



29th July, 2022

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001
BSE Code: 500645

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

Subject: Earnings Presentation for the quarter ended 30th June, 2022


Dear Sir / Madam,

Please find enclosed an earnings presentation of the Company for the quarter ended 30th June, 2022.

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 Q1 FY2023

29th July 2022

**FUTURE
READY**

Transforming from Commodity to Specialty



MINING CHEMICALS



INDUSTRIAL CHEMICALS



CROP NUTRITION

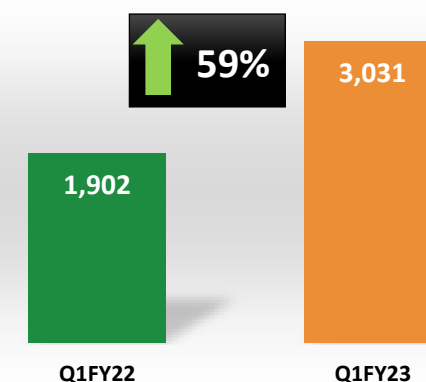
DFPCL - GROW FOR INDIA, GROW WITH INDIA

Consolidated Financial Highlights

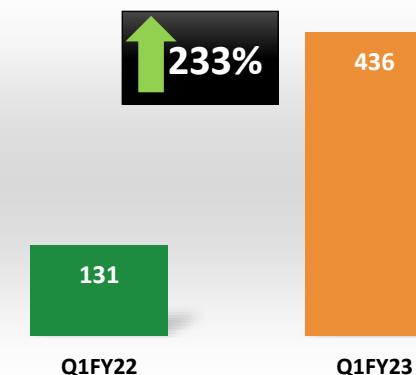
233% Jump in Q1 Net Profits

- Robust top line growth and margin enhancement primarily driven by Chemical segment:
 - Chemicals Segment contributed about 87% of total segment profits. Chemicals revenues doubled to Rs. 1,771 Cr and margins expanded from 19% in Q1 FY22 to 41% in Q2 FY23
 - Fertilisers segment revenues grew by 26% y-o-y although segment margins were largely impacted on account of sharp increase in raw material prices
- Operating EBITDA Margins improved from 15.2% in Q1 FY22 to 24.3% in Q1 FY23
- Adverse movement of key raw material Prices in Q1 (Ammonia ▲ ~106% y-o-y; Phos Acid ▲ ~92% y-o-y; RGP ▲ ~35% y-o-y; Gas ▲ 91% y-o-y)
- Debottlenecking of TAN capacity by approx. 33,000 MT and NPK capacity by about 2,00,000 MT through process improvement of the existing plants at Taloja
- Launched Croptek Cotton and maize grade in the kharif season; Mahadhan Croptek received 'Golden Peacock Award' under 'Golden Peacock Innovative Product/Service Award 2022'
- ICRA has upgraded DFPCL and STL "Long Term" Credit Rating to AA- with Stable outlook. "Short Term" Credit Rating is also affirmed to A1+ (Highest Rating)
- Long-term growth is expected to be underpinned by change in product mix, head room availability of additional capacities emerging from better operational management and debottlenecking along with greenfield expansions

Q1 FY23 Revenues from Operations*



Q1 FY23 Net Profit*



* Rs Crores

Consolidated Financial Highlights

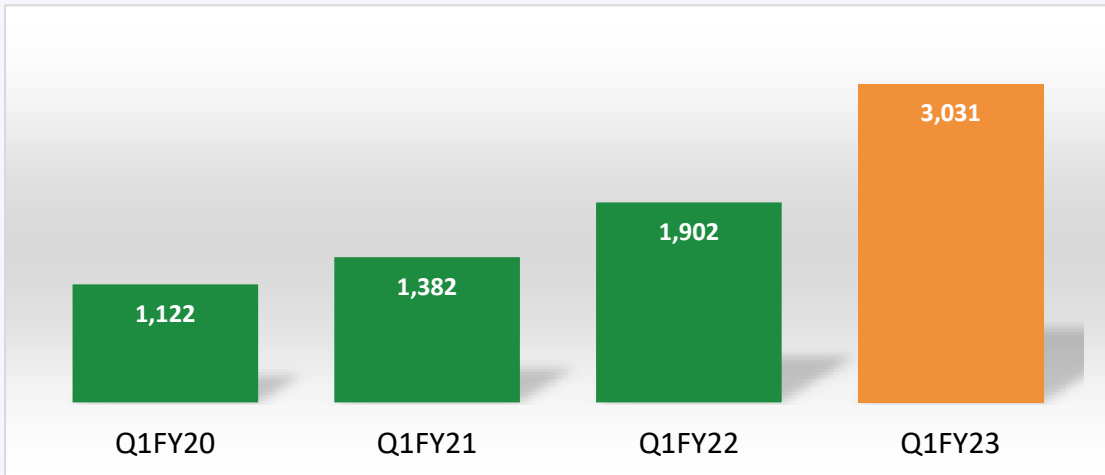
EBITDA improved Y-o-Y from Rs.290 Cr to Rs. 740 Cr driven by Chemicals Segment

