



I G PETROCHEMICALS LIMITED

Investor Presentation – February 2017

# Safe Harbor



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# Acquisition of Maleic Anhydride Business

## Acquisition details

- Acquisition of Maleic Anhydride (MA) Business

## Synergy Benefits

- MPCL is the only manufacturer of MA in India
- IGPL is the only source of raw material i.e. wash water for MPCL
- Common location

Acquisition of Maleic Anhydride (MA) Business from Mysore Petro Chemicals Limited (MPCL)

## Transaction

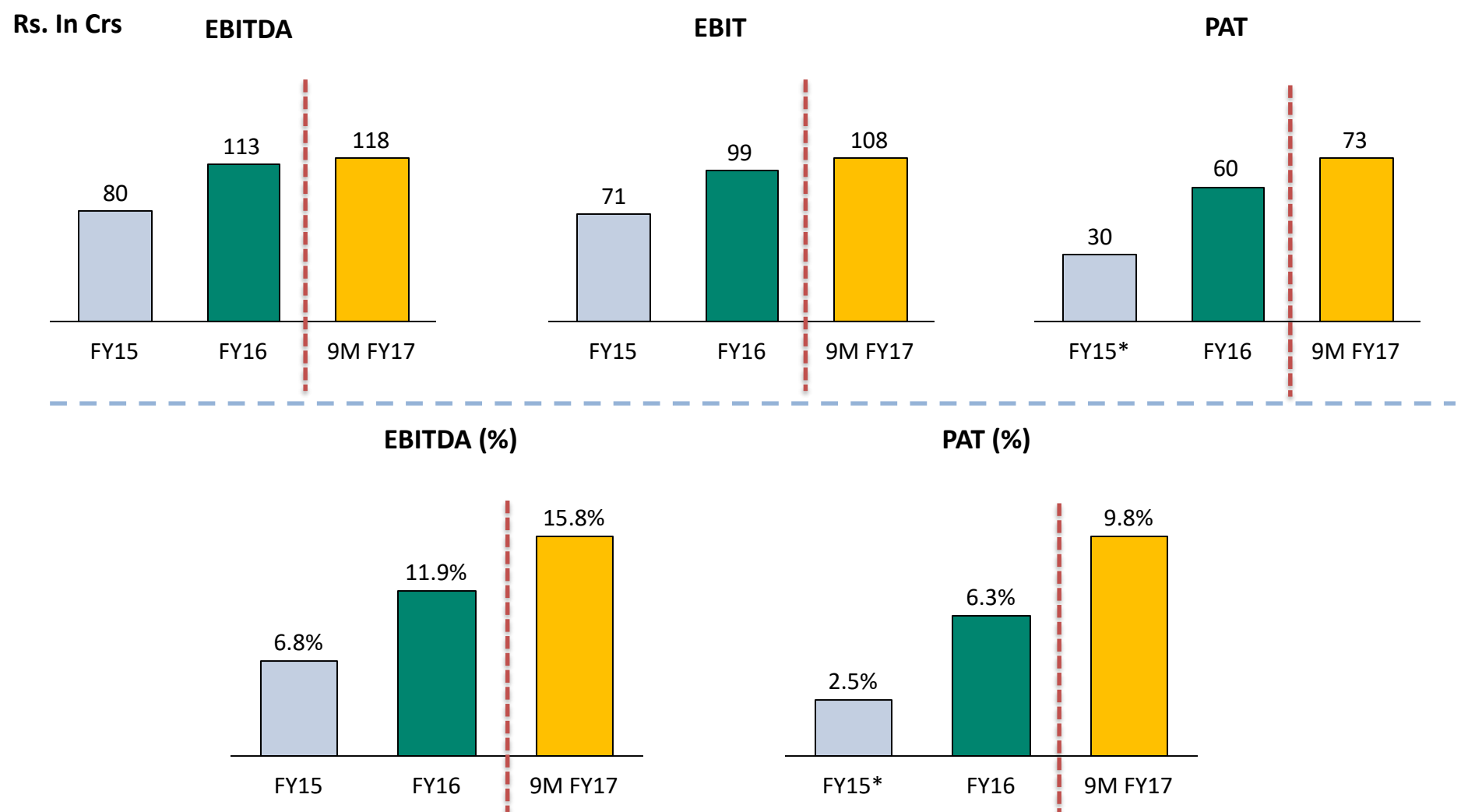
- MA business is acquired by IGPL as a going concern on a 'Slump Sale basis'.
- Lumpsum consideration of Rs. 74.48 crores payable over 5 years.

