

# Deepak Fertilisers And Petrochemicals Corp. Ltd.

Analysts Meet  
May 31, 2007



**DEEPAK FERTILISERS AND PETROCHEMICALS CORP. LTD.**

# DFPCL - at a glance

- **Listing:**
  - The Stock Exchange, Mumbai (BSE), and the National Stock Exchange (NSE)
- **Ticker: DEEPAKFERT**
- **Founded: 1979**
- **Market Capitalisation: Rs. 777 crores (as of May 30, 2007)**
- **Employees: 1000**
- **Shareholding Pattern (as of March 31, 2007):**
  - Promoter Group: 41.9 %
  - Institutional Investors (incl.banks & FII): 20.2 %
  - Public: 37.9 %



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# DPCL highlights

- Incorporated in 1979 as an ammonia manufacturer with a capacity of 90,000 tons
- Now a multi product company with two broad based business segments: Industrial Chemicals and Fertilisers
- Natural gas and propylene are our primary feedstock.
- Natural gas supplied through a company-owned 42 km gas pipeline from Uran to Taloja
- Subsidiary Company
  - Smartchem Technologies Limited - 100 % subsidiary, manufacturing Nitric Acid and Ammonium Nitrate (45000 tpa)
  - Sales in 2006-07 Rs. 46 crores



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# DFPCL Highlights

- **Industrial Chemicals product portfolio -**
  - Iso Propyl Alcohol, Methanol, Ammonium Nitrate (AN), Dilute Nitric Acid (DNA), Strong Nitric Acid (SNA), Concentrated Nitric Acid (CNA), Propane, Carbon-dioxide (CO<sub>2</sub>), and Hydrogen (H<sub>2</sub>).
- **Fertilisers product portfolio -**
  - Nitro Phosphate (NP) 23:23:0, bio-fertilisers, water soluble fertilisers, soil nutrients and select mixtures
  - Among the leaders for its products
  - Product range offers considerable product flexibility to manage commodity market cycles efficiently



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# DFPCL -- Manufacturing

- Multiple manufacturing facilities:
- Fertilisers, Methanol, IPA at Taloja, Dist Raigad, Maharashtra
- Nitric Acid and Ammonium Nitrate -- Taloja, Dist Raigad, Maharashtra
- Smartchem (Nitric Acid and Ammonium Nitrate) -- Srikakulam, (about 100 km from Vizag), Andhra Pradesh and Sanjan (about 20 km from Vapi), Gujarat
  - Strategic advantages with its dual manufacturing facilities on the east and west coast of India.
  - East coast of India - a high growth region for the product



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# DFPCL - Technology & Process

- The company has several strong international technology partners
- Has absorbed the technology for optimal utilisation
- Plant efficiencies are benchmarked to some of the best in the world

Products	Technology
Ammonia	Fish International Engrs. (USA)
Methanol	Davy McKee (UK)
Dilute Nitric Acid	Weatherly Inc (USA)
Concentrated Nitric Acid	Plinke (Germany)
Ammonium Nitrate	Stamicarbon (The Netherlands), Grande Paroisse (Frn)
Nitro Phosphate (fertilisers)	Stamicarbon (The Netherlands)



Entire business operations are integrated through ERP (SAP R/3)  
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# Products & Applications



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# Industrial Chemicals - Methanol

- Installed capacity 1,00,000 tpa.
- Used as raw material for manufacture of Formaldehyde, DMT, Methylamines, Pesticides, MTBE, Acetic Acid, etc.
- Also used as solvent in multiple applications, and primarily in pharmaceutical industry.
- Depending upon market dynamics, Company also undertakes trading activity of imported Methanol.
- Market share approx 16% of domestic consumption and contributes approx 27% of the company's revenue.



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# Industrial Chemicals - Nitric Acid

- **Installed capacity – Dilute Nitric Acid - 2,97,000 tpa and Concentrated Nitric Acid 79,200 tpa.**
- **Used in the manufacture of nitro compounds, defence sectors, explosives and a variety of applications in drugs and dye intermediates, and refining of precious metals.**
- **The Company's market share of DNA is approx 32%, CNA approx 48% and SNA approx 62%. Small strategic presence in export market.**
- **All Nitric Acid together contribute approx 13% of Company's revenue.**



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# Industrial Chemicals - Ammonium Nitrate

- Installed capacity 90,000 tpa
- Only manufacturer of porous prilled AN in India
- Used as raw material for making commercial blasting explosives with end application in mining (coal, iron ore, lime stone, etc) and in construction industry (stone quarrying, roads, railways, dams, etc)
- Enjoys strong brand image/loyalty
- The market share of the Company is approx 35% in the domestic market. Small strategic presence in export market. It contributes approx 15 % of Company's revenue.



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# Industrial Chemicals - IPA

- Installed capacity 70,000 tpa
- Only manufacturer in India. Enjoys strong brand image/loyalty
- Product used by fast and high growing sectors Pharma, Agro-chem, Organic Chem., Imaging Chem. (Printing & Inks), Healthcare and Paint sector
- The market share of the Company is approx 20 % in the domestic market. Presence in export market.
- Propylene a major raw material. Long term tie up with Bharat Petroleum for 7 years



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# Strategic Strengths

- Value addition from gas to building block chemicals and fertilisers
  - Technology comfort
  - Cost competitiveness
  - Flexibility
  - Synergy
  - Quality controls
- Wide market portfolio spread over Pharma Agri-chemicals, Defense, Mining, Infrastructure & Agro
  - In-built resilience
  - Growth avenues
- Direct Reach with over 550 customers in chemical sector , 2900 dealers/ sub-dealers in 50 districts in fertiliser sector 7 states over 2 decades
  - Entry barriers
  - New product pathways



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## Sales - Manufactured Rs. mn