INR Cr	Q1FY23	Q1FY22	Y-o-Y growth	Q4FY22	Q-o-Q growth	FY22	FY21	Y-o-Y growth
Operating Revenue	3,031	1,902	59.4%	2,012	50.6%	7,663	5,808	31.9%
Operating EBITDA	740	290	155.0%	502	47.6%	1,356	955	41.9%
<i>Margins (%)</i>	24.3%	15.2%	912 bps	24.9%	(46) bps	17.6%	16.4%	124 bps
Finance Cost	44	43	-	39	10.3%	155	188	(17.5%)
D&A	59	63	(4.8)%	53	11.3%	233	212	9.9%
Net Profit	436	131	233.5%	283	54.0%	687	406	69.1%
<i>Margin (%)</i>	14.3%	6.8%	747 bps	14.0%	33 bps	9.0%	7.0%	196 bps

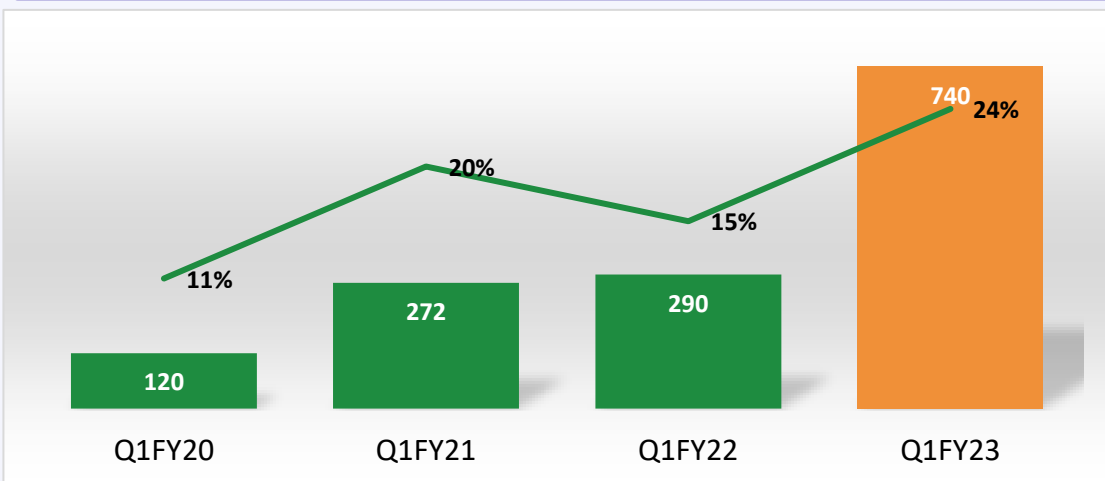
Synergistic Business Model

Operating EBITDA Margins improved significantly on Y-o-Y basis

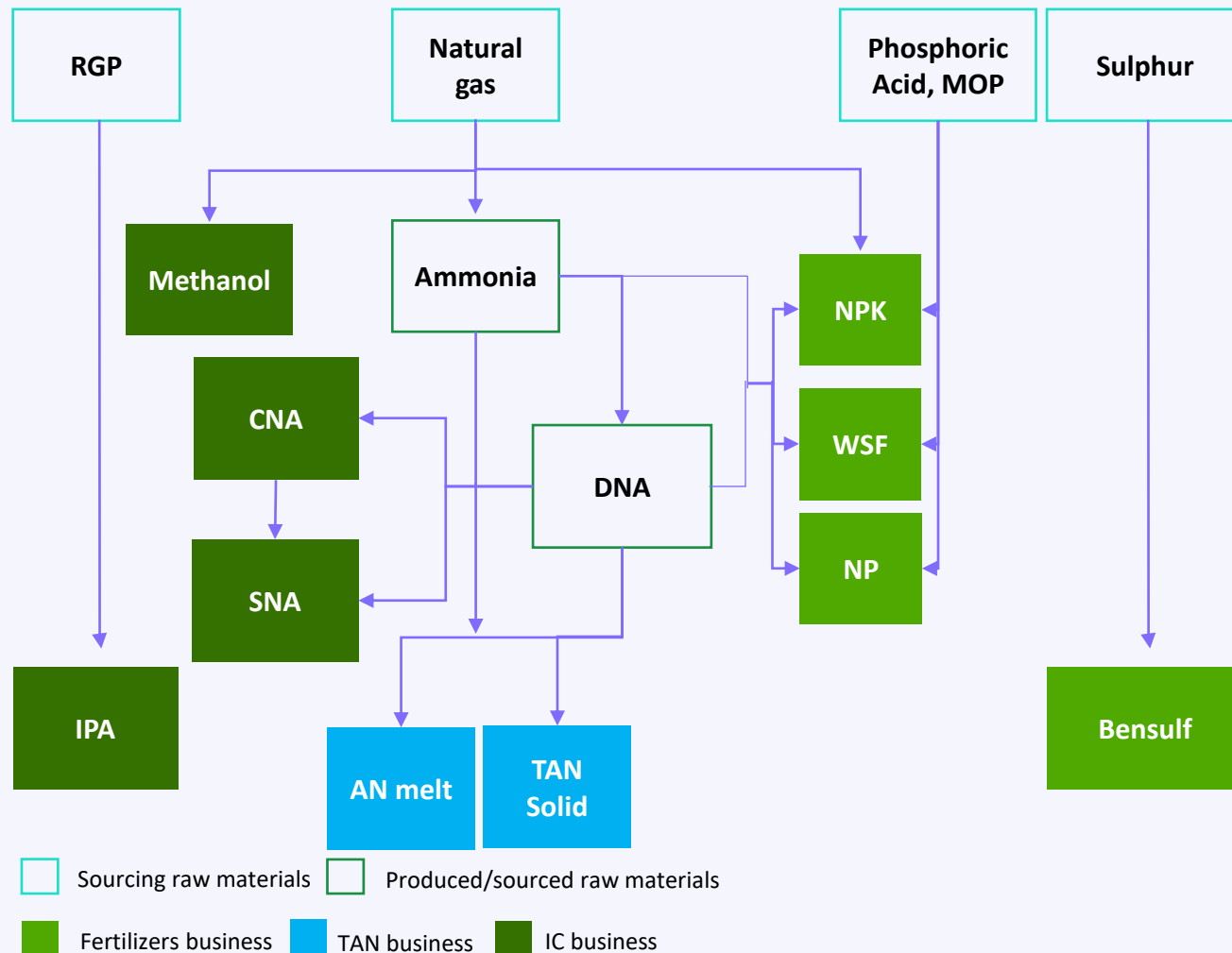
Operating Revenue (Rs. Cr)



Operating EBITDA (Rs. Cr) and Margins (%)



