



IG PETROCHEMICALS LIMITED

Investor Presentation – May 2017

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company overview

COMPANY OVERVIEW



Flagship Company of the
Dhanuka Group

One of the world's largest &
India's largest Phthalic
Anhydride (PAN) manufacturer

Incorporated in 1988 and began
Commercial production in 1992

Scaled from 45,000 MTPA PAN
manufacturing capacity to
1,69,250 MTPA

ISO 9001:2008 for quality
management system

ISO 14001:2004 for
environment certification from
Bureau Veritas

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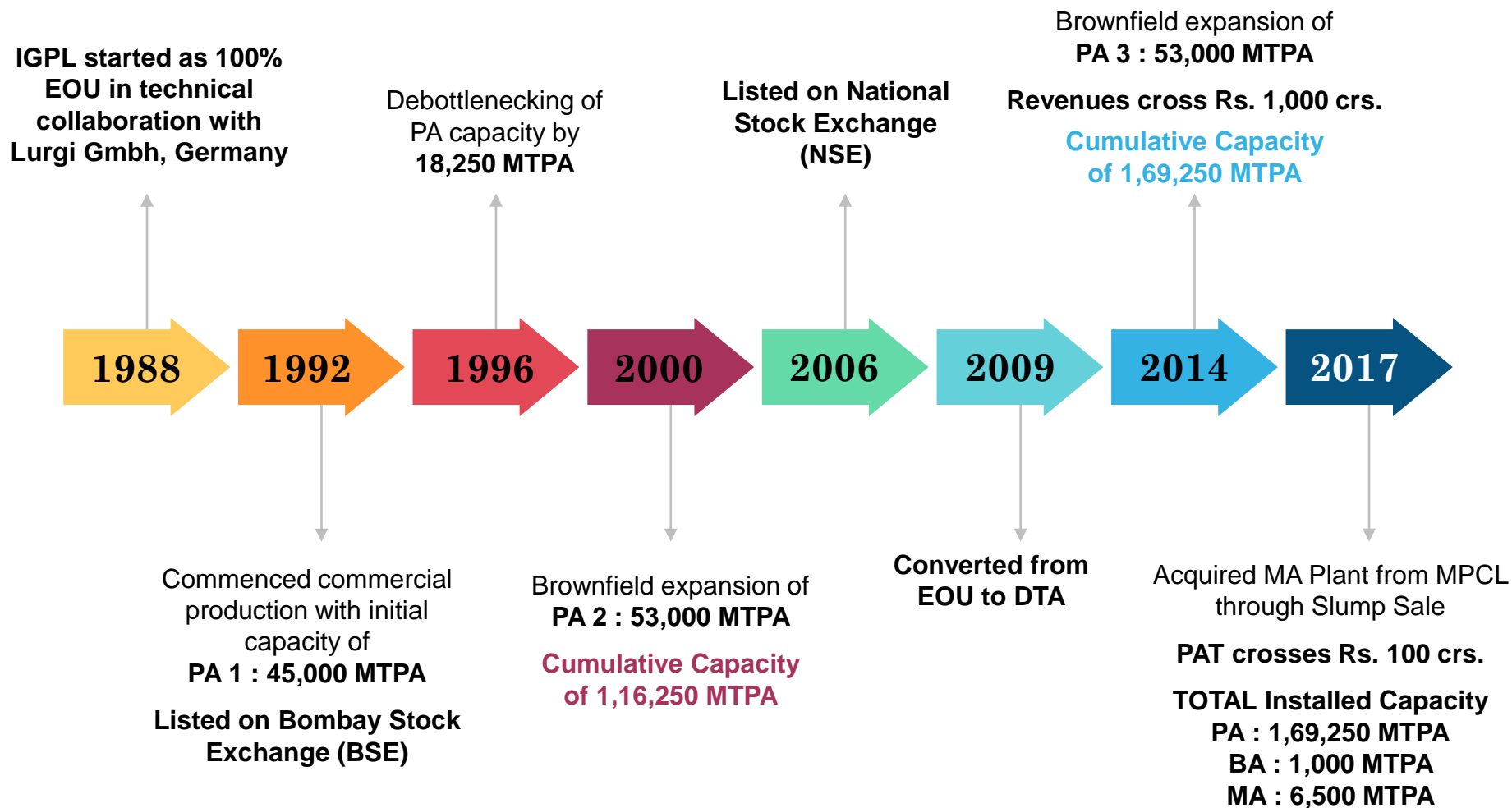
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One of the Lowest Cost
Producer of Phthalic
Anhydride in the world

