



15<sup>th</sup> November, 2021

The Secretary

Listing Department

BSE Limited

National Stock Exchange of India Ltd.

Phiroze Jeejeebhoy Towers,

Exchange Plaza,

Dalal Street, Fort,

Bandra - Kurla Complex, Bandra (E)

Mumbai – 400 001

Mumbai – 400 051

BSE Code: 500645

NSE Code: DEEPAKFERT

Dear Sir/ Madam,

**Sub: Earnings presentation for the quarter and half year ended 30<sup>th</sup> September, 2021**

Please find enclosed an earnings presentation of the Company for the quarter and half year ended 30<sup>th</sup> September, 2021.

We request you to take the same on your record.

Thanking you,

Yours faithfully,

**For Deepak Fertilisers**

**And Petrochemicals Corporation Limited**

**Ritesh Chaudhry**

**Company Secretary**

Encl: as above.





**DEEPAK FERTILISERS  
AND PETROCHEMICALS  
CORPORATION LIMITED**

(BSE: 500645; NSE: DEEPAKFERT)

# Earnings Presentation Q2 FY2022

14 November 2021



**MINING CHEMICALS**



**INDUSTRIAL CHEMICALS**



**CROP NUTRITION**

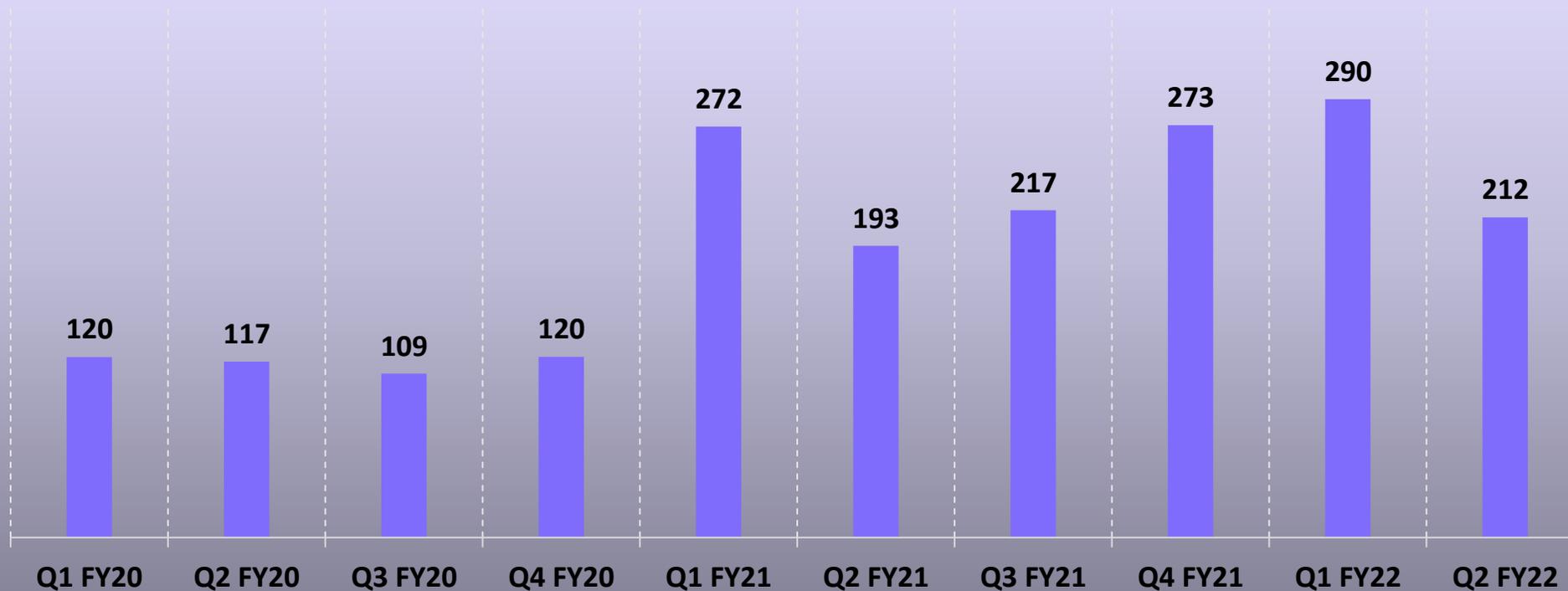
**FUTURE  
READY**  
*Transforming from Commodity to Specialty*