Production Flow Chart

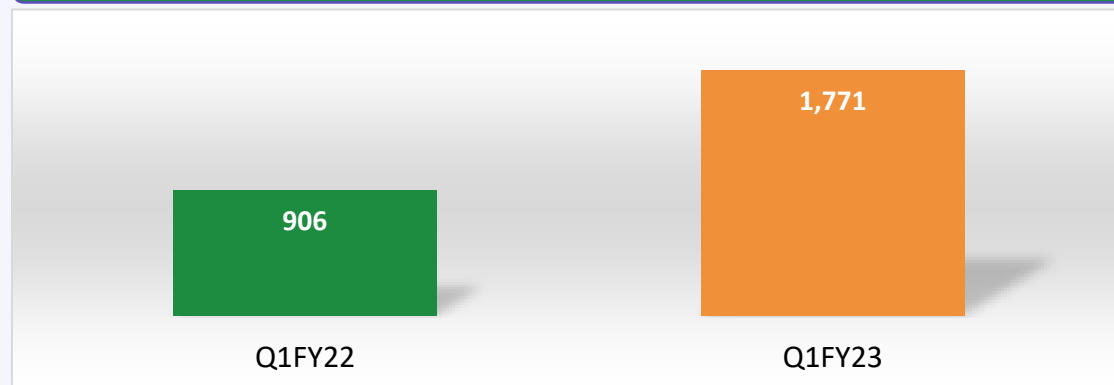


Quarterly Performance Trend

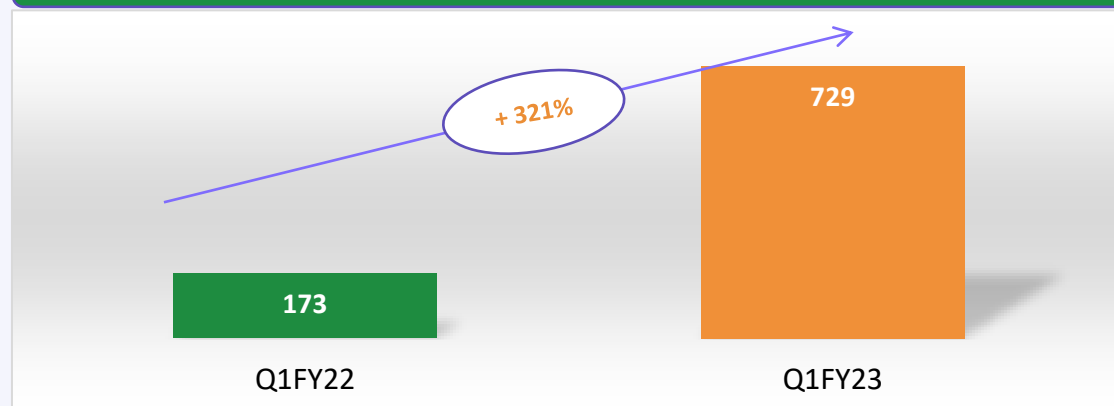
87% of Segment Profit contributed from Chemical segment

Chemicals Business

Revenues (Rs. Cr)



Segment Profit (Rs. Cr)

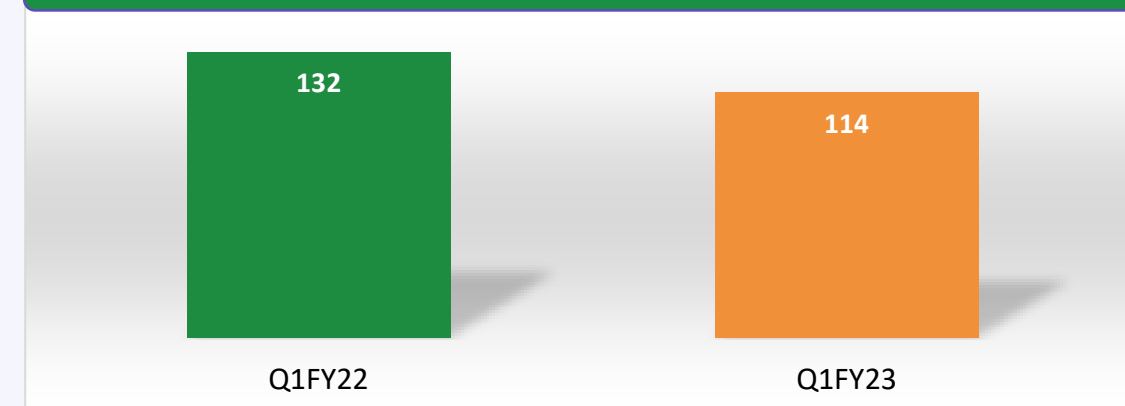


Fertilisers Business

Revenues (Rs. Cr)



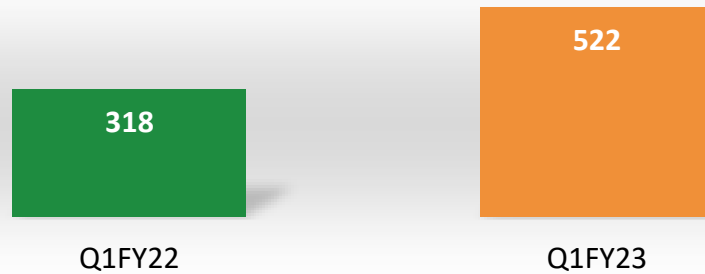
Segment Profit (Rs. Cr)



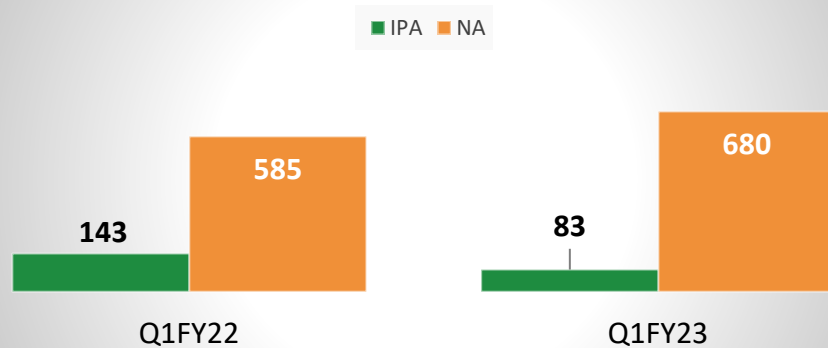
Quarterly Performance Trend

Shift of global supply chain trend towards India driving strong demand of Nitric Acid from downstream customers