Three Phthalic Anhydride
manufacturing units at
MIDC, Taloja in Raigad
district (Maharashtra, India)

CREDIT RATING (2016)
Long-Term Rating - 'IND A'
Outlook is Stable

JOURNEY SO FAR



MANAGEMENT TEAM



Mr. M M Dhanuka: Chairman

- ❑ Aged 68 years, a B.E. (Chem) and a founder member of the Company along with Late Shri Shyam Sundar Dhanuka
- ❑ Possesses over 35 years of varied experience and expertise in technical, production and marketing
- ❑ True Entrepreneur who made a turnaround in business through his far sightedness and effective decision making

Mr. Nikunj Dhanuka: Managing Director & CEO

- ❑ Aged 50 years, a Commerce and a Management Graduate. Possesses diverse experience in handling overseas business and an extensive knowledge on the functioning of Chemical Industries
- ❑ In charge of the overall affairs of the Company and specifically supervises the finance, banking and operations 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. & Accs.)

- ❑ 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

Mr. A S Pawan Kumar : Sr. Gen. Manager

- ❑ B.Tech (Mechanical) with 22 years of experience
- ❑ Currently in charge of the technical activities at Taloja

Mr. Sudhir Singh : Company Secretary

- ❑ CS with over 20 years of experience
- ❑ Responsible for all the legal, secretarial and compliance related activities



business overview

PHTHALIC ANHYDRIDE



Organic
Chemistry

01

PA is a downstream product of Orthoxylene (OX) a basic Petrochemical

PA is a versatile intermediate in organic chemistry

Intermediate

02

PA is used as an intermediate for the production of Plasticizers, Unsaturated Polyester Resins, Alkyd Resins & Polyols

Varied
Applications

03

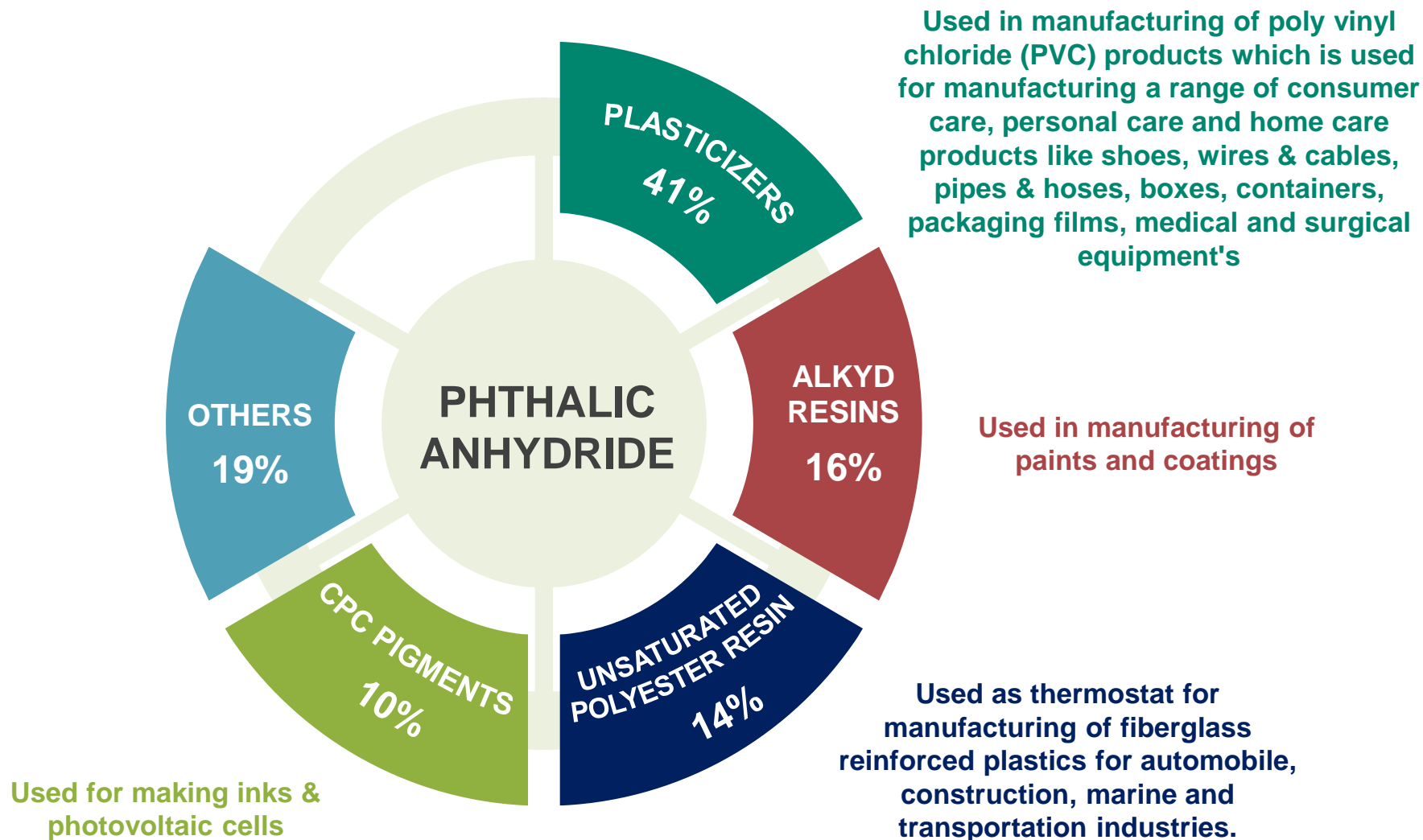
PA is used in a variety of application in both consumer durables to non consumer durables

