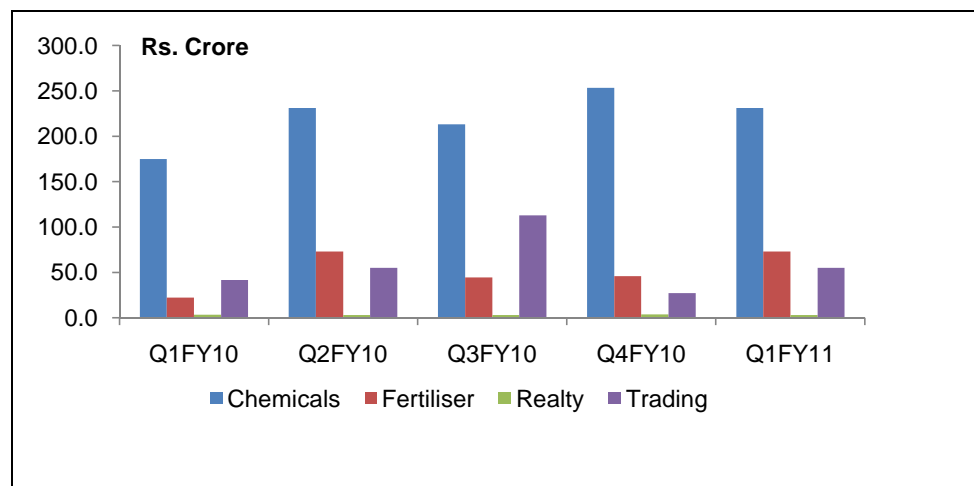


Segment-wise Revenue



TAN business to be the star performer over the next couple of years.

With the commissioning of the new 3,00,000 tpa TAN plant by the end of Q2FY2011, the revenues should get a boost. We expect the company to produce around 50,000-60,000 tpa in FY2011 (capacity utilization of 15-20%) which is expected to be ramped up to 2,00,000 tpa (66.7% utilization by the end of FY2012). Apart from domestic sales the company is also looking to actively export TAN and the margins in both the segments should be in the range of 24-26%.

Ishanya continues to disappoint. Additional Rs 55 crore makeover spend on Ishanya in an attempt to revive the business

Ishanya continues to disappoint and reported a net loss of Rs 2 crore in the current quarter. The management with a view to boost the footfalls is undertaking a Rs 55 crore makeover spend and increasing the basket of offerings to encourage footfalls. We still remain skeptical of Ishanya's ability to attract footfalls and expect the business to continue to remain a drag on the bottom line.

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Valuation and Outlook

DFPCL is currently quoting at a PE of 5.8 x its FY2012 earnings. Considering the ample availability of natural gas, price stability and ramping up of production across most business segments, we expect steady revenue and profitability growth over the coming years. We upgrade our price target to Rs 195 (target PE of 7.5x FY2012 earnings) representing an upside of 29.1% over a period 12-15 months.

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

Deepak Fertilisers & Petrochemicals Corpn. Ltd.	Q1FY11	Q1FY10	% Chg.	Q1FY11	Q4FY10	% Chg.	FY201003	FY200903	% Chg.
Net Sales	347.3	238.4	45.7	347.3	319.3	8.8	1270.7	1472.6	-13.7
Other operational Income	3.2	4.0	-19.6	3.2	4.6	-30.0	17.3	24.0	-27.9
Total Oper. Income(TOI)	350.5	242.4	44.6	350.5	323.8	8.3	1288.0	1496.6	-13.9
Raw Materials Cons.-	150.9	93.2	61.9	150.9	153.0	-1.4	499.9	443.5	12.7
% to TOI	43.1%	38.5%	-	43.1%	47.3%	-	38.8%	29.6%	-
Stock adj. (-)Inc / (+)Dec-	-73.8	-3.7	1873.0	-73.8	-2.9	-2409.9	-5.5	7.7	PL
% to TOI	-21.1%	-1.5%	-	-21.1%	-0.9%	-	-0.4%	0.5%	-
Net Raw Mat adj. for stock	77.1	89.5	-13.8	77.1	150.1	-48.6	494.4	451.2	9.6
% to TOI	22.0%	36.9%	-	22.0%	46.3%	-	38.4%	30.2%	-
Other expenses	156.6	73.3	113.7	156.6	71.3	119.6	428.0	697.4	-38.6
% to TOI	44.7%	30.2%	-	44.7%	22.0%	-	33.2%	46.6%	-
Contribution Net_Sales	116.8	79.6	46.7	116.8	102.4	14.0	365.6	348.0	5.1
Personnel	24.4	21.8	12.1	24.4	22.2	10.1	87.1	75.8	15.0
% to TOI	7.0%	9.0%	-	7.0%	6.9%	-	6.8%	5.1%	-
Total expenditure	258.2	184.6	39.9	258.2	243.6	6.0	1009.5	1224.4	-17.6
Operating Profit	92.4	57.8	59.8	92.4	80.3	15.1	278.5	272.2	2.3
% to TOI	26.4%	23.8%	-	26.4%	24.8%	-	21.6%	18.2%	-
Non-Operating Income	8.9	24.2	-63.1	8.9	7.9	13.5	44.9	36.0	24.7
Interest	11.1	12.4	-10.6	11.1	11.9	-6.9	46.3	40.5	14.5
Exceptional Items		-0.2			-0.3	0.0	25.0	-3.3	LP
Gross Profit	90.2	69.4	30.0	90.2	75.9	18.9	302.1	264.4	14.3
Depreciation	16.7	14.9	11.6	16.7	16.3	2.2	64.3	52.4	22.8
PBT before Extra-ord	73.5	54.4	35.0	73.5	59.5	23.5	237.8	212.0	12.2
% to TOI	21.0%	22.5%	-	21.0%	18.4%	-	18.5%	14.2%	-
Extraordinary Items		0.0			0.0	0.0	0.0		0.0
PBT	73.5	54.4	35.0	73.5	59.5	23.5	237.8	212.0	12.2
Tax Rate	29.0%	28.5%	-	29.0%	25.8%	-	27.6%	29.9%	-
Prov. for Tax	21.3	15.5	37.2	21.3	15.4	38.5	65.7	63.3	3.8
% to TOI	6.1%	6.4%	-	6.1%	4.8%	-	5.1%	4.2%	-
Profit after Tax	52.2	38.9	34.2	52.2	44.2	18.2	172.1	148.7	15.7
% to TOI	14.9%	16.1%	-	14.9%	13.6%	-	13.4%	9.9%	-
Face Value	10.0	10.0	0.0	10.0	10.0		10.0	10.0	0.0
Equity Share capital	88.2	88.2	0.0	88.2	88.2	0.0	88.2	88.2	0.0
EPS (Rs.)	5.9	4.4	34.2	5.9	5.0	18.2	19.5	16.9	15.7
CEPS (Rs.)	7.8	6.1	27.9	7.8	6.9	13.9	26.8	22.8	17.6

Source: ACE Equity

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Ventura Securities Limited

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