



5th April, 2019

The Secretary
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001
Dear Sir/Madam,

Listing Department
National Stock Exchange of India Ltd.
“Exchange Plaza”,
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051

Subject: Presentation for Conference Call to discuss the Technical Ammonium Nitrate (TAN) segment overview and Industry Update

Please refer to our intimation dated 2nd April 2019 to the stock exchange regarding the Conference Call to discuss the Technical Ammonium Nitrate(TAN) segment overview and industry update.

Please find enclosed a Presentation for the aforesaid Conference Call scheduled on 5th April 2019. The presentation has not been shared so far with the parties participating in the conference call and would be shared after the stock exchange takes the same on record. We further clarify that no unpublished price sensitive information is being shared in the said presentation or would be shared in the conference call.

You are requested to take the same on your record.

Thanking you,

Yours faithfully,

**For Deepak Fertilisers
And Petrochemicals Corporation Limited**

**K. Subharaman
Executive Vice President (Legal) & Company Secretary**



Technical Ammonium Nitrate (TAN)

Business Overview - Presentation

April 2019



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED

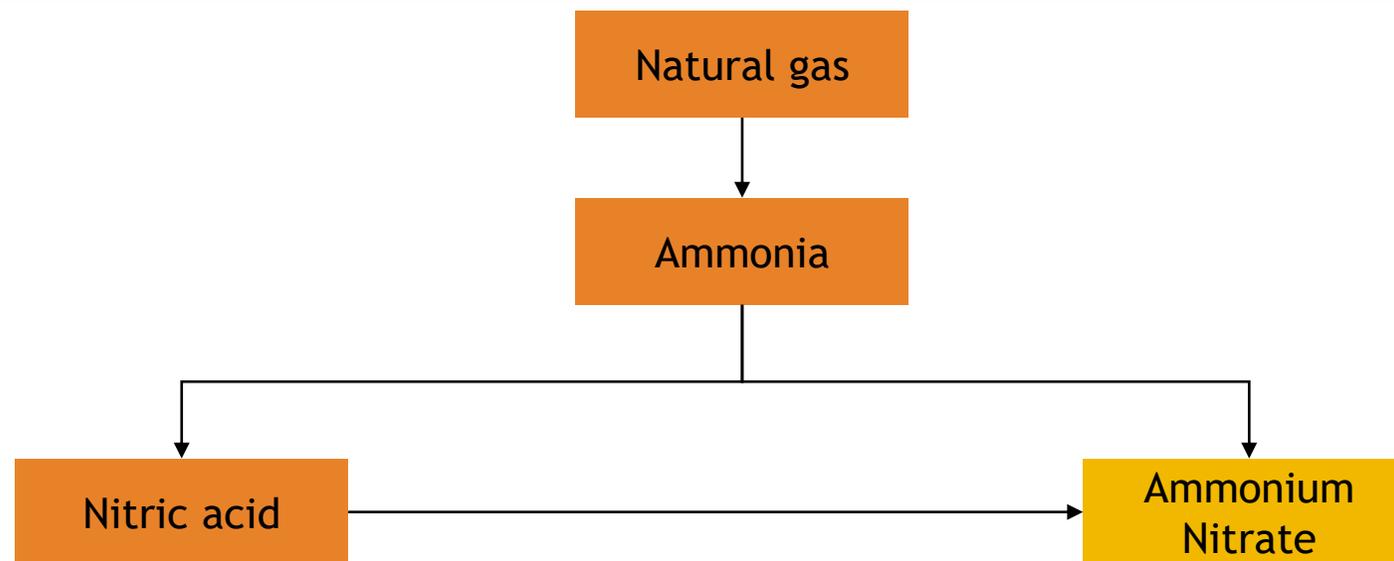
Technical Ammonium Nitrate (TAN): Fact Card

What is AN?



- Chemical compound with the formula NH_4NO_3
- Appearance: Odorless, white or colorless, crystal salt
- CAS number: 6484-52-2
- UN No: 1942
- Hazard Classification: 5.1

How is AN made?