Increase in
Usages

04

Applications for PA are increasing rapidly, driven by new Research & Innovation

END USER INDUSTRY & APPLICATION



KEY CUSTOMERS



Over Two Decades of Strong Customer Relationships with Key Customers

PLASTICIZERS



PAINTS



UPR



DEP



CPC PIGMENT



Low Client Concentration Risk

STATE OF THE ART FACILITIES



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

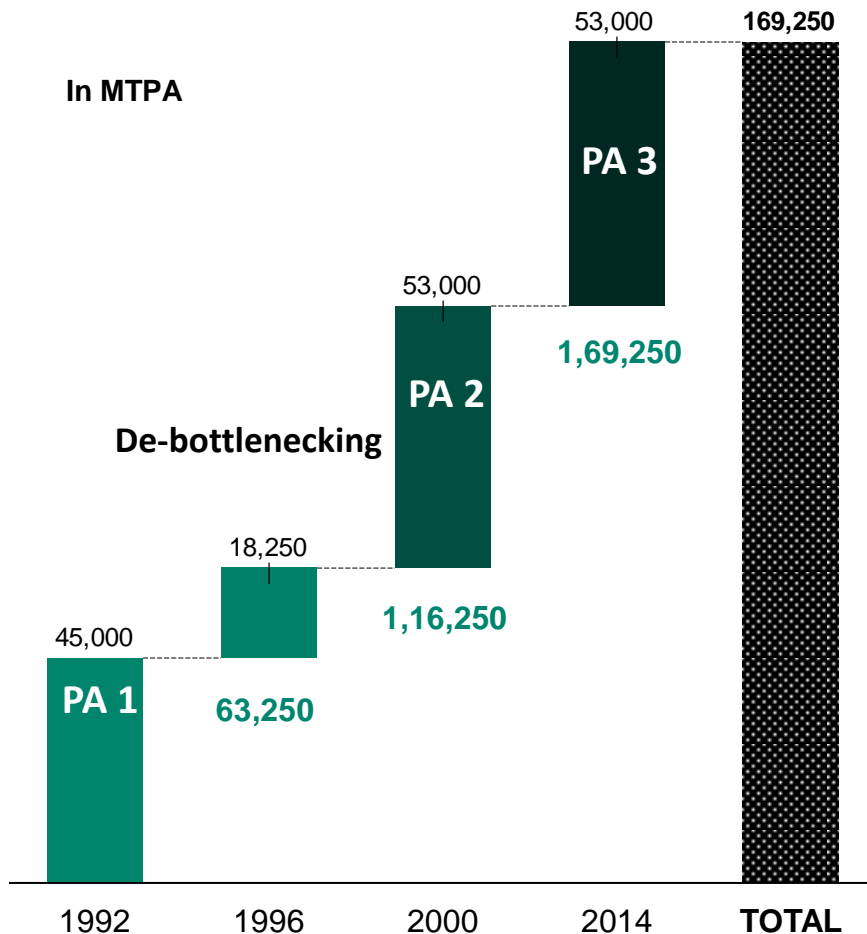
**Located at MIDC, Taloja in
Raigad District,
Maharashtra**



