



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED

The Core Of Life

ENRICHING... NOURISHING... EMPOWERING...



BOARD OF DIRECTORS

C. K. Mehta, *Chairman*
S. C. Mehta, *Vice-Chairman & Managing Director*
R. A. Shah
D. Basu
N. C. Singhal
U. P. Jhaveri
S. R. Wadhwa
Dr. S. Rama Iyer
Smt. Parul S. Mehta
Anil Sachdev
Pranay Vakil

COMPANY SECRETARY

R. Sriraman
Sr. Vice-President (Legal) & Company Secretary

MANAGEMENT TEAM

Somnath Patil, *President & CFO*
Rajendra Sinh, *President - HRD & Corporate Services*
Dr. Rajeev Chemburkar, *President - Chemicals*
Guy R. Goves, *President - Agribusiness*
Karthik Menon, *President - Strategy & Business Development*
Pandurang Landge, *President - Projects*

BANKERS

Bank of Baroda
IDBI Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank Limited
ICICI Bank Limited

SOLICITORS

Crawford Bayley & Company
J. Sagar Associates

AUDITORS

B. K. Khare & Co.

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*The innermost, deepest
and most essential part;
something that is central to
existence and character.*

At Deepak Fertilisers And Petrochemicals Corporation Ltd., we touch THE CORE OF LIFE... everyday... Enriching...Nourishing... Empowering...

With:

- Our fertilisers and agri services that are essential to agriculture and that ensure that the cereals, staples, fruits and vegetables we eat are tasty and nourishing
- Our fresh fruits and vegetables that are essential to nutrition and, indeed, a delight to the palate
- Our chemicals that enrich everything we use from pharmaceuticals to cosmetics to printing inks
- Our mining chemicals that empower key aspects of our lives – coal, power, steel, cement, infrastructure, roads and bridges
- Our shopping centre that empowers the consumers with a world-class shopping experience and enhances their lifestyle with wider choices
- Our commitment to our social responsibilities through the Ishanya Foundation that sustains and elevates self-reliant communities

The benefit that accrues to each and every stakeholder, and indeed society, through our focus on four high growth sectors, product quality, sector diversity, management strengths and financial acumen forms the CORE of all our actions and decisions.