## Valuation

- The purchase transaction is being done on an arms' length basis pursuant to the Valuation Report submitted by M/s Haribhakti & Co. LLP

The effective date of the proposed acquisition is 1<sup>st</sup> April, 2017

# Consistent Improvement in Operating Performance

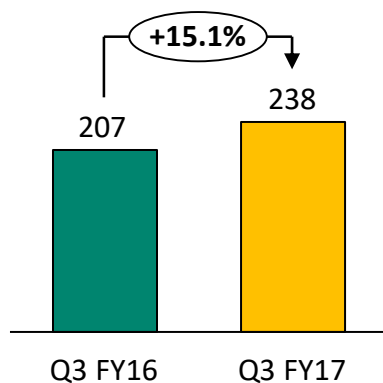


\*Excludes Extraordinary Loss

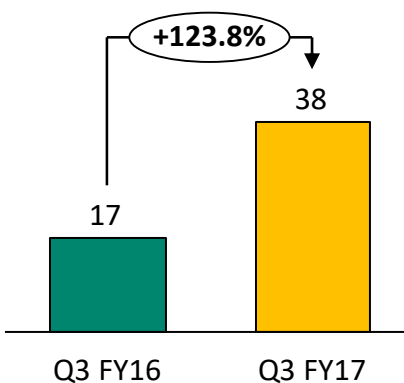
# Q3 FY17 Performance Highlights

Rs. In Crs

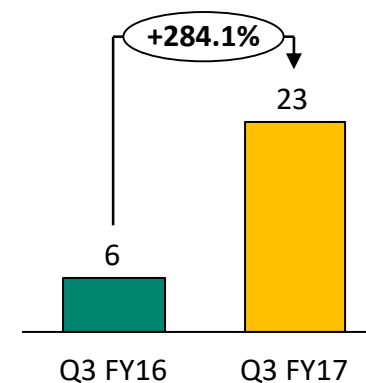
Revenue



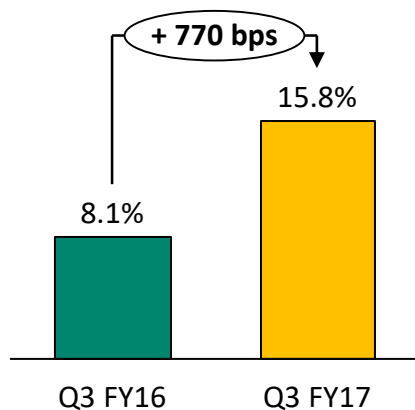
EBITDA



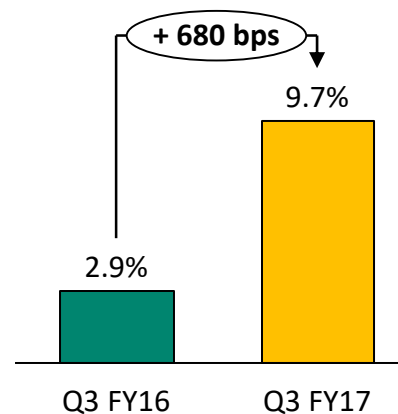
PAT



EBITDA (%)



PAT (%)



# Company Overview



Flagship company of **Dhanuka Group**



**Numero Uno** Indian manufacturer of  
**Phthalic Anhydride (PA)**

**One of the largest**  
PA manufacturer in the world

**Lowest Cost producer** of Phthalic  
Anhydride (PA) globally

**Higher capacity utilization** with  
continued **Consumption Pull** for Phthalic  
Anhydride

**Self sufficiency** achieved in  
**Power/Steam** generated by plant

# Focused Management

## **Mr. M M Dhanuka: Chairman**

- ✓ Chemical Engineer from BITS, Pilani with 40 years of experience in the industry
- ✓ True Entrepreneur who made a turnaround in business through his far sightedness and effective decision making

