

Bloomberg Code	DFPC IN
No of share O/S (in crs)	1.11
Market Cap (in Rs. Crs)	4,188
Face Value (in Rs.)	10.0
Dividend Yield (%)	1.3
52 Wk High/Low (Rs.)	492.6/133.0

Shareholding (%)

Promoters	50.41
Institutional	3.28
Public	46.31
Total	100.00

Robust performance continues

Deepak fertilisers Petrochemicals Corporation Ltd (DFPCL) Q1FY22 revenues were up 37.6% YoY mainly due to 66.6% YoY growth in fertiliser business and 15.6% YoY growth in chemicals business. EBITDA came in at Rs 290.3 cr up 6.7% YoY. However, EBITDA margins fell by 440bps YoY at 15.3%. PAT came in at Rs 128.0 cr up 6.6% YoY with margins at 6.7%.

In terms of segmental breakup, chemical segment revenues were up 15.6% YoY with volumes of IPA/Acid/TAN up -11.2%/34.1%/11.1% YoY while fertilizers segment revenues were up 66.6% YoY with NP & NPK volumes up by 25.1% YoY & Bensulf volumes up by 1.2% YoY . In terms of margins while chemicals segment margins were down by 1020bps, margins for fertilisers segment were up by 610bps YoY.

Other highlights:

- During the quarter, DFPCL sold 1.31 Lakh MT of differentiated NPK (SMARTEK) product (up +39% y-o-y); majorly focused on kharif crops like cotton, sugarcane, soyabean, maize and Paddy.
- Demand for LDAN continues to be subdued compared to pre-Covid levels as the Cement and Infrastructure sectors are yet to recover to preCovid levels of activity.
- Current quarter has seen a general mellowing down in IPA prices.

Valuation

At the CMP of Rs. 407, DFPCL is trading at FY21 P/E of 10.6x.

Financial Summary

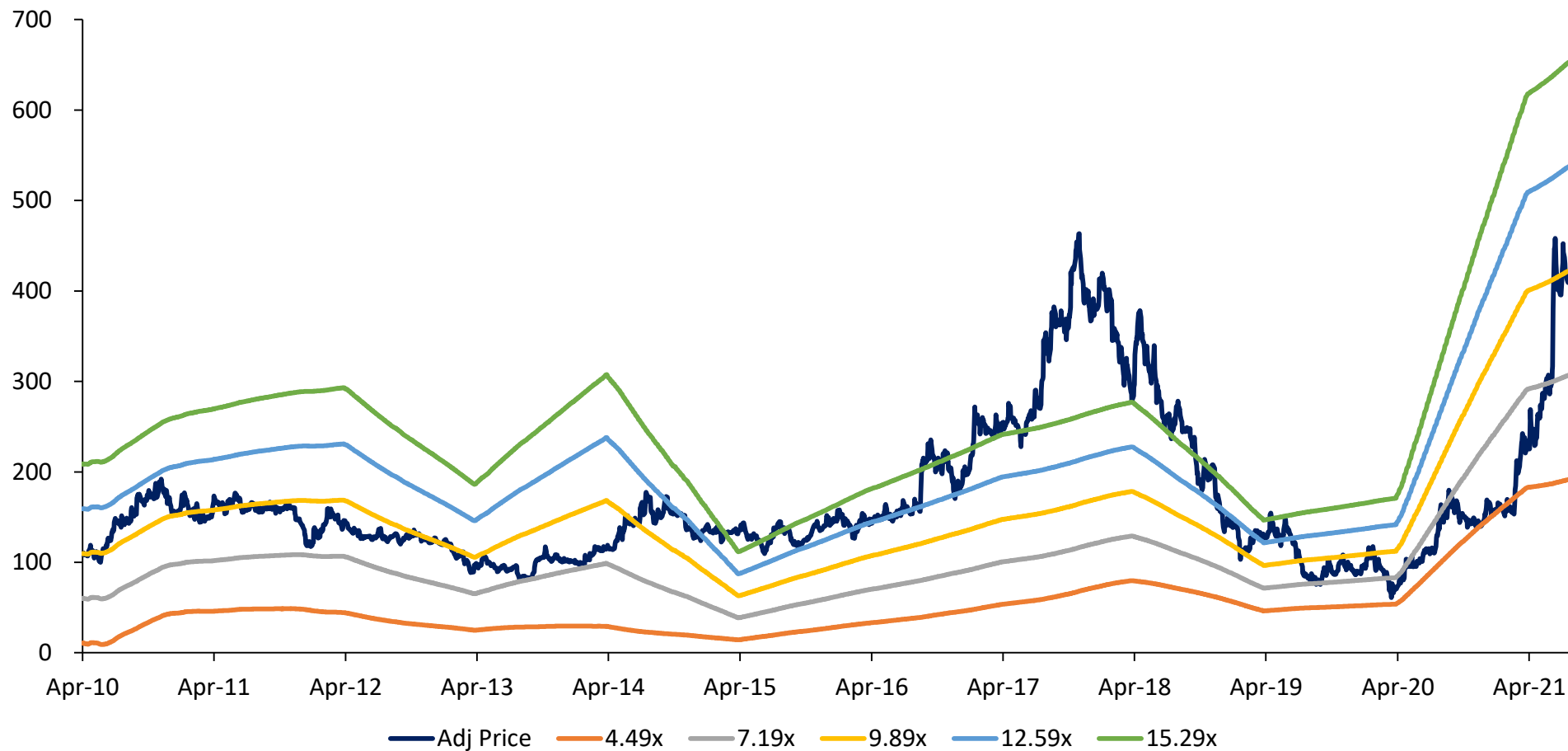
Revenue for the quarter stood at Rs. 1,902.1 cr, up by 37.6% on a YoY basis majorly due to 66.6%/15.6% YoY rise in fertilizer and chemical business.

