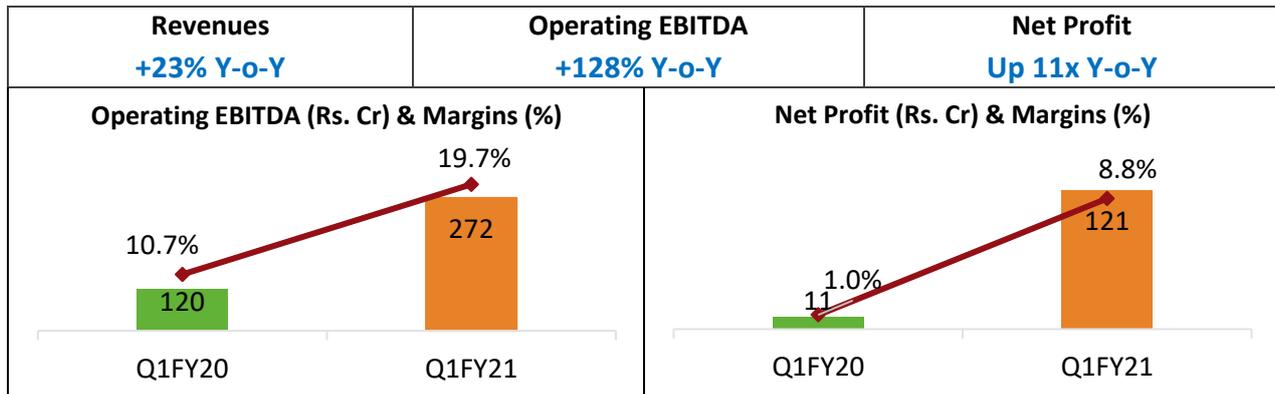


## Deepak Fertilisers Net Profit bolstered by 11 times

‘Fertilisers’ segment delivered third consecutive profitable quarter; Robust improvement in quality of profit blend

**Pune, India, July 31, 2020** – Deepak Fertilisers And Petrochemicals Corporation Limited, one of India’s leading producers of Industrial Chemicals and Fertilisers, announces its results for the quarter ending June 30, 2020.



### Consolidated Financial Highlights

- Total Revenues increased by 23% y-o-y to Rs. 1,382 Cr in Q1 FY21 (Rs. 1,122 Cr in Q1 FY20)
- Operating EBITDA expanded by 128% y-o-y to Rs. 272 Cr (Rs. 120 Cr in Q1 FY20); Margins increased by 904 basis points to 19.7% (10.7% in Q1 FY20)
- Other expenses reduced by Rs. 26.9 Cr y-o-y. Efforts to optimise the fixed costs also showed some positive results
- Net Profit augmented from Rs. 11 Cr in Q1 FY20 to Rs. 121 Cr in Q1 FY21. Profit margins improved significantly to 8.8% in Q1 FY21 from 1.0% for the same period last year

### Consolidated Operational Highlights

- Most of the products being essential commodity, the Company continued its operations with some intermittent disruptions during the period of lockdown. Overall, there has been no major impact on overall business and its profitability
- Segment profit for Fertiliser segment: Expanded exponentially from a loss of Rs. (9.7 Cr) in Q1 FY20 to Rs. 43.4 Cr Q1 FY21. Sales volumes of Bulk Fertilisers (NP + NPK) grew by 51% y-o-y. Margins also improved significantly on account of higher Smartek in product mix with higher NSPs.
- Segment profit for Chemical segment: Increased substantially by 83% y-o-y to Rs. 229 Cr Q1 FY21 (Rs. 125 Cr in Q1 FY20). IPA sales volumes increased by about 49% y-o-y although Acids volumes declined by ~30% y-o-y and TAN volumes down by ~17% y-o-y
- Major raw materials prices declined compared to Q1 FY20
- New differentiated Bentonite Sulphur variant “Bensulf Super-fast” launched during Q1 FY21. Also, launched IPA based hand sanitizers under the brand name ‘CORORID’, which conforms to WHO’s recommended formulation in April 2020

**Strategic Outlook**

**Macro Strategic Directions:**

- Enhanced hygiene levels, becoming the new global normal, is expected to see needs for hand sanitizer and other IPA end-uses to be on a continued positive upswing
- The Government’s recently announced policies on ‘Commercial Mining’ and ‘Agriculture’ are likely to provide transformative positive directions over the next few years

**Micro Strategic Drivers:**

- The Company has made its pilot run of multiple hygiene products based on IPA in the B2C markets. Going forward, it is expected to open up a value-added product segment for the IPA business
- The Company’s hi-tech Smartek NPK Fertilisers consolidated its Crop Productivity based differentiation and Brand, evidenced by greater product demands even with Premium pricing

**Commenting on the performance, Mr. Sailesh C. Mehta, Chairman & Managing Director, Deepak Fertilisers And Petrochemicals Corporation Limited, said:**

*“COVID-19 pandemic has severely impacted India’s economy in the recent months although limited impact has been witnessed by the agrochemical industry. Good rabi harvest and normal monsoon augurs well for the Kharif season. Sowing for key crops such as cotton and soybean improved significantly compared to the last year.*