## IMPROVED BUSINESS PERFORMANCE Y-O-Y DESPITE UNPRECEDENTED RISE IN RAW MATERIAL PRICES

| REVENUE GROWTH OF +28% Y-O-Y | NET PROFIT GROWTH OF +16% Y-O-Y |

| NET DEBT FURTHER REDUCED BY APPROXIMATELY RS. 205 CR IN H1 FY22 |

### Consolidated Operating Profits (Rs. Crores)



# Consolidated Financial Highlights

Strong Net Profit growth Y-o-Y driven by operating revenue growth and reduced finance cost

|                                | Q2FY22      | Q2FY21      | Y-o-Y growth | H1 FY22     | H1 FY21     | Y-o-Y growth |
|--------------------------------|-------------|-------------|--------------|-------------|-------------|--------------|
| Operating Revenue              | 1,793       | 1,404       | 27.7%        | 3,695       | 2,786       | 32.6%        |
| <b>Operating EBITDA</b>        | <b>212</b>  | <b>193</b>  | <b>9.8%</b>  | <b>502</b>  | <b>465</b>  | <b>7.9%</b>  |
| <i>Margins (%)</i>             | 11.8%       | 13.8%       | -            | 13.6%       | 16.7%       | -            |
| Finance Cost                   | 37          | 42          | (11.7%)      | 80          | 97          | (17.5%)      |
| <b>Net Profit</b>              | <b>93</b>   | <b>81</b>   | <b>15.9%</b> | <b>224</b>  | <b>202</b>  | <b>11.0%</b> |
| <i>Margin (%)</i>              | 5.2%        | 5.7%        | -            | 6.0%        | 7.2%        | -            |
| Net Debt                       |             |             |              | 1,621       | 2,201       | (26%)        |
| <b>Interest Coverage Ratio</b> | <b>5.8x</b> | <b>4.6x</b> | -            | <b>6.3x</b> | <b>4.8x</b> | -            |
| Net Debt/Equity (x)            | -           | -           | -            | 0.53x       | 0.91x       | -            |

Cost of production increased on account of increase in key Raw Material prices

Adverse movement of key Raw Material Prices in Q2 YoY (Ammonia ▲ ~158%; Phos Acid ▲ ~70%; RGP ▲ ~53%)

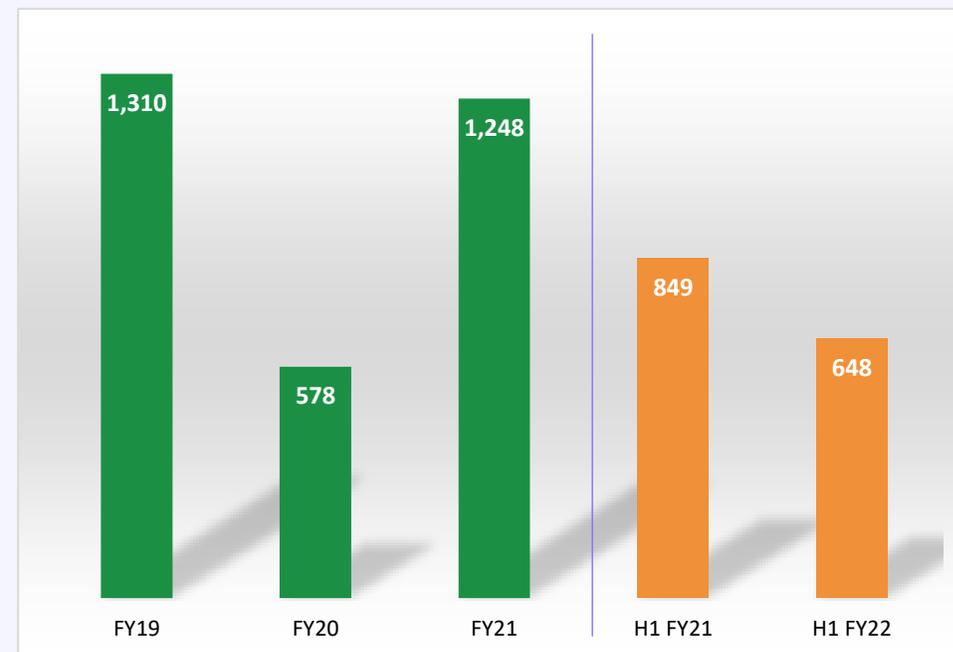
Finance Cost reduced by 11.7% YoY driven by continuous reduction of short-term debts, better working capital management and conversion of IFC FCCB tranche 1

# Cash Flow Generation

Cash flow generations continued to remain strong on the back of better working capital management and profitability

| Rs. Cr                    | H1 FY21    | H1 FY22    |
|---------------------------|------------|------------|
| Cash Flow from Operations | 849        | 648        |
| Capex                     | (128)      | (309)      |
| Change in Borrowings      | (385)      | (155)      |
| Liquid Investment         | 17         | 101        |
| Others                    | (203)      | (221)      |
| <b>Net Change in Cash</b> | <b>151</b> | <b>64</b>  |
| Opening Cash              | 158        | 170        |
| Change in Cash            | 151        | 64         |
| <b>Closing Cash</b>       | <b>308</b> | <b>234</b> |