Product wise sales- Manufactured	FY			Growth	
	31-Mar-07	31-Mar-06	31-Mar-05	FY 07	FY 06
Methanol	1,377	967	1,188	42%	-19%
Ammonium Nitrate	1,254	1,118	1,034	12%	8%
Iso-Propyl Alcohol	664	-	-		
Propane	98	-	-		
Nitric Acid	931	816	713	14%	14%
Liquid CO2	66	55	38	20%	45%
Hydrogen	57	39	31	48%	24%
Fertilisers	719	548	674	31%	-19%
Power	7	-			
<b>Total</b>	<b>5,174</b>	<b>3,542</b>	<b>3,678</b>	<b>46%</b>	<b>-4%</b>



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## Sales - Outsourced Rs. mn

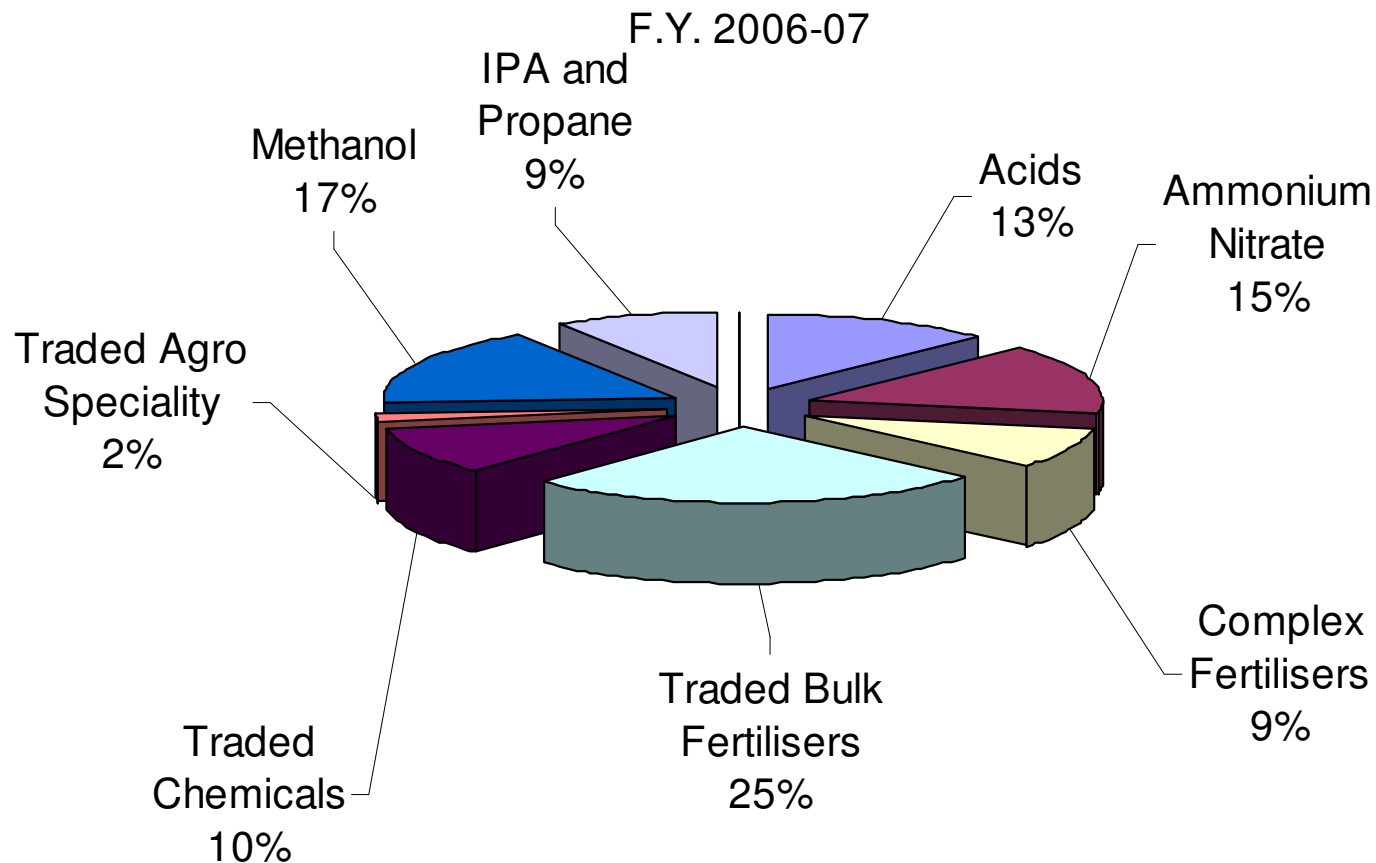
Product wise sales- Outsourced	FY			Growth	
	31-Mar-07	31-Mar-06	31-Mar-05	FY 07	FY 06
Methanol	852	724	483	18%	50%
Ammonium Nitrate	7	44		-84%	
Chemicals	21	-			
Fertilisers	2,133	1,292	621	65%	108%
Speciality Products	144	28		421%	
<b>Total</b>	<b>3,158</b>	<b>2,087</b>	<b>1,104</b>	<b>51%</b>	<b>89%</b>