## **Mr. Nikunj Dhanuka: Managing Director & CEO**

- ✓ Over two decades of experience in the industry, instrumental in restructuring the business activities and in charge of the overall affairs of the company

## **Mr. J K Saboo: Executive Director**

- ✓ B.Com., LL.B with over 40 years of experience
- ✓ Currently in charge of the overall activities at Taloja and is associated with the Company since 1992

## **Mr. R Chandrasekaran: CFO**

- ✓ C.A. and CS with over 30 years of experience
- ✓ Responsible for all the financial related activities and is associated with the company since 1999

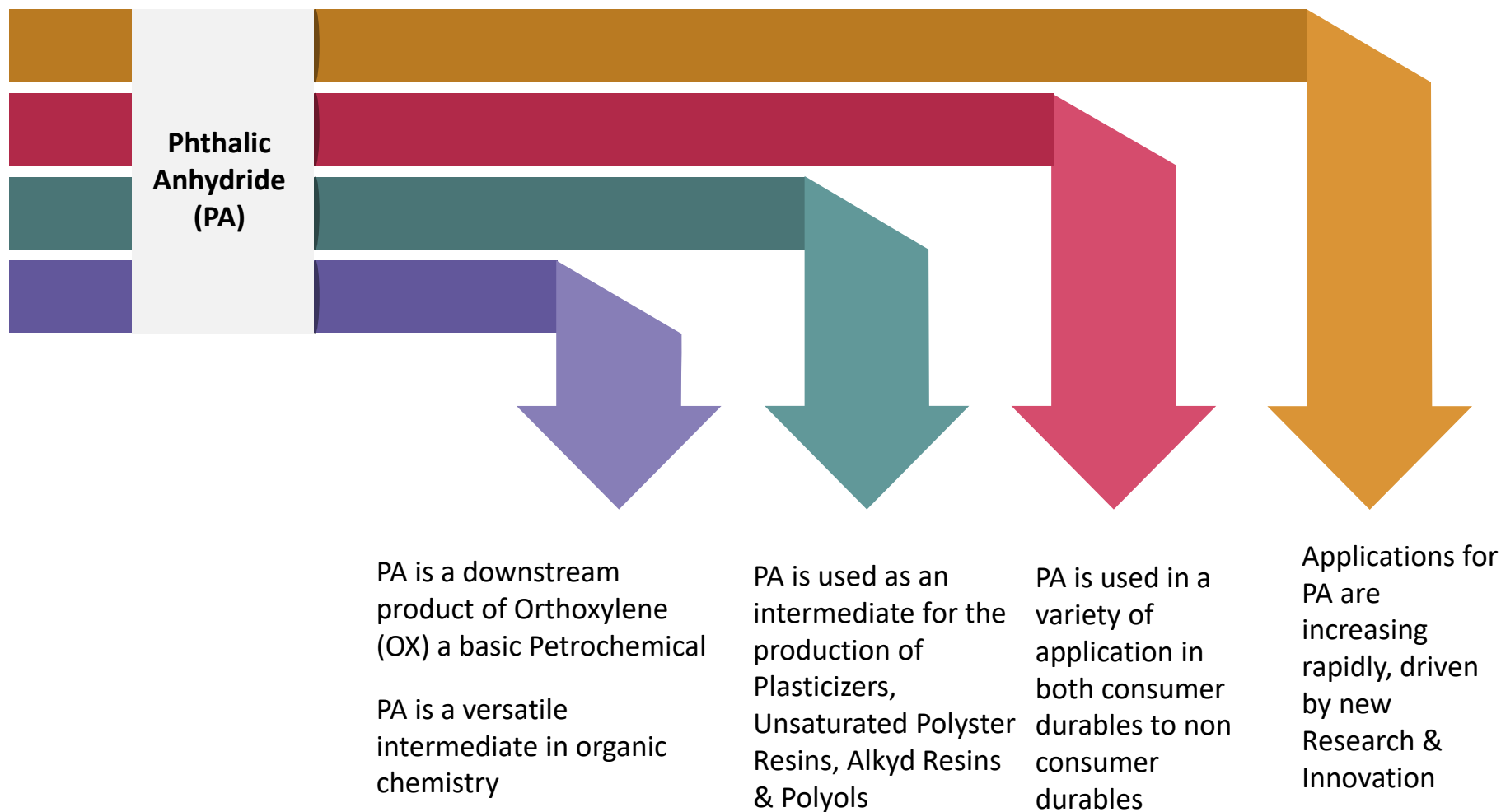
## **Mr. S N Maheshwari: President (Fin. & A/c)**

