

ENHANCING VALUE

THROUGH 360° TRANSFORMATION



ANNUAL REPORT 2016-17



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED

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CORPORATE INFORMATION

C. K. Mehta

Chairman Emeritus

Board of Directors

S. C. Mehta

Chairman & Managing Director

Partha Bhattacharyya

R. A. Shah

M. P. Shinde

(w.e.f. 10th February, 2017)

D. Basu

(Up to 8th June, 2017)

N. C. Singhal

(Up to 7th May, 2017)

U. P. Jhaveri

S. R. Wadhwa

Dr. S. Rama Iyer

(Up to 2nd June, 2017)

Smt. Parul S. Mehta

Anil Sachdev

Pranay Vakil

Anil Singhvi

(w.e.f. 7th July, 2017)

Mahesh Chhabria

(w.e.f. 7th July, 2017)

Ashok Kumar Purwaha

(w.e.f. 7th July, 2017)

Berjis Desai

(w.e.f. 7th July, 2017)

Company Secretary and Compliance Officer

K. Subharaman

Executive Vice President (Legal) &
Company Secretary

Management Team

Guy Goves

President - Crop Nutrition Business

Pandurang Landge

President - Projects

Naresh Kumar Piniseti

President - Human Resources

Paresh Trivedi

President - Chemicals & Business Development

Shyam Narayan Sharma

President - TAN

Vipin Agarwal

President - Finance & CFO

D. S. Ravindra Raju

President - Manufacturing

Bankers

Bank of Baroda

IDBI Bank Limited

DBS Bank Limited

ICICI Bank Limited

State Bank of India

Yes Bank Limited

Kotak Mahindra Bank Limited

Solicitors

Crawford Bayley & Co.

Agarwal Law Associates

Desai & Diwanji

Debenture Trustees

IDBI Trusteeship Services Limited

Auditors

B. K. Khare & Co.

Chartered Accountants

Secretarial Auditor

SVD & Associates

Cost Auditor

Y R Doshi & Company

Internal Auditor

Ernst & Young

V. P. Mehta & Co.

Registered Office

Opp. Golf Course, Shastri Nagar,
Yerawada, Pune - 411 006.

CIN: L24121MH1979PLC021360

E-mail: investorgrievance@dfpcl.com

Website: www.dfpcl.com

Phone: +91 - 20 - 2668 8117

Fax: +91 - 20 - 2668 3723

Corporate Office

Sai Hira, Survey No. 93, Mundhwa,
Pune - 411 036.

Phone : +91 - 20 - 6645 8000

Plants

Plot K-1, K-7 & K-8,
MIDC Industrial Area,
Taloja, A.V. - 410 208,
District Raigad, Maharashtra.

Phone: +91 - 22 - 6768 4000, 6149 5001

Fax: +91 - 22 - 2741 2413, 6149 5151

A black and white photograph of a muscular man with a beard, smiling and standing with his arms outstretched, holding a large hula hoop. The background is a textured, stone-like wall. The image is used as a background for the entire page, with green circular overlays containing text.

ENHANCING VALUE THROUGH 360° TRANSFORMATION

Creating long-term value for all stakeholders lies embedded in the core of our strategic growth plans. As the world in general and the competitive landscape changes at a rapid pace, how can our products and service offerings continue to remain relevant by contributing definite and decisive worth to our customers and consumers was a question that we have been asking constantly. We realised that the answer to this question would form the blueprint of our transition and a roadmap of our transformation to evolve into a value-centric, value-driven and value-led organisation.

We engaged McKinsey & Co. to undertake a comprehensive study in our quest to unravel key insights for our transformation roadmap and design a holistic approach to firm up our growth strategy. Based on their recommendations, we have re-aligned our strategy and re-looked at each aspect of our business to enhance value for all our customers, employees, vendors and distributors as well as societies and communities we live and work with.

We have charted out a clear course with a goal to achieve aspirations of growth and profitability in each business vertical and to enhance value for all its stakeholders through 360° transformation. This journey will encompass shift of focus and change of mind-sets. It will leverage the power of digital technology to create newer models of delivery and customer engagement. It will usher in a vibrant, agile and lean workplace culture and ethos that is akin to those of start-ups.

