



18th September 2018

**The National Stock Exchange
of India Limited**

Listing Department
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai 400 051

BSE Limited

Department of Corporate Services
Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

Sub: Proceedings of the 38th Annual General Meeting

Disclosure of events pursuant to Regulation 30 read with Schedule- III of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

Dear Sir/ Madam,

The 38th Annual General Meeting of the members of the Company was held on Tuesday, 18th September 2018 at 11:30 a.m. at Opus 1, The Cove, Level 1, Creativity, Opp. Golf Course, Off Airport Road, Yerawada, Pune - 411006

The proceedings of the meeting are as under:

The requisite quorum being present, Chairman called the meeting to order.

The Chairman informed that second term of Shri U.P.Jhaveri, Shri S.R.Wadhwa, Shri Anil Sachdev, independent directors of the Company expired at the conclusion of the Annual General Meeting and Shri R.A. Shah, Non – Executive Director was not seeking re-appointment in terms of the retirement policy of the Company. The Chairman expressed thanks to all the directors for their long association with the Company and for the services rendered by them. All retiring directors were felicitated at this occasion.

The Chairman introduced the Directors present on the dais, and confirmed the presence of the Chairman of the Audit Committee, Chairman of the Nomination & Remuneration Committee, Chairman of the Stakeholder's Relationship Committee, the representatives of BSR & Associates, LLP, Chartered Accountants, Statutory Auditors, Secretarial Auditors and the Scrutinizers appointed by the Company to scrutinize the e-voting and poll process on the resolutions proposed in the notice of the meeting.

The Chairman then delivered his speech which is attached separately as Annexure-1.



The Chairman informed the members that the Company had provided the members the facility to cast their votes electronically on all the resolutions set forth in the notice. Members who were present in the meeting and who had not cast their votes electronically were provided an opportunity to cast their votes in the meeting through ballot paper or e- voting facility provided at the venue of the meeting.

Shri Sridhar Mudaliar, Partner of SVD & Associates, Practicing Company Secretaries, was appointed by the Company to scrutinize the e- voting and poll process in a fair and transparent manner.

The Chairman requested the members present to offer comments and seek clarification on the resolutions contained in the notice. Clarifications were provided to the queries raised by the members.

The Chairman then ordered the following items of business as per the notice of the 38th Annual General Meeting be put to vote by poll in addition to the remote e- voting facility provided to the members earlier.

S.No	Resolution(s) Description
Ordinary Business :	
1	Receive, consider and adopt the audited financial statements (including audited consolidated financial statements) of the Company for the financial year ended 31 st March, 2018 and the Reports of the Directors and Auditors thereon.- Ordinary Resolution
2	Declare a dividend on equity shares for the financial year ended 31 st March, 2018. – Ordinary Resolution
3	To Consider the ratification of appointment of M/s. B S.R and Associates, LLP, Chartered Accountants as Statutory Auditors of the Company for the remaining period of four years – Ordinary Resolution
Special Business :	
4	Not to fill up the vacancy caused by the retirement by rotation of Shri R.A. Shah, Director of the Company - Ordinary Resolution
5	Ratification and confirmation for payment of remuneration to Shri Y. R. Doshi , Cost Accountants – Ordinary Resolution
6	Re-appointment of Shri Sailesh C. Mehta as the Chairman and Managing Director of the Company – Ordinary Resolution
7	Payment of Commission to Non-Executive Directors – Ordinary Resolution
8	Reclassification of the Authorised Share Capital of the Company – Special Resolution