- ✓ C.A with over 35 years of experience
- ✓ Currently is responsible for financial, accounts and taxation matters

## **Mr. G V R Reddy: President (Technical)**

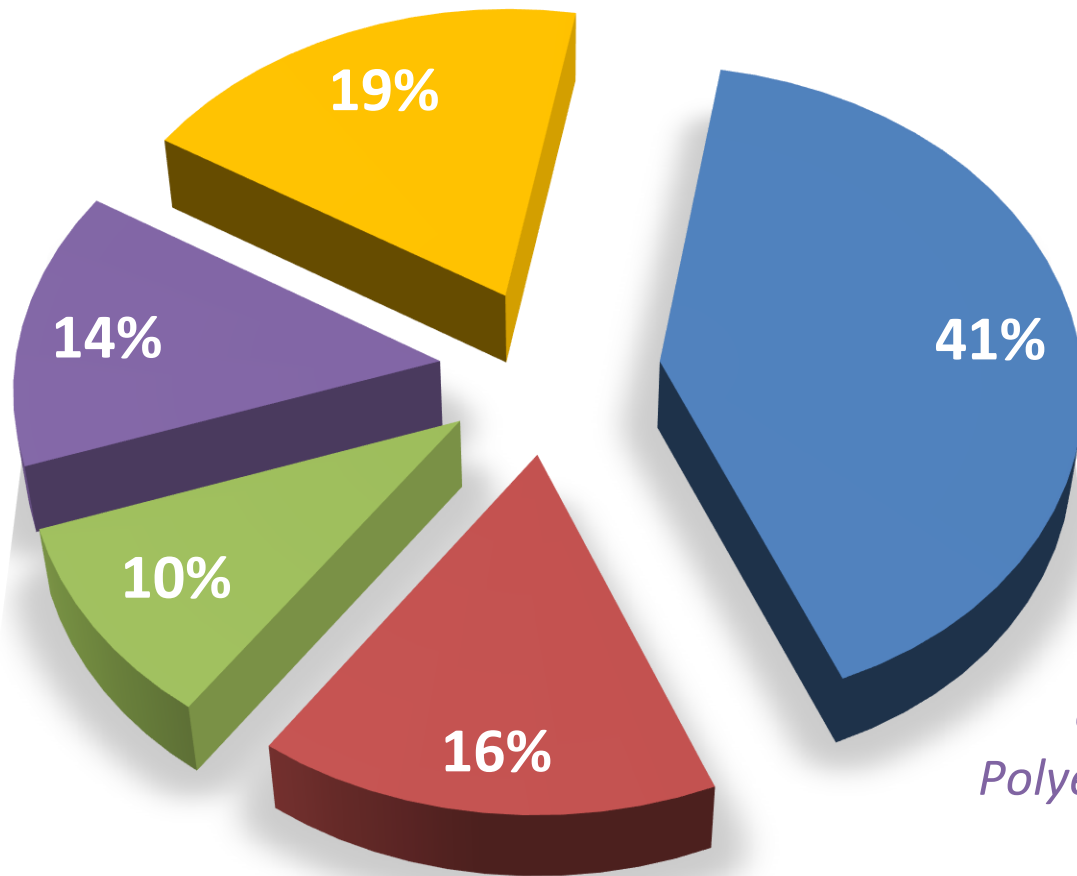
- ✓ M.Sc. Engg (Electrical & Instrumentation) and has around 35 years experience
- ✓ Currently he is in-charge of the Plant at Taloja