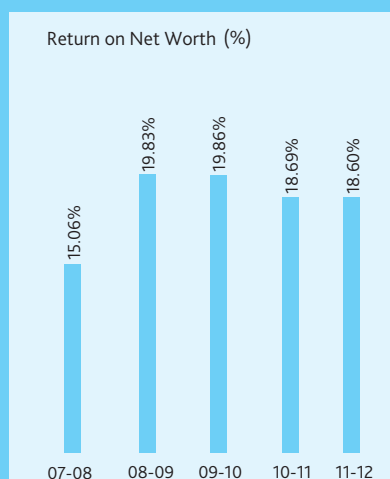
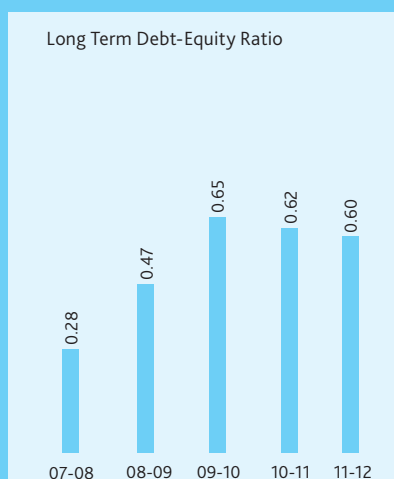
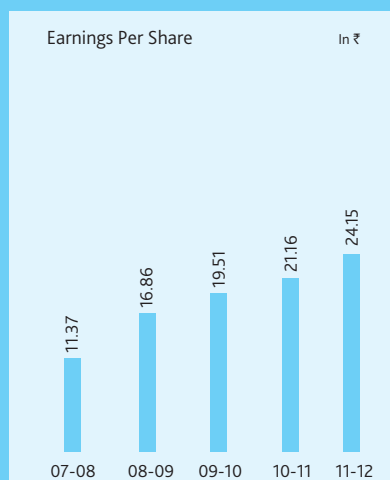
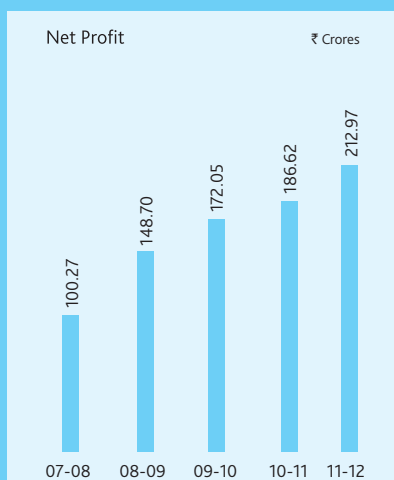
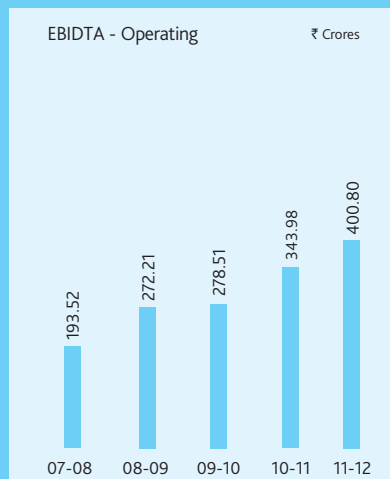
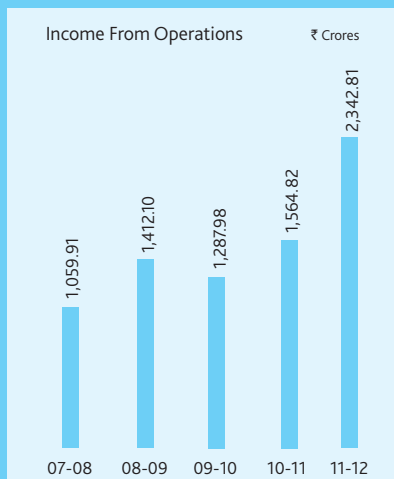
Firmly rooted in a strong legacy of trust, performance and value, we are today an enterprise that brings value with something beyond a 'commodity' play...

- That has built-in critical resilience through size, scale and product diversity
- That is committed to creating concrete and long-lasting value for all stakeholders
- That is ready to leverage its financial, operational and execution strengths to prudently invest in growth

It's because our businesses touch people in unique ways... Everyday...



FINANCIAL HIGHLIGHTS



CORE STRENGTHS BEYOND NUMBERS

*Multi-product portfolio with
demonstrated resilience
against economic downturns*

Spanning fertilisers, agri-services, fresh produce, bulk and specialty chemicals, mining chemicals and value-added real estate

Resilience that stems from:

RAW MATERIALS

- Strategically located to obtain Natural Gas from multiple sources
- Multiple sources of ammonia – own manufactured, domestic outsourcing, global supply (firm quantity tie-up)
- Adequate storage with three ammonia tanks collectively storing 36,000 MT
- Ten-year tie-up for propylene with alternate domestic sources within reach
- Industry-price linked phos acid supplied from a Global leader

MANUFACTURING

- Ranked 3rd among chemical manufacturers in India by Dun & Bradstreet
- Asia's largest Nitric Acid complex with five plants, each capable of working as a back-up to the other
- Three CNA plants, each capable of working as a back-up to the other
- Certifications – ISO 9001:2000, ISO 14001:2004, OHSAS 18001:2007

MARKETING

- Serving multiple sectors – Agri, Pharma, Coal, Cement, Fine chemicals, Retail, etc. A wide range of customers that brings a unique strength safeguarding against sectorial/seasonal vagaries
- Key end-products priced at import parity, an advantage against forex fluctuations providing natural hedge to a large extent



THE WORLD'S FINEST TECHNOLOGIES FOR EACH OF OUR PRODUCTS

- Ammonia – Fish International Engineers
- Nitric Acid – Weatherly Inc. (U.S.A.), Adolf Plinke (Germany)
- Technical Ammonium Nitrate – Grande Paroisse (France), Stamicarbon (Netherlands), Uhde (Germany)
- Nitrophosphate Fertilisers – Stamicarbon (Netherlands)
- Methanol (Davy McKee, U.K.)