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



Pharma / Speciality Chemicals (Manufactured Sales Volumes MT 00)



Q1FY23 Capacity Utilization

IPA 58%

ACIDS 91%

Operational Highlights

- In Q1 FY23, Acids business achieved a capacity utilization of 91% and IPA business of 58%
- C NA and DNA continued to witness strong demand driving NSPs in Q1 although DNA production at Taloja plant was impacted mainly due to raw water shortage. This raw water shortage was on account of extended shutdown taken by MIDC to attend the line breakdown
- IPA sales volumes decreased by 42% y-o-y in Q1 mainly due to raw water shortage and inability to pass through the rising cost of propylene raw material and fuel
- Launched 8 IPA based broad spectrum disinfection products designed to cater to the specific needs of hospitals, clinics, laboratories, and other medical and healthcare set-ups

Outlook

- Demand and pricing for all grades of Nitric Acid are relatively subdued as it is typically expected during the monsoon season
- IPA small packs demand both Pharma and LR grade will remain robust in future

Quarterly Performance Trend

TAN business contribution grew by 263% YoY despite increase in Variable Cost /MT

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



Mining Chemicals (Manufactured Sales Volumes MT 00)



Q1FY23 Capacity Utilization

TAN 111%

Operational Highlights

- In Q1 FY23, TAN Business achieved a capacity utilization of 111%. Volumes were supported by continued demand from Coal as reflected in Coal India's and SCCL's OB performance
- Operationalized capacity from phase 1 of the debottlenecking initiative which also supported growth in the volume delivery in the Explosives Manufacturing and Coal Segment
- Volume for Non-Coal Segment were impacted as cement plants ran on lower utilization levels as coal supplies were prioritized to power generation, and also due to the reduction in infrastructure activities leading to lower demand for cement production
- Pricing of all products remained competitive; Margins in all product segments (i.e. HDAN, AN Melt and LDAN) improved despite adverse impact of increasing raw material prices

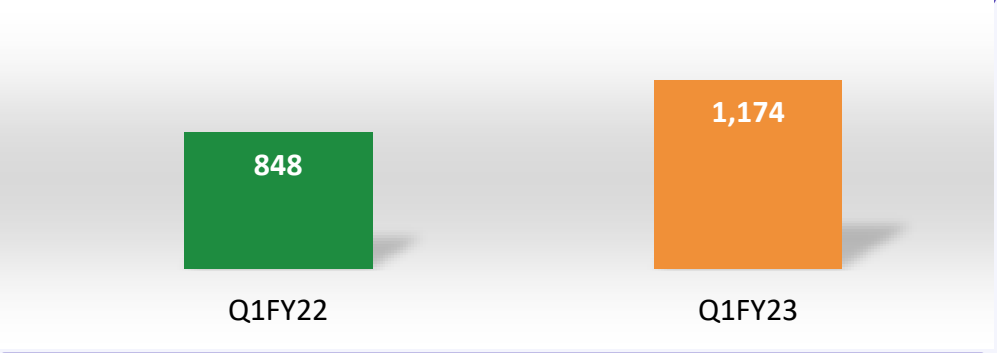
Outlook

- In Q2, TAN business focus is to ensure continuous evacuation and operation of TAN plants in view of seasonally lean demand as well as momentum in AN imports. To support continuous production, our country wide warehouse network will be used to distribute build-up stock in H2.

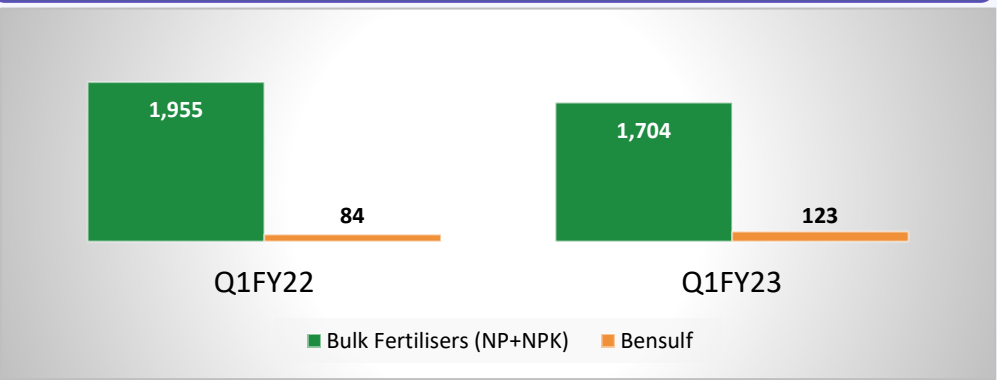
Quarterly Performance Trend

Strategically directed efforts are expected to benefit DFPCL's market share and margins

