



17th July, 2020

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

Listing Department
National Stock Exchange of India Ltd.
“Exchange Plaza”,
Bandra - Kurla Complex, Bandra (E)
Mumbai – 400 051

Sub: Disclosure of material impact of CoVID—19 pandemic on the Company under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sirs,

Pursuant to Regulation 30 of LODR Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, please find enclosed herewith the disclosure of material impact of CoVID-19 pandemic on the operations and performance of the Company.

This is for your information and record please.

Thanking you,

Yours truly,

For Deepak Fertilisers and Petrochemicals Corporation Ltd

K. Subharaman
EVP (Legal) & Company Secretary
FCS 4361



Material impact of CoVID-19 pandemic on operations and performance of the Company

1. Impact of the CoVID-19 pandemic on the business:

- a. The outbreak of Coronavirus pandemic globally and in India is causing significant disturbance and slowdown of economic activity
- b. COVID-19 impacted production of NP/NPK at Taloja for few days in the month of March and April 2020. TAN, IPA and Ammonia plants have been continuing near normal operations.
- c. In case of Weak Nitric Acid, the downstream industry continues to reel under the Covid-19 lockdown and has impacted its production other than for its captive use. Operations at CNA plant and DNA plant at Dahej were partially impacted due to CoVID-19, however plants are now fully operational. Nitric Acid plants at Taloja are intermittently running depending on the market demand.
- d. The Company continue to struggle through the challenges of low availability of contract workmen, truck/drivers etc, which have been intermittently impacting the Supply-Chain and thus the operations.
- e. Operations have implemented with strict measures for Covid-19 checks such as thermal screening, PPE Kits, disinfectant sprays, frequent handwashing and use of sanitizers, medical check-ups, social distancing norms and medical counselling etc
- f. Plants are operating in accordance with the statutory guidelines with respect to CoVID-19

2. Ability to maintain operations including the factories/units/office spaces functioning and closed down:

- a. The Company has received approvals to continue production for its fertilisers plants, TAN plants, Nitric Acid plants and IPA plants
- b. The Corporate Office at Pune remains closed and will commence after necessary clearances are received. From the time of commencement of the lockdown, employees are working from home and all required infrastructure have been provided to the employees
- c. Plants are operating in accordance with the statutory guidelines with respect to CoVID-19, ensuring health & safety of the employees
- d. All IT Security Protocols are in place and all systems are being monitored remotely
- e. Audit Committee meeting and board meeting on 21st April 2020 were held through Lifesize IT platform; NRC meeting on 12th May 2020 (i.e recommendation for appointment of director) and board meeting on 25th May 2020 (i.e. for approving Rights Issue of equity shares) and 30th June 2020 were held through video conferencing over Microsoft TEAMS
- f. The Company has launched IPA based hand sanitizers under the brand name 'CORORID', which conforms to WHO's recommended formulation. DFPC's dedicated team has been working relentlessly in the current complete lockdown scenario to ensure steady availability.
- g. Overall, most of the products being essential commodity, the Company continued its operations during the period of lockdown. There were intermittent disruptions in the few plants (mainly in Nitric Acid plants) due to disruptions in supply chain and shut down of customer plants. Hence, overall there has been no major impact on the businesses of the Company

3. Schedule, if any, for restarting the operations:

- a. Plants are operating in accordance with the statutory guidelines with respect to CoVID-19, ensuring health and safety of the employees

4. Steps taken to ensure smooth functioning of operations:

- a. The Company has proactively formed three committees immediately after the lockdown to review, assess and mitigate unprecedented risks: Operations continuity committee, Business Continuity committee and Health & Hygiene committee. As such no work allowed to be affected on account of COVID situation



- b. Implemented a series of SOP / guidelines on social distancing, travel guidelines, thermal scanning, use of PPE etc. Aarogya Setu app have been download by its employees and employees have been trained on the same
- c. For the steady availability of key raw materials, the Company has been successfully focusing on stringent inventory management along with developing alternate sources of suppliers
- d. The Company has been proactively addressing issues of migrant laborer by focusing on process automation; optimum utilization of available resources, making alternate arrangements and developing new ways of working.
- e. Supply chain disruption has impacted business across the country. The Company has taken various measures to mitigate supply chain disruption. DFPC is building alternate supply chain options along with developing new ways of working such as floating warehouses. The Company is also focusing on giving contracts to more than one service provider
- f. Increased use of technology: Online meetings / webinars / trainings
- g. HR has arranged extensive online development programmes across levels of employees
- h. Engagement with both internal stakeholders and external stakeholders has been continuous and uninterrupted through various modes of communications (eg online meetings, emails, phones etc).
- i. The Company is proactively informing capital market wrt to important business developments and key events during COVID-19 through stock exchange notifications, press releases, investor presentations, quarterly conference calls and the Company's YouTube channel
- j. Keeping a close watch on circulars, notifications of various Statutory Authorities including SEBI and MCA containing measures to curb the possibilities of non-compliances and to combat this unprecedented situation