End Use

Final uses for Ammonium Nitrate

- 65% in Fertilisers. As a Fertiliser, AN can be applied directly as a solid prill or other nitrogen solutions. AN in fertilizers is named as FGAN, however it is not used as a fertilizer in India
- 35% in **industrial explosives** and blasting agents
- **Technical Ammonium Nitrate (TAN)** is named primarily for all non-fertilizer applications

SOURCE: Wikipedia, Ullmann's Encyclopedia of Industrial Chemistry; McKinsey PSM in Chemicals Service Line

Ammonium Nitrate Solids

Can be broadly divided into 2 category

	Details	End Use
High Density AN (HDAN)	<ul style="list-style-type: none"> Anhydrous ammonia is reacted with nitric acid (can be produced from ammonia) to produce ammonium nitrate High density prill is made from 99.5% AN solution. As water content is low, no moisture migration occur resulting in high density AN 	Fertiliser, Explosive
Low Density AN (LDAN)	<ul style="list-style-type: none"> Anhydrous ammonia is reacted with nitric acid (can be produced from ammonia) to produce ammonium nitrate High density prill is made from 95-97% AN solution. The migration of moisture causes porosity and fragmentation which allow fuel oil to be absorbed up to a level of 5-6% to produce ANFO 	Explosive
AN Solution	<ul style="list-style-type: none"> AN Solution preparation is the preliminary stage for the production of AN Solids Competition in India i.e. RCF, NFL & GNFC produce only AN Solution which is by-product of fertilizers production AN Solution has a limited scope of supplies (250 - 300 KM range) as the product needs certain temperature control to retain its form & its chemical characteristics 	Explosive

AN Solution can be used for production of explosives

TAN Portfolio

Technical Ammonium Nitrate (TAN)

Key Products, Applications & Customers

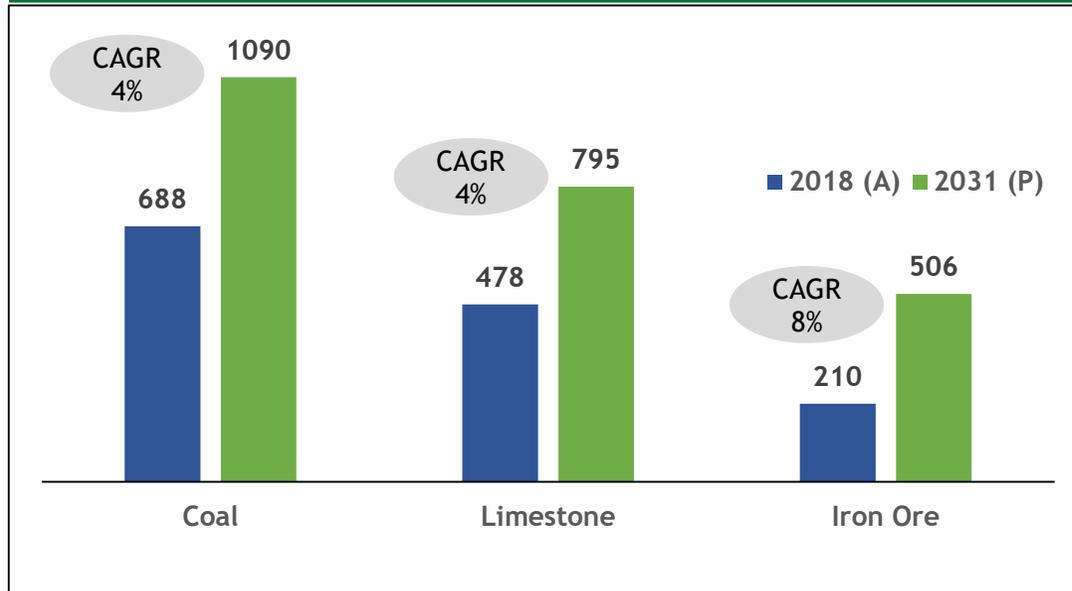
Products	<p>Low Density Ammonium Nitrate</p> <p>Optimex & Optimex+</p> <p>Vertex Super</p>	<p>High Density Ammonium Nitrate</p> <p>Optiform</p> <p>Vertex Norma</p>	<p>Medical Grade Ammonium Nitrate</p> <p>Optispan</p> <p>Vertex Supreme</p>	<p>Ammonium Nitrate Solution</p> <p>AN Melt</p>
Application	<p>To Manufacture ANFO & ANFO Blends</p>	<p>To Manufacture Emulsions & Slurry</p>	<p>To Manufacture N₂O</p>	<p>To Manufacture Emulsions & Slurry</p>
Customers	<p>Mining Industry & Explosives Manufacturers</p>	<p>Explosives Manufactures</p>	<p>Pharma Industry</p>	<p>Explosives Manufactures</p>
End-Usage	<p>As Explosives or Energy Dopant</p>	<p>As RM for Explosives</p>	<p>As RM for N₂O gas</p>	<p>As RM for Explosives</p>