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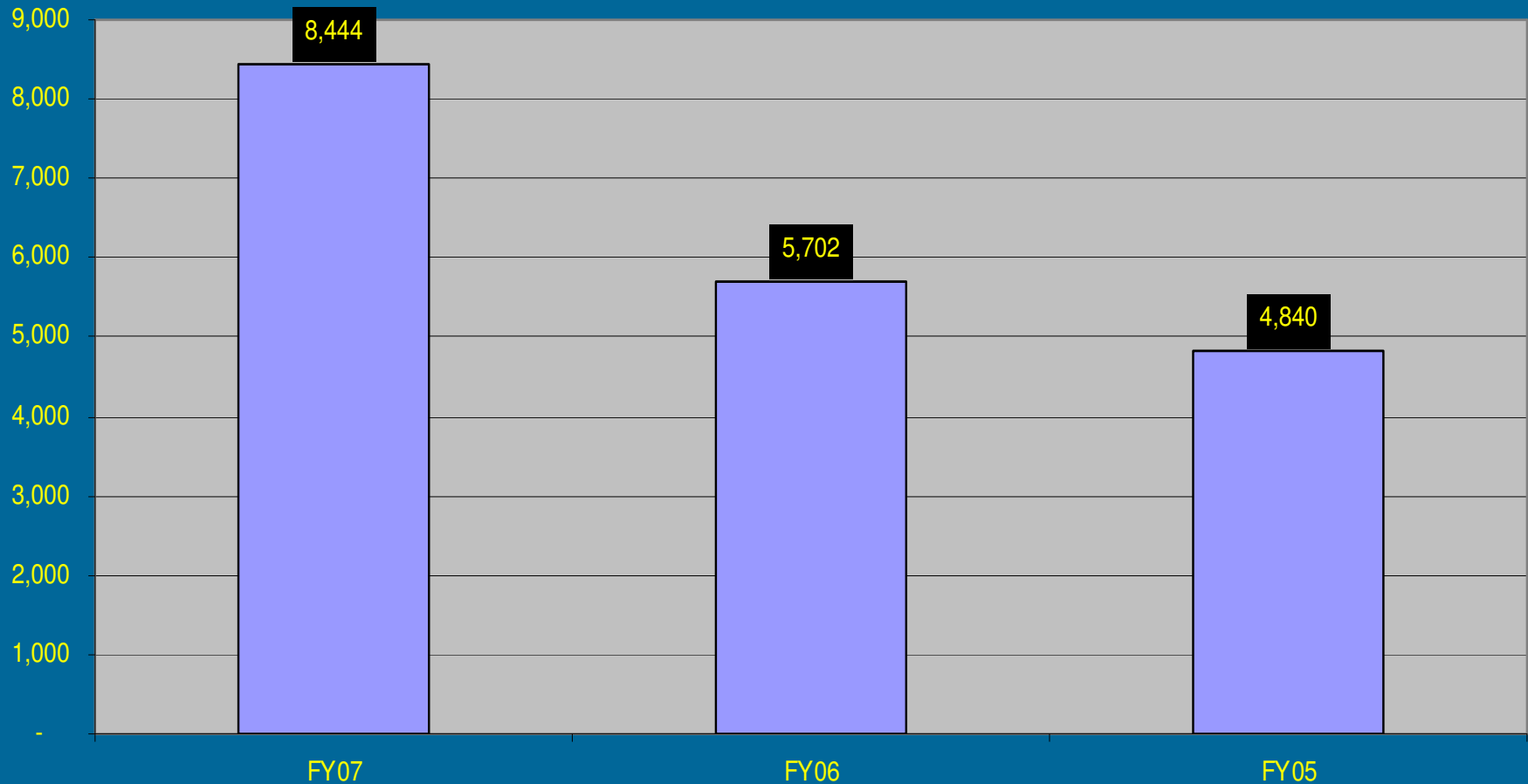
# Revenue Mix for year 2006-07

## The Revenue Mix from Various Products



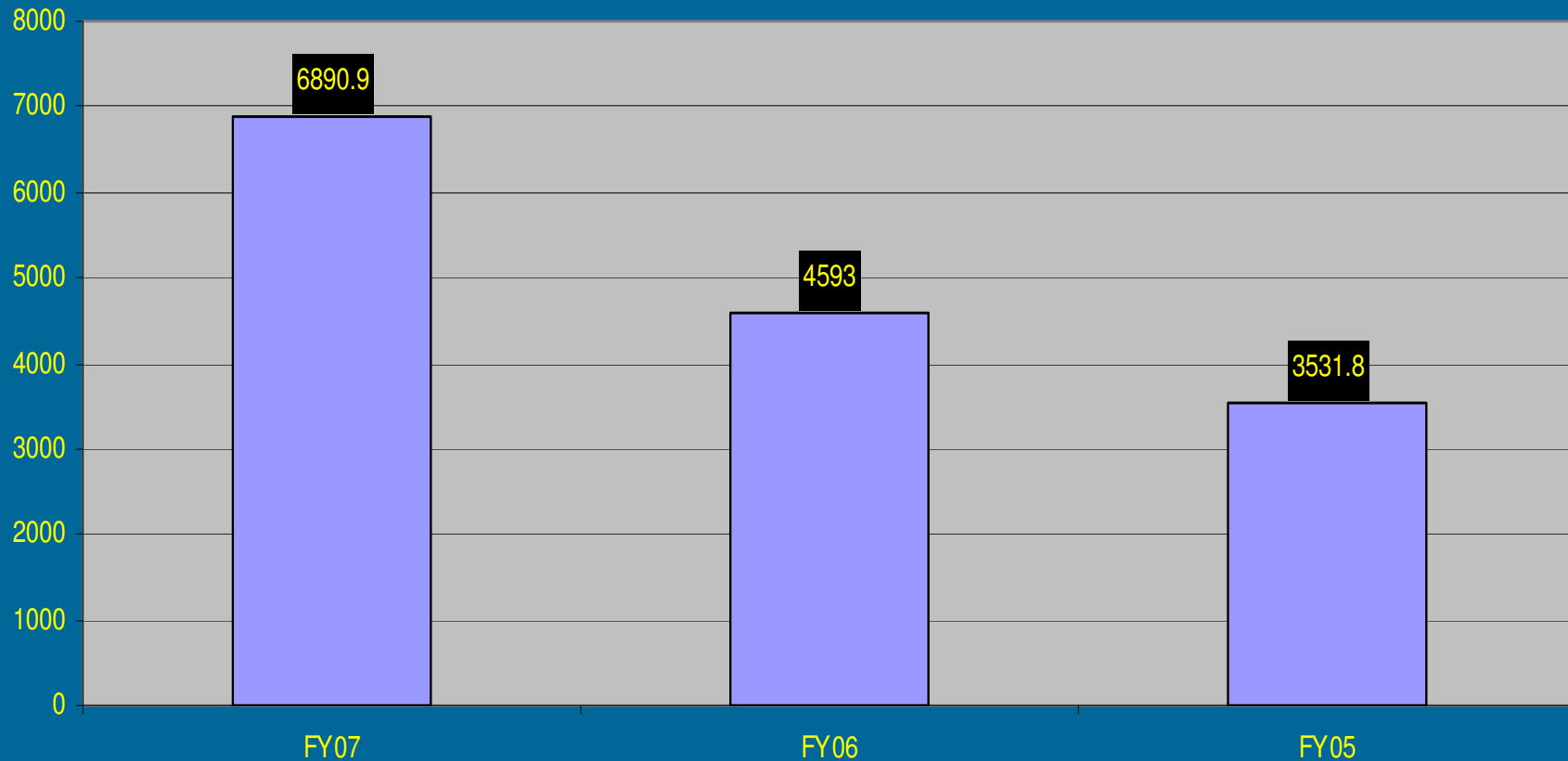
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# Total Operating Income Rs. Million