## Cash Flow from Operations



# Consolidated Financial Position

**Net Debt reduced by Rs. 205 Crores as of Sept 21; Equity of Rs.510 Crores raised through QIP in October 2021**

| (Rs. CR)               | Mar-21       | Sep-21       |
|------------------------|--------------|--------------|
| ST Debt                | 110          | 78           |
| LT Debt                | 2,187        | 1,984        |
| Current Maturities     | 217          | 224          |
| <b>Total Debt</b>      | <b>2,514</b> | <b>2,286</b> |
| Cash & Cash Equivalent | 170          | 234          |
| Other Bank Balances    | 69           | 10           |
| Investment in MFs      | 449          | 421          |
| <b>Net Debt</b>        | <b>1,826</b> | <b>1,621</b> |

|                        | Mar-21 | Sep-21 | Change |
|------------------------|--------|--------|--------|
| Net Debt/Equity (x)    | 0.65   | 0.53   | (0.12) |
| Net Debt/EBIDTA LTM(x) | 1.91   | 1.63   | (0.28) |

## Recent Capital Transactions

- Conversion of IFC FCCB tranche 1 during the quarter
- Successfully raised **Rs. 510 Crores** through a Qualified Institutions Placement (“QIP”) of equity shares in October 2021
- **12,05,92,948** shares outstanding post issue
- **Significant improvement in leverage ratio**

# Global Long-term Marquee Investors Join Deepak Fertilisers via QIP

## Qualified Institutions Placement

Leading investors from India and the globe have participated in the issue which includes Smallcap World Fund, Government Pension Fund Global, Axis Mutual Fund, Fidelity, Avendus and Societe Generale among others.

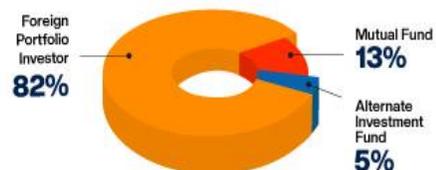
Commenting on this development,  
Mr. Sailesh C. Mehta, Chairman & Managing Director said:



*"The Investments made by the global long term marquee investors has happened post their intense analysis of our operations and growth plans. Their investments are a pleasing validation of the positivity of our strategic directions.*

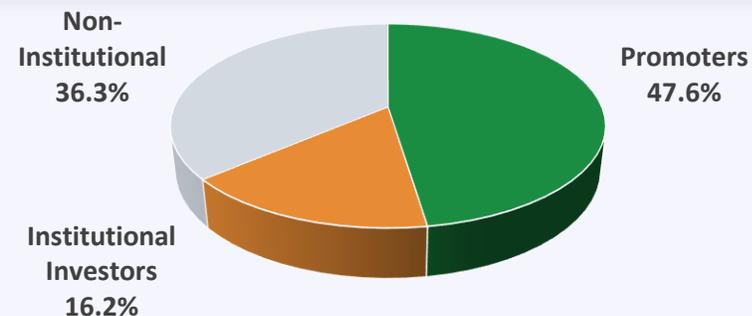
*Meanwhile, strong progress at the ground levels continues on:  
1] Capturing in the value-chain, a key raw material, Ammonia, by way of a global scale project at Talaja, next door to the consuming downstream complex; 2] Leveraging on the hugely growing mining needs emerging from the India's growth story, by setting up a global scale Technical Ammonium Nitrate project."*

### Equity Investment



|                       |   |
|-----------------------|---|
| <b>Amount Raised:</b> | Rs. 510/- Crores  |
| <b>Issue Price:</b>   | Rs. 410/- Per Share   |
| <b>Issue Date:</b>    | <ul style="list-style-type: none"> <li>• Issue Opened on 19<sup>th</sup> October 2021</li> <li>• Issue Closed on 22<sup>nd</sup> October 2021</li> <li>• Share allotment on 22<sup>nd</sup> October 2021</li> </ul> |

## Shareholding Pattern (post QIP)



## Key Institutional Holding (post QIP)\* % Holding

|                                   |      |
|-----------------------------------|------|
| Smallcap World Fund               | 3.6% |
| International Finance Corporation | 4.1% |
| Government Pension Fund Global    | 1.5% |
| Axis Mutual Fund                  | 1.3% |
| BNP Paribas                       | 1.3% |
| Fidelity Funds - Pacific Fund     | 1.2% |
| Fidelity Puritan Trust            | 1.1% |
| Avendus                           | 0.5% |
| Societe Generale                  | 0.4% |

\* As of 22<sup>nd</sup> Oct i.e. Post QIP

# Synergistic Business Model

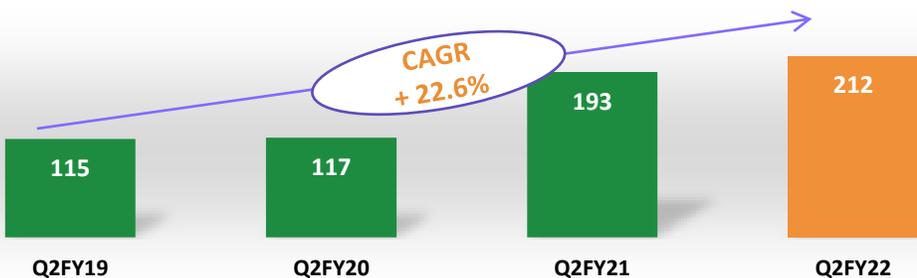
Synergistic Model and Diversified Portfolio enabling sustainable continuous growth