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



Fertilisers (Manufactured Sales Volumes MT 00)



Q1 FY23 Capacity Utilization

NP/NPK 75%

Bensulf 76%

Operational Highlights

- Q1 FY23 Revenues increased by 26% y-o-y to Rs. 1,256 Cr with segment profit at Rs. 114 Cr
- With steep increase in raw material prices such as Ammonia, Phosphoric acid and MoP, the production cost of fertilisers have significantly. Taking ahead differentiation journey, DFPCL launched Croptek Cotton and maize grade in kharif season. NPK Croptek Sales of 29,521 MT in Q1 was majorly in Cotton, Maize and Sugarcane
- Due to restricted availability of MoP, which is key source of Potassium i.e K, NPK Smartek portfolio production was limited. NP production volumes were impacted. Lower ANP production volumes due to constrained production on account of inadequate WNA raw material availability

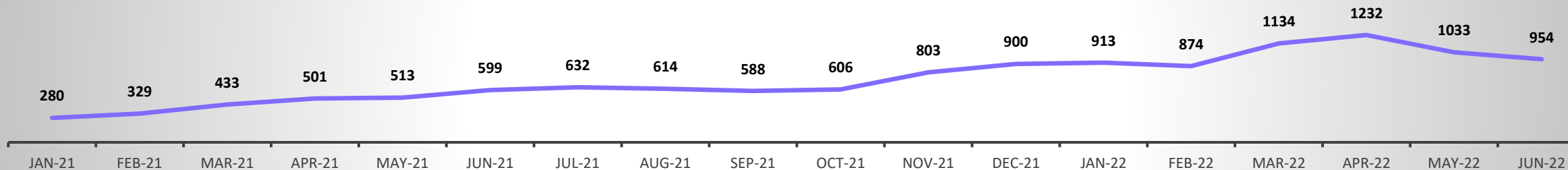
Outlook

- Higher reservoir levels and appropriate monsoon coverage in core command region is largely being witnessed. Consumption in Q2 is expected to increase due to robust climatic condition and higher commodity prices for cash crops
- The Company expects good kharif season in core command market with more than normal sowing of key cash crops like cotton, Soybean etc.
- Various farmer connect initiatives, enhancing the customer experience, should be instrumental in cementing market position in CNB

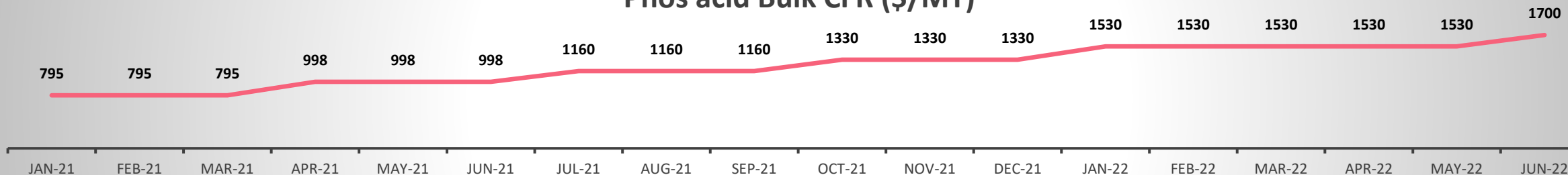
Raw Material Price Movement Trend

Movement in last 1¹/₂ Year

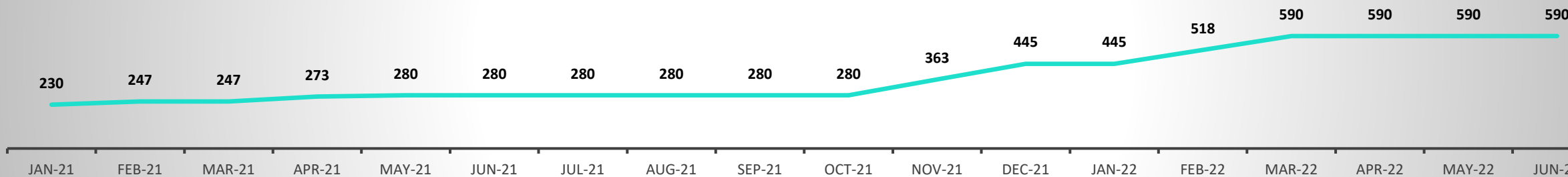
Ammonia Bulk FOB - ME (\$/MT)



