feedstock. A brown field project has synergies such as storage and utilities with the existing IPA plant. The production of high-purity DIPE commands a significant premium.

With a manufacturing capacity of 70,000 tonnes per annum, the company enjoys significant market leadership. The capacity utilisation

of the IPA plant has been over 100 per cent.

IPA demand

The total annual demand for IPA in India was about 1.35 lakh tonnes last fiscal and is expected to touch 1.71 lakh tonnes by 2019-20. About 80 per cent of IPA demand is driven by the pharmaceutical sector. Other sectors, including inks, coating and derivatives, also use this chemical.

Sailesh Mehta, Chairman, DFPCL, said that with an established customer base and large supply-demand gap, the company is confident of marketing the additional one lakh tonnes to its existing and emerging customers.

One of the most widely used solvents and chemical intermediates, IPA's demand in India has witnessed an annual growth rate of around 8-9 per cent for the past 5-7 years and is expected to grow at a similar rate in the future, it added.

Given the increasing demand and limited production capacity, about 48 per cent of the total demand of IPA is met through imports. To fulfil the market requirement and maintain its market leadership, Deepak Fertilisers also imports IPA.

The company is also exploring manufacturing segment-specific grades to cater to industries such as electronic and cosmetics.