



Deepak Fertilisers And Petrochemicals Corporation Limited

ANALYST MEET

26th May 2010



About Us

- Listing: The Stock Exchange, Mumbai (BSE), and the National Stock Exchange (NSE).
- Ticker: DEEPAKFERT
- Incorporated in 1979 as an ammonia manufacturer with a capacity of 90,000 tons.
- Now a multi product company with four broad based business segments: Agri-Business, Technical Ammonium Nitrate (TAN), Industrial Chemicals and Value Added Real Estate.
- Natural gas and Refinery Grade Propylene are our primary feedstock.
- Natural gas supplied through a company-owned 42 km gas pipeline from Uran to Taloja

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Products & Services

Agri-Business product portfolio:

- Nitro Phosphate (NP) 23:23:0 (Capacity – 229,000 MTPA)
- Sulfur Bentonite (Capacity – 25,000 MTPA)
- Customised fertilisers, bio-fertilisers, water soluble fertilisers, soil nutrients and select mixtures
- Among the leaders for its products with some of the best recognised brands in its markets – Mahadhan and Bhoodhan
- Expanding geographical footprint successfully by moving into states like Punjab & Haryana.
- The traditional markets of Maharashtra, Gujarat, Karnataka further enhanced and strengthened.

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Products & Services

Agri-services portfolio:

- DFPCL's Saarrthie initiative creates competitive advantages through agronomy and direct farmer linkages
- Linking nutrient management to product output management
- The Saarrthie centres now service about 7189 farmer members and cover an area of 1430 hectares of cultivable land.

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Products & Services

Industrial Chemicals portfolio:

- Technical Ammonium Nitrate (TAN) (Capacity-432,000 MTPA with the new plant to be commissioned later in FY11).
- Ammonia tie-ups with Middle East supplier in place.
- Quantity required at full capacity – 214,000 MTPA
- Largest producer of TAN in India
- Market share around 30%. Set to increase to 70% by FY12

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Products & Services

Industrial Chemicals portfolio:

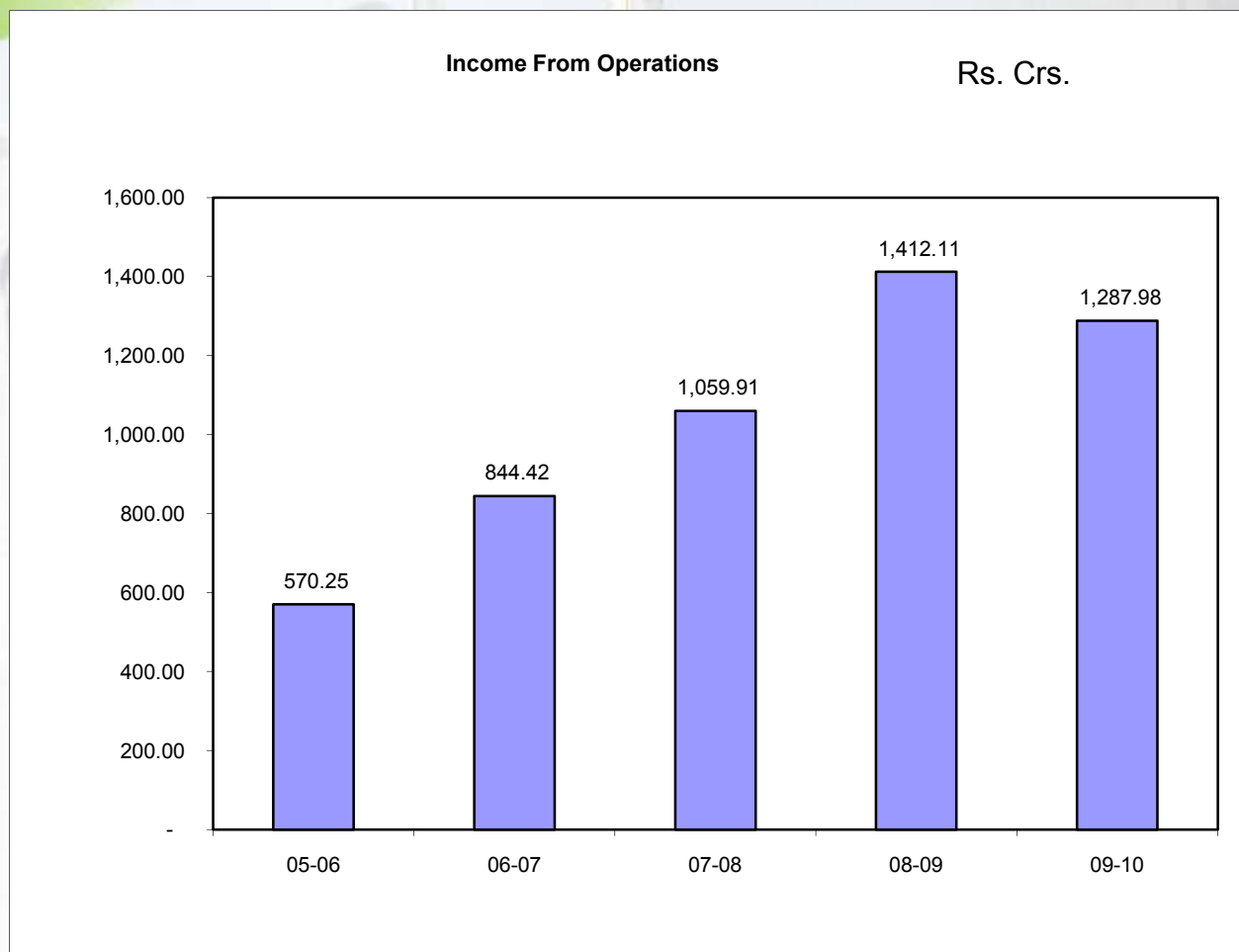
- Iso Propyl Alcohol (Capacity-70,000 MTPA). Market Share about 75%
- Nitric Acid (Capacity-Dilute Nitric Acid – 4,45,500 MTPA and Concentrated Nitric Acid 79,200 MTPA). Market share in DNA is about 32%, CNA is about 48%
- Methanol (Capacity-1,00,000 MTPA)
- Propane, Carbon Di-oxide and Hydrogen as by-products.
- The only manufacturer of IPA in India and one of the very few companies in the world with a US Pharmacopoeia certification for this product.