Phos acid Bulk CFR (\$/MT)



Potash Bulk CFR India (\$/MT)



PCL- Ammonia Project – Status of Jun 2021 Vs June 2022

June 2021



June 2022





TANK AREA



ISBL 1



POWER AND STEAM BLOCK



ISBL 2

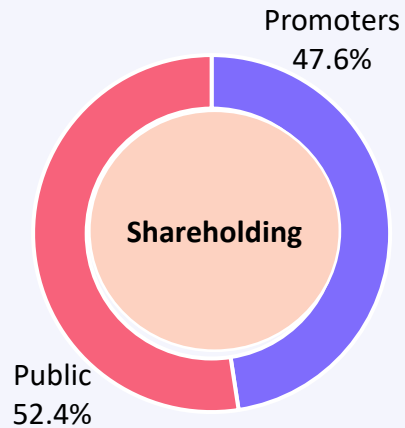


COOLING TOWER

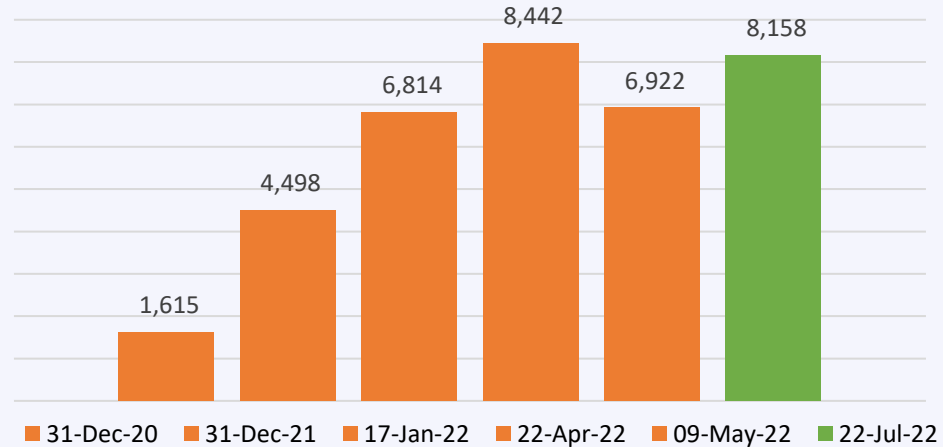
Capital Market Scorecard

Promoters' pledged shares now restricted to 6.94% of paid-up share capital. NDU obligation (and not 'pledge') of 6.24% of paid-up share capital after release of 20,14,431 (NDU) and 3,40,56,875 (Negative Lien) in April 2022

Total Shares Outstanding
120,592,948



Market Cap (Rs. Crores)