# Phthalic Anhydride





# End User Industries



Plasticizers



Paints



CPC (Color Pigments)



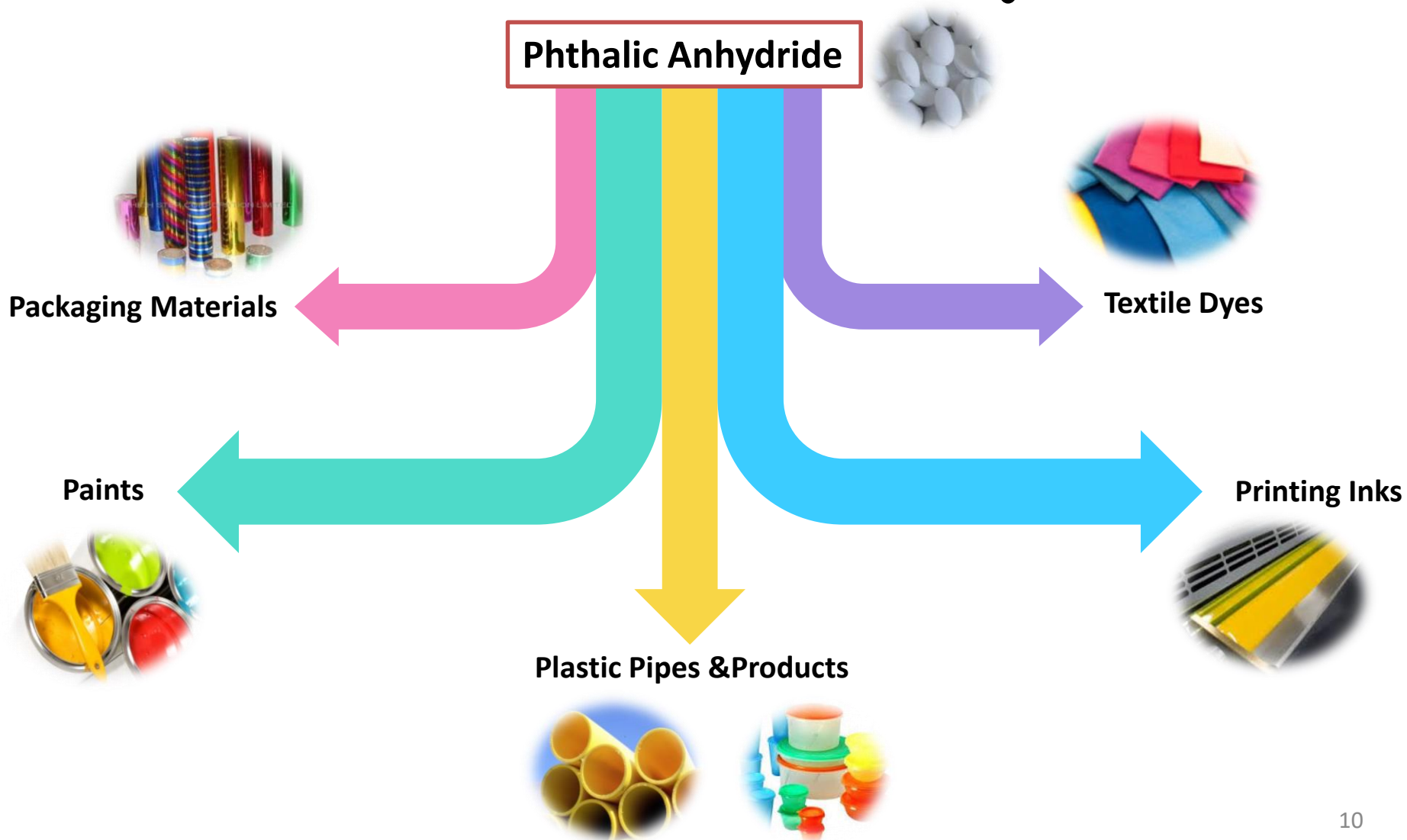
Unsaturated Polyester Resin (UPR)