TAN Market Demand in India

Driven by Mining, Infrastructure Sector & is expected to Outstrip Supply

Mineral Production (in Million MT) in India



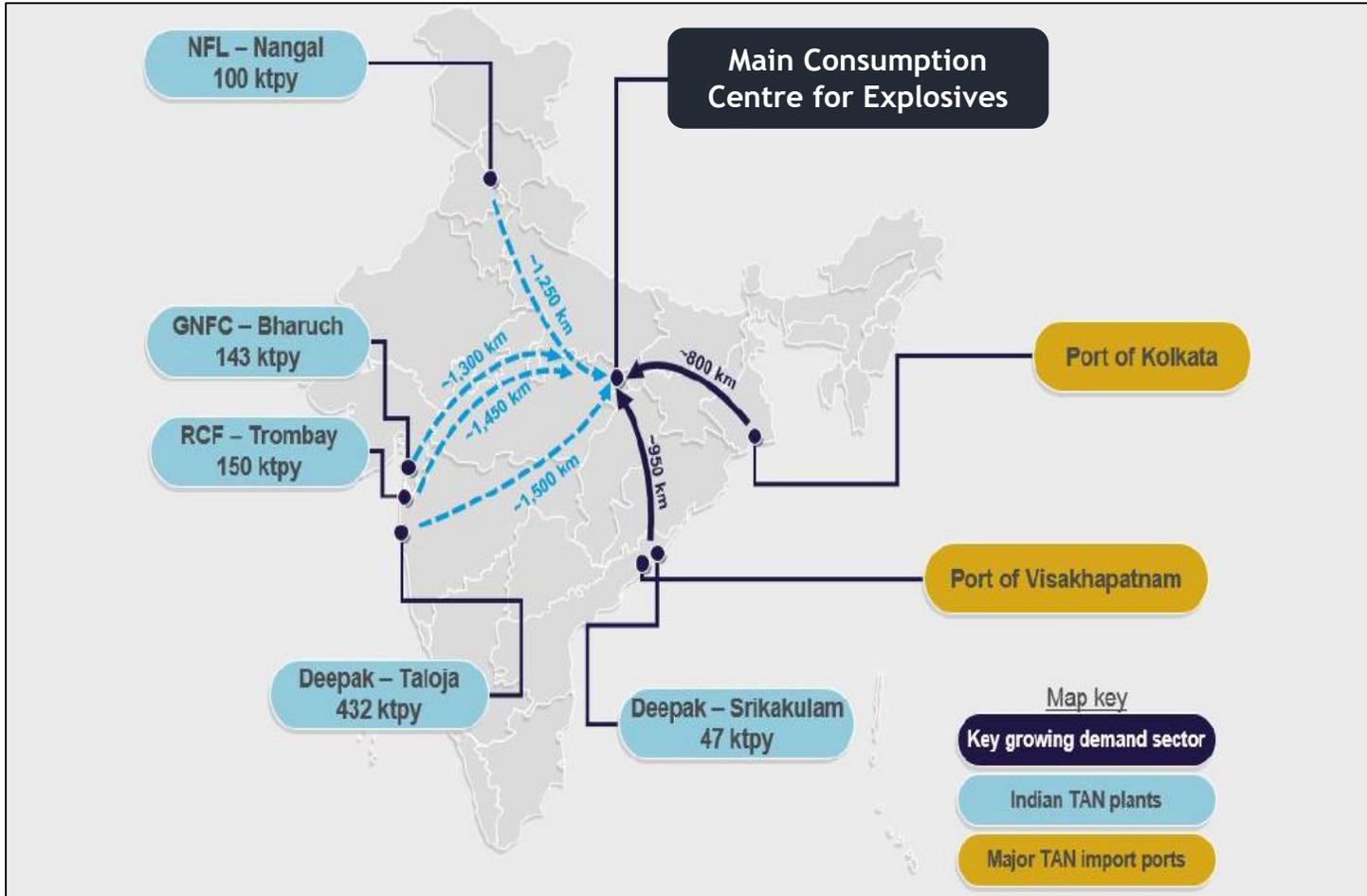
AN Demand-Supply Scenario in India

- Mining and infrastructure sectors are key demand drivers for TAN consumption
 - Coal & limestone accounts for majority of TAN demand and is expected to contribute to ~60% of the overall TAN demand in future years
- Domestic demand for TAN expected to grow at a CAGR of ~ 5% pa over next ten years, to 1,775 KTPA by 2031
 - Driven by increase in coal demand, from 688 Million MT in FY18 to 1,100 Million MT by 2031
 - Growth due to demand from existing as well as upcoming captive/commercial coal mines, mainly in Eastern and Central India
- TAN demand-supply gap likely to exceed 225 KT by 2019-20
- No growth in supply expected as no new likely capacity addition from other players