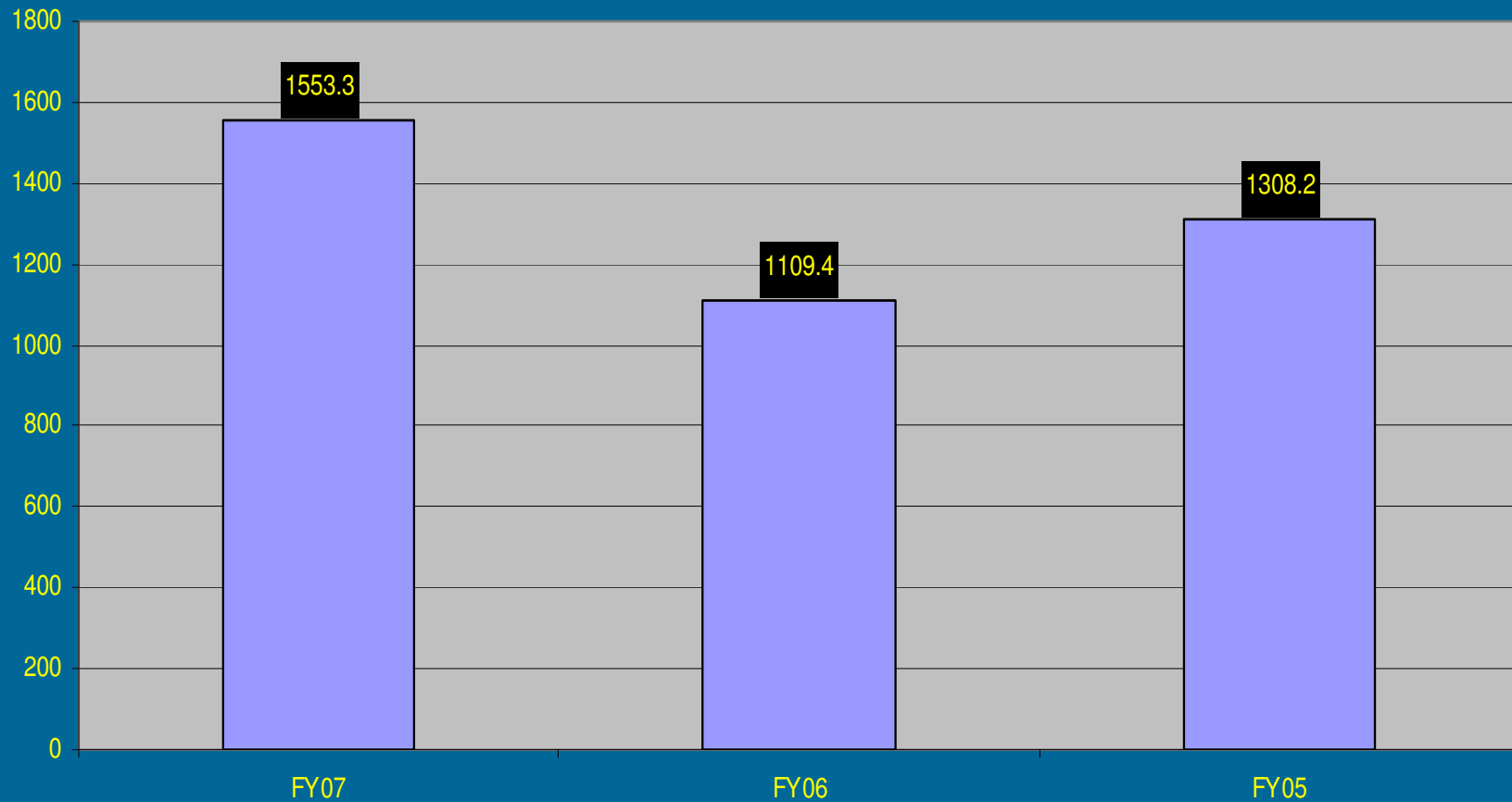
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# Total Expenditure Rs. Million