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Income From Operations



CAGR
17.70%

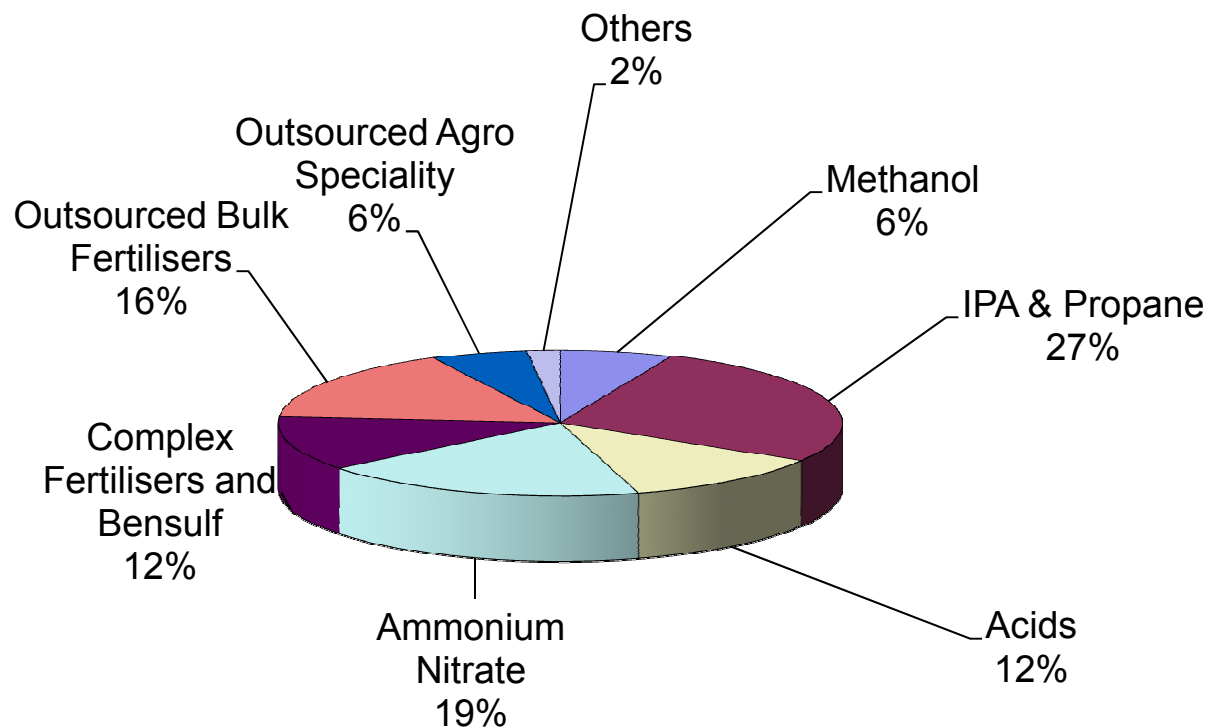
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Revenue Mix