## Operating Revenue (Rs. Cr)

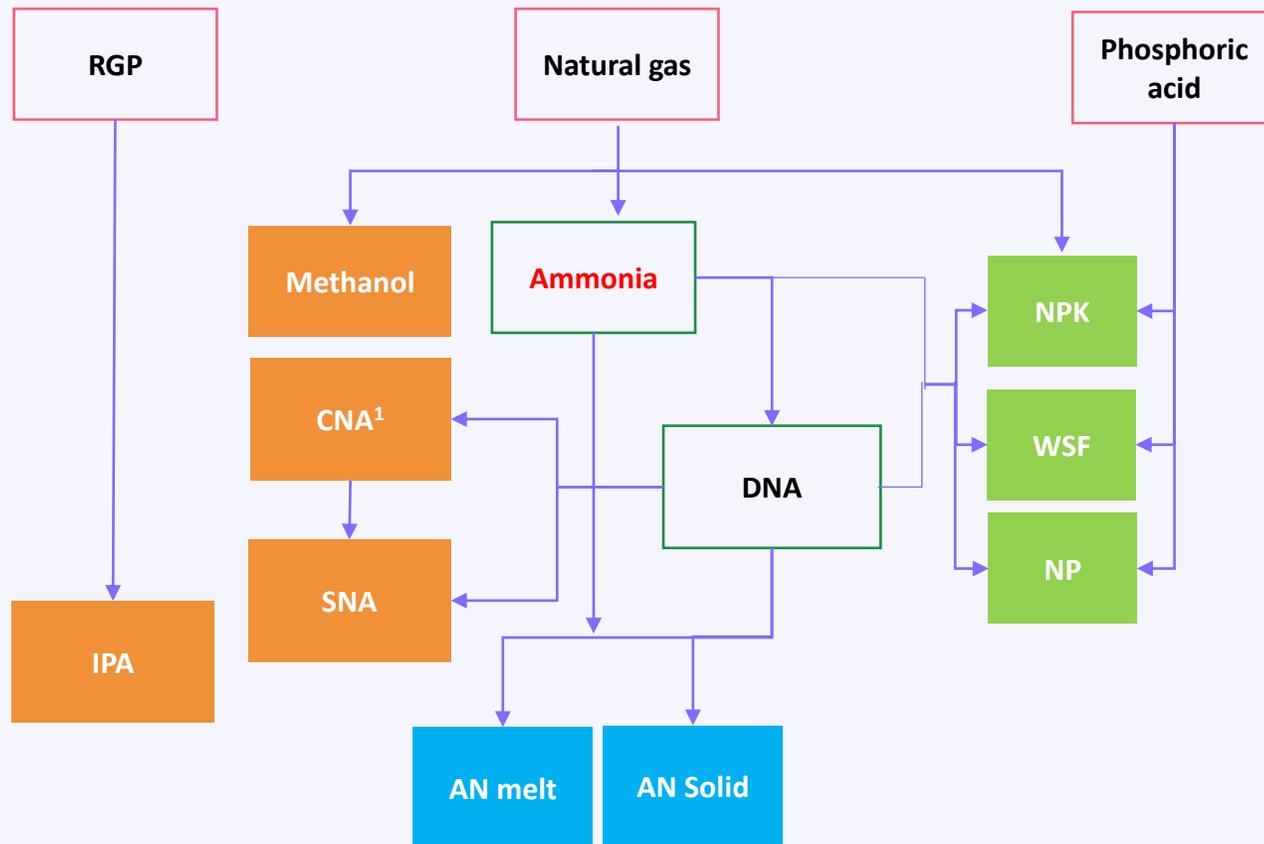


\*Cautiously consolidated trading portfolio with focus on high-margin products

## Operating EBITDA (Rs. Cr)



## EBITDA Margin (%)



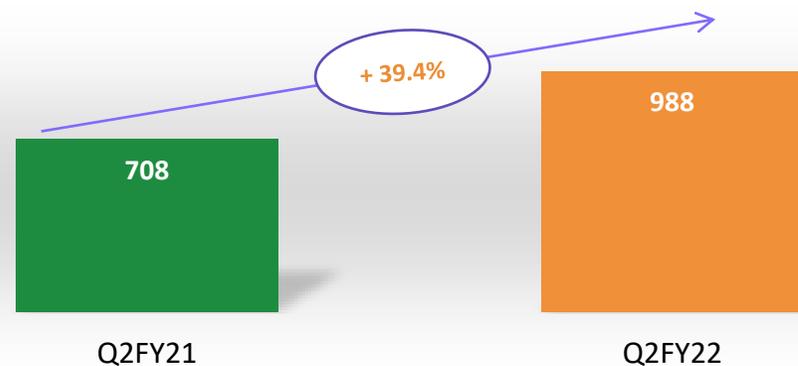
Sourcing raw materials   
  Produced/sourced raw materials  
 Fertiliser business   
  TAN business   
  IC business