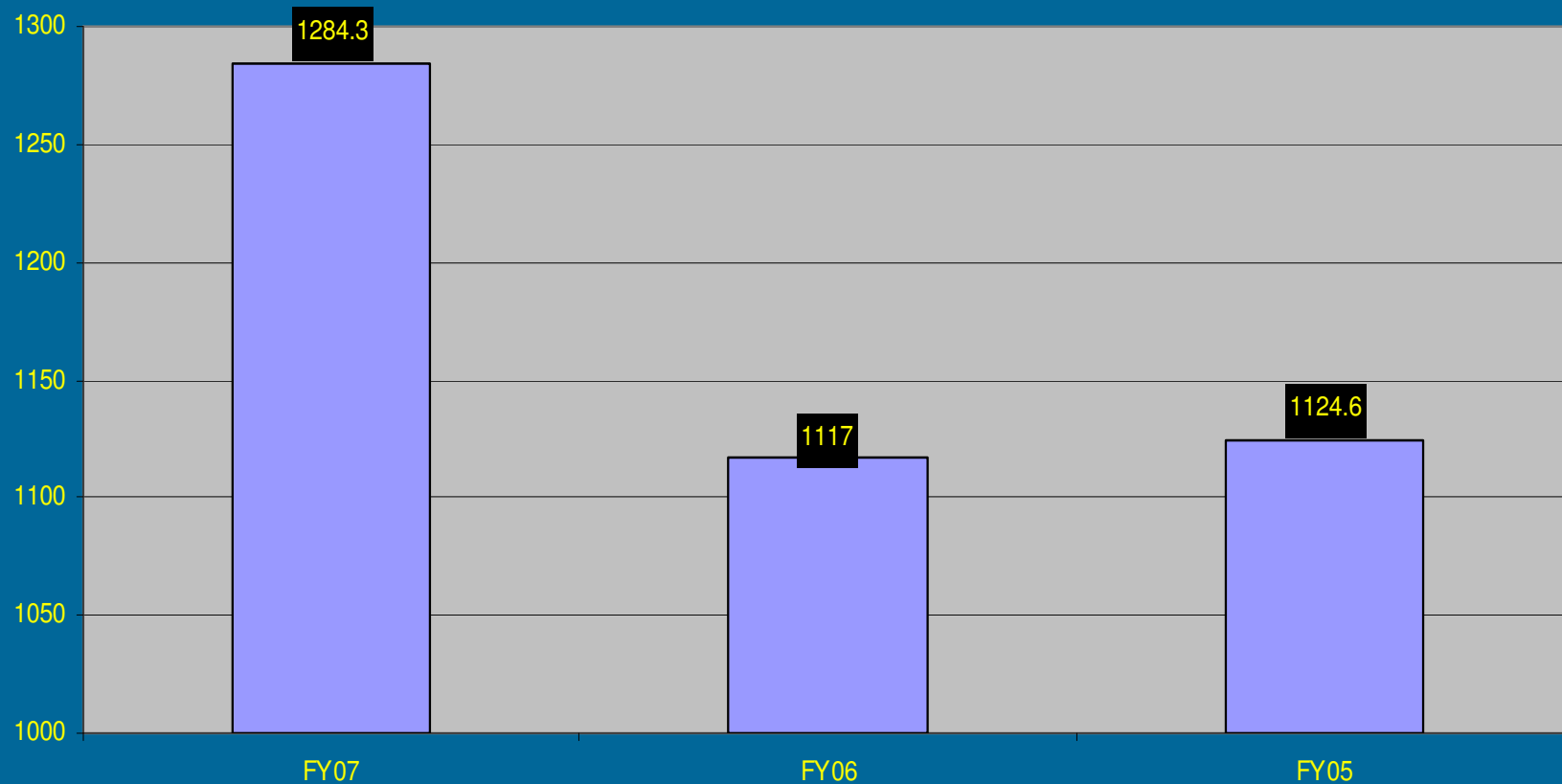
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# OPBITDA Rs. Million



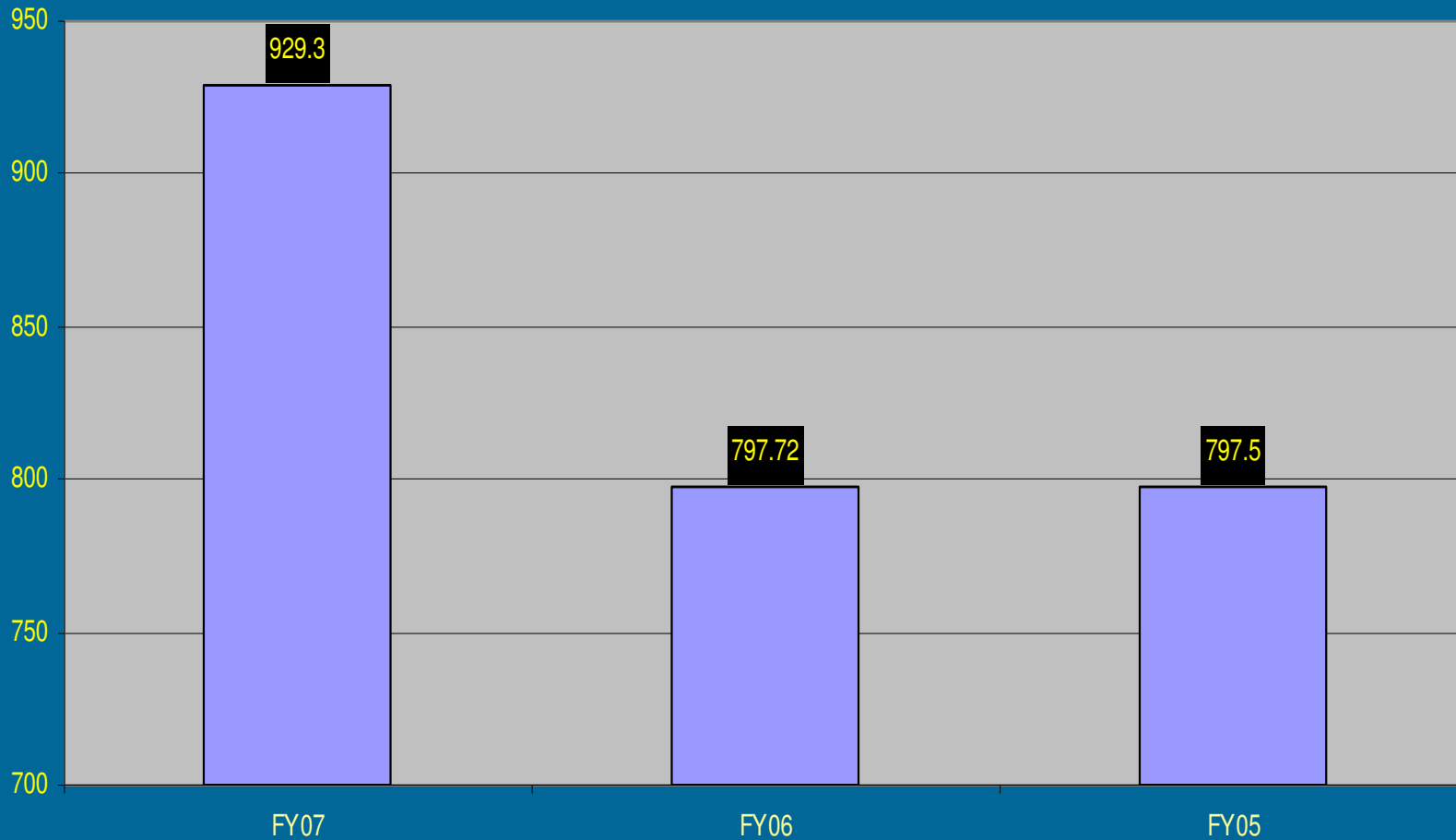
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# PBT (after Exceptional items) Rs. Million