**The Revenue Mix from Various Products
FY 2009-10**



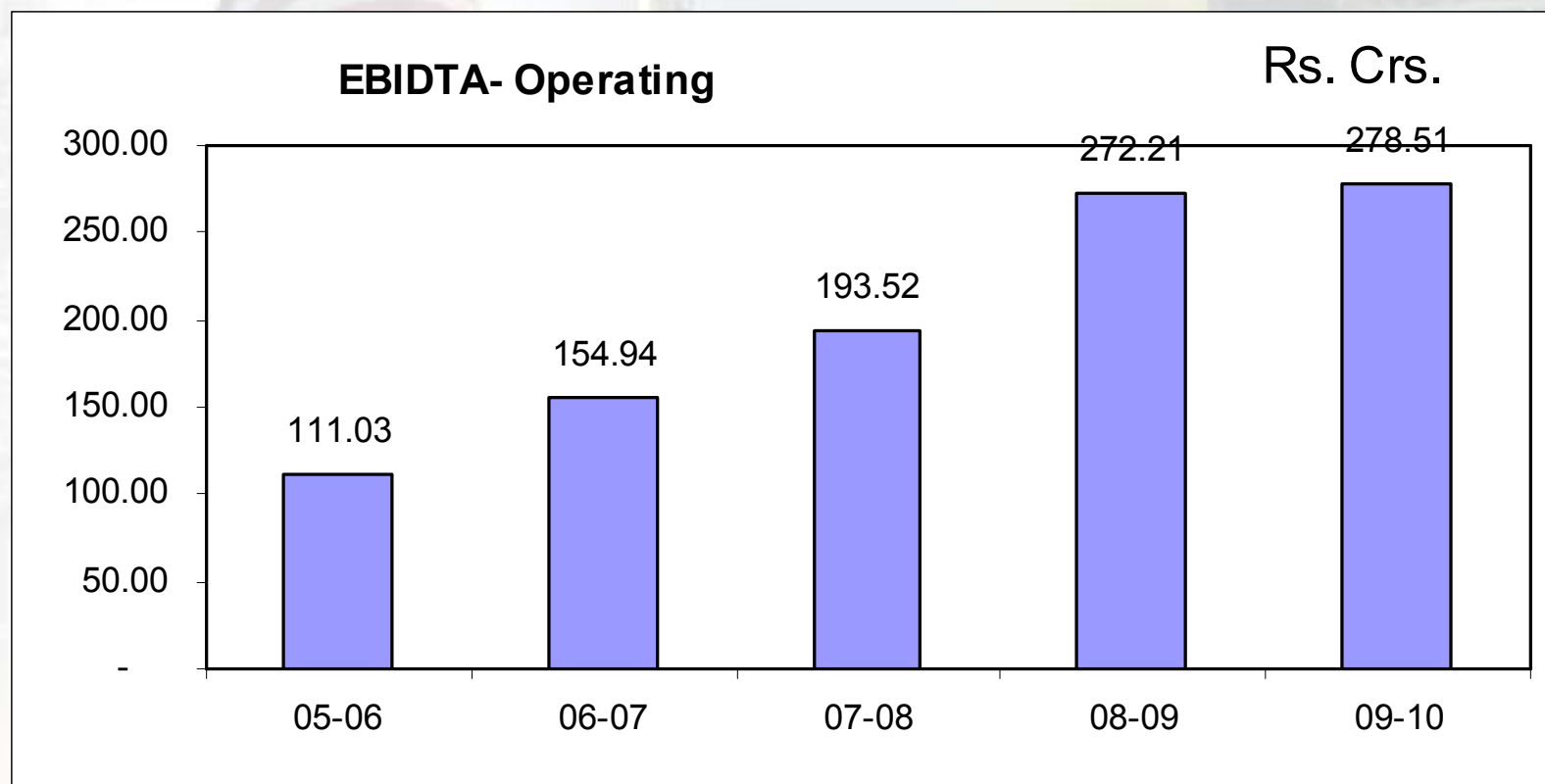
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Operating EBIDTA