Others



# Phthalic Anhydride (PA) : Varied Applications



# Manufacturing Facilities



*3 units at Single Location*

*Proximity to India's Chemical Hub*



*Located at MIDC, Taloja in Raigad District, Maharashtra*



*50 kms. away from Jawaharlal  
Nehru Port Trust (JNPT),  
Nhavasheva, Mumbai,  
Maharashtra*

# Key Customers



**AARTI INDUSTRIES LIMITED**



# Consumption Pull for Phthalic Anhydride...

01

## **Stabilize Crude Prices -**

Better Realizations

02

## **Global Market Improvements -**

Well positioned to grab the opportunities

03

## **Better Economic Scenario -**

Influence demand for the product in downstream markets

04

## **Infrastructure Thrust -**

Strong & Constant domestic demand for the Product

05

## **Increase in Consumption -**

Increase fuelled by rising demand for plasticizers, paints etc

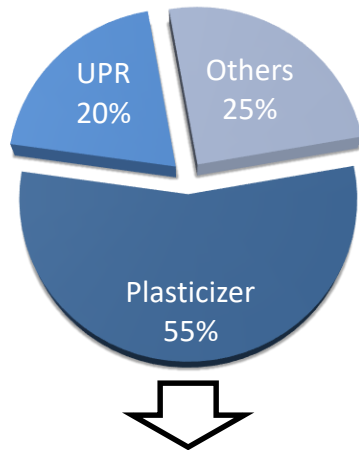
06

## **Indian Government Initiatives -**

Focus on Rural Water Management – Demand for PVC Pipes

# Consumption Pull for Phthalic Anhydride...

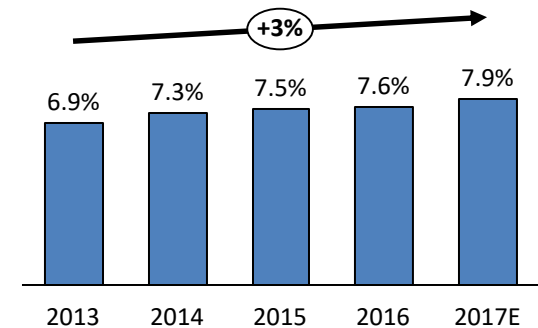
## Global PA Consumption - ~5.5mn tones



- Asia-Pacific consumption is ~ + 50%
- Demand in this region is expected to grow at 6.41% CAGR till 2019
- India is 3<sup>rd</sup> Largest consumer of Plasticizer expected to be fastest growing market

**Indian PA industry is expected to grow at ~7% - ~8% annually**

## India's GDP Growth Rate (%)



Source: World Bank

- Resurging of Indian economy – Pick up of demand across sectors & industries
- PA has wide application from paints to pipes - Higher demand from the entire spectrum of end users of PA

# Key Competitive Advantages

## Better Recovery Processes

- Steam generated from Process utilised efficiently- reduces Oil consumption significantly
- Developing value added products through waste stream

## Lowest Cost Producer

- In-house generation of power
- Higher efficiency and reengineering process reduces cost per unit

## Strategic Plant Location

- Near to Port – Huge Saving in Freight Cost
- Proximity to the Chemical Belt of India

## Strong Clientele across industries

- Diversified Product Use in Multiple Industries
- Low Customer Concentration

05

01

02

04

03

## Consistent high capacity utilization

- Annual contract for its sales to Indian Customers
- ~30% - 40% of Sales is contracted annually for fixed margin