TECHNICAL AMMONIUM NITRATE

Sector Revenues: ₹ 444.03 Crores in 2011-12
Contribution to total revenues: 19.03%
Growth over 2010-11: 71% Market Share: 31%

BUSINESS DRIVERS

- Critical need for power and Infrastructure drives overall demand for coal, limestone and iron ore
- India possesses globally significant mineral resources. Mining Industry to grow at 7% per annum for the next 7-10 years
- Demand for coal is projected to increase to 980.5 million tonnes in India's 12th Plan, from around 650 million tonnes currently
- Coal sector growth therefore at 7 – 8 % per year for next 10 years. Need to enhance coal production to reduce dependence on import
- 12th Five Year Plan (2012-17) envisages nearly \$1 trillion investment in infrastructure - a key to GDP growth

BUSINESS MODEL

- TAN is a relatively specialised product requiring a high level of customer service
- Competitive advantages based on product quality, scale, market penetration and technical service
- Value chain based on value extraction at every link:
 - a. Just-In-Time services through strategically placed warehouses and channel partners - maximise proximity advantage
 - b. Bulk Mixing and Delivery equipment based trucks to provide on-the-spot, down-the-hole services
- Growth path:
 - a. Build technology capabilities to enhance technical services and customer value
 - b. Target gaps in global markets viz. South-East Asia, Australia, Africa and Middle-East
 - c. Augment scale with capacity expansion close to Indian mining centres



STRENGTHS

- One of the world's largest manufacturers with a capacity of nearly 5,00,000 MTPA
- Broad product range – AN Melt, High-Density and Low-Density AN
- Strong brands and well-entrenched distribution system
- World-class quality with domestic scale
- Proximity advantage with ability to provide Just-In-Time service
- Strong, technology competent teams providing technical services and knowledge

STRATEGIC FOCUS

INDUSTRIAL CHEMICALS

Sector Revenues: ₹ 915.61 Crores in 2011-12

Contribution to total revenues: 39.23%

Growth over 2010-11: 20.55%

BUSINESS DRIVERS

ISO-PROPYL ALCOHOL. MARKET SHARE 70%

Major IPA users in India:

- Pharmaceuticals industry growing at 9% per annum
- Printing, packaging and adhesive applications growing at 12%
- Other downstream use in products like IP Amine, IP Titanate, IP Acetate, Myristate

NITRIC ACID. MARKET SHARE 40%

Major Nitric Acid users in India:

- Nitro-aromatics consume about 36%. Market growing at about 10% per annum
- Inorganic Nitration consumes about 18%. Market growing at about 9% per annum
- Explosives consume about 10%. Market growing at about 5% to 6% per annum
- Manufacturers of products like MDI/TDI which go into polyurethanes

BUSINESS MODEL

- The primary focus of this business is currently solvents
- Seek opportunities in high value petrochemical downstream products similar to solvents business
- Diversify raw material base from ammonia to petrochemicals. Ultimate focus on high value downstream products



STRENGTHS

- Asia's largest Nitric Acid complex - scale advantages. Most production consumed in-house
- FDA-licensed Iso Propyl Alcohol
- Sales teams comprising chemical engineers providing technical support
- High levels of service with direct relationships with over 600 customers across India and the globe
- Strong distribution network. Over 50 channel partners across India
- Exports to 30+ countries globally
- One of the few global players supplying Nitric Acid in carbuoys and drums



STRATEGIC FOCUS

AGRI-BUSINESS

Sector Revenues: ₹ 969.50 Crores in 2011-12

Contribution to total revenues: 41.46 %

Growth over 2010-11: 82 %

BUSINESS DRIVERS

- India's agricultural production needs to increase 50% by 2050 with population growth
- Food security issues require urgent responses
- Growing concern over declining fertiliser response ratio
- Balanced fertilisation required due to soil nutrient depletion. Need for fortified and efficient fertiliser use & balanced plant nutrition at the center stage for policy makers

BUSINESS MODEL

Identify growth platforms at each level of the agri-value chain from farm nutrient inputs, services and fresh produce management