Top Institutional Investors

Smallcap World Fund

BNP Paribas

Axis Mutual Fund

Manulife Fund

Harbrok Capital

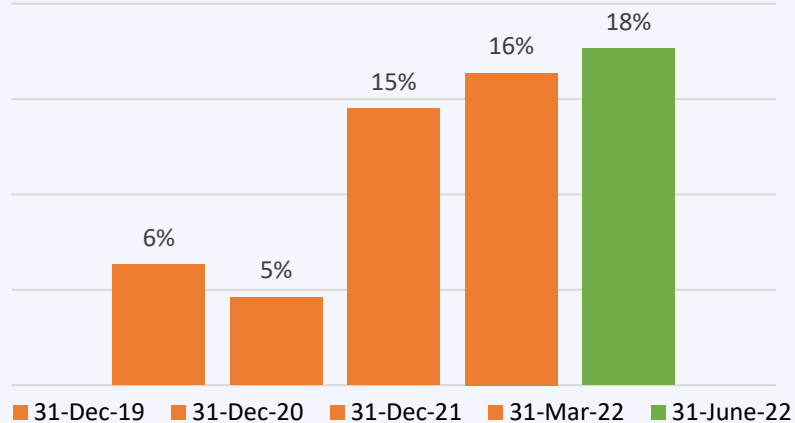
Government Pension Fund Global

DFA Investments

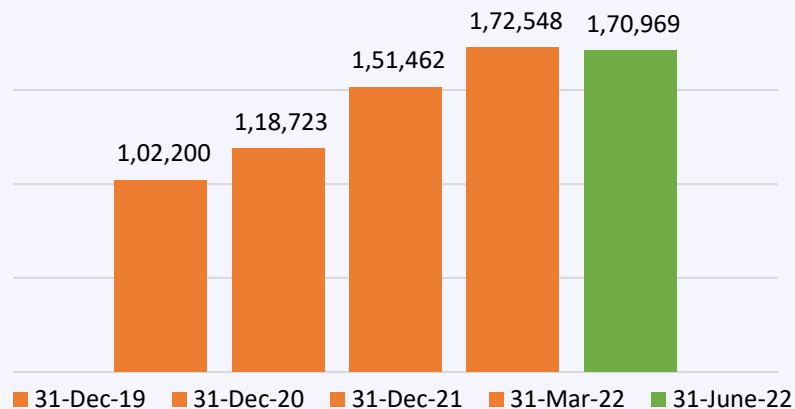
Dolly Khanna

Aequitas










Institutional Ownership (%)



Total No. of Shareholders



Corporate Social Responsibility

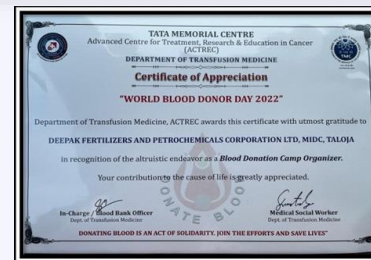
		Initiatives	
	Local Farmer Support	<ul style="list-style-type: none"> Distributed vegetables seed to 135 wadi aspirants. Support given to 14 Aspirants for strengthening of Irrigation facilities. (Electric water Pump-5, Diesel Engine water Pump-05 and HDPE Pipe-4) 	 
	Local Healthcare Support	<ul style="list-style-type: none"> Eye Check-up camp where total 201 patients examined. Out of that 60 patients have been detected with cataract and 83 detected having vision problem 	 
	Skill Development	<ul style="list-style-type: none"> Provided Handcarts-3, Xerox Shop Set-01, Beauty Parlor Shop set-3 and Kirana Shop Set-2 as per requirement of Individual aspirants and one for remaining is in process Total 24 aspirants covered under Basic tailoring course 	 

Awards



“Best Supply Chain in Chemicals & Fertilisers”

Warehouse & Supply Chain Leadership Awards 2022 organised by Krypto Business Media held on 10th June 2022



TATA Memorial Centre presented “K1 and K8 plant with a memento and a certificate”

Token of appreciation for conducting a ‘Blood Donation Camp’ on 1 Dec 2021 at K 1 plant’s Occupational Health Centre.

Key Messages

DFPCL caters to strategic sectors of the Indian economy, with diversified product portfolio

- Q1 FY23 Revenue growth +59%, Operating EBITDA and Net Profit growth of 155% and 233%, respectively
- Market leadership in all key product segments and strong demand outlook to further support business growth and profitability
- Thrust into the customised offerings for the Solar/Steel and Pharma sectors will gradually help to position Acids/IPA into a Speciality Chemical sector. A gradual mellowing down of the Raw Material-Ammonia prices would also help to sustain a reasonable delta for the TAN/Acid Businesses
- **Pharma / Speciality Chemicals:**
 - Demand and pricing for all grades of Nitric Acid are relatively subdued as it is typically expected during the monsoon season
 - IPA small packs demand both Pharma and LR grade will remain robust in future
- **Mining Chemicals:**
 - In Q2, TAN business focus is to ensure continuous evacuation and operation of TAN plants in view of seasonally lean demand as well as momentum in AN imports. To support continuous production, our country wide warehouse network will be used to distribute build-up stock in H2.
 - Second quarter is seasonally low period for mining activity due to monsoon. Prices of imported Ammonium Nitrate (AN) have started to moderate. TAN business aims to effectively compete on pricing to ensure reliability and supply security
- **Fertilisers:**
 - Higher reservoir levels and appropriate monsoon coverage in our core command region is being witnessed. Consumption in Q2 is expected to increase supported by higher commodity prices for cash crops due to robust climatic conditions.
 - Various farmer connect initiatives, enhancing the customer experience, should be instrumental in cementing market position in crop nutrition business
- **Greenfield Ammonia Project at Taloja (Maharashtra) and the TAN Plant at Gopalpur (Odisha), are making strong progress on ground and are on track**
- **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.



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