At DFPCL, the journey to tomorrow's growth and expansion has already started. We call it a journey of Value Construction.

AWARDS & ACCOLADES



Mr. S.C. Mehta, Chairman, DFPCL, received the Most Inspiring Leader Award at the Globe Platinum Awards, Hong Kong. The award was held to acknowledge business excellence in Asia-Pacific. The other winners included decorated companies like Microsoft, Google, Café Coffee Day, Suzlon, Indofil, Titan, Godrej Properties, Blue Dart, Prestige, HCL, TVS etc.



Received the Excellence in Agricultural Practices Award at the Global Platinum Awards function held at Hotel Grand Hyatt in Hong Kong. The award was hosted by Stimulus Research Services and nominations were evaluated by PwC and Dun & Bradstreet.



Received the prestigious The Economic Times Iconic Brands of India 2017 Award for 'Mahadhan' brand at Mumbai recently.



Received 'Certificate of Appreciation' from the National Safety Council of India under Safety Awards – 2016, for maintaining high standard of Safety Management systems at JNPT.



Received Safety Award – 2016 in recognition for developing and implementing effective Management Systems and procedures and achieving very good performance in OSH at Taloja plant.



Received the Maharashtra Safety Award from 'National Safety Council – Maharashtra Chapter' for Lowest Accident Frequency Rate and Longest Accident Free Period in Chemicals & Fertilisers group. The award was given for the Taloja K-1 complex in September 2016.



Received the Global Human Resource Development Award 2017 from International Federation of Training and Development Organisations under its 'Overall Winner & HR Best Practices' category at their International Conference at Muscat.



Received the Global HR Excellence Award 2017 for Talent Management and Best Employee Relations Practices from World HRD Congress.



Received the Best Corporate Foundation Award for outstanding contribution to Social Causes and CSR Efforts from the World CSR Day.



Received Certificate of Recognition in the category of Corporate CSR Foundation from Sandvik India Diversity Award 2017. Out of the 169 participants, Ishanya Foundation, the CSR arm of DFPCL reached the final round.



The Home Sukh, at Ishanya Mall received international recognition from the International Homes + Housewares Association (IHA) in USA. IHA is an established body with nearly a century of experience which hosts the highly reputed IHA Global Innovation Awards honouring overall excellence, business innovation and creative merchandising in home goods retailing. The event is held in Chicago every year.



CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

“Companies
that solely focus
on competition
will ultimately die.
Those that focus on
value creation will
thrive”

- Edward de Bono



Dear Shareholders,

Value creation is an unceasing journey, which is at the core of every business. With a strong belief and *raison d'être* around creating sustainable value for every stakeholder on an ongoing basis, your Company over the past three and half decades has been constantly innovating, optimising, economising and realigning business strategies.

360° Transformation : Why?

Change is a way of life ...

But change which is only in a specific sphere tends to be less impactful.

As we introspect at a macro level on what is the scenario today, it becomes evident that there are key elements that drive our industry, our business environment and ourselves:

- Enormous and varied choices available - be it chemicals, fertilisers, cars, white goods, electronic goods, restaurants... you name it
- Very minuscule differentiation amongst the choices
- Cheapest, discounts, deals being the key purchase drivers

In one word: We are in a world of Commoditisation.

Thus, began our journey along with McKinsey to re-question our need for existence and to explore a path for the next decade which will lead us from:

1. General market to segmentation
2. Customer to consumer specific
3. Product to holistic solution
4. Price to value

The outcome of a company-wide six months introspection lead to the path for an impactful change: a 360° transformation, covering all facets of our business:

- be it size
- be it backward integration
- be it process enablers
- be it product and services offering
- be it corporate entities
- be it mindset changes

We have already embarked on this transformative journey in full earnest:

- Recently commissioned a ₹ 750 crore investment in the fertiliser sector, to help triple our NPK capacities with technologies to allow unique product differentiation.
- A ₹ 550 crore investment underway to propel us to become Asia's largest Acid complex to serve the growing specialty chemicals sector.
- Another capacity hike under active consideration is to take our Technical Ammonium Nitrate capacities to be among the global top three thus making available this much-needed product for the growing coal, infra and cement sectors.