*I say this with immense satisfaction, that our Company continues to progress well both on financial and operational fronts. We have been continuously striving towards enhancing profitability by focusing on high margin businesses along with the cost optimization initiatives. We are pleased to announce a strong financial performance during the first quarter of FY2020-21.*

*Extensive farmer and channel connect through digital ATL / BTL initiatives undertaken during restricted movement conditions. We launched differentiated Bentonite Sulphur with enhanced efficiency under brand name ‘SUPER FAST’ and have also moved almost 100% NPK volumes to differentiated grade Smartek in Q1. Our CNB business reported third consecutive profitable quarter in a row. IPA demand was encouraging on the back of the continued demand from Pharma sector and additional demand from Hand Sanitiser segment. Nitric Acid and TAN products did face some challenges due to COVID-19. TAN experienced volume loss on account of decline in demand across segments of Private Coal, Non-Coal Mining, Infrastructure & Explosive Manufacturers.*

*Recent strategic reforms by the Central Government to support agriculture sector and the mining sector are indeed path breaking. This should undoubtedly support the Indian economy in the long term. The Company is expecting good Kharif season and accordingly, enhancing its production efficiencies in anticipation to meet the customer requirement. Planned infrastructure projects, coupled with the positive mining industry outlook, provides an attractive backdrop for TAN products”*

**Segment Performance Q1 FY21 vs Q1 FY20**

**1. Fertilisers Segment**



- Manufactured fertilisers revenues of Rs. 479 Cr in Q1 FY21 compared to Rs. 341 Cr in Q1 FY20. Trading revenues for Q1 FY21 were Rs. 117 Cr compared to Rs. 55 Cr for Q1 FY20
- Sales volumes of NP increased by 59% y-o-y in Q1 FY21 and NPK volumes increased by 46% y-o-y. Overall margins improved significantly due to higher Smartek in product mix with higher NSP.
- The demand has been further supported by good Kharif projection by IMD and on time arrival of monsoon in core command area
- The Company continued its journey to move from commodity to specialty and accordingly, moved ~100% volumes to Smartek
- New differentiated Bentonite Sulphur variant “Bensulf Super-fast” has been launched during Q1 FY21. Product is being manufactured at Taloja plants and has been well received in the market
- COVID-19 pandemic impacted the production of NP and NPK products at Taloja for few days in the month of March and April 2020. With extensive farmer and channel connect through digital marketing initiatives under restricted movement conditions, the Company was able to connect with 7000+ dealers and retailers through digital meeting. Despite the challenges due to COVID-19, the Company exceeded its internal sales targets in both Bulk & Specialty fertilisers
- Major raw materials prices (Phos Acid by ~12% y-o-y; Ammonia by ~17% y-o-y) declined in Q1 FY21

**2. Chemicals Segment**



- Manufactured Chemical business reported revenues of Rs. 634 crores in Q1 FY21 as compared to Rs. 613 Crores in Q1 FY20. Chemical Trading business was Rs. 150 crores in Q1 F21 compared to Rs. 105 Cr in Q1 FY20
- IPA revenues increased by 178% y-o-y to Rs. 196 Crores in Q1 FY21. IPA sales volumes increased by about 49% y-o-y. Improved margins were driven by an unprecedented surge in IPA demand on the back of the increased awareness of use of IPA in hand sanitizer & disinfectant along with increase in International IPA prices. DFPCL also forayed into IPA based ‘Hand Sanitizer’ space to combat COVID-19 pandemic in April 2020
- TAN Revenues decreased by 23% y-o-y to Rs. 253 Cr. The lockdown had severely impacted demand and consumption of AN in India. TAN Solid volumes (LDAN + HDAN) were lower by 11% and AN Melt volumes were lower by 48% with respect to Q1 FY20. LDAN sales volumes in Q1-FY21 were lower by 52% mainly due to liquidity issues and stalled large-scale infrastructure projects due to COVID-19. LDAN sales volumes also dropped due to stoppage of production in the cement plants across India
- Acids revenues decreased by 33% y-o-y to Rs. 86 Crores in Q1 FY21. Nitric Acid demand faced challenges due to shutdown / low capacity utilisations of downstream customer plants due to COVID-19
- Major raw materials prices declined compared to Q1 FY2020



**DFPCL at a Glance:**

Deepak Fertilisers And Petrochemicals Corporation Limited (DFPCL), has established a prime position for itself over the last four decades, across Indian markets. Set up in 1979 as an Ammonia manufacturer, DFPCL today, is a publicly listed, multi-product Indian conglomerate, with a portfolio spanning Industrial Chemicals, Bulk and Specialty Fertilisers, Technical Ammonium Nitrate, and Value Added Real Estate.

**Safe Harbour:**

This release contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to DFPCL’s 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.

**Disclaimer:** Deepak Fertilisers and Petrochemicals Corporation Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, a rights issue of its equity shares in the near future and is in the process of filing a letter of offer with the stock exchanges and with SEBI