# Quarterly Performance Trend

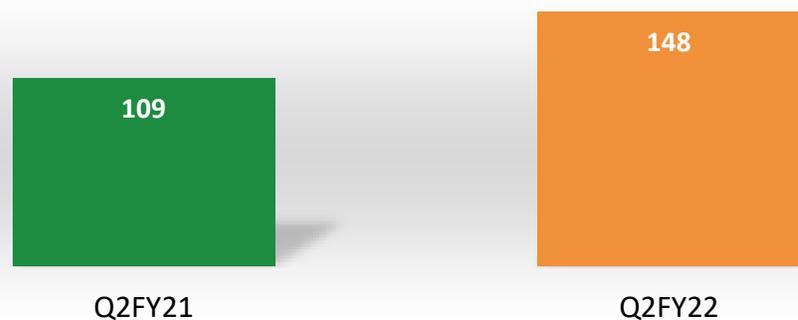
Despite adverse movement of key RM Prices, better utilization levels and sales volumes resulted in improved performance

## Chemicals Business

### Revenues (Rs. Cr)

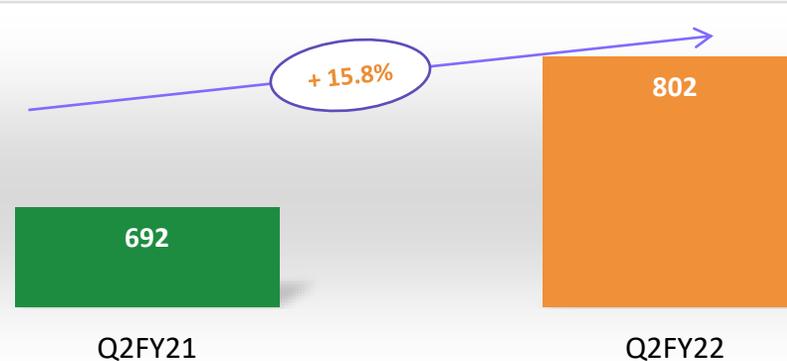


### Segment Profit (Rs. Cr)



## Fertilisers Business

### Revenues (Rs. Cr)

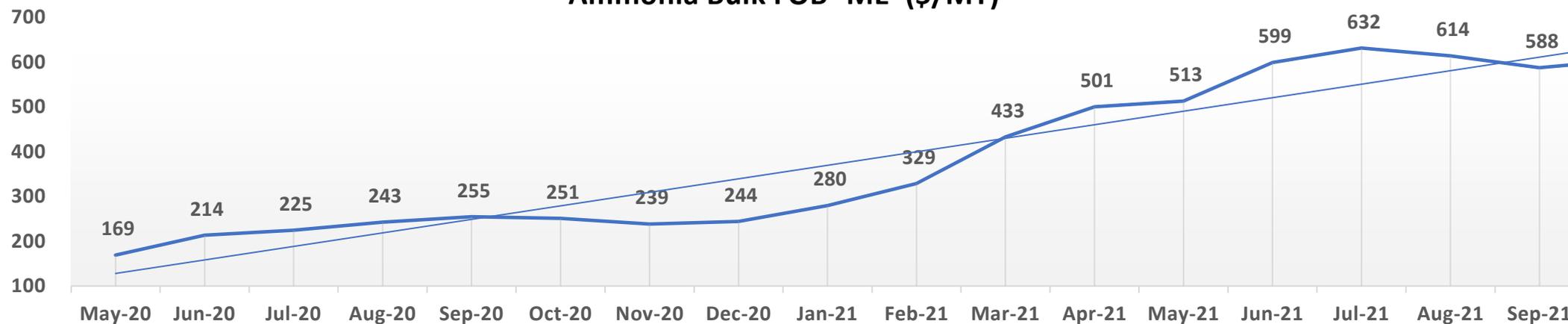


### Segment Profit (Rs. Cr)

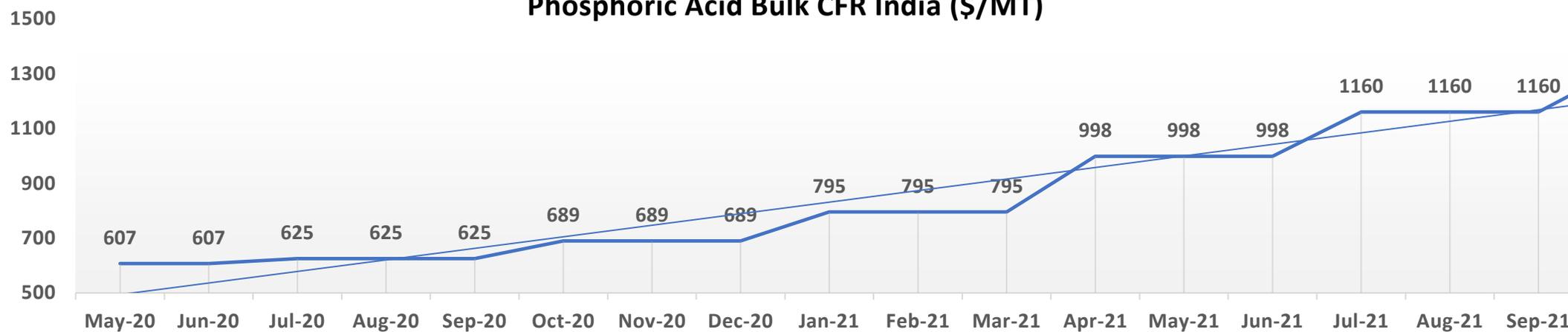


# Raw Material Price Movement Trend

## Ammonia Bulk FOB -ME (\$/MT)



## Phosphoric Acid Bulk CFR India (\$/MT)



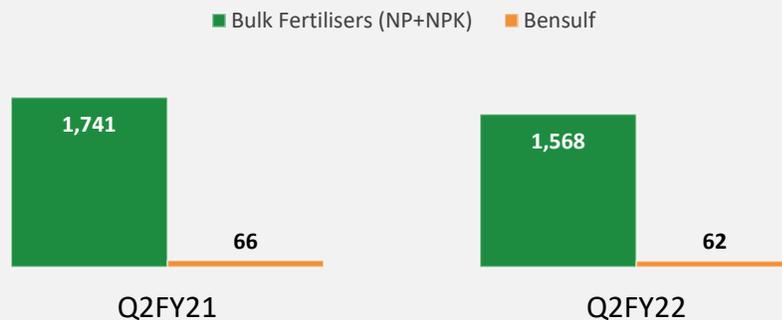
# Quarterly Performance Trend

**Synergy created through differentiated product offerings and value-based business model will drive future growth in Crop Nutrition Business (Fertilisers)**

## Fertilisers Revenue (Manufactured Sales Rs. Cr) (NP + NPK + Bensulf)



## Fertilisers (Manufactured Sales Volumes MT 00)



## Q2 FY22 Capacity Utilization

**NP/NPK 77%**

**Bensulf 66%**

## Operational Highlights

- Continuing the strategy of differentiation, the Company achieved Smartek sales of 2.28 lakh MT in H1 FY22 which majorly focused on Kharif Crops like Cotton, Sugarcane, Soyabean, Maize and Paddy
- Shortage of Muriate of Potash and unprecedented increase in prices across all the Raw Materials resulted in lower than planned production of bulk fertilisers in Q2
- Continued to adopt digital means of working due to movement restriction in core command area. As per the strategy of 'seeing is believing', the team conducted 10,000+ single product demos and 1.25 lakh 5 kg sample distribution on focus crops during H1
- Connected with 4.6 Lakh farmer through 12000+ farmer connect activities such as demo site meeting, crop Seminar, organised farmer meeting and Saarthie farmer meeting. The team also actively connected with farmers through social media platforms such as Facebook, YouTube, WhatsApp and Mobile App- Mahadhan App etc