TAN Business

Market Position & Competitive Landscape



India Scenario (TAN)

1. Demand Vs Supply gap likely to double in N5Y
2. Major consumption increase in India coming closer to the Eastern Ports

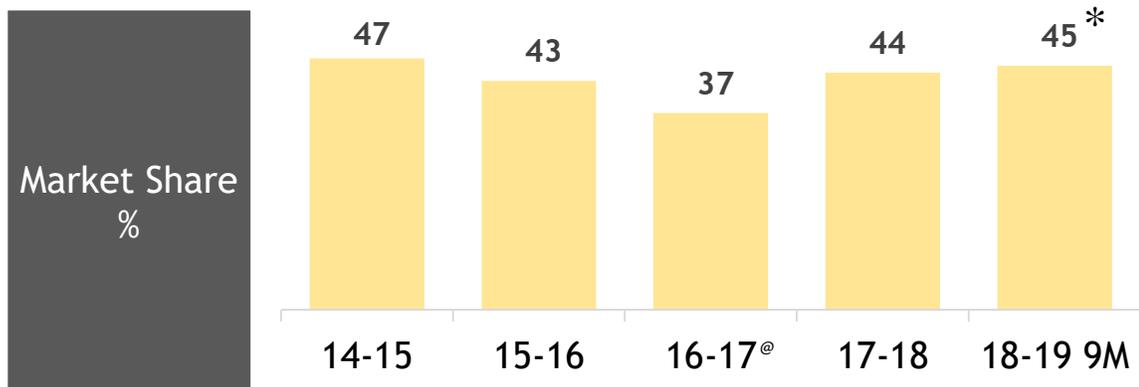
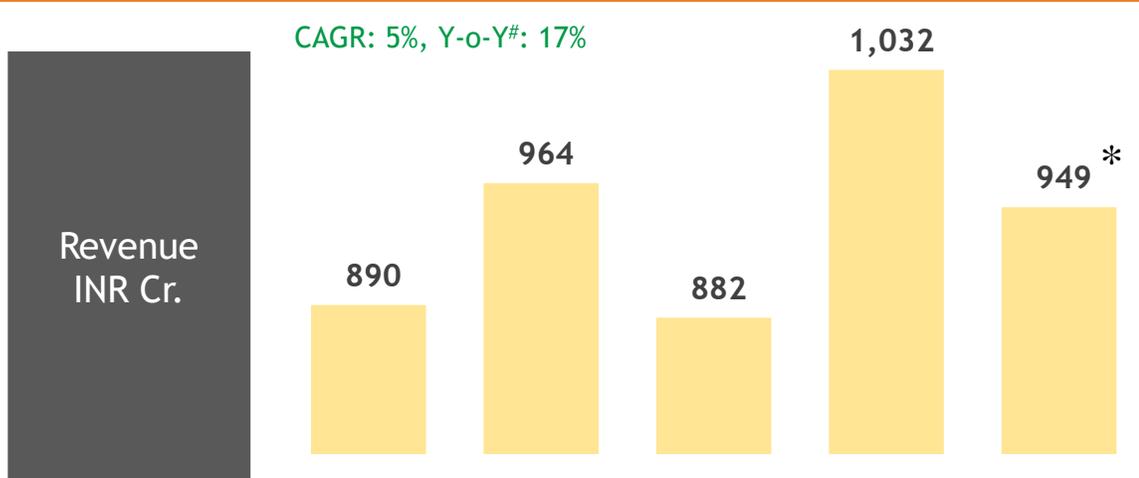
AN Demand-Supply Scenario in India - KTPA