9	Raising of funds aggregating to Rs. 600 Crores (Rs. Six Hundred Crores) through one or more of various options of securities such as Equity Shares, GDRs, ADRs, Foreign Currency Convertible Bonds or Partly Convertible Debentures or by way of qualified institutions placement to QIB (Qualified Institutional Buyers) in terms of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 SEBI [ICDR] Regulations, 2009. - Special Resolution
10	Consider and approve issue of convertible equity warrants on preferential basis to the Promoters of the Company not exceeding Rs. 200 Crore - Special Resolution
11	Consider and approve increase of limits to provide loans, guarantees / securities investments beyond the threshold provided under Section 186 of the Companies Act, 2013.- Special Resolution
12	Consider taking approval of the Shareholders of the Company pursuant to the provisions of Section 62(3) of the Companies Act, 2013 enabling Board of Directors for conversion of financial assistance extended / to be extended by the Banks / Financial Institutions / any other Lender(s) into Equity Shares of the Company in case of default – Special Resolution

The Chairman then informed the members that all the items of the Notice of 38th Annual General Meeting have been transacted.

The Chairman authorised the Company Secretary to declare the results of voting after the receipt of the Scrutiniser's Report.

Thanking you,

Yours faithfully,

For **Deepak Fertilisers**

And Petrochemicals Corporation Limited


K. Subharaman

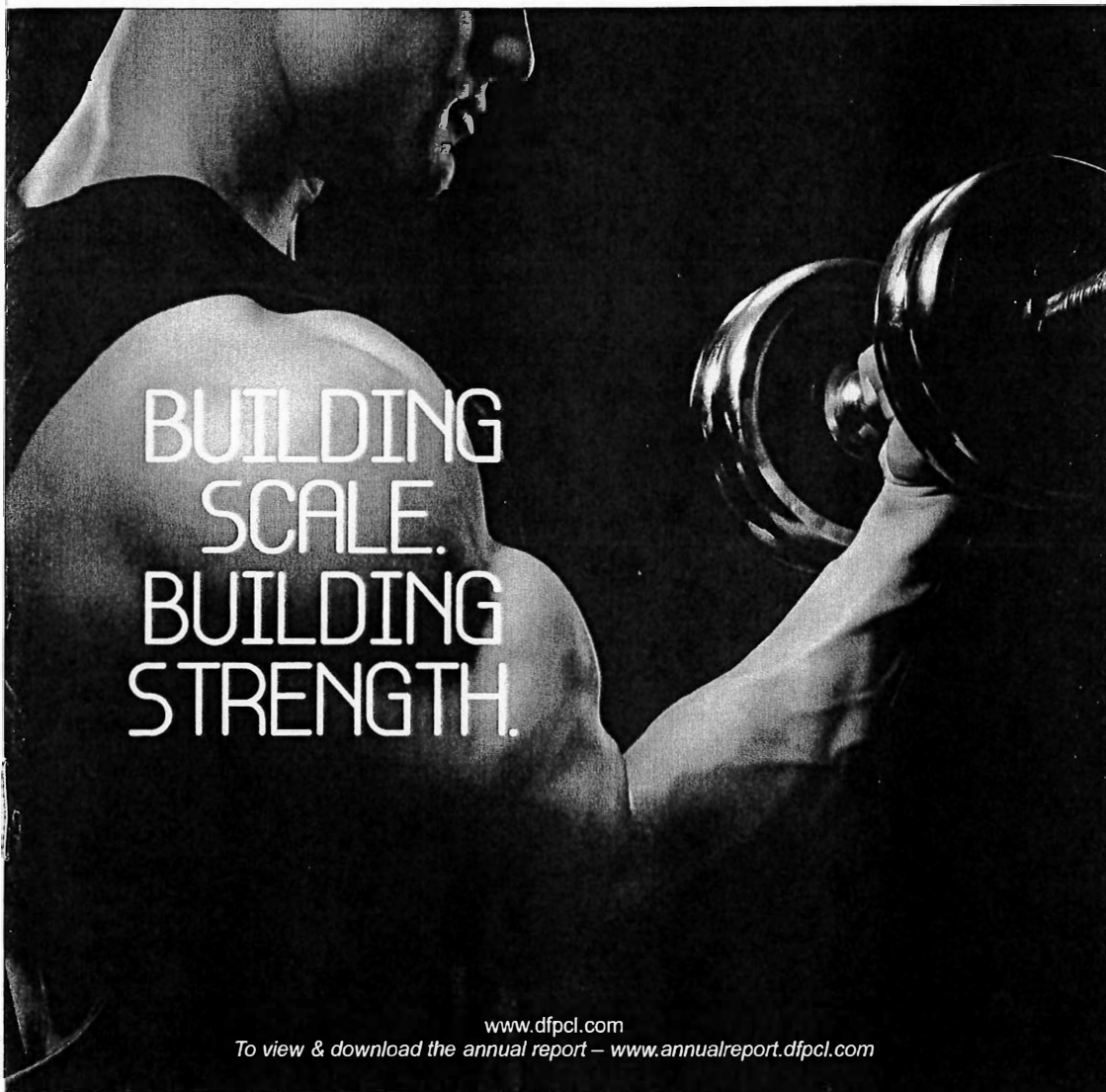
Executive Vice President (Legal) & Company Secretary