## Outlook

- With almost full reservoir levels across the country and relatively higher MSPs, the stage is set for an even better Rabi. 'Farmer Initiative' by the Government shall provide confidence to farmers to better plan their cropping and sell with a defined market in mind. The Company is positive about prospects of differentiated journey in coming Rabi season.
- Despite the sharp increase in key raw material prices y-o-y, our strategically directed efforts right from Crop Specific product to farmer-focused marketing drive should benefit in expanding our market share and margins

# Quarterly Performance Trend

**Mining Chemicals volume grew by 43% Y-o-Y basis supported by HDAN sales volume growth of 51% and AN Melt sales volume growth of 74% Y-o-Y**

## Mining Chemicals (TAN) Revenue (Manufactured Sales Rs. Cr)



## Mining Chemicals (Manufactured Sales Volumes MT 00)



## Q2FY22 Capacity Utilization

**TAN 88%**

## Operational Highlights

- Typically, 2nd Quarter is a seasonally low period for mining chemicals due to monsoon also Q2 FY22 witnessed gradual resumption of economic activities
- AN Melt recorded highest-ever 2nd Quarter sales volume with a 74% y-o-y growth. HDAN sales volume grew by 51% as supported by combination of fixed-price short-term agreements and increasing prices of imported AN due to availability concerns from exporting Countries
- Company continued to work closely with its customers across Coal, Limestone/Metal Mines and Infrastructure segments to demonstrate technical capability, value and cost benefits, and security of supply through use of ANFO and High Energy Emulsion blend explosives
- Company is also leveraging its advanced technologies such as Drones & AI-based blast modelling along with building technical services capabilities in Drilling & Blasting technologies to improve productivity in the mines and infrastructure projects