TAN Business Financials

Consistent Revenue of ~900 Cr. & MS of >40% in the last 4 years

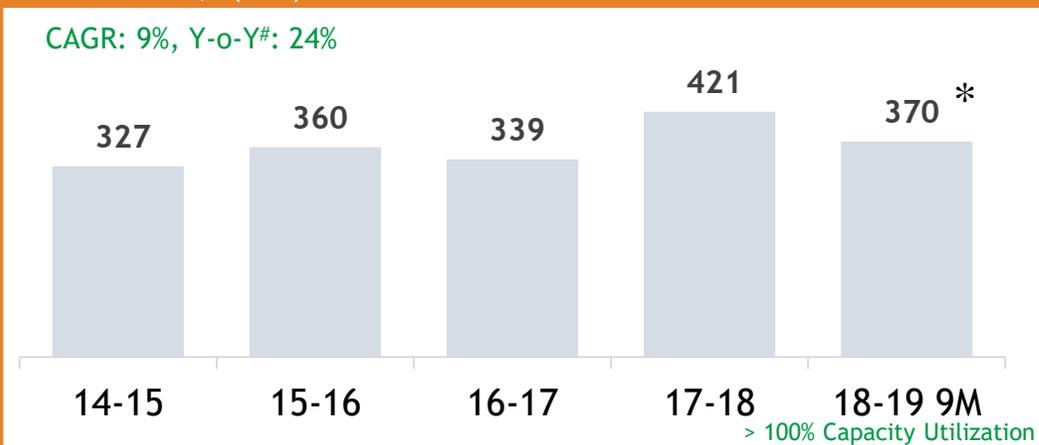
Financials



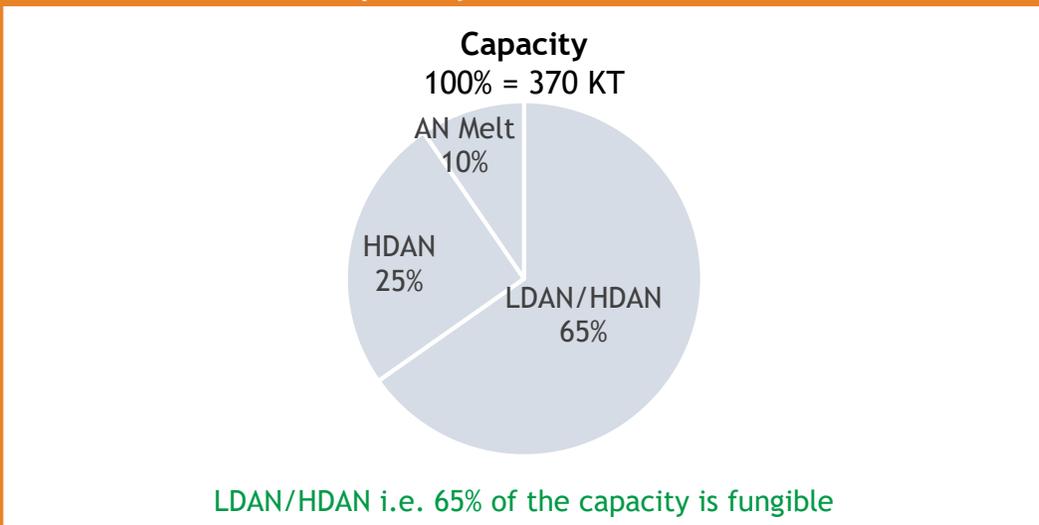
CAGR 14-15 to 17-18
Y-o-Y is 16-17 vs. 17-18

@ 16-17 saw larger imports post which ADD on FGAN was imposed

TAN Sales, (KT)