**3 reactors at Single
Location Plant - Proximity
to India's Chemical Hub**



SCALING UP OF CAPACITY



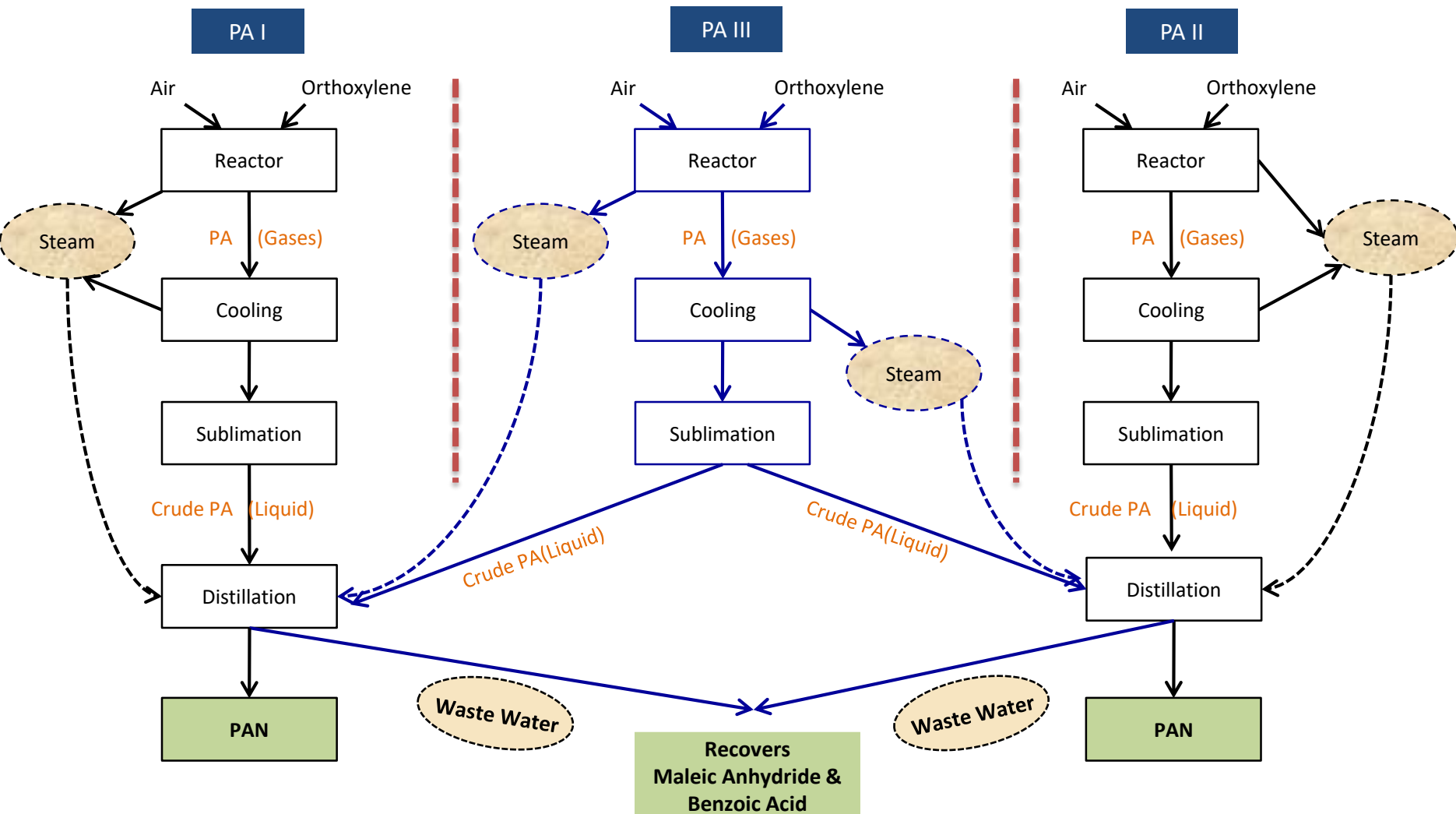
Plants are engineered with **latest internationally acclaimed technological advancement with Lurgi technology** and are designed on the low energy based processes.

Company also undertook **significant process enhancement initiatives** through investment in modern technologies

Steam generated from the production process meets the Company's entire power requirements

One of the lowest cost producers of PAN in the world

PRODUCTION PROCESS



With a thrust on green initiatives, IGPL operates a zero discharge plant

STRATEGICALLY LOCATED PLANT....



Majority of domestic sales is within Western India



Enjoys the advantage of being in close proximity to ports for exports, chemical belt in western India where majority of downstream industries are located including procurement of Orthoxylene



Inventory lead time - Amongst, the lowest in the industry

50 Kms

Radius within which JNPT and Mumbai ports are located

 **IGPL Plant at MIDC - Talaja, Maharashtra**

 **RIL – Jamnagar Plant – Supplier of Ox in India**

● **Branch Offices** ● **Depot**

 **Chemical Belt in Western India**

INDUSTRY

Indian Market Size for Maleic Anhydride (MA) is ~45,000 MTPA.