DEEPAK FERTILISERS
AND PETROCHEMICALS
CORPORATION LIMITED

Chairman's Address

Address by **SHRI S.C. MEHTA**, Chairman & Managing Director to the Shareholders at the 38th Annual General Meeting of the Company held on **18th September, 2018** at Pune



DEEPAK FERTILISES AND PETOCEMICALS CORPORATION LIMITED

Ladies & Gentlemen,

I extend a very warm and hearty welcome to you all at the Thirty Eighth Annual General Meeting of your Company.

The Company's accounts for the year ended March 31, 2018, along with the Directors' and Auditors' report, a Letter to the Shareholders, and Management's Discussion and Analysis, have already been circulated to you. With your permission, I would like to take them as read.

ECONOMIC SCENARIO

India has emerged as the fastest growing major economy in the world and it is expected to be one of the top three economic powers of the world over the next 10-15 years.

Under the able leadership of Honorable Prime Minister, the Government of India, has remained focused and committed towards uplifting the rural economy and strengthening of the agriculture sector, healthcare for the economically less privileged, infrastructure creation and improvement in the quality of education of the country. Your company's fortunes are strongly linked with broad-based growth of various sectors in the economy, particularly agriculture, mining, infrastructure and health care.

PERFORMANCE IN 2017-18

Your company's performance in the current year has been encouraging. For the first time, your Company crossed the Rs.6,000 crore in revenues this year. On consolidated basis, the total income of the Company grew from Rs. 4,394 crores in FY17 to Rs. 6,086 crores in FY18, primarily driven by increase in NPK volumes and enhanced trading volumes of solvents. PBT and PAT were reported at Rs. 233 crores and Rs. 166 crores in FY 18 as against Rs. 233 crores and Rs. 157 crores in FY17 respectively (before loss of share in the associates).

As a percentage of revenues, Industrial Chemicals business which constitutes acids and solvents contributed 51.31% whereas TAN and Crop Nutrition businesses contributed 18.48% and 29.8% respectively. Thus, while we are known as Deepak Fertilisers, factually we are now predominantly a chemicals company with three distinctly emerging sectors we serve deeply.

Increase in raw material costs, especially Natural Gas and propylene, depressed margins in Acids and increased depreciation, interest charge due to capitalization of NPK plant and higher forex loss compared to previous year resulted in flat profitability in FY18 despite 38% increase in revenue over FY17.

The company stabilized the new NPK facility during the current year and gained leading market position in Maharashtra with 20.6% market share in bulk fertilizer segment. However, due to first year of operation of its NPK plant and increased competition in the market place, company incurred higher production and marketing cost, but plant stabilization and better



operating efficiencies will help improve segment performance going forward.

Chemical segments maintained consistent performance and have sustained their market share. In solvents, Company continued to maintain its market leadership in Iso Propyl Alcohol (IPA) and trading of solvents registered substantial growth.

