



30<sup>th</sup> March, 2016

The Deputy General Manager BSE Limited Corporate Relationship Department 1 <sup>st</sup> Floor, New Trading Ring Rotunda Building, P J Towers, Dalal Street, Fort Mumbai 400 001 Scrip No: 500645	The Manager Listing Department National Stock Exchange of India Limited “Exchange Plaza”, C-1, Block G Bandra-Kurla Complex, Bandra (E), Mumbai – 400051  Scrip No: DEEPAKFERT
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- Sub: 1) Scheme of Arrangement amongst Deepak Fertilisers And Petrochemicals Corporation Limited, SCM Fertichem Limited and Smartchem Technologies Limited and their respective shareholders and creditors.
- 2) Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September 2015

Dear Sir,

1. We would like to inform that the Board of Directors (“**Board**”) of Deepak Fertilisers And Petrochemicals Corporation Limited (“**Company**”), a listed company, on 29<sup>th</sup> March, 2016, has considered and approved, after recommendation of the Audit Committee of the Company, the following proposal amongst the Company, SCM Fertichem Limited (“**SCM Fertichem**”), Smartchem Technologies Limited (“**Smartchem**”) and their respective shareholders and creditors:
  - 1.1. The slump exchange of (i) the Technical Ammonia Nitrate (“**TAN**”) undertaking of the Company together with its business and operations pertaining to manufacturing and trading facility located at Taloja & Pune, Maharashtra (“**TAN Undertaking**”), and (ii) the Fertiliser undertaking of the Company together with its business and operations pertaining to manufacturing and trading facility located at Taloja & Pune, Maharashtra (“**Fertiliser Undertaking**”) (and collectively, (i) and (ii) are hereinafter referred to as the “**Transferred Undertakings**”) of the Company to SCM Fertichem, on a going concern basis (“**Slump Exchange**”); and
  - 1.2. Thereafter, the subsequent demerger of the TAN Undertaking & Fertiliser Undertaking (“**Demerged Undertakings**”) and vesting of the same in Smartchem, on a going concern basis, in accordance with Section 2(19AA) of the Income Tax Act, 1961 (“**Demerger**”).



- 1.3. The draft Scheme of Arrangement for Slump Exchange and Demerger was tabled before the Board under Sections 391-394 of the Companies Act, 1956 or other applicable provisions, if any, of the Companies Act, 1956 and Companies Act, 2013 (“Scheme”). The Appointed Date for the Slump Exchange and the Demerger under the Scheme is 1<sup>st</sup> January 2015. The Board of Directors of SCM Fertichem and Smartchem also have in their Board meeting held on 29<sup>th</sup> March, 2016 approved the said Scheme. The Scheme shall be subject to the approval and modification, if any of the shareholders, the stock exchanges where the shares of the Company are listed, the Hon’ble High Court and / or such other competent statutory /regulatory authorities as may be required under applicable law.
2. The Company, a listed public company, is engaged in the business of, *inter alia*, manufacturing & selling of fertilisers, technical ammonia nitrate, bulk chemicals, mining chemical, generation & distribution of power and value added real estate. The Company (along with its nominees) holds the entire equity share capital of SCM Fertichem and Smartchem. The equity shares of the Company are listed on the BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”).
3. SCM Fertichem is an unlisted public company, *inter alia*, incorporated for manufacturing and trading of fertilisers, petrochemicals and their by products. Smartchem, an unlisted public company, is engaged in the business of manufacturing and trading of ammonium nitrate and weak nitric acid.
4. The details of turnover and net-worth of the undertakings involved are as under:

(INR in Crs)

Particulars	TAN Undertaking	Fertiliser Undertaking	% to total turnover / Net Worth of the Company
Total Turnover for 12 months ended 31 <sup>st</sup> March, 2015	807.13	1,039.91	49.76%
Net-worth as on 31 <sup>st</sup> March, 2015	483.24	224.67	46.42%

5. The details of turnover and net-worth of the companies involved are as under:

(INR in Crs)