1. Farm nutrient inputs: Complexes, Fortified and Specialty fertilisers
 - Strategy : Augment capacity, build deeper market penetration and brand strengths
2. Services: Enhance critical last-mile connectivity to farmers
 - Strategy : Create an effective farm advisory and nutrient input delivery mechanism to the farmer's doorstep for better yields and profitability – the Saarrthie model
3. Fresh produce management: Select fresh fruits and vegetables for global and Indian markets
 - Strategy : Nascent business in India, therefore needs to acquire scale, market access and capability – Desai Fruits And Vegetables (DFV) acquisition the first step towards developing these

STRENGTHS

- Only manufacturer of 24:24:0 in India and amongst market leaders for water solubles, specialty fertilisers and Bentonite Sulphur
- Need for water management driving need for water soluble fertiliser in India
- Two of the best recognised brands in the industry – Mahadhan and Bhodhan
- Network of 4,500 dealers and sub-dealers. Penetration across 7 states
- Deep farmer relationships with 12 Saarrthie centres. Served over 11,500 farmers
- DeepakGap Certifications for agri-produce accepted as global standard
- ISO 17025 accredited laboratory for agri-research
- Ability to increase farm yield/value by 6 to 11 times with soil analysis/research and customised fertiliser combo



STRATEGIC FOCUS

NASCENT BUSINESS

FRESH PRODUCE MANAGEMENT

BUSINESS DRIVERS

- Demand for high quality fresh fruits and vegetables rising across both India and global consumers
- Demand growth forecast in double digits for the next 7 years
- Rise of the discerning consumer up from 40,000 three years ago-organised retail doubling each year

VALUE DRIVERS IN THE BUSINESS

- Mastery over the back-end through focused engagement with the farmer
- Creation of processes and systems to overcome disaggregated agri-supply chain
- Access to farmers with capacity building for quality farm output that commands price premium
- Access to International markets with world-class production technologies
- Brand development at the consumer end with a safe and hygienic product

FOCUS

- Building value by creating sustainable relationships with farmers and with an ecology of partners
- Build capabilities in technologies like ripening and cold chains through small-ticket acquisitions like Desai Fruits And Vegetables (DFV)
- Build access to customers at front-end with year-round supply chain abilities thereby creating in-roads to global and domestic retail chains. DFV first link in chain to ensure this
- Develop dedicated production bases through owned and leased operations to ensure steady supply of high quality products to customers



VALUE ADDED REAL ESTATE – ISHANYA

BUSINESS DRIVERS

- Young population aspiring to a better lifestyle driving consumption in India
- Shift to modern retail, further aided by the interest from international retailers
- Lower penetration of modern retail – further enhancing the possible upside and in turn creating a huge demand for good quality retail real estate

VALUE DRIVERS IN THE BUSINESS

- The ability to put together a sustainable and vibrant trade mix with the right adjacencies
- Cutting edge design
- Marketing and Experience Creation
- Efficient and high quality Shopping Centre management

FOCUS

- A vibrant and outdoorsy lifestyle centre with cafés and bistros spilling out into the open, flea markets and family entertainment options. The design offers a combination of the best of high street and malls
- Further reinforce Ishanya's leadership as a destination for Home and Interiors
- An attractive trade mix that combines lifestyle retail, food and leisure



MESSAGE FROM
THE VICE-CHAIRMAN & MANAGING DIRECTOR



A GLASS HALF FULL ...

Human beings have an innate tendency to glorify bad news, pessimism and anxieties. However, at times, contextual perspectives are important to be considered in comparison to the past.

Similarly, a nation's psyche is many times influenced not by ground level realities, but more so by expectations triggered by the context of the past. Today, when the world is crawling at a below 1% growth rate, the hope for a double digit growth rate for India based on last year's hyped expectations, needs a thorough reality check.

Look at the world around us today. A social media revolt in a country like Egypt could upturn an autocratic regime; or the conflicts over the need for economic austerity could shake up countries in Europe. Times are turbulent. We therefore need to exercise caution in thought and conclusions and accept the fact, that in comparison, the Indian Government's attempts to manage the complexities of a large coalition

*"For myself I am
an optimist – it does not
seem to be much use
being anything else."*

– Winston Churchill