Product Profile Capacity, FY 18-19 9M



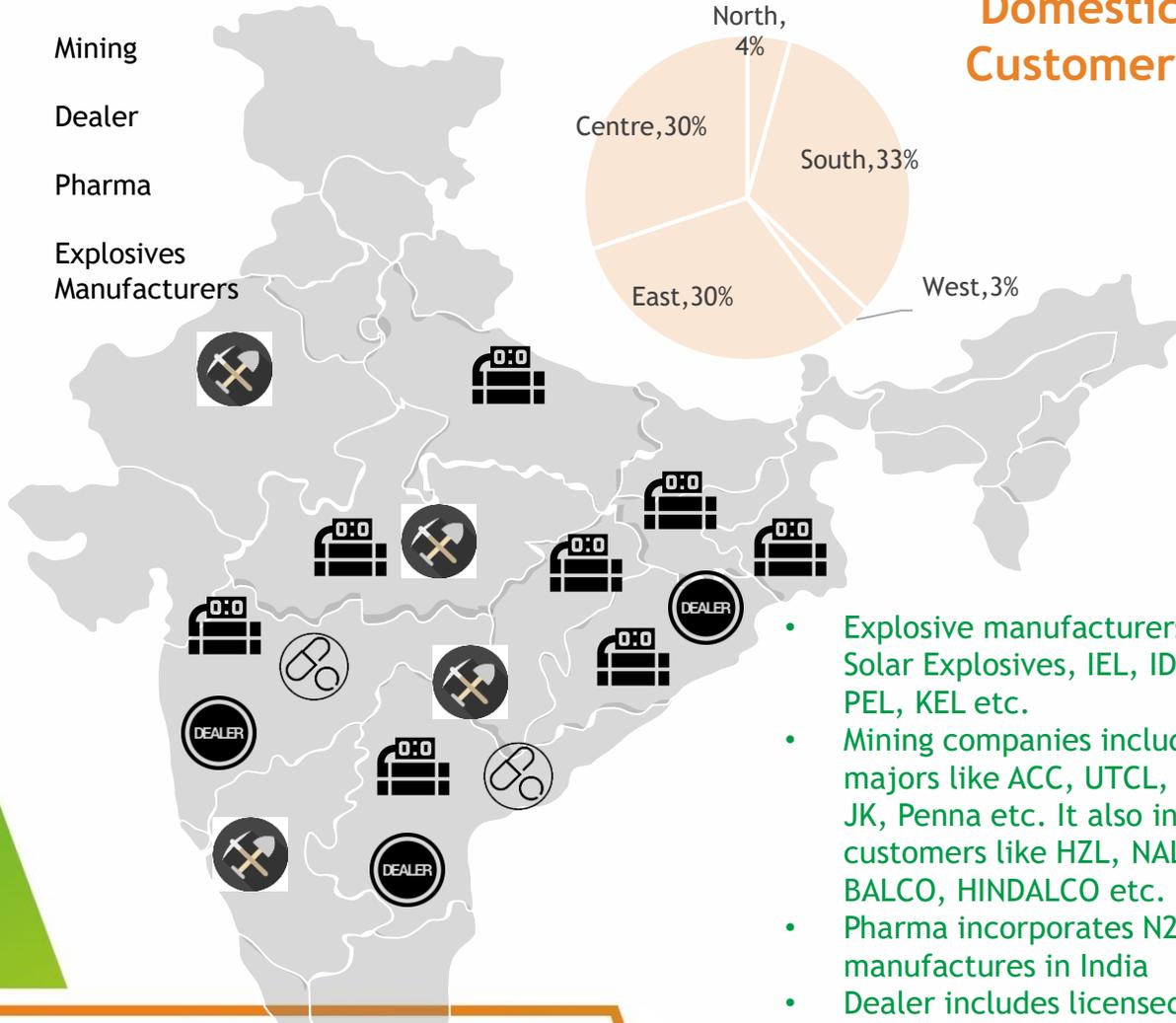
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* Represents data for 9M FY2019

TAN Business: Overview of Customers

Key Customer Concentration Profile - Domestic & Exports

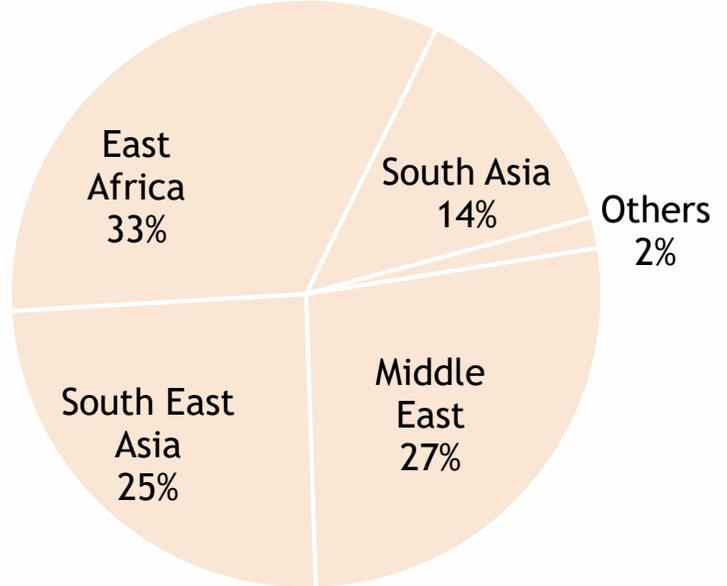
-  Mining
-  Dealer
-  Pharma
-  Explosives Manufacturers