## Outlook

- The Country is facing significant coal shortages and with improving economic recovery, the demand for power & therefore coal production is poised to increase
- With the positive outlook for the mining and infrastructure sector, focus on coal mining and the opening of the coal segment to private operators, the Company is expected to be benefitted from the increased TAN demand, a trend that is likely to sustain

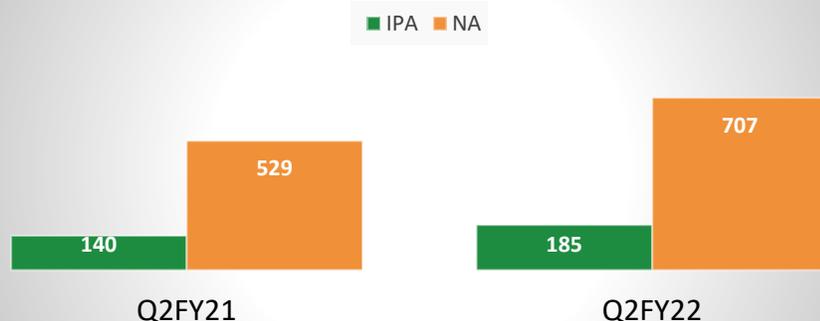
# Quarterly Performance Trend

With the easing of restrictions, reduction in Covid cases and restart of the industries, the demand in all acids strengthened in Q2

## Pharma / Speciality Chemicals (IPA+NA) (Manufactured Sales Rs. Cr)



## Pharma / Speciality Chemicals (Manufactured Sales Volumes MT 00)



## Q2FY22 Capacity Utilization

**IPA 101%**

**ACIDS 83%**

## Operational Highlights

- With the easing of restrictions, restart of the industries and increase in curbs on production by Chinese Govt pushing up demand coupled with reduction in domestic supply resulted into much improved realization in spot market in all acids in Q2
- Despite good demand, IPA prices were depressed during the quarter due to plunge in feedstock Acetone prices in NEA resulting in cheaper imports. IPA volumes increased by 32% y-o-y. IPA market dynamics (prices and RM) were not favorable
- Witnessing good response for Cororid disinfection products from all the segments. Further strengthened presence on Government e-Marketplace (GeM) portal and won one of the biggest tenders for supply of Hand Sanitizers to Odisha State Medical Corporation (OSML). Also, won first export order for supply IPA USP grade from South Africa
- Opportunistic run of Methanol plant during the quarter; volumes of 18.7 KT on account of B2B contracts

## Outlook

- The curbs on production due to environmental concern owing to the ensuing Winter Olympics in Feb'22 by Chinese Government has pushed the demand and prices of most down streams of Nitric Acids upwards
- Many IPA producers in China are either operating at reduced load or under shut down. Meanwhile, DGTR has recommended Safeguard Measures (Quantitative Restrictions) on IPA imports to support the domestic producers
- Demand for Hand sanitizers and Disinfectant products are likely to go up in the short term

# Update on Upcoming Projects

**New ammonia plant and TAN plant is expected to commission in Q4 FY23 and Q4 FY24**

- Total cost incurred in Ammonia project : Rs. 1,797 cr till date
- Total cost incurred in TAN Project: Rs. 349 cr till date

- Balance investment for Ammonia project Rs. 2,553 cr
- Expected commissioning of new Ammonia plant in Q1 FY24
- TAN planned capex of approx Rs. 700 - 900 cr

- Balance investment for TAN planned capex
- Expected commissioning of new TAN plant in Q4 FY24



| Capacity (MTPA)            | Q4 FY21   | Q1 FY24        | Q4 FY24        |
|----------------------------|-----------|----------------|----------------|
| Ammonia                    | 128,700   | <b>638,700</b> | 638,700        |
| Technical Ammonium Nitrate | 486,900   | 486,900        | <b>862,900</b> |
| Industrial Chemicals       | 1,362,160 | 1,362,160      | 1,362,160      |
| Crop Nutrition Business    | 985,720   | 985,720        | 985,720        |

# Ammonia Plant - Status Update



**MAIN SUBSTATION**



**FILTER WATER TANK**



**COOLING TOWER**



**REFORMER AREA**

## Corporate Social Responsibility

### Rural Initiatives

#### WADI Project

- Provided NPK fertilizer to 221 Wadi Aspirants.
- Provided Fungicide and Pesticide to 221 Wadi Aspirants
- Provided HDPE pipe to 33 wadi aspirants for Irrigation
- Vegetable Cultivation Distributed seeds to 199 wadi aspirants for Rabbi Season

#### Dairy Development Project

- Support Given for purchase cow and medicine kit to 4 aspirant
- Total Artificial Insemination Done: 206
- Asset of 107 Female Calves towards farmers ( Approx. Rs.26.75 Lac.)