For FY21, EBITDA registered an increase of 6.7% YoY to Rs. 290.3 cr but EBITDA margin contracted by 440 bps to 15.3%.

Net profit for the quarter came in at Rs. 128.0 cr, a YoY growth of 6.6% and net margin came in at 6.7% down by 200 bps on account lower EBITDA margins.

Rs in cr	Q1FY20	Q2FY20	Q3FY20	Q4FY20	FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	FY21	Q1FY22
Net revenues	1,122.2	1,150.7	1,119.5	1,293.0	4,685.4	1,382.1	1,404.2	1,447.1	1,575.1	5808.5	1,902.1
YoY growth	-49.6%	-34.9%	-23.0%	-0.1%	-30.5%	23.2%	22.0%	29.3%	21.8%	24.0%	37.6%
RM cost	755.6	842.2	794.1	917.7	3,309.6	880.4	977.3	949.6	996.6	3803.9	1,276.6
As a % of sales	67.3%	73.2%	70.9%	71.0%	70.6%	63.7%	69.6%	65.6%	63.3%	65.5%	67.1%
Employee expense	79.9	81.5	66.9	77.9	306.2	89.3	92.5	105.4	77.9	365.1	112.7
As a % of sales	7.1%	7.1%	6.0%	6.0%	6.5%	6.5%	6.6%	7.3%	4.9%	6.3%	5.9%
Other expenses	167.1	110.5	150.0	177.7	605.4	140.2	141.2	175.3	227.6	684.2	222.5
As a % of sales	14.9%	9.6%	13.4%	13.7%	12.9%	10.1%	10.1%	12.1%	14.4%	11.8%	11.7%
EBITDA	119.6	116.6	108.5	119.6	464.3	272.2	193.2	216.8	273.1	955.3	290.3
YoY growth	-19.3%	1.3%	0.7%	35.3%	1.1%	127.7%	65.7%	99.8%	128.4%	105.8%	6.7%
As a % of sales	10.7%	10.1%	9.7%	9.2%	9.9%	19.7%	13.8%	15.0%	17.3%	16.4%	15.3%
Less: Depreciation	51.9	54.3	54.1	53.2	213.5	53.4	53.8	53.1	51.7	212.0	62.5
EBIT	67.7	62.3	54.4	66.4	250.7	218.9	139.4	163.7	221.4	743.4	227.8
YoY growth	-36.3%	-14.1%	-15.2%	47.3%	-12.9%	223.3%	123.9%	200.8%	233.6%	196.5%	4.1%
As a % of sales	6.0%	5.4%	4.9%	5.1%	5.4%	15.8%	9.9%	11.3%	14.1%	12.8%	12.0%
Less: Finance costs	61.2	63.1	60.5	58.1	242.9	55.2	41.6	42.8	48.1	187.7	43.3
Add: Other income	9.3	30.7	41.3	14.2	95.5	3.6	14.3	9.1	5.7	32.7	5.9
Add: JV income	-0.2	0.0	-0.2	0.2	-0.2	0.0	-	0.0	0.0	0.0	0.0
PBT	15.6	29.8	35.0	22.6	103.1	167.2	112.1	130.0	179.0	588.3	190.4
YoY growth	-72.4%	7.8%	129.5%	117.6%	-6.1%	972.1%	275.6%	271.1%	691.7%	470.7%	13.9%
As a % of sales	1.4%	2.6%	3.1%	1.7%	2.2%	12.1%	8.0%	9.0%	11.4%	10.1%	10.0%
Tax expense	4.9	4.3	4.7	0.1	14.1	46.1	31.5	41.1	63.2	181.9	59.8
Tax rate	31.4%	14.5%	13.5%	0.5%	13.6%	27.6%	28.1%	31.6%	35.3%	30.9%	31.4%
PAT before MI	10.7	25.5	30.3	22.5	89.0	121.1	80.6	89.0	115.8	406.4	130.6
Less: MI	0.8	0.6	0.3	0.1	1.8	1.0	1.2	1.4	2.5	6.1	2.6
Consolidated PAT	9.9	24.9	30.0	22.4	87.3	120.1	79.3	87.6	113.3	400.3	128.0
YoY growth	-72.6%	40.1%	145.8%	394.7%	23.5%	1113.5%	218.1%	191.7%	405.5%	358.8%	6.6%
As a % of sales	0.9%	2.2%	2.7%	1.7%	1.9%	8.7%	5.6%	6.0%	7.2%	6.9%	6.7%
EPS (Rs)	1.1	2.8	3.4	2.5	9.8	13.5	8.9	8.7	11.0	39.0	12.5
Networth		2096.5			2180.8		2,372.0			2702.6	
BVPS (Rs)		234.8			212.6		231.2			263.4	
Net debt		2694.8			2532.7		1944.1			1601.3	
Net debt/equity (x)		1.3			1.2		0.8			0.6	
Net debt/EBITDA (x)		23.1			5.5		10.1			1.7	
Return ratios (%)											
RoE					4.0					14.8	
RoCE					6.9					15.5	
RoIC					6.0					10.7	
Valuations (x)											
P/E					41.9					10.6	
P/BV					1.9					1.6	
EV/EBITDA					14.7					6.2	
EV/sales					1.5					1.0	