Domestic Customers

- Explosive manufacturers include Solar Explosives, IEL, IDL, IDEAL, PEL, KEL etc.
- Mining companies include Cement majors like ACC, UTCL, Dalmia, JK, Penna etc. It also includes, customers like HZL, NALCO, BALCO, HINDALCO etc.
- Pharma incorporates N2O manufactures in India
- Dealer includes licensed holders from PESO

Exports Customers



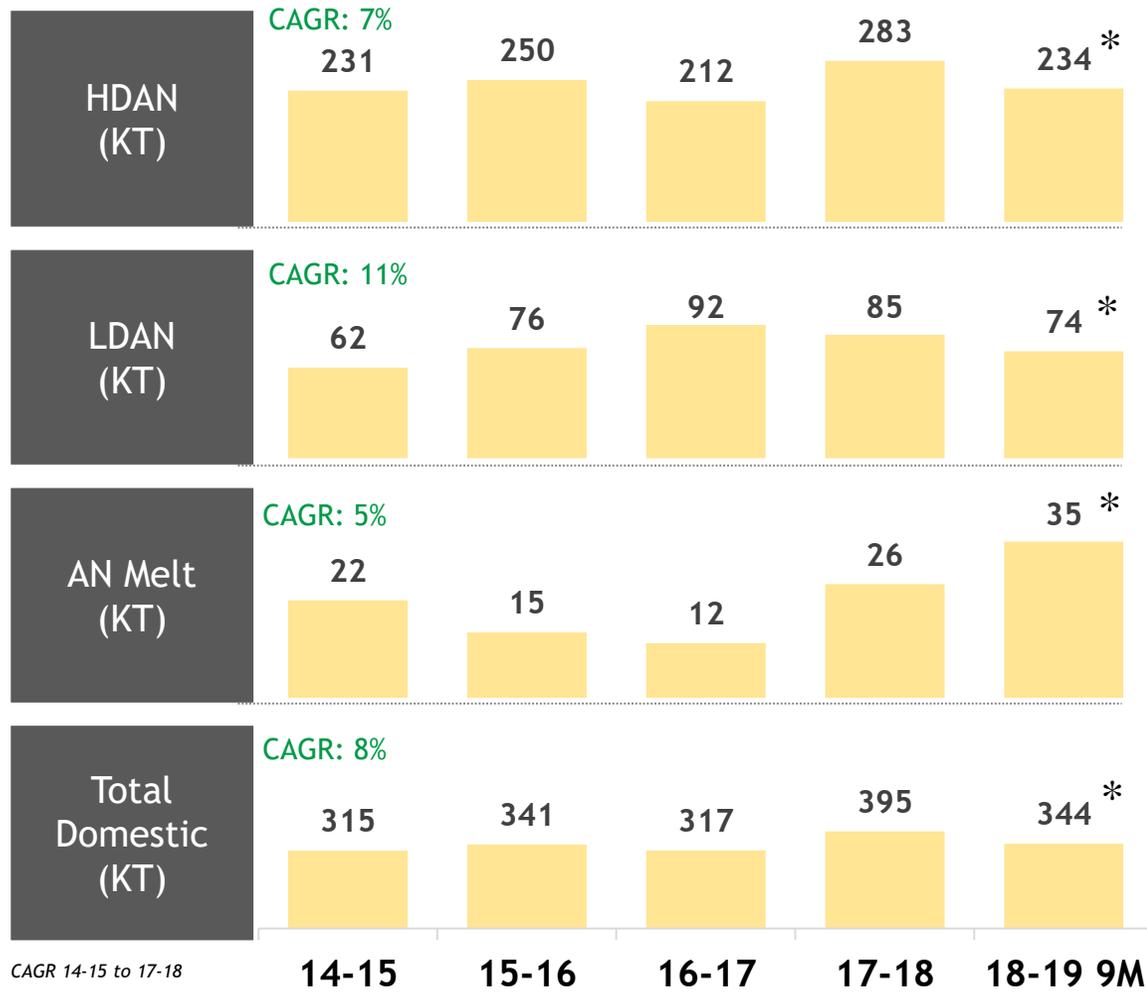
- Export customers basically include direct consumers in South Asia, South East Asia & Middle East, whereas, East Africa is dealt directly or through channel partners
- TAN Business is highly governed by statutory rules e.g. AN Rules through which all transactions i.e. manufacturing, storage, transportation & marketing is tracked & monitored 24/7