5. Estimation of the future impact of CoVID-19 on its operations:

The Company continues to face unprecedented situation with respect to supply chain and labour. It would be very early to assess the future impact of CoVID-19 with reasonable certainty at this stage. However, at the current state of operations, the Company expect the following business scenario which is ofcourse subject to the market conditions:

- a. Better Kharif season will help the Company to focus on cash crop such as Fruits & vegetables, Cotton and Soybean
- b. IPA demand is expected to remain stronger. Surge in IPA based sanitizer requirement is expected to remain high on account of hygiene awareness
- c. CNA customers have gradually started operations, resulting into restoration of normal demand
- d. TAN demand was indeed impacted due to slowdown of Mining/Infrastructure activities. Demand is gradually improving with TAN customers gradually starting operations

If the lockdown gets eased further going forward, the Company expects to see demand revival. To better understand the impact, the management shared their perspective over Q4 investor call. Transcript of the conference call is available on stock exchange and website

6. Details of impact of CoVID-19 on listed entity's:

- **Capital and financial resources and Profitability**
 - a. The Company has adequate capital to meet requirements
 - b. Adequate disclosures along with its Q4 FY2020 statutory financials statements provided in June 2020. The requisite details were shared in Q4 press release, Q4 earnings presentation and Q4 investor call which are duly uploaded onto stock exchanges
- **Liquidity position:**
 - a. Conserved resources to maintain liquidity position in the Company



- b. Cash flow planning and fund management being done meticulously
- c. Adequate disclosures along with its Q4 FY2020 statutory financials statements provided in June 2020. The requisite details were shared in Q4 press release, Q4 earnings presentation and Q4 investor call which are duly uploaded onto stock exchanges
- **Ability to service debt and other financing arrangements:**
 - a. The Company has ensured timely payment of statutory dues, LC, Loan and Interest payments. It has also ensured forex liabilities are adequately hedged as per policy
- **Assets:**
 - a. The Company has been undertaking certain expansion projects and the pandemic has certainly delayed certain processes. The Company continues to closely monitor and assess the situation with respect to expansion projects along with planned capex requirements
 - b. Given the uncertainties associated with nature, condition and duration of COVID-19, the impact assessment on the Company's financial statements will be continuously made and provided as required
 - c. Adequate disclosures along with its Q4 FY2020 statutory financials statements provided in June 2020. The requisite details were shared in Q4 press release, Q4 earnings presentation and Q4 investor call which are duly uploaded onto stock exchanges
- **Internal financial reporting and control:**
 - a. The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 30th June 2020
- **Supply chain:**
 - a. Supply chain disruption has impacted businesses across the country. The Company has taken various measures to mitigate the supply chain disruption. DFPC is in process of building alternate supply chain options along with developing new ways of working.
- **Demand for its products/services:**
 - a. To mitigate the demand disruption, the Company is focusing on the following:
 - Develop new dealers / customers / markets;
 - Discount on firmed volumes
 - New product offerings
 - Increased engagement with customers
 - b. Fertiliser Business: A strong retrieving monsoon and higher water reservoir level demand recovery has been experienced during the second half of the FY2020. Even as the market remained subdued, the Company remained focused on demand generation. It embarked on crop specific market development campaign including promotional activities, crop seminar, and farmer meeting and product demonstration in farmer fields. However, COVID-19 impacted production of NP/NPK at Taloja for few days during March and April 2020.
 - c. IPA Business: IPA demand to expected to remain stronger. Surge in IPA based sanitizer requirement is expected to remain high on account of hygiene awareness
 - d. Nitric Acid Business: The downstream users of Weak Nitric Acid have been impacted due to the outbreak of COVID-19 which in turn has impacted the demand for Weak Nitric Acid of the Company. Slow pick up in activities is being witnessed as the lockdown is being removed



gradually. CNA customers have gradually started operations, resulting into restoration of normal demand. The Dahej facilities are limping back gradually to normal operations.

- e. TAN Business: Liquidity issues, stalled large-scale infrastructure projects, restrictions on movements and lockdown situation due to the COVID-19 pandemic has impacted the domestic demand as well exports

7. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business.

- There are no such contracts/agreements which would lead to non-fulfilment of the obligations by any party that shall have any significant impact on the business except offtake of RLNG from GAIL with whom the Company is having long term gas purchase agreement having 'take or pay' clause. The Company has informed GAIL about the force-majeure situation arising out of covid pandemic and would be looking for co-operation from GAIL for deferrals of offtake which is usually agreed upon by GAIL as per past practice.

8. Other relevant material updates about the listed entity's business:

- None at this stage. The Company have been proactively intimating stock exchanges from time to time for any material developments / updates.

These updates are dynamic in nature and will continue to change with the situation in the country, which are not in absolute control of the company. The Company will continue to provide requisite updates, as and when required.
