



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED



BUILDING
SCALE.
BUILDING
STRENGTH.

ANNUAL REPORT 2017-18

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Annual Report 2017-18



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BUILDING SCALE. BUILDING STRENGTH.

We are single-mindedly sharpening each of our business verticals through persistent innovation, geographical expansion and capacity augmentation to deliver shareholder value.

Our mission to expand the size and scale of our business continues unabated, with the aim of persevering our market leadership and seizing further growth opportunities. We remain focused on delivering higher growth across our portfolios, by drawing strengths from existing products and plant synergies; by adding new innovative product categories; and by enhancing our manufacturing capacities.

In a commodity business, capacity, scale and vertical integration define leadership. As we embark the journey of our next growth trajectory of strengthening our core, we would continue to draw strength from four decades of experience, expertise, marketing prowess and domain knowledge in our businesses.

In the Crop Nutrition business, we continue to transform ourselves from being a commodity player, to a specialty business with a rich portfolio of value-added products. In Mining Chemicals, we are the market leaders in Technical Ammonium Nitrate (TAN), with over 45% market share and being the only manufacturer of TAN in solid form. In Industrial Chemicals, we have emerged as a “one-stop shop” source in the marketplace for a wide variety of solvents. Our augmented capacities across the board, and expanded market reach, are enabling us to cater to a variety of customers.

From this vantage point, we are well prepared to produce steady, secular growth in each of our verticals, while also triggering enhanced profitability and stronger free cash flows generation. We are building on solid progress by breaking new barriers of performance. Going forward, we remain well positioned to capture the growing market opportunities that the Indian economy presents us, and fulfil steady value creation for our stakeholders.

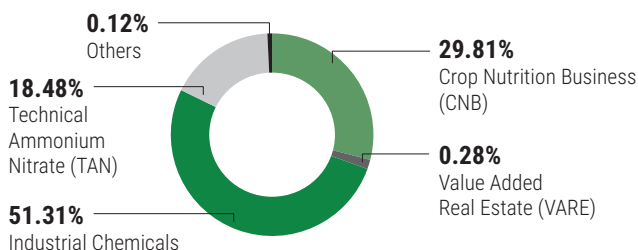
While we build on “Today”, we are investing in our “Tomorrow”.

The World of Deepak Fertilisers And Petrochemicals Corporation Limited

We are one of the largest manufacturers of Chemicals in India with strong presence in Crop Nutrition, Mining Chemicals and Industrial Chemicals. We have a balanced portfolio that includes both Commodity Chemicals and Speciality Chemicals, which ensures that we are able to derive respectable margins in a sustained manner. Our focus as far as Commodity Chemicals are concerned is on full capacity utilisation, vertical integration and driving economy of scale. Our strategy of pre-empting the growth in demand and augmenting capacities in a timely manner has helped us in staying ahead of the competition. For the value added products, the focus is on applications and providing unique and superior solutions and services to the ultimate consumers. As we grow, we will continue to shift our focus from customer orientation to consumer orientation, leading to a stronger bond of interdependency with the esteemed users of our products.

Our milestone rich journey is marked by the impactful play we have made within each of our business segments. This is the result of our continuous commitment to better productivity across our product portfolio; to bringing meaningful differentiation through our value-added products; and to achieving scale and integration to widen the value-add in everything we produce.

Contribution to Total Revenues (In %) (Consolidated)



Total Capacity

Crop Nutrition Division (CNB)	Technical Ammonium Nitrate (TAN)	Industrial Chemicals (IC)
9,57,000 _{MTPA} (Nitro Phosphate Fertiliser, NPK Fertiliser & Bentonite Sulphur)	4,84,900 _{MTPA} (Taloja & Srikakulam)	10,77,500 _{MTPA} (Dil. Nitric Acid, Conc. Nitric Acid, Methanol, Iso Propyl Alcohol & Liquid CO ₂)

*MTPA : Metric Tonnes Per Annum

Our Leadership Position

- Only manufacturer of NP prill 24:24:0 fertiliser in India
- Largest manufacturer of Bentonite Sulphur in India
- Market leaders in Speciality Fertilisers and Water Soluble Fertiliser sales in India
- Only manufacturer of Technical Ammonium Nitrate (TAN) Solids in India
- Only producer of Iso Propyl Alcohol (IPA) in India
- Largest manufacturer of Nitric Acid in Asia

Manufacturing Capacity (MT/Year)