CAGR
20.19%



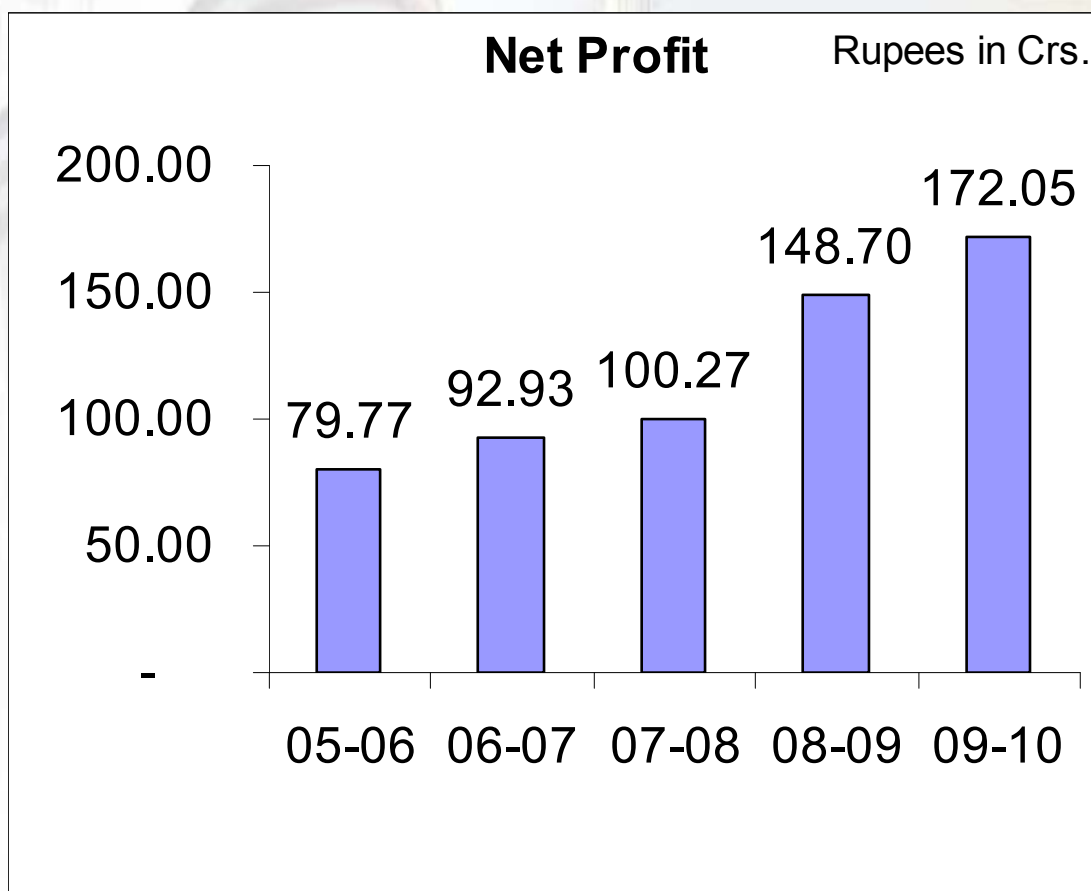
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Net Profit