In TAN, your company achieved about 85% plus capacity utilization during the year and enjoyed 45% market share in the segment. Today, your Company stands tall as India's largest TAN (Solids) manufacturer and is also one of the world's top 5 largest merchant TAN manufacturers.

As part of its transformation journey, your Company is redefining its strategy to move its focus from product to solution and product pricing to value pricing, thereby enhancing customer stickiness and improving margins in each of its products.

■ RAW MATERIAL SCENARIO

Your Company's key raw materials are Natural Gas, Ammonia, Phosphoric Acid and Propylene.

NATURAL GAS

Earlier, the Hon'ble High Court of Delhi gave a verdict in favour of your Company and directed the Government to restore the supply of Natural Gas. As per the submissions before the Hon'ble Delhi High Court, the Inter-Ministerial Committee has recommended supply of Pooled Gas to the NPK manufacturers and the proposal will require approval of Competent Authority. In another verdict in favour of your company, arbitrator set aside GAIL's recovery claims. Pending restoration of low priced pooled gas, the Company is presently sourcing RLNG to run its operations.

AMMONIA

As compared to previous year, global ammonia prices during the current year were lower. Your Company continues to purchase a significant volume of Ammonia from the international merchant market.

PHOSPHORIC ACID

Phosphoric Acid is a key raw material for manufacturing fertilisers. The new NPK plant at Taloja is designed to give us freedom to use multiple sources of Phosphoric Acid and would reduce our dependability on a single source. This will allow your Company to de-risk by broad basing the Phos Acid supplies.

PROPYLENE

During the year, Propylene prices have remained volatile. The Company is sourcing the Propylene from an Oil PSU under a long-term contract.

DEEPAK FERTILISERS AND PECTOCEMICALS CORPORATION LIMITED

■ PROJECTS RECENTLY COMMISSIONED / NEARING COMMISSIONING

NPK:

In the Crop Nutrition business, with the implementation of 600,000 tonnes NPK capacity, our total capacity has reached 900,000 tonnes. With further incremental tweaking and optimization of our manufacturing processes, we are targeting to cross a net capacity of 1.1 million tonnes during CY2019. This capacity hike has helped position your Company in the leadership status of NP / NPK in Maharashtra. With the new technologically superior plant, your Company was able to launch Smartek, a range of innovative and first-of-its-kind fertilizers. As we improve capacity utilization, the planned cost optimizations will begin to accrue.

BENTONITE SULPHUR:

The green field Bentonite Sulphur plant at Panipat have been commissioned with 32,000 MTPA capacity, taking the total Bentonite Sulphur capacity of the company to 57,000 MTPA. The plant gives us access to newer geographies, especially northern markets of Punjab, Haryana, UP and MP while helping us clearly consolidate our market leadership in the specialty fertilizer segment.

NITRIC ACID:

Progress of the green field Nitric Acid plant at Dahej is as per schedule and is likely to get commissioned in H2 2019. Post commissioning, we will become Asia's largest multi-asset Nitric Acid producer and will soon be able to comprehensively service multiple downstream outputs of the assets, with a diversity and scale in offerings.

■ NEW PROJECTS – TAN, IPA and AMMONIA

TAN (TECHNICAL AMMONIUM NITRATE)

The Infrastructure sector is a key driver for the Indian economy, enjoying intense focus from the Government. The Government's Bharatmala Pariyojana involves the construction of 38,400 kms of roads over five years, creating 14.2 crore jobs while under the Sagarmala program, 415 projects have been identified.

The future projections of key minerals and Infrastructure spend indicate a very strong and consistent demand for Industrial Explosives – hence Technical Ammonium Nitrate (TAN) in the coming 10 years.

Today, your Company is a leading TAN (Solids) manufacturer and is ranked amongst one of the world's top 5 largest merchant TAN manufacturers. It enjoys a 45% domestic market share and 2.5% of global production of TAN. Current capacity utilisation is in excess of 85%.