	Installed	Under Expansion
Ammonia	1,28,700	5,00,000
Concentrated Nitric Acid	1,38,600	92,400
Dilute Nitric Acid	7,02,900	1,48,500
Methanol	1,00,000	-
Iso Propyl Alcohol	70,000	1,00,000
Technical Ammonium Nitrate	4,84,900	3,76,000
Liquid CO ₂	66,000	-
Nitro Phosphate Fertiliser	3,00,000	-
NPK Fertiliser	6,00,000	2,00,000
Bentonite Sulphur	57,000	-



Sectors Served

Crop Nutrition Business	Technical Ammonium Nitrate	Industrial Chemicals	Value Added Real Estate
Agriculture	Mining	Pharmaceuticals	Home & Interior Buyers
	Infrastructure	Nitro Aromatics	Architects & Interior Designers
	Explosives	Paints & Coatings	Food, Entertainment & Culture Enthusiasts
	Pharmaceuticals	Steel	
		Inks	
		Explosives	
		Dyes	
		Agrochemicals	
		Cosmetics	
		Adhesives	

Strong Performance and Progress

We delivered commendable performance during the year FY2018, reflecting higher volume, revenue and profit growth across all our business segments. Committed to long-term value creation, we continue to strive for quality top-line growth, while working on improving our operating profit margin through increased capacity, scale and efficiency.

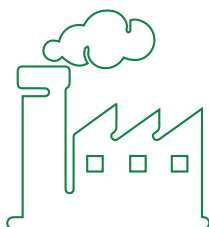
Recent Key Strategic Initiatives:

- Commissioned a ₹750 crore investment in the fertiliser sector, to triple NPK capacities with technologies to allow unique product differentiation.
- Undertook a ₹550 crore investment to become Asia's largest acid complex to serve the growing specialty chemicals sector.
- To strategically support the downstream sectors already in operations, a world scale Ammonia facility of 1,500 TPD is being planned as a backward integration at Taloja at the cost of approximately ₹2,950 crore.
- Planning Capacity expansion of IPA (at taloja) and TAN (in Odisha) with capex outlay of ₹2,350 crore.



Operational Highlights of FY2018

Industrial Chemicals



- In order to maintain our leadership position in Nitric Acid, we are setting up a plant at Dahej that will produce 1,48,500 MTPA of Dilute Nitric Acid and 92,400 MTPA of Concentrated Nitric Acid. The plant is expected to commence production towards end of 2018.
- Our Solvent trading portfolio crossed ₹ 2,000 crore to make us a preferred partner to the pharma sector.

Crop Nutrition



- Our new NPK plant, with innovative and differentiated technology, was made operational in February 2017, adding 6,00,000 MTPA capacity.
- We soft-launched unique and differentiated NPK products under the brand "SMARTEK" during the Rabi season, receiving wide acceptance in the marketplace due to its enhanced nutrient use efficiency.
- We ramped up overall market share in NPK in home state Maharashtra from 12% to 20% and enhanced our overall margins by garnering better pricing.
- We expanded our market presence into the states of Telangana, Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Chhattisgarh and North India.
- We operationalised the new Bensulf plant at Panipat, Haryana with 32,000 MTPA effective capacity.
- We worked on bringing "fast dispersion" sulphur product to enable superior value proposition for farmers and maintain our leadership position in the speciality fertiliser segment.
- Our pull activities included hiring Market Development Officers for technical sales and to increase awareness of unique product features, improved farm-level yield and in turn pull from farmers in our core command areas.
- With the exponential growth in the use of new technologies, we leveraged various digital platforms to engage farmers and disseminate information.

Mining Chemicals

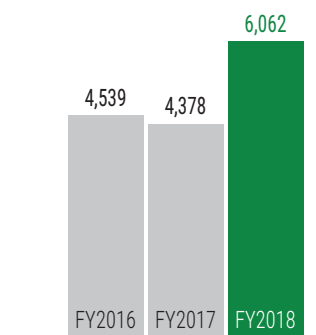


- We raised the product keeping qualities under tougher climate, temperature & logistics challenges in our drive for sustained customer satisfaction.
- With a single-minded vision of expanding our export revenue, we augmented and strengthened our presence in the key markets of Africa and Asia.
- We added new geographies within India in Raipur, Tata Nagar and NCR.
- We bagged a US\$ 60 million mining services contract in Australia for 3 years.