Each of these moves is to ensure that we get our size right for an impactful play in the sectors of Crop Nutrition Business, Chemicals and Mining.

In addition, under active consideration is an alliance to securitise our most critical raw material - ammonia with investment of around ₹ 2,700 crore to bring the much-required backward linkages to the existing downstreams with a capacity which will find 100% captive and cost-effective consumption besides also drawing advantage of a globally softening gas pricing scenario.

These investments are expected to unfold in the forthcoming 24 to 36 months which will provide a sustained and comfortable leverage into sectors where we have a strong and deep grip over the last 35 years that covers manufacturing, safety, logistics, customer, management and all facets of the business vertical.

Additionally, in order to effectively and efficiently manage the growing business size, we have taken up a strong initiative to bring the latest and the most powerful process improvement drive to cover IT, Sales & Operations Management, Supply-Chain Management, Customer Acquisition optimisation, as well as Human Resource Management systems.

Finally, to sharpen our focus on each vertical, as the size and scale demands, we have already begun a spin-off into sector-focussed corporate entities. Post NCLT approvals transfer of Technical Grade Ammonium Nitrate and Crop Nutrition Business to separate subsidiary is the first step in that direction.

Besides bringing sector-focussed management and consumer overview intensity, it will also open up a matching of investor profiles to specific sector interest including that of strategic global players.

While the above transformation journey will be evident in the coming six months, what will be more impactful is our 360° shift at the marketplace taking us from customer/dealer/intermediary toward the final consumer with a value proposition that comprises not just of products but digitally outreached services and networked adjacencies to make an impactful change on the lives of our consumers.

This path-breaking challenging journey, will be immensely meaningful as it will bring the required focus on value creation.



The more you engage with customers the clearer things become and the easier it is to determine what you should be doing

- John Russell

The next 36 months promise to be beyond change... they promise to bring a 360° transformation.

Warm Regards,

S. C. Mehta
Chairman & Managing Director

NOTICE

NOTICE is hereby given that the Thirty-Seventh Annual General Meeting of DEEPAK FERTILISERS AND PETROCHEMICALS CORPORATION LIMITED will be held on Thursday, 21st September, 2017 at 12.00 noon at Opus Banquets, 6, Ishanya Mall, Off. Airport Road, Shastrinagar, Yerawada, Pune- 411006 to transact the following business:

■ ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) of the Company for the financial year ended 31st March, 2017 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares for the financial year ended 31st March, 2017.
3. To appoint a Director in place of Shri Partha Sarathi Bhattacharyya (DIN: 00329479), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, B S R & Associates LLP (Chartered Accountants) (Firm Registration number: 116231W/W-100024) be and are hereby appointed as Statutory Auditors of the Company in place of B. K. Khare & Co. (Firm Registration No. 105102W) who shall hold office for a period of five years, from the conclusion of this Annual General Meeting until the conclusion of the Forty Second Annual General Meeting of the Company, subject to ratification by shareholders at every Annual General Meeting to be held hereafter, on such remuneration plus taxes thereon and reimbursement of travelling and out-of-pocket expenses for the year 2017-18, as the Board may fix, as per the recommendation of the Audit Committee.

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

■ SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT, pursuant to the provisions of Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Board of Directors of the Company for payment of remuneration of ₹ 300,000/- (Rupees Three lacs only) plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year ending 31st March, 2018, to M/s Y. R. Doshi & Company, Cost Accountants, for conducting Cost Audit of all applicable products and group of products, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to such terms, conditions, amendments or modifications if any, as may be required or suggested by the Registrar of Companies and any other appropriate authorities, the alteration of the existing Articles of Association of the Company by substitution of the draft Articles of Association as submitted to this meeting, be and is hereby approved and adopted as the Articles of Association of the Company with effect from the date of this meeting.”