CAGR 16.62%

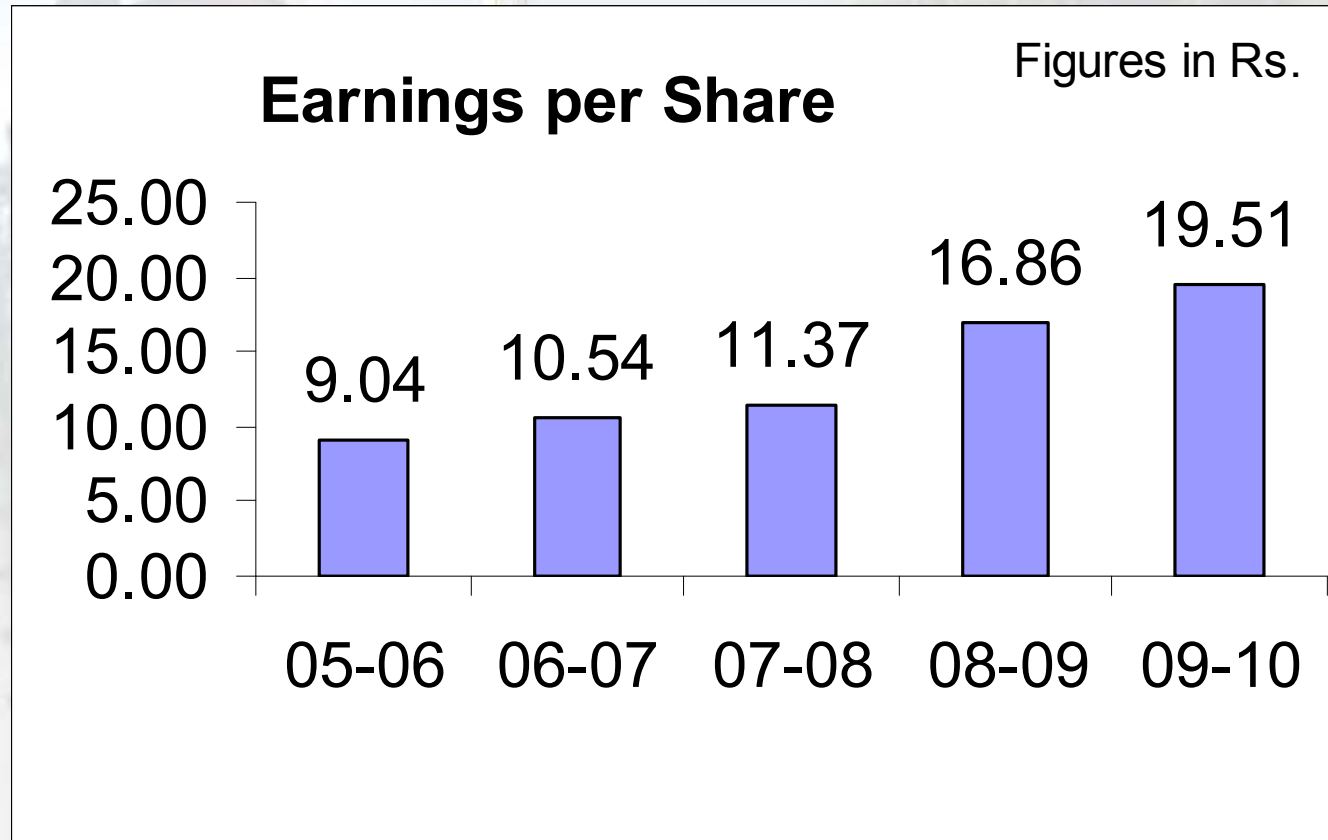


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Earnings Per Share

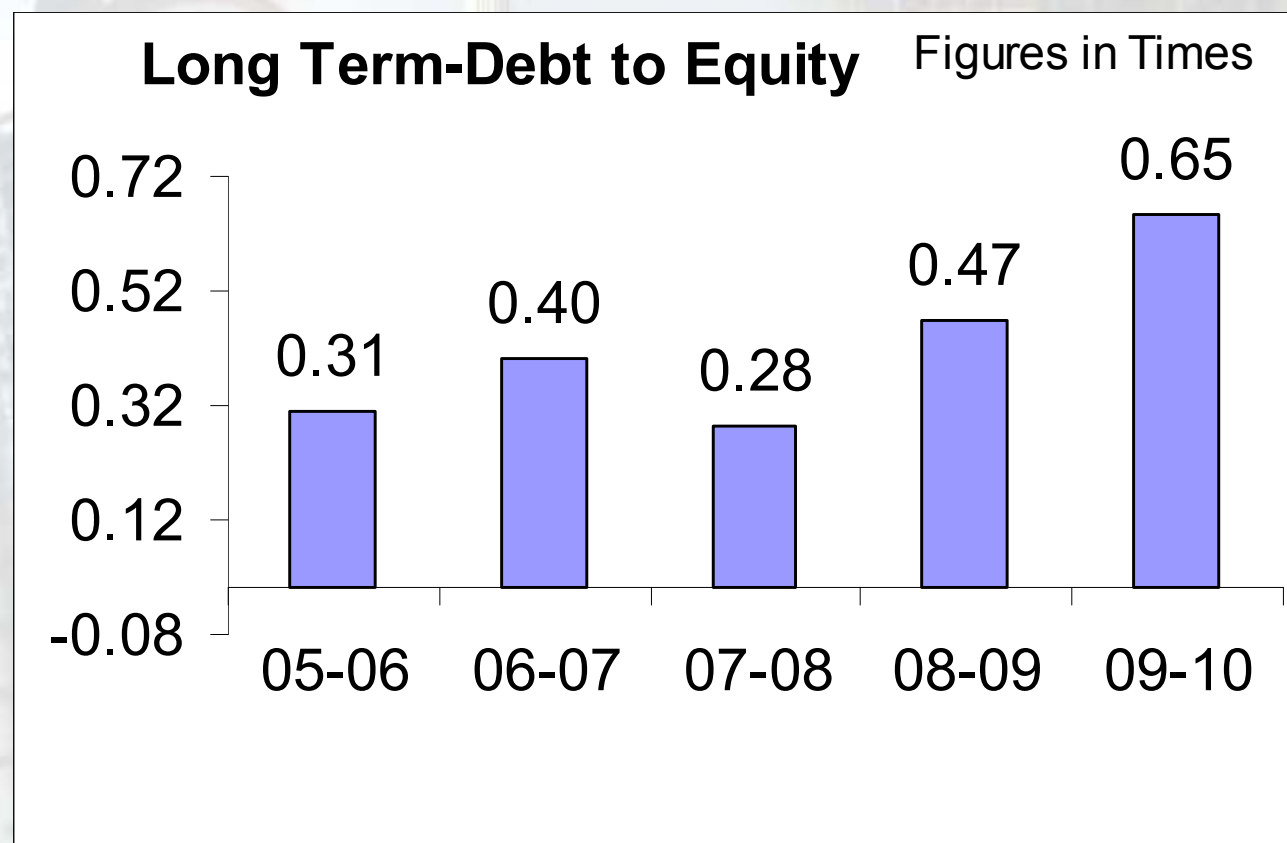


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Long-term Debt to Equity

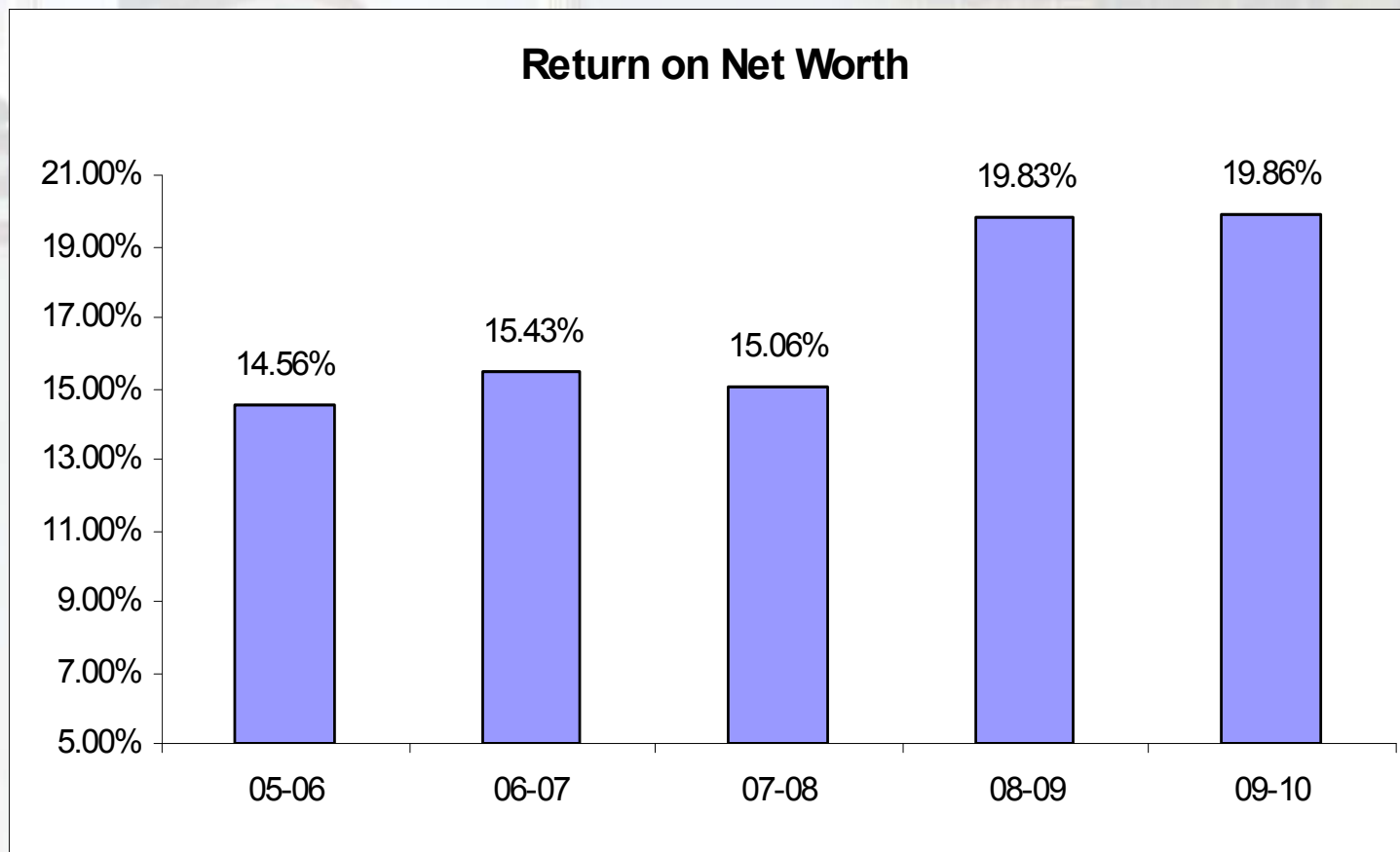


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Return on Net Worth

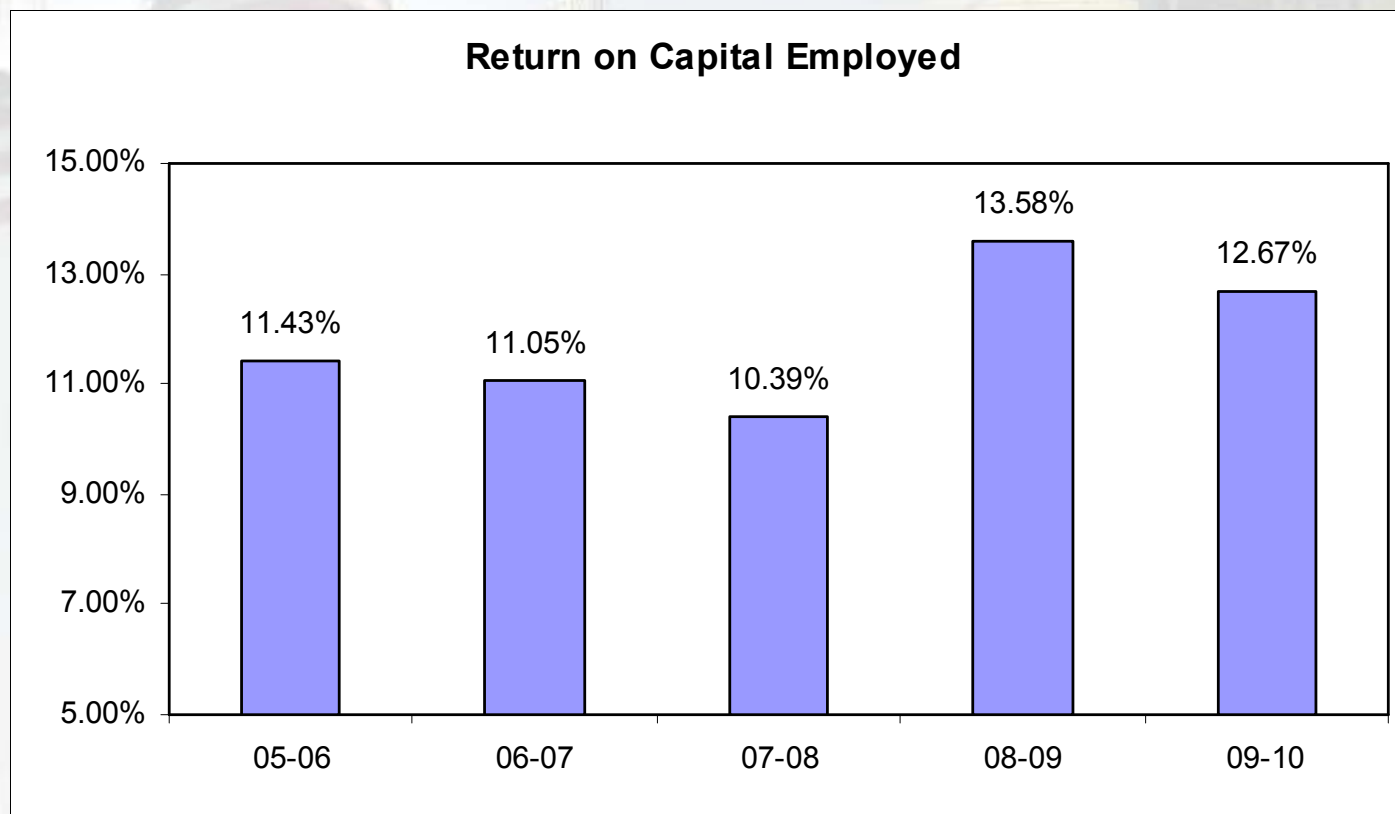


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Return on Capital Employed



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Performance Drivers for 2009-10

Agri-Business:

- Own manufactured volumes of fertilisers show 75% increase
- The Nutrient-Based Subsidy (NBS) regime is now effective from April, 1, 2010 and should benefit all players in the fertiliser sector, including your Company.
- Ample phos acid available and price and quantity situation is expected to remain stable
- Lower component of outsourced / traded products in fertilisers, esp. bulk fertilisers owing to market conditions