To cater to the rising demand based on Government's thrust on infrastructure and power, to serve the customers faster and to substitute imports with domestic production, your Company is investing Rs. 1,566 crores to set up a 376,000 MTPA state-of-the-art manufacturing unit in the East Coast of India. With the increased capacity, your Company would be positioned amongst the top three producers of merchant TAN globally.

IPA (ISO PROPYL ALCOHOL)

IPA demand in India has been witnessing annual growth rate of around 8 - 9% for the last 5-7 years and expected to grow in future at the similar rates. Total demand for IPA in India was around 150 KTA in 2017-18; expected to grow to 170 KTA by 2019-20 and further continue to grow at similar rate in the future.

Consumption in India is mainly driven by use of IPA as a solvent in the Pharma industry (~80% of the total demand). The Indian pharma industry has been growing at a compounded double-digit growth rate over the last five years and has significant growth potential. Other end-use segments like Inks & Coatings and Derivatives are also exhibiting robust growth rates.

DFPCL has been serving the IPA market since 2006 with a total manufacturing capacity of 70 KTA and since 2013-14, the capacity utilization of the IPA plant has been more than 100% based on the actual production capacity. As the market demand continues to increase, significant portion of IPA demand is being met through imports, which is about 48% of the total IPA demand of the country. To fulfil the market requirements and maintain its market leadership position, the Company, in addition to manufacturing, has been importing and supplying IPA apart from other traded solvents as product basket.

Looking at the current demand and supply scenario, your Company is investing Rs. 762 Cr to setup a 100 KTA plant and which is expected to be completed during CY2020.

With established customer base for IPA, large demand supply gap and DFPCL's market leadership, the Company is quite confident in marketing additional 100 KTA IPA to its existing and emerging customers. The Company will also explore manufacturing of segment specific value-added grades to cater to specific industries like electronic, cosmetic, pharma etc.

AMMONIA

By FY 2020, the Group's total Ammonia consumption at Taloja will be more than 1600 MTPD. Keeping in view the need to strategically support the downstream sectors in operations, a world scale Ammonia facility of 1,500 TPD is being planned as a backward integration at Taloja with a capex of approximately Rs. 2,950 crores. The inhouse production of Ammonia will result in savings in delivered cost of Ammonia, elimination of infrastructure inefficiencies at JNPT and running an environmentally sustainable operation at Taloja.

DEEPAK FERTILISERS AND PETOCEMICALS CORPORATION LIMITED

■ BEING “FUTURE READY” WITH STRONG SYSTEMS

To sustain a business of much greater size and complexity, your Company is strategically revamping the organization to become 'future ready', and one that is more conducive to translating specific strategies. Your Company has been investing significantly in getting cutting edge advice from consultants of global repute to upgrade its business processes. This will entail using new and better IT solutions for driving higher contribution from each aspect of business, within shorter timeframes. Your Company is implementing this by seamlessly connecting raw materials, manufacturing, logistics, warehousing, sales and collections. Your Company is also in the process of migrating to a more evolved deployment of SAP, becoming highly analytics enabled to produce a sea-change of improved productivity and returns over time.

■ RISK MITIGATING MEASURES

Your Company's expansion plan is laid on strong risk mitigation framework. Each of the capital expansion projects are for products where your Company has accumulated nearly four decades of experience in assimilating diverse manufacturing technologies; adherence to high environment, health and safety standards, ; inward and outward supply chain management, deep regulatory awareness and compliance; an established base of customers; and strong knowledge of business drivers affecting domestic and global trends. Owing to this, it is expected that your Company will set up these projects at the most competitive project cost with accelerated gestation periods giving your Company the confidence of generating superior return for shareholders. Furthermore, as your Company already has strong and established relationships with its customers, the acceptance of its products by the marketplace should also be rapid.

