

## **Deepak Fertilizers draws up Rs. 800 crore capex - The Financial Express**

Deepak Fertilizers & Petrochemicals Corporation Limited (DFPCL) is planning a capex of Rs. 800 crore to expand capacity. The company has already tied up debt worth Rs. 650 crore for enhancing capacity of technical ammonia nitrate (TAN), SC Mehta, VC and MD, DFPCL said.

"We have a healthy debt-equity ratio and have tied up debt for this expansion," Mehta said. The company is tripling capacity of TAN by end of December 2010, which will see an investment of Rs. 650 crore, and the remaining amount will be used towards retrofitting and further investment, Mehta said. TAN has applications in the mining sector and this new capacity is being created to exploit this emerging market opportunity. The company is setting up a three-lakh tonne MTPA plant at Taloja.

With better gas availability in 2009, the company is expecting an improvement in the capacity utilization at its plant and an increase in fertilizer production. "Gas supplies are continuing from the KG Basin. We are looking at four to five different sources for gas. Things are looking up and there will be a 30%-40% improvement every quarter. There has been a 25% gap in capacity utilization and we should be able to fill it up over the next three to four quarters," Mehta said.

The company realty business has taken a hit and it had to effect some changes in agreements with retailers at its specialty mall for interiors and exteriors, Ishanya. "Some of our fixed-lease agreements have been converted into revenue sharing pacts. This will have a positive impact, as revenue sharing is a viable model and puts us and the retailer on the same wavelength." Mehta said. "The mall had 1.5 million footfalls with around 35% conversions which is good for this kind of a mall. So the basic business model has been established," he said. But Mehta expects the flux to continue for a while and gradually ramp up. Ishanya is to have 100 retailers with 5000 brands across 52 categories.

The first quarter sales and income from realty for 2009-10 was down 27% to Rs. 242.39 crore from Rs. 332.71 crore. Profit before tax was down 18.67% at Rs. 54.44 crore from Rs. 66.89 crore in the same quarter for the previous year. Profit after tax was down 13.30% to Rs. 38.91 crore from Rs. 44.48 crore.

Mehata said this was mainly because of the shutdown at the nitric acid and ammonia plant for operations and maintenance for 28 days. This affected production and sales, but was a temporary blip.

Also the first quarter of 2008-09 saw business at its highest, while the first quarter of 2009-10 has slowed down, Mehta concluded.