The raw material used is En-Butene (gas derivative) which is not available in India. Therefore MA is completely imported.

USER - APPLICATIONS

Spandex (Elastics)

Unsaturated Polyester Resins (UPR)

Lubricating Oil Additives

Food Industry uses

Personal Care Products

Maleic anhydride is also a precursor to compounds used for water treatment detergents, insecticides and fungicides.

MERGER

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

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

The effective date of the acquisition was 1st April, 2017

SYNERGY BENEFITS

MPCL is the only manufacturer of MA in India

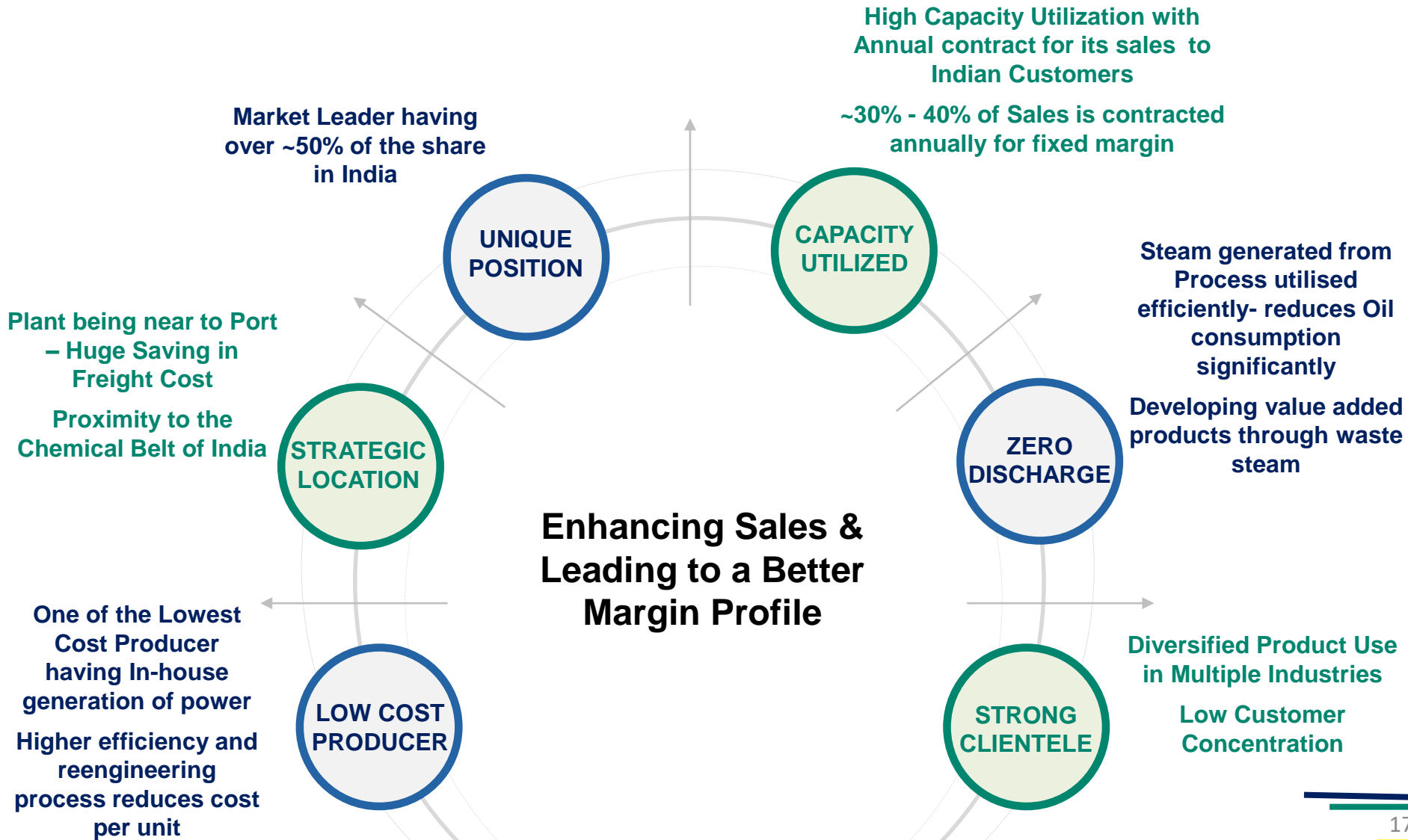
IGPL is the only source of raw material i.e. wash water for MPCL

Both Plants of IGPL and MPCL are at