Note: All %ages are breakup of Sales Volume for FY18-19 9M

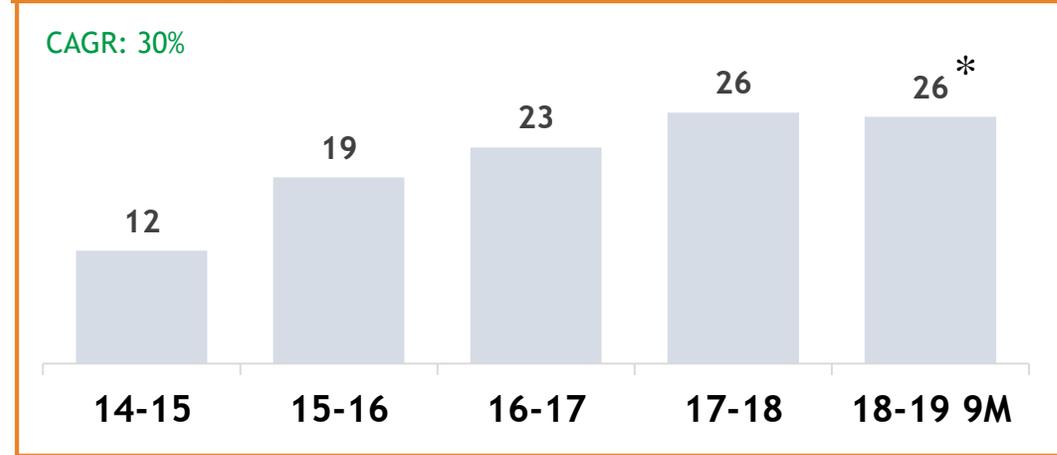
TAN Business

Trend on Sales Volumes of Last 5 Years

Domestic Product-wise Sales Performance Trend



Exports Sales Performance Trend (KT)



TAN: New Expansion Project

Capacity of ~370 KTPA on East Coast

- With growth in domestic demand for TAN, Demand-Supply gap to increase to 325 KTPA by 2020-21
- Current Plants at Taloja insufficient to meet the Demand-Supply gap, given their high capacity utilization
- DFPCL's market share maybe under threat, especially from imports
- 370 KTPA capacity plant is proposed at Gopalpur, Odisha with focus on catering domestic market, and to ensure:
 - Maintain dominant market position by restricting imports and cover up demand-supply gap
 - Capability to manufacture higher LDAN volumes - the contribution of which are higher than HDAN
 - New Product offering and enabled focus on exports to South East Asia & Australia

Key Highlights (Estimated)

#	Item	UoM	TAN
1	Project Cost	Rs. Crore	1,580
2	Target Debt: Equity	Ratio	70 : 30
3	Estimated COD	Year	H2 FY 21-22

Project Current Status:

- 40 Acres land required under 1st phase identified and MoU signed with SEZ
- EPCM contract in progress
- NA, ANS key equipment secured
- Identified land in SEZ has received EC/CRZ approval in Sept-18



TAN Business: Future Strategy

Top 3 Strategies that will shape TAN business over next 5 years



Protecting the Core

- Capacity Expansion
- Expanding TAN Product & Network Reach
- Develop AN Variants



Forward Integration

- Connect with End-Users through ANFO/HANFO
- Introduce New Product Variants for End-Users



Services Set-up

- Introduce of DTH Services in select Segments
- Introduction of Best-in-Class TLS

INITIATIVES



TAN Business: Key Takeaways

DFPCL would become the 3rd largest TAN Manufacturer in the World, in next 5 years while driving Sustainable Profitable growth with major market share

A

- TAN Business Growth is synonym to the Growth Story of Coal, Limestone & Infra Development in India.

B

- TAN Plants are running at 105% of Capacity & with Projected Demand-Supply Gaps, the New Plant would have Capacity Utilization of 100% in 2nd year of Operation.

C

- Only Supplier of TAN Solids in the Indian Market with a Dominant Market Share of ~45% & shall move to Market Share of >65% in next 5 years.



Disclaimer: This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating Deepak Fertilisers and Petrochemicals Corporation limited’s (DFPCL) future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. DFPCL undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

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