DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED

PRESS RELEASE

**DEEPAK FERTILISERS announces its Q3 results, records good volume growth in TAN and Acids**

**Mumbai/Pune, January 21, 2016**: Deepak Fertilisers And Petrochemicals Corporation Ltd (DFPCL) today announced its financial results for the quarter ended December 31, 2015 (Q3 FY16).

The total income of the Company grew 28% to Rs. 1,051.32 crores for the quarter ended on 31st December, 2015 (Q3 FY 16) from Rs. 818.48 crores in the corresponding quarter of the previous financial year (Q3 FY15). Profit before tax jumped to Rs. 33.76 crores in Q3 FY 16 as compared to Rs.1.57 crores and Profit after tax stood at Rs. 23.47 crores in Q3 FY 16 as against Rs. 1.25 crores in Q3 FY 15. Growth in profit is mainly due to growth in volumes and efficiency in margin of Acids and TAN business.

The chemicals segment registered a marginal growth in revenues at Rs. 722.20 crores in Q3 FY 16 from Rs. 627.87 crores in Q3 FY15. The Acids business and Technical Ammonium Nitrate (TAN) recorded a significant growth in volumes as compared to previous year same quarter. Fall in global ammonia prices led to better margins for Acids and TAN. Profit for the chemicals segment stood at Rs. 93.58 crores in Q3 FY 16 as against Rs. 44.65 crores in Q3 FY 15. Overall the performance of the sector was good but the advent of the economic crisis in China, fall in global commodity prices and forex volatility led to lower margins in IPA as well as other traded chemicals impacting Company's overall sectoral profitability.

As compared to the corresponding quarter in the previous year, the current quarter recorded substantial growth in manufactured fertilizers since in the corresponding quarter previous year, due to unavailability of domestic gas, the Company could not manufacture its flagship product Mahadhan Mahapower 24:24:00. During the current year, the Company switched to expensive LNG to produce Mahadhan Mahapower to meet the continuous demand from farmers, who are currently reeling under drought-like and unseasonal rain situation. Therefore, revenues for the quarter stood at Rs. 408.84 cores in Q3 FY16 as compared to Rs. 192.36 cores in Q3 FY 15. However, the segment recorded a loss at Rs. 1.26 crores during the quarter under review as against a loss of Rs.5.01 crores in Q3 FY 15 due to higher cost of manufacturing using LNG.

The domestic gas supply to the Company was stopped effective 15th May, 2014 pursuant to an Order of Ministry of Petroleum and Natural Gas (MoPNG). On challenge of the order of MoPNG by the Company, Delhi High Court vide Order dated 7th July, 2015 directed the Government to resume supply of gas to the Company. On further challenge by Government as well as Company, the Division Bench of Delhi High Court vide its Order dated 19th October, 2015, reconfirmed the direction to the Government to resume gas supply. However the gas supply is yet to be resumed. Further legal measures are being pursued.

Mr. **Sailesh C. Mehta, Chairman & Managing Director – DFPCL, said**: *"As compared to previous few quarters, performance in this quarter has shown some positive signals. This quarter witnessed Acids and TAN recording very good volumes and the Company will now take on the next growth phase with*

*expectations of better performance and enhanced market leadership. We continue to remain optimistic about the resumption of supply of natural gas and are hopeful that the matter will soon be resolved."*

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