**Enhancing Sales & Leading to a Better Margin Profile**



# Profit & Loss Statement

Particulars (Rs. In Crs)	Q3 FY17	Q3 FY16	Y-o-Y	9M FY17	9M FY16	Y-o-Y	FY16
Revenue from Operations	236.38	205.44		744.00	734.23		947.60
Other operating Income	1.31	1.12		4.20	4.24		5.24
<b>Total Revenue</b>	<b>237.69</b>	<b>206.56</b>	<b>15%</b>	<b>748.20</b>	<b>738.47</b>	<b>1%</b>	<b>952.84</b>
Cost of Material Consumed	167.40	169.17		531.50	586.45		750.55
Purchase of Stock-in-Trade	2.18	-		2.18	-		-
Changes in Inventories	3.07	-4.34		9.60	-18.74		(16.47)
<b>Total Raw Materials</b>	<b>172.65</b>	<b>164.83</b>		<b>543.27</b>	<b>567.71</b>		<b>734.08</b>
Employee Expenses	6.51	7.60		25.71	22.11		29.76
Other Expenses	20.95	17.34		60.74	58.56		75.64
<b>EBITDA</b>	<b>37.57</b>	<b>16.79</b>	<b>124%</b>	<b>118.47</b>	<b>90.09</b>	<b>32%</b>	<b>113.36</b>
<b>EBITDA %</b>	<b>15.81%</b>	<b>8.13%</b>		<b>15.83%</b>	<b>12.20%</b>		<b>11.90%</b>
Other Income	0.72	0.35		2.19	1.89		3.57
Depreciation	4.43	4.30		13.04	12.91		17.54
<b>EBIT</b>	<b>33.86</b>	<b>12.84</b>	<b>164%</b>	<b>107.62</b>	<b>79.08</b>	<b>36%</b>	<b>99.39</b>
<b>EBIT (%)</b>	<b>14.25%</b>	<b>6.22%</b>		<b>14.38%</b>	<b>10.71%</b>		<b>10.43%</b>
Finance Cost	4.32	5.18		14.08	17.57		22.67
<b>Profit before Tax</b>	<b>29.55</b>	<b>7.66</b>	<b>285%</b>	<b>93.54</b>	<b>61.51</b>	<b>52%</b>	<b>76.72</b>
Tax	6.39	1.64		20.05	13.13		16.35
<b>Profit after Tax</b>	<b>23.16</b>	<b>6.03</b>	<b>284%</b>	<b>73.49</b>	<b>48.38</b>	<b>52%</b>	<b>60.36</b>
<b>PAT %</b>	<b>9.74%</b>	<b>2.92%</b>		<b>9.82%</b>	<b>6.55%</b>		<b>6.34%</b>
<b>EPS</b>	<b>7.52</b>	<b>1.96</b>		<b>23.86</b>	<b>15.71</b>		<b>19.60</b>