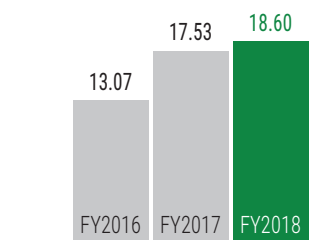
Our Financial Record

(Consolidated)

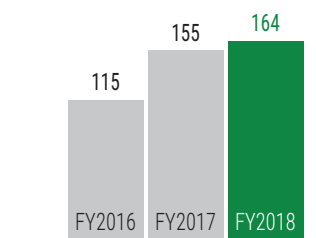
Income from Operations (₹ Crore)



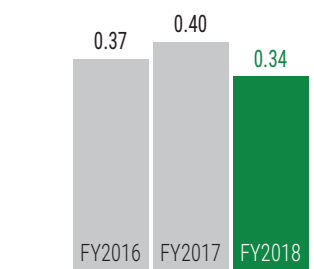
Earnings Per Share (₹)



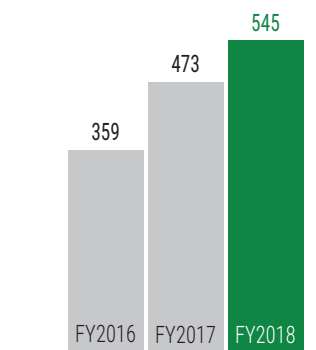
Net Profit (₹ Crore)



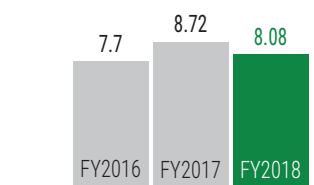
Long-Term Debt to Equity Ratio (%)



EBITDA (₹ Crore)



Return on Net Worth (%)



Corporate Information

C. K. Mehta
Chairman Emeritus

Board of Directors

S. C. Mehta
Chairman & Managing Director

Partha Bhattacharyya

R. A. Shah

M. P. Shinde

U. P. Jhaveri

S. R. Wadhwa

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

Mahesh Girdhar
President – Crop Nutrition Business

Pandurang Landge
President – Projects

Naresh Kumar Piniseti
President – Human Resources

Raghunath Kelkar
President – Chemicals & Business
Development

Shyam Narayan Sharma
President – TAN

Amitabh Bhargava
President – Finance & CFO

D. S. Ravindra Raju
President – Manufacturing

Bankers

State Bank of India
Bank of Baroda
HDFC Bank
IDFC Bank
Axis Bank
ICICI Bank Limited
Yes Bank Limited
Kotak Mahindra Bank Limited
IDBI Bank Limited
EXIM Bank

Solicitors

Crawford Bayley & Co.
Agarwal Law Associates
Zeus Law Associates

Auditors

B S R & Associates, LLP
Chartered Accountants

Secretarial Auditor

SVD & Associates

Cost Auditor

Y R Doshi & Company

Internal Auditor

Ernst & Young

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 K1, K7-K8,
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

Village Ponnada,
Etcherla Mandalam,
Srikakulam,
Andhra Pradesh – 532 408

Plot No. 47,
HSIIDC Industrial Estate,
Refinery Road, Panipat,
Haryana – 132 140

Awards & Recognition

Our overall performance has been widely recognised and honoured through several awards and accolades during FY2018. In particular, we have been appreciated for our best practices, business excellence, safety and our contribution towards society.

Times Power Women Pune Award - 2017

The Times Group recently celebrated the invaluable contribution of women by introducing The Times Power Woman 2017 (Pune) awards. These awards were initiated to celebrate the victories of women who have been a great source of inspiration. These awards focused on the women of Pune and the prestigious list included 34 select women with power, supremacy, command and control.

Mrs. Parul Mehta Trustee – IsFon received the Times Power Women Pune Award 2017 under the category of 'Philanthropy'. The event was graced by chief guest Dilip Kamble, Minister of State Social Justice and Special Assistance – Government of Maharashtra and Evelyn Sharma, Model & Actress. The program held



at Hotel Westin, Koregaon Park, Pune saw felicitation of women to acknowledge their contribution towards society in the field of education, health, sports, fashion, writing, film, philanthropy, art, modelling among others.

FICCI CSR Award

Deepak Fertilisers And Petrochemicals Corporation Limited (DFPCL) received the Special Jury Commendation FICCI CSR Award for FY2017 under the category of "Education, Skill Development and Livelihood". The aim of the award is to identify and recognise the efforts of companies in integrating and internalising Corporate Social Responsibility.

The assessment is done based on identification of key communities and target beneficiaries, identification of community needs, action plan, expected output, indicators for assessing the program's progress, implementation structure, budget, success stories, impact, sustainability, scale-up and replication and evaluation by external evaluator. The award was presented by Mr. P.P. Chowdhury-Minister of State for



Corporate Affairs, Law and Justice – GOI and Padma Bhushan Mrs. Rajashree Birla. The award was received by Mr. S.R. Wadhwa Sr. Director - DFPCL and Ms. Bindu Nair from Ishanya Foundation.