“RESOLVED FURTHER THAT the Board of Directors and/or Company Secretary of the Company be and are hereby authorized to do all acts, deeds, things and take all such steps including seeking necessary approvals as may be required to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

7. To appoint Shri Madhumilan P. Shinde as a Non-Executive and Non-Independent Director to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT Shri Madhumilan P. Shinde (DIN: 06533004), who was appointed as an Additional Director of the Company w.e.f 10th February, 2017 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161 of the Companies Act, 2013 (the Act) but who is

eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Non-Executive and Non-Independent Director of the Company liable to retire by rotation.”

8. To appoint Shri U. P. Jhaveri as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT Shri. U. P. Jhaveri (DIN: 00273898), Independent Director whose term of office ceases on 30th July, 2017 and whose appointment as an Additional Director with effect from 31st July, 2017 has been approved by the Board at its meeting held on 30th June, 2017 pursuant to the recommendation of the Nomination and Remuneration Committee and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose his candidature for the office of the Director of the Company, be and is hereby appointed as a Non Executive, Independent Director of the Company.

RESOLVED FURTHER THAT that pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri. U. P. Jhaveri (DIN 00273898), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company for a second term commencing with effect from 31st July, 2017 upto 30th July, 2018 or upto the conclusion of Annual General Meeting for the Financial Year 2017-18, whichever is later and whose office shall not be liable to retire by rotation.

9. To appoint Shri S. R. Wadhwa as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT Shri. S. R. Wadhwa (DIN: 00228201), Independent Director whose term of office ceases on

30th July, 2017 and whose appointment as an Additional Director with effect from 31st July, 2017 has been approved by the Board at its meeting held on 30th June, 2017 pursuant to the recommendation of the Nomination and Remuneration Committee and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose his candidature for the office of the Director of the Company, be and is hereby appointed as a Non Executive, Independent Director of the Company.

RESOLVED FURTHER THAT that pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri. S. R. Wadhwa (DIN: 00228201), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company for a second term commencing with effect from 31st July, 2017 upto 30th July, 2018 or upto the conclusion of Annual General Meeting for the Financial Year 2017-18, whichever is later and whose office shall not be liable to retire by rotation.

10. To appoint Shri Anil Sachdev as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT Shri. Anil Sachdev (DIN: 00301007), Independent Director whose term of office ceases on 30th July, 2017 and whose appointment as an Additional Director with effect from 31st July, 2017 has been approved by the Board at its meeting held on 30th June, 2017 pursuant to the recommendation of the Nomination and Remuneration Committee and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose his candidature for the office of the Director of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT that pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri. Anil Sachdev (DIN: 00301007), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company for a second term commencing with effect from 31st July, 2017 upto 30th July, 2018 or upto the conclusion of Annual General Meeting for the Financial Year 2017-18, whichever is later and whose office shall not be liable to retire by rotation.

11. To appoint Shri Pranay Vakil as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT Shri. Pranay Vakil (DIN: 00433379), Independent Director whose term of office ceases on 30th July, 2017 and whose appointment as an Additional Director with effect from 31st July, 2017 has been approved by the Board at its meeting held on 30th June, 2017 pursuant to the recommendation of the Nomination and Remuneration Committee and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose his candidature for the office of the Director of the Company, be and is hereby appointed as a Non Executive, Independent Director of the Company.

RESOLVED FURTHER THAT, pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri. Pranay Vakil (DIN: 00433379), Independent Director of the Company who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for

re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company for a second term commencing with effect from 31st July, 2017 upto 30th July, 2020 or upto the conclusion of Annual General Meeting for the Financial Year 2019-20, whichever is later and whose office shall not be liable to retire by rotation.

12. To appoint Shri Anil Singhvi as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT, pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Anil Singhvi (DIN: 00239589), who was appointed as an Additional Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation to hold office for 5 consecutive years commencing from 07th July 2017 and ending on 06th July 2022 or upto the conclusion of Annual General Meeting for the Financial Year 2021-22 whichever date is earlier.”

13. To appoint Shri Mahesh Chhabria as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“RESOLVED THAT, pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors), 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Mahesh Chhabria (DIN: 00166049), who was appointed as an Additional Director and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from