Deepak Fertilizers 1 year forward P/E band chart



Ventura Securities Limited (VSL) is a SEBI registered intermediary offering broking, depository and portfolio management services to clients. VSL is a member of BSE and NSE. VSL is a depository participant of NSDL. VSL states that no disciplinary action whatsoever has been taken by SEBI against it in last five years except administrative warning issued in connection with technical and venial lapses observed while inspection of books of accounts and records. Ventura Guaranty Limited is the holding Company of VSL; Ventura Commodities Limited and Ventura Allied Services Private Limited are subsidiaries of VSL. Research Analyst (RA) involved in the preparation of this research report and VSL, disclose that neither RA nor VSL nor its associates (i) have any financial interest in the company which is the subject matter of this research report (ii) holds ownership of one percent or more in the securities of subject company (iii) have any material conflict of interest at the time of publication of this research report (iv) have received any compensation from the subject company in the past twelve months (v) have managed or co-managed public offering of securities for the subject company in past twelve months (vi) have received any compensation for investment banking, merchant banking or brokerage services from the subject company in the past twelve months (vii) have received any compensation for products or services from the subject company in the past twelve months (viii) have received any compensation or other benefits from the subject company or third party in connection with the research report. RA involved in the preparation of this research report discloses that he / she has not served as an officer, director or employee of the subject company. RA involved in the preparation of this research report and VSL discloses that they have not been engaged in the market making activity for the subject company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. We may have earlier issued or may issue in future, reports on the companies covered herein with recommendations/ information inconsistent or different than those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of VSL. This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients / prospective clients of VSL. VSL will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of clients / prospective clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. And such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document. The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently for the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by VSL, its associates, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts. The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. We do not provide tax advice to our clients, and all investors are strongly advised to consult regarding any potential investment. VSL and the RA involved in the preparation of this research report and its associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report/document has been prepared by VSL, based upon information available to the public and sources believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. VSL has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change. This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public /used by the public media without the express written consent of VSL. This report or any portion hereof may not be printed, sold or distributed without the written consent of VSL. This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The opinions and projections expressed herein are entirely those of the author and are given as a part of the normal research activity of VSL and are given as of this date and are subject to change without notice. Any opinion, estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimates or projection. This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. Neither the company nor its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Securities Market.

Ventura Securities Limited

Corporate Office: 8th Floor, 'B' Wing, I Think Techno Campus, Pokhran Road no. 02, Off Eastern Express Highway, Thane (West) 400 607

SEBI Registration No.: INH00001634