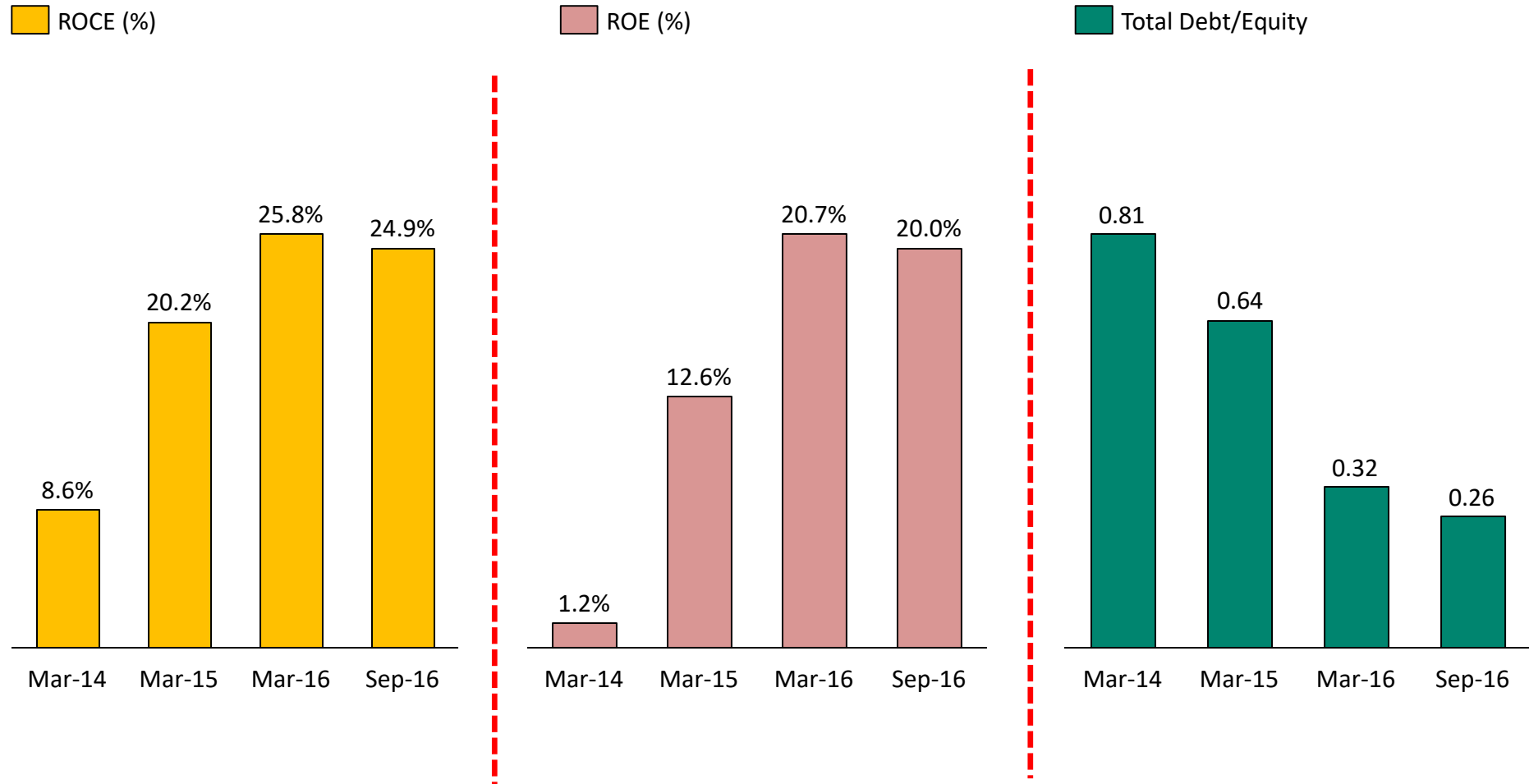
# Balance Sheet



Particulars (Rs. Crs)	Sep-16	Mar-16
<b>Shareholder's Fund</b>	<b>342.10</b>	<b>291.76</b>
Share capital	30.80	30.80
Reserves & Surplus	311.30	260.96
<b>Non-current liabilities</b>	<b>80.87</b>	<b>94.00</b>
Long term borrowings	79.05	92.18
Long term Provision	1.82	1.82
<b>Current liabilities</b>	<b>170.29</b>	<b>192.90</b>
Short term borrowings	9.01	0.31
Trade payables	119.13	154.25
Other current liabilities	35.72	29.76
Short term Provision	6.43	8.58
<b>Total Liabilities</b>	<b>593.26</b>	<b>578.66</b>

Particulars (Rs. Crs)	Sep-16	Mar-16
<b>Non-current assets</b>	<b>350.47</b>	<b>348.37</b>
Tangible Assets	313.51	322.19
Intangible Assets	0.03	0.04
Capital Work in Progress	9.40	4.41
Non-Current Investments	4.36	0.33
Long Term Loans & Advances	23.17	21.40
<b>Current assets</b>	<b>242.79</b>	<b>230.29</b>
Inventories	73.07	89.56
Trade receivables	143.84	108.81
Cash and bank balances	12.17	16.88
Short Term Loan & Advances	13.71	15.04
<b>Total Assets</b>	<b>593.26</b>	<b>578.66</b>

# Improved Performance – Ratios



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