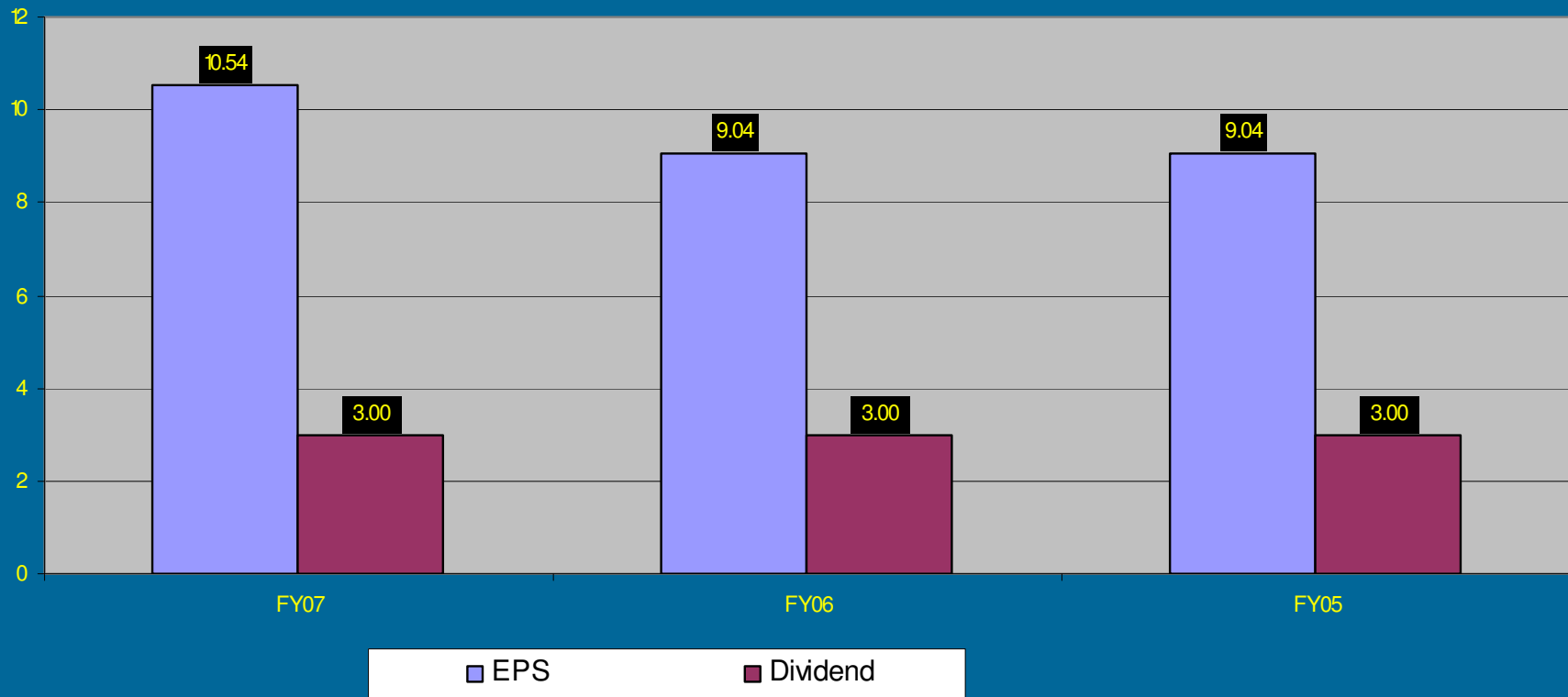
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# PAT (Rs. Million)



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# EPS & Dividend



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# Debt / Equity Ratio, Networth, Total Debt

Period ended			
	3/31/2007	3/31/2006	3/31/2005
Debt/equity ratio*	0.51	0.39	0.27
Networth	6,336	5,712	5242.77
Total debt	3,253	2,244	1419.21



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# Book Value, Net Sales / Net Fixed Assets

Period ended			
	3/31/2007	3/31/2006	3/31/2005
Book value (Rs./share)	72	65	59
Net Sales/Net fixed assets ratio	2.35	1.99	1.64



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# Ratios

Period ended			
	3/31/2007	3/31/2006	3/31/2005
Ratios:			
Net current assets	57	36	52
Inventories (No. of days sales)	38	21	17
Receivables (No. of days sales)	46	47	53



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# Ratios

Period ended			
	3/31/2007	3/31/2006	3/31/2005
ROCE%	12%	12%	13%
RONW%	15%	14%	15%



