

Deepak Fert takes dual strategy in ammonia supplies

Deepak Fertilisers and Petrochemicals Corporation Ltd (DFPCL) is ensuring supplies of ammonia for its fertilizers and chemicals businesses by adopting a dual strategy. It is looking at signing up long term leases for the supply of ammonia from a location in the Middle East while it is simultaneously holding talks with local governments to set up a greenfield ammonia manufacturing location there.

“We expect to sign five year contracts for ammonia, which is an ingredient for our chemical and fertilizer businesses, by November-December so that supplies can start by January-February, when our ammonia storage tank at JNPT is ready. We expect to need ammonia for the 3 lakh tones per annum capacity we are creating at Taloja, near Mumbai. With the sizeable quantity we expect to get good rates. We are also holding talks for a greenfield project in the Middle East and we are past the stage of expressions of interest. Since a greenfield project will take at least four-five years to come up we are ensuring an assured cost-effective source of ammonia through long term contracts.” SC Mehta, vice-chairman and managing director, DFPCL, said.

DFPCL which has backward integrated its fertilizer business by offering crop and other site specific advice to farmers through its Mahadhan Saarthie scheme, intends to take this a step forward. It will set up a Hi Tech Agriculture Research Institute (HARI) in Pune with the objective of offering cost-effective technologies to farmers for fruit and vegetable, conducting research in plant nutrition, crop management practices and post harvest management. Mr. Mehta said this activity is expected to become operational in the next few months.

It has roped in scientists from ISRO and other established scientific agencies working in the area of agriculture research to help it set up HARI. Its Mahadhan Saarthie scheme has extends over 5,000 acres of land.

DFPCL which had declared it would locate its proposed 51:49 joint venture with the Norwegian Yara International ASA at its upcoming greenfield site at Paradip, has now decided to locate the 3 lakh tonne per annum ammonium nitrate manufacturing site at Taloja.

The expanded capacities at Taloja should be on stream by the third quarter of the next fiscal and the joint venture with Yara, when it happens, will be located there, in a distinctly separate plant. Paradip capacities will be finalized later.” Mr. Mehta explained, adding that such capacity addition was needed every three to four years.

“The demand is robust and growing in the mining sector, which is linked to the power sector,” Mr. Mehta remarked brushing aside concerns about expansion and investments during the current economic slowdown.