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Performance Drivers for 2009-10

Chemicals Business:

- NG and RGP adequately available
- Own manufactured volumes of chemicals increase-
 - TAN – 33.5 % up
 - IPA – 20.3% up
 - DNA – 10.2% up
- Prices in chemicals largely stable through the year
- Ammonia tie-ups in place for the new TAN project

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Performance Drivers for 2009-10

Value Added Real Estate:

- Footfalls at Ishanya remained fairly stable during the year.
- Ishanya business remained under pressure due to:
 - Continued effects of the global downturn
 - Consequent impact on domestic consumer spending especially on the real estate, home and interiors categories through most of the year.
- The Food Court at Ishanya has been launched and is a success across its catchment areas.

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DFPCL – The future

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Macro-Economic Trends

- Ample gas availability. Multiple sources of Natural Gas – KG Basin, RLNG, ONGC (C-Series), PMT, etc.
- Key sectors we operate in closely aligned with the key high-growth sectors of the Indian economy:
 - i. Fertilisers / Saarrthie
 - i. Agri & Food
 - ii. Technical Ammonium Nitrate
 - i. Mining and Infrastructure, Cement, Thermal Power
 - iii. Industrial Chemicals
 - i. Paints, Imaging Inks, Dyes, Pharmaceuticals, Specialty / Performance chemicals
 - iv. Value Added Real Estate (Ishanya)
 - i. Consumer durables and FMCG

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Macro-Economic Trends

Agriculture and Food :

The Demand Drivers– A positive for the Agri-business

- The component of horticultural production in India's agri-products basket is rising almost twice as fast as other products.
- According to APEDA, India's agri-export turnover is expected to double in the next four years to nearly US\$ 18 billion by 2014
- NPK consumption growing at CAGR of 7% until 2016-17
- India's nutrient consumption (113 kg/hect.) significantly lower than France (210 kg/hect), USA (151 kg/hect.), China (290 kg/hect.) and Brazil (148 kg/hect.)