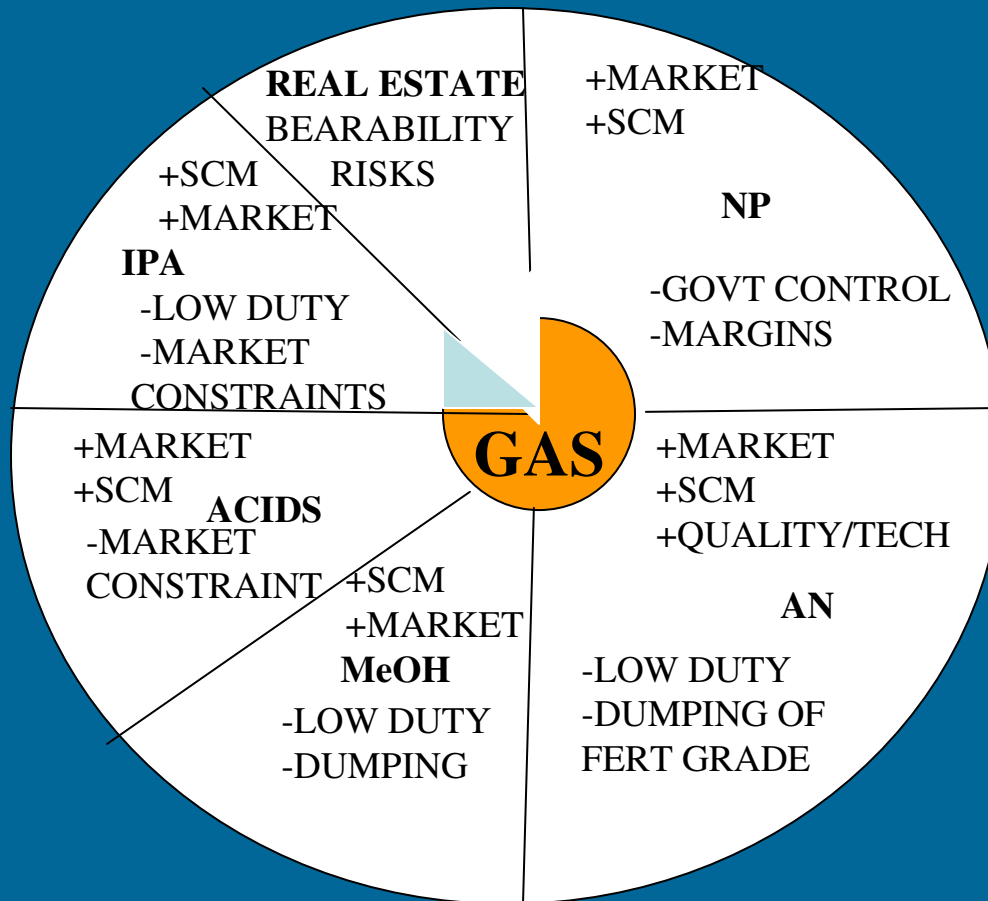
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# Managing for the Future



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## Our business profile

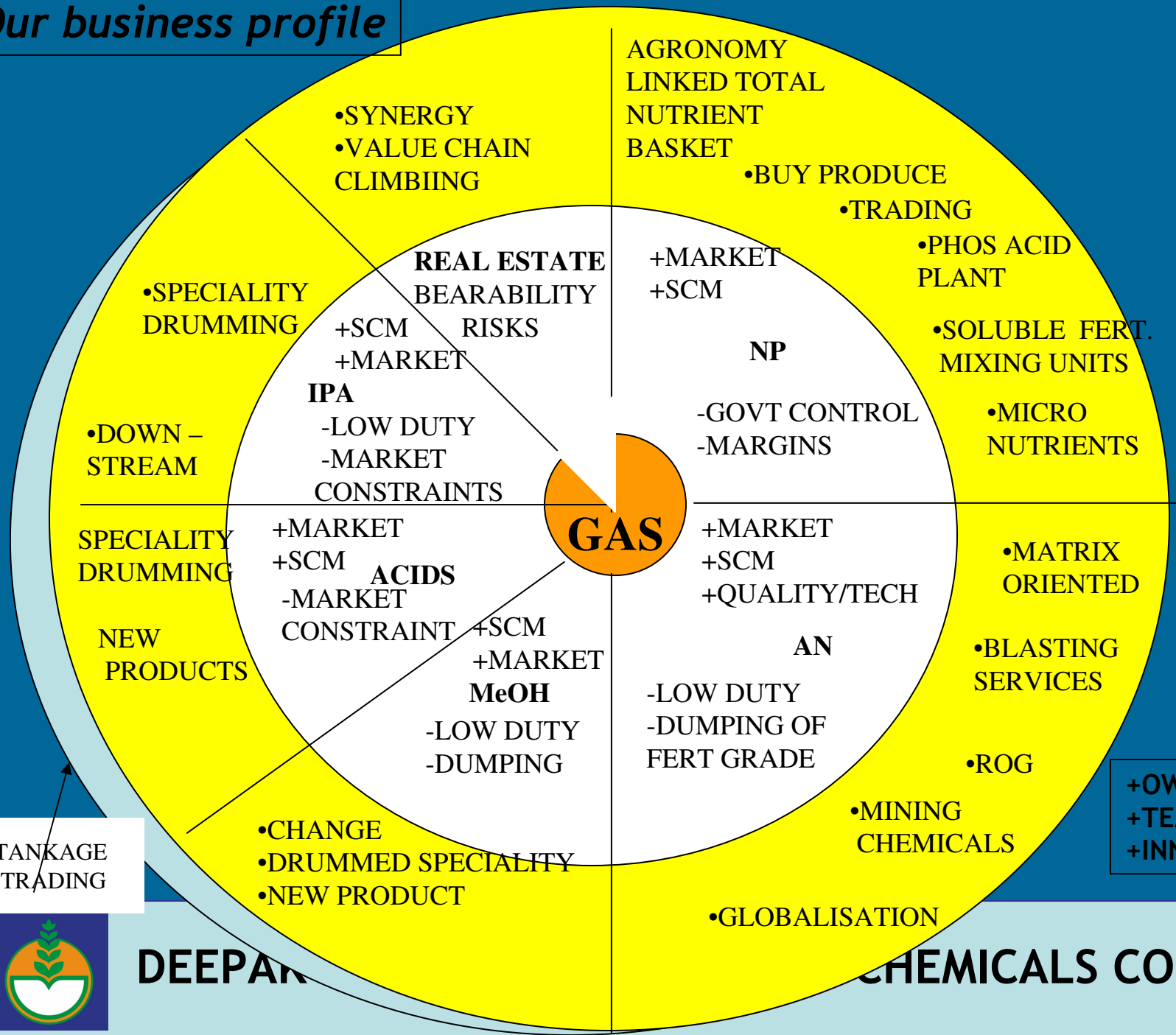


+OWNERSHIP  
+TEAMWORK  
+INNOVATION



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# Our business profile



+OWNERSHIP  
 +TEAMWORK  
 +INNOVATION

TANKAGE TRADING



DEEPAK CHEMICALS CORP. LTD.