Particulars	Company	SCM Fertichem	Smartchem
Total Turnover for 12 months ended 31 <sup>st</sup> March, 2015	3,711.77	Nil	84.52
Net-worth as on 31 <sup>st</sup> March, 2015	1,524.86	0.04	41.03





6. Pursuant to restructuring, there will not be any change in the shareholding pattern of the Company and the shareholding shall remain same pre-and-post the Scheme becoming effective. Post restructuring, the Company shall continue to hold 100% shares of SCM Fertichem & Smartchem.
7. The following consideration is proposed to be discharged under the Scheme :
  - 7.1. **Slump Exchange** – SCM Fertichem shall discharge the lump sum consideration of INR 743 Crs payable by it to the Company by issue of its equity shares.
  - 7.2. **Demerger** – Smartchem shall issue its equity shares to the shareholders of SCM Fertichem (i.e. the Company), in accordance with a share entitlement ratio of **1:1** (“**Share Entitlement Ratio**”), meaning thereby that upon this Scheme becoming effective, the Company shall be entitled to receive 1 fully paid up equity share of Smartchem of INR 10 each for every 1 equity share of INR 10 each held in SCM Fertichem. Smartchem shall remain an unlisted wholly owned subsidiary of the Company post the Scheme.
8. The Share Entitlement Ratio mentioned in Paragraph 7 above has been arrived at based on the valuation report (“**Valuation Report**”) prepared by M/s Sharp & Tannan, an independent firm of Chartered Accountants, and confirmed by a fairness opinion (“**Fairness Opinion**”) prepared by JM Financial Ltd, an independent SEBI approved Category-I merchant banker and further approved by the Audit Committee and Board of Directors of the Company.
9. This Scheme is expected to enable better realisation of potential of the businesses of the Company, SCM Fertichem and Smartchem and yield beneficial results and enhanced value creation for the Companies, their respective shareholders, lenders and employees. The rationale for the Scheme is set out below:
  - 9.1. Each business vertical get the requisite management focus and empowerment to pursue goals of future growth in the market place;
  - 9.2. Enable the management to aim at enhancing the stakeholder wealth by charting out growth plans in the realm of changing business environment of our country. The management is further hopeful of expanding the business with possibility of larger scale alliances to exploit the hitherto untapped potential of business.
10. The Scheme and the transactions contained therein are subject to customary regulatory approvals *inter-alia* from the Securities and Exchange Board of India, Stock Exchanges, Shareholders, Creditor and the Hon’ble High Court and all other authorities, if any.
11. SCM Fertichem and Smartchem being related parties of the Company, the transactions under the Scheme would be deemed to be related party transactions under Regulation 2(zc) of Listing Regulations.

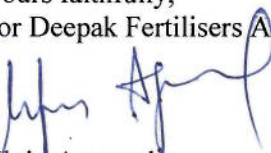


The Slump Exchange is transfer of the Transferred Undertakings by the Company to SCM Fertichem, wholly owned subsidiary of the Company. The subsequent Demerger is transfer of the Demerged Undertakings from SCM Fertichem to Smartchem, an unlisted subsidiary of the Company. The consideration payable is as per the recommendation of the Audit Committee of the Company and based on the Share Entitlement Ratio recommended in the Valuation Report by M/s Sharp & Tannan, an independent firm of Chartered Accountants and certified by the Fairness Opinion prepared by JM Financial Ltd, an independent merchant banker.

In this connection, it will be pertinent to also mention that the Ministry of Corporate Affairs vide its general circular bearing number 30/2014 dated 17 July, 2014 has clarified that transactions arising, inter alia, out of arrangements and amalgamation dealt with under Sections 391 – 394 of the Companies Act, 1956, will not attract the provisions of Section 188 of Companies Act, 2013.

Thanking you,

Yours faithfully,  
For Deepak Fertilisers And Petrochemicals Corporation Limited

  
Vipin Agarwal  
President & CFO  
Authorised Signatory