#### Aarogyam

- Distribution of 2800 COVID Kit to 2800 families
- Doorstep health services through mobile clinic during outbreak of COVID-19
- Providing doorstep health services in the Remote Triable Villages on every Saturday

#### Gyanam Project

- Complete of 10 Digital classes installation (Devicha Pada-4, Padghe-4, Dongryacha Pada- 02)
- Iron roof sheet installation at Rahiyad primary school
- Installation of water-purifier on trial basis in Rahiyad Village
- Providing Additional school teacher in Rahiyad secondary school

### Vocational Skills Development Program (VSDP)



Students undergoing Manual Insertion Operation Course in collaboration with Y4D Foundation at Lokmat Technical Training Institute



Certificates being awarded to students who completed Basic Plumbing Course in collaboration with DIFPT



Mrs Parul Mehta-Managing Trustee, Ishanya Foundation received the "Empowerment Ambassador Award" for exceptional efforts made by her in the fields of Social and Development Sector

## Recent Awards



DFPCL's has won Pune Best Employer Brand Award – 2021 on July 2021 hosted by World HRD Congress



DFPCL has won "Asia Manufacturing Excellence Award of 2021" at the 12th CMO ASIA Awards for its innovation in the Utilization of Reverse Osmosis Plant to Save Water, Energy, Chemical Consumption & Improvement of Reliability of Heat Exchanger in their Iso Propyl Alcohol (IPA) Plant.



DFPCL received the Digital Technology Senate Awards 2021 under Internet of Things category organized by The Indian Express Group



DFPCL received the prestigious IDC Future Enterprise Awards, 2021 in Digital Transformation (DX) Best in Future of Customers and Consumers"; in the first-ever IDC Future Enterprise Awards for India..

## Our Strengths

# ONLY MANUFACTURER

OF NP PRILL 24:24:0 FERTILISER AND TAN SOLIDS IN INDIA

### 2<sup>ND</sup> LARGEST MANUFACTURER

OF NITRIC ACID IN  
SOUTH EAST ASIA  
AND THE LARGEST  
IN INDIA

### LEADING MANUFACTURER

AND MARKETER  
OF ISO PROPYL  
ALCOHOL (IPA)

### LARGEST MANUFACTURER

OF BENTONITE  
SULPHUR IN INDIA

# MARKET LEADER

IN SPECIALITY AND WATER SOLUBLE  
FERTILISERS IN INDIA

## Key Sectors



### Industrial Chemicals

- Pharmaceuticals
- Nitro Aromatics
- Paints & Coatings
- Steel
- Inks
- Explosives
- Dyes
- Agrochemicals
- Cosmetics
- Adhesives
- Health & Hygiene

### Crop Nutrition Business (CNB)

- Agriculture



### Technical Ammonium Nitrate (TAN)

- Mining
- Infrastructure
- Explosives
- Pharmaceuticals



### VARE

- Home Makers and Interior Solution Seekers
- Architects
- Interior Designers
- Food and Entertainment Patrons
- Art and Culture Enthusiasts



# Key Messages

**DFPCL caters to strategic sectors of the Indian economy, with diversified product portfolio catering towards them.....**

- Q2 FY22 Revenue growth +28%, Operating EBITDA and Net Profit growth of 10% and 16%, respectively
- **Fertilisers:**
  - With almost full reservoir levels across the country and relatively higher MSPs, the stage is set for an even better Rabi season.
  - Despite the sharp increase in key raw material prices y-o-y, our strategically directed efforts right from Crop Specific product to farmer-focused marketing drive should benefit in expanding our market share and margins
- **Pharma / Speciality Chemicals:**
  - Nitric Acid demand and prices are expected to remain strong in Q3 owing to the diminishing availability of many down streams of Nitric acid from China and resultant higher pricing
  - DGTR has recommended QR on IPA imports to support the domestic producers for survival
  - The demand for Hand sanitizers and Disinfectant products are likely to go up in the short term
- **Mining Chemicals:**
  - With the positive outlook for the mining and infrastructure sector, focus on coal mining and the opening of the coal segment to private operators, the Company is expected to be benefitted from the increased TAN demand, a trend that is likely to sustain
- Greenfield ammonia plant is making good development on the ground and is progressing as per planned schedule
- With all the three sectors: Industrial Chemicals, Mining Chemicals and Fertilisers, strongly aligned to India Growth story, positive tailwinds will continue

**Safe Harbour:** 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 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.



**DEEPAK FERTILISERS  
AND PETROCHEMICALS  
CORPORATION LIMITED**



**DEEPAK FERTILISERS AND  
PETROCHEMICALS CORPORATION LIMITED**

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