■ CURRENT YEAR PROSPECTS

CROP NUTRITION BUSINESS

As part of its business strategy, your Company has been focusing on introducing value-added crop nutrition products that would improve the overall crop quality, yield and profitability of the farmers. During the year, your Company has introduced Smartek range of fertilizers, a unique and first-of-its-kind of fertilizers which help in better uptake of nutrients, higher water retention and improves soil health. Your Company also introduced Bensulf FRT based on Fast Release Technology and crop specific water-soluble fertilizers, to help farmers improve their produce quality, yield and profitability. Your Company is continuing to focus on technology based specialty fertilizers as a part of its growth strategy.

Monsoon has been favorable, especially in Maharashtra, Karnataka and Gujarat, the core markets of your Company. A good Rabi season is anticipated and increase in sowing acreage is expected as compared to last year, leading to higher demand for fertilizers.



TECHNICAL AMMONIUM NITRATE

With strong brands of world-class quality and a well-entrenched distribution system, TAN Business is leveraging the Government's thrust on growth in mining industry, especially coal and infrastructure growth, thus scaling the business higher every financial year. The TAN Business plans to combine product and specialty services to drive the value-added product strategy by ensuring focus on chosen markets thereby enhancing margins.

Your Company remains optimistic about both, the domestic & export potential of the TAN business and is thus working at expanding and growing these markets in the years to come.

INDUSTRIAL CHEMICALS

Favorable demographics and rising economic growth have been driving demand for chemicals in India, even as external demand and specialty chemicals also contributed strongly to industry's growth.

In the industrial chemicals sector, your Company continues its leadership position in acids and solvents, especially IPA. Your Company's drive to segment the markets and customize its offerings is helping to bring a strong specialty touch to its Chemicals Business.

VALUE ADDED REAL ESTATE

The Value-Added Real Estate business of the Company comprises of Ishanya, a lifestyle retail center in Pune. During the year, Ishanya was re-branded as 'Creaticity' and as per renewed business strategy 'Creaticity' will focus on a three-pronged category strategy comprising of Home and Living, F&B and Entertainment. Each of these "experience-led" categories are being fortified such that customers perceive true value and joy. A judicious mix of national and international brands in Home & Living are housed inside the mall. With this strong strategic focus Creaticity saw a strong 40% hike in sign-ups and today houses world leaders like Ashley Furniture from North America, Gautier, Natuzzi Editions, M & D Casa Italia, King Koil, and India's top home retailer, @home from Nilkamal group, Tangent, Royal Oak, The Home Sukh, Houslife and Studio Pepper Fry among others.

Creaticity hosts several casual dine and fine dine F&B offerings spread over 50,000 sq. ft. of space and a couple of unique sports entertainment formats that promote the concept of group gaming. Creaticity has also undertaken an innovative foray into offering higher storey spaces for design institutions and co-working spaces. With all the sign-ups done, Creaticity should reach above 80% occupancy of leasable spaces. The Company is in keen and active pursuit of being recognized as knowledge leaders in the categories that it operates by strengthening its product mix backed by specialized services and curated events. To help this process, your Company has brought in unique IT tracking systems to enhance consumer preference, deliveries and reach. It has also tied up with a finance company to provide for EMI based purchases.

DEEPAK FERTILISES AND PETOCEMICALS CORPORATION LIMITED

Creaticity is heading towards optimal occupancy and improved yields in the ensuing year with dedicated and single-minded focus on both our customers and categories.

With its firm footprint in four business arenas, namely fertilizers, mining, chemicals & value-added real estate, your Company remains committed to seeking steps to enhance market share and profitability in each arena through growth, leveraging its product quality and service, brands, distribution network and relationships in its current businesses and thus augment shareholder value in the times to come.

■ ACKNOWLEDGEMENT

Before I conclude, I would like to extend my personal thanks to the investors, bankers, customers and all stakeholders for continuously reposing their confidence in the Management.

I also thank all my colleagues on the Board for their whole-hearted support and encouragement.

I would also like to thank the Company's employees at all levels.

With your continued support and encouragement, I am sure the Company will achieve good performance year after year.

Jai Hind