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Macro-Economic Trends

Mining, Infrastructure, Cement, etc:

The Demand Drivers– A positive for TAN

- Cement industry growing at 11% annually
- Coal mining to grow 8-9% annually
- 260 billion tonnes reserves of mineable coal
- Over 200 captive coal blocks have been allocated
- 70,000 MW of thermal power required by 2012.
- Annual GDP growth rate of about 8% will necessitate a 9-10% growth rate in the Indian power sector.

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Macro-Economic Trends

The Demand Drivers– A positive for the Industrial Chemicals business

Demand for all our Industrial Chemicals products remains robust with strong growth envisaged for eg.

- Nitro Aromatic segment is growing at 10% .
- Pigments industry registering 8% growth
- Strong 10% growth expected in Formaldehyde
- Nitro cellulose industry growing at 9%
- Pesticides growing at 11%

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Macro-Economic Trends

The Demand Drivers– A positive for Ishanya

- Organised retail expected to grow at a CAGR of 40% thereby increasing in size to \$107 billion by 2013
- Revival in industry and services sector will impact consumption spend upward
- Recovery in IT and allied sectors: A young workforce in IT and allied sectors would provide a major impetus to modern retail
- Strong revival in private consumption demand coupled with revival in growth of credit and money supply

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Sources of Competitive Advantage

Built over 30 years

Manufacturing:

- Value addition from gas to building block chemicals and fertilisers
 - Technology skills
 - Have absorbed five of the world's best technologies in TAN
 - Ability to retrofit and build at relatively lower costs
 - World class operating efficiencies, Cost competitiveness
 - Economies of Scale (TAN, IPA, Acids)
 - Fifth largest producer of TAN in the world
 - Asia's largest single location manufacturer of Nitric Acid
 - India's largest manufacturer of IPA
 - Strong Entry Barriers

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Sources of Competitive Advantage

Built over 30 years

Manufacturing:

- Synergies enabling process efficiencies
- Product Flexibility: building resilience
- World-class Quality
- Efficient Energy Management

- Now: Maximising inherent strengths with enhanced capacity utilisation
- Long-term contracts for raw material like Natural Gas, Ammonia and Refinery Grade Propylene

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Sources of Competitive Advantage

Built over 30 years

Marketing:

- Deep customer insights and market knowledge
- The market advantages of scale– strong market shares / leadership /entry barriers
- Strong Brands, Robust and Loyal Customer Relationships
 - Strong technically-driven sales teams across businesses
 - Deep and Wide Dealer / Distributor Networks:
 - 3,000 dealers / distributors in chemicals and fertilisers
 - Every explosive player in the country
 - Builders, architects, consumers across Pune

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Sources of Competitive Advantage

Built over 30 years

Finance:

- Strong cash flows
- Comfortable debt-equity ratios
- Significant capabilities to undertake large projects

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We are Geared for Growth

Agri Services:

Strategy focused on 4 pillars :

Pillar 1 : R&D services incl Soil, Water & Petiole testing

Pillar 2 : Customised Fert. manufacture

Pillar 3 : “Mahadhan Saarrthie” agronomy service centres, having wide spread Farmer membership

Pillar 4 : Farm Output management incl fresh fruits / veg catering to both retail and food processing across domestic and global markets.

DFPCL's focus : Create and fulfill Nutrient demand, improve Farm productivity / quality; assist marketing of Farm produce , drive Farmer prosperity.

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We are Geared for Growth

In Technical Ammonium Nitrate by:

1. Capitalise on demand supply gaps both domestically and across the globe
2. Seek domestic and global opportunities with new manufacturing capacities
3. Climbing the value chain-- moving into Contract Mining / ROG

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We are Geared for Growth

In Industrial Chemicals by:

Seeking opportunities in:

1. Bulk chemicals
2. Specialty / Performance chemicals aligned to macro-economic trends

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We are Geared for Growth

Value Added Real Estate:

- New expanded format -- High Street Ishanya -- An augmentation of offerings to include lifestyle and accessories, fashion, entertainment, food, etc.
- Value added services to improve robustness of business model

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In Summary

DFPCL:

- Leveraging 30 years of experience, knowledge and skills to:
 1. Align with India's macro-economic drivers
 2. Exploit markets beyond Indian shores

We are Geared For Growth.

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Thank You

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