

Deepak Fertilisers Revenues Crosses Rs. 7,500 Cr and PBT crosses Rs. 1,000 Cr

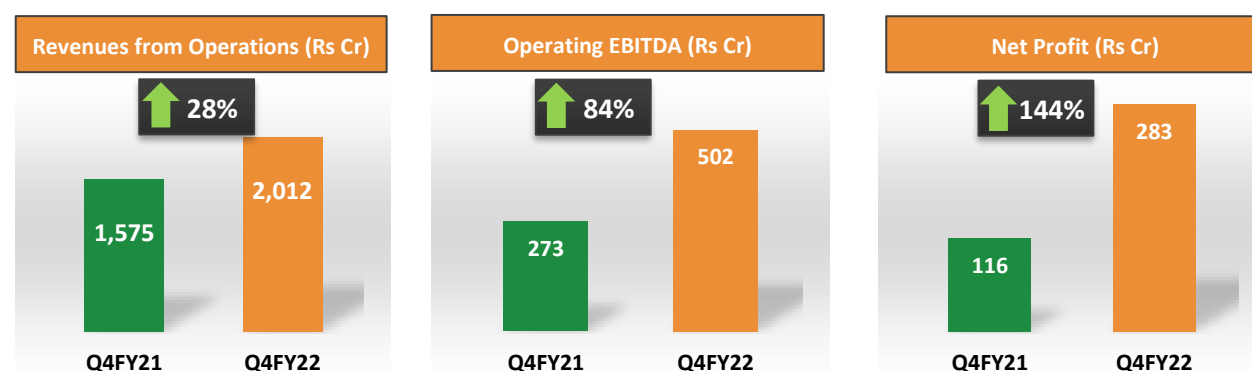
Board Recommends 90% Dividend

Greenfield Ammonia Project Moving On Track, to Strengthen its Synergistic Business Model

| Q4 EBITDA grew by +84% | Margins grew from 17% to 25% | Net Debt Reduced by Rs. 400 Cr |

Pune, India, May 25, 2022: Deepak Fertilisers And Petrochemicals Corporation Limited, one of India's leading producers of industrial chemicals and fertilisers, announces its results for quarter ending March 31, 2022.

Consolidated Q4 FY22 Financial Highlights



- Strong top line growth and margin enhancement primarily supported by robust demand, improved realization and strategic initiatives being undertaken at the marketplace
- Finance Cost in Q4 reduced by 19% Y-o-Y driven by amortization of operating term loans and continued reduction of short-term debts
- Adverse movement of key Raw Material prices in Q4 (Ammonia ▲ ~192% YoY; Phos Acid ▲ ~90% YoY; RGP ▲ ~39% YoY; Gas ▲ 58%)

Consolidated FY22 Financial Highlights

- Topline grew by +32.0% and crossed USD 1 billion (Rs. 7,663 crores)
- Operating EBITDA significantly improved by 42% to Rs. 1,356 Cr (FY21: Rs. 955 Cr)
- Net Profit increased by 69% to Rs. 687 crores (FY21: 406 crores)
- **Net Debt reduction of Rs. 400 Cr; Net Debt/ Equity improved to 0.35x (FY21: 0.65x)**
- Strong Cash Flow Generation from Operation of Rs. 1,211 Cr in FY22
- 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.
- The Board has recommended a dividend of Rs. 9/- per equity share of Rs. 10/- each (90%)



Chairman's Message

Commenting on the performance, Mr. Sailesh C. Mehta, Chairman & Managing Director:

"On the back of strong financial performance in the first 9 month of the year, delivery of robust financial performance in Q4 underscored the unique advantage of integrated operations and diversified end user segments of our products.

Improved price realisation on the back of strong demand for our products and strategic initiatives taken at the marketplace allowed us to sustain our momentum despite steep increase in RM prices and disruption in supply chains of some of our RMs that affected our capacity utilisation in Q4.

Despite operational challenges, businesses satisfactorily serviced the demands of our esteemed customers representing some of the critical sectors of the economy.

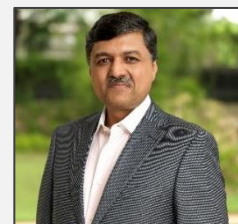
1. *As part of the overall business transformational journey from 'product to solutions' and 'commodity to speciality', the following initiatives at the marketplace are noteworthy:*
 - a. *TAN has planned several Total Cost of Ownership (TCO) and downstream productivity improvement projects with consumers in the Mining (Coal & Non-Coal) and Infrastructure sectors*
 - b. *TAN business has also forward integrated into high energy cartridge explosives which provide superior value as compared to the conventional explosives to the end-consumers*
 - c. *Croptek Sugarcane (Q4) and Croptek Cotton were launched on the back of successful Croptek Onion launch (Q3)*

Going Forward:

Market Leadership in key product segments and strong demand outlook to strengthen business growth and profitability

2. **Mining Chemicals:** *Our focus remains on tracking the market & customer demand to maximize volumes through competitive offerings. Our focus is also to demonstrate and deliver value propositions of ANFO based explosives through our Technical Services*
3. **Pharma / Speciality Chemicals:** *The Government of India's PLI schemes in solar and electronic industry is likely to improve demand for niche and speciality premium graded Nitric Acid. In a bid to cater to the changing demands in the market, IC business has been innovating and developing speciality grades of Nitric Acid and IPA for specific application segments.*
4. **Fertilisers:** *DFPCL is focusing on increasing its Crop Specific Product Portfolio and market penetration of its Speciality Fertilisers*

Furthermore, the Ammonia Project at Taloja (Maharashtra), which is adjacent to its downstream customer, is making strong progress and is well on track."



Chemicals Review

- Q4 FY22 Revenues increased by 72% to Rs. 1,500 Cr in Chemical segment comprising Mining Chemicals and Pharma / Speciality Chemicals. Segment Profit increased from Rs. 232 Cr in Q4FY21 to Rs. 524 Cr in Q4 FY22 (an increase of 126% Y-o-Y)
- **Mining Chemicals:**
 - Delivered a strong quarter; pricing of all products remained competitive on the back of strong demand. Margins in all segments (i.e. HDAN, AN Melt and LDAN) improved despite adverse impact of increasing Ammonia and Commodity costs.
 - TAN production volume in Q4 was impacted mainly due to ammonia shortage.



- The Company has executed its first Total Cost of Ownership (TCO) project at a prestigious Infrastructure project of India. The Company partnered with a leading Mining Educational Institution as a 'Scientific Partner' for execution of this project.
- The Company has also forward integrated into high energy cartridge explosives which provide superior value as compared to the conventional explosives to the end-consumers, along with best-in-class technical services to drive downstream productivity benefits for the end-consumers.
- **Pharma / Speciality Chemicals:**
 - The robust demand for Nitric Acid due to improved consumption and enhanced prices of downstream products helped in realizing better prices and margins.
 - Increased demand from downstream sectors is supporting demand and healthy margins.
 - DNA production volumes were impacted due to ammonia shortage and temporary mechanical limitations.
 - IPA sales volumes increased by 66% Y-o-Y in Q4. RGP Prices continued to rise (39% Y-o-Y) which impacted the IPA margins.

Fertilisers Review

- With steep increase in Raw Material prices such as Ammonia, Phosphoric Acid and MoP, the production cost of fertilizers have increased further in Q4. War situation in Russia and Ukraine led to further shortage of RM like MoP.
- Rising prices and shortage of availability of RMs impacted the ANP & NPK volumes in Q4. Appropriate subsidy enhancement for balanced NPK fertilisers from GOI awaited. Speciality Fertilisers segment continues to grow.
- Crop specific fertigation solutions launched under the brand 'Solutek', for grapes and tomato crops were highly accepted by farmers for improving their yield, produce quality and helping them get higher price in market.

Strategic Outlook

- With increase in coal, steel and cement production, demand for explosives in the Mining & Infrastructure segments of the Indian economy is expected to grow, which will have a positive impact on the demand for all TAN Products
- Focus is also to demonstrate and deliver value propositions of ANFO based explosives through Technical Services
- Nitric Acid demand and prices are expected to remain strong owing to the diminishing availability of many down streams of Nitric Acid from China and resultant higher pricing
- IPA small packs demand both from Pharma and LR grade are expected to remain strong
- Our strategic efforts directed from Crop Specific product to farmer-focused marketing drive to benefit in expanding our market share and margins
- Weather forecasting agencies like IMD and Skymet are predicting normal for this year. With good commodity pricing for farmer produce. The Company is expecting a good Kharif season this year



Additional Notes

DFPCL Overview:

Deepak Fertilisers and Petrochemicals Corporation Ltd. (DFPCL) is among the India's leading manufacturers of industrial chemicals and fertilisers. With a strong presence in Technical Ammonium Nitrate (mining chemicals), Industrial Chemicals and Crop Nutrition (fertilisers), the Company supports critical sectors of the economy such as infrastructure, mining, chemicals, pharmaceutical and agriculture. DFPCL is a publicly listed, multi-product Indian conglomerate and has plants located in four states, namely Maharashtra (Taloja), Gujarat (Dahej), Andhra Pradesh (Srikakulam) and Haryana (Panipat). The Company successfully raised Rs. 510 Crores through a Qualified Institutions Placement ("QIP") of equity shares in October 2021. Leading investors from India and the globe have participated in the issue which included Smallcap World Fund, Government Pension Fund Global, Axis Mutual Fund, Fidelity, Avendus and Societe Generale among others.

Safe Harbour:

This document 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.