# DFPCL - Managing the Future

- Taken several internal and external steps to capitalize on emerging growth drivers
- Will exploit four growth areas, leveraging macro-economic trends:
  - Agri-sector
  - Mining services and accessories
  - Bulk Chemicals
  - Performance chemicals
  - Value-added real-estate
- New Strategic Initiatives team to identify areas and strategies for growth



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# DFPCL - Managing the Future

## Gas scenario

- The likely availability of LNG through the Dahej-Uran pipeline in the coming months
- Potential new supply from an expected increase in production in existing gas wells in the Panna Mukta Tapti basin
- KG Basin gas from Reliance Industries expected to be available from the second quarter of the financial year 2008-09
- The gas pricing scenario will be driven by market dynamics



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# DFPCL - Managing the Future

## Gas Impact

- DFPCL will gain in terms of both topline and bottomline because:
  - 100 % capacity utilisation
  - Improved plant economics as a consequence



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# DFPCL - Managing the Future

## Drivers for agriculture:

- Indian food industry currently -- over \$200 billion
- Expected to grow to \$310 billion by 2015
- Retail food segment currently estimated to be growing at 9 percent
- This growth is expected to have a major positive impact on agricultural sector
- Strategies being put in place to capitalise on the opportunity in this sector - Mahadhan Saarrthie



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# DFPCL -- Manufacturing

## Growth Drivers for AN:

- Rising buoyancy in demand expected from key sectors of the economy, including infrastructure and mining
- Market to grow at 6 % plus per annum
- Initiatives to create and augment its brands through a strategic, customer-centric mix of products and services are well underway



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# DFPCL - Managing the Future

## Growth Drivers for IC

- Acids market growing at about 5-6 % per annum
- Methanol growth about 5-6 % per annum - driven by user industries growth
- Evaluating opportunities for growth - new products, new markets



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# DFPCL - Managing the Future

## Growth Drivers for IPA

- IPA market growing at about 5-6 % per annum - driven by user industries growth
- Strong brand strengths, distribution network already in place
- Synergies with the methanol distribution chain
- Only manufacturer in India



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# *Up coming projects*



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# ISHANYA - India's largest Design Centre and Speciality Mall

- Total built-up space of over 5,50,000 sq. ft.
- Spread over a lush green 10-acre campus
- Poised to offer a depth and breadth of choices never before seen in the Indian interiors and exteriors market
- A business and consumer destination by day and a cultural hub by evening



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# ISHANYA - India's largest Design Centre and Speciality Mall

- Plans phased opening soon
- Over 76 % of space already booked -- 80 stores with over 1500 brands
- Some of the finest global and Indian names to be at Ishanya
- Over 220,000 sq. feet of retail space handed over to largest anchors/sub-anchors. Fitouts commenced.
- Comprehensive marketing campaign with events planned from early August 2007



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# ISHANYA - India's largest Design Centre and Speciality Mall

## Current Global Brands at Ishanya

- Signature Kitchens, Malaysia
- Dorma, Germany
- Hettich, Germany
- Haworth, USA
- Armstrong, USA
- Bose, USA
- Osim, Singapore
- KI, USA
- Armourcoat, USA
- Llummar, USA
- Jotun Paints, Norway
- Merryfair, Malaysia



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# ISHANYA - India's largest Design Centre and Speciality Mall

## Current handover status

- Occupant handovers have already commenced
- 2,20,000 sq.ft. already handed over
- 80% of this is major anchor / sub-anchor space
- Anchors have commenced fit-outs
  - Home Town
  - Croma
  - @ Home



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# ISHANYA - India's largest Design Centre and Speciality Mall

Handover completed, fitouts commenced

- Fab India
- Floors & Furnishings
- Fenesta
- Haworth
- IID
- Maspar
- Painted Rhythm
- Shreeji Innova
- Walltracts
- Yamini



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# ISHANYA - India's largest Design Centre and Speciality Mall

## Handover completed

- Area
- Armstrong
- Casa Bella (Rajan Raheja Group)
- Classic Floorings & Interiors
- CCPS
- Hettich
- Trammel Crow Meghraj



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# ISHANYA - India's largest Design Centre and Speciality Mall

## Marketing Plans

- Ad Agency - TBWA Advertising plans being finalised
- Events precision - directed towards customer segments - consumers, specifiers, builder / developers
- Events include:
  - Seminars
  - Exhibitions
  - Art Shows
  - Culture Club
- Events unfolding from August 2007
- Tie-ups in place that emphasise the knowledge aspects of Ishanya



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# ISHANYA - India's largest Design Centre and Speciality Mall

## Existing tie-ups

- Institute of Indian Interior Designers
- Confederation of Construction Products and Services
- Rimari Art Gallery - exhibition series
- FICCI (FICCI-Ishanya - Innovation in Design Seminar)
- Other announcements to follow



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# Ammonium Nitrate Project

- Expansion in existing product
- Consolidation of domestic market leadership
- Located on East Coast - Orissa
- Demand supply gap of approx. 200,000 MT which will only grow and is being satisfied with low quality fertilizer grade product.



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# Ammonium Nitrate Project

- Capacity 300,000 MT
- Thrust in the international market from present 10,000 TPA eventually to 1,00,000 TPA in future to satisfy their demand
- Technology for wet section - Grande Paroisse, France
- Technology for dry section - Uhde, Germany
- Detail engineering contractors appointed
- Expected completion - June-July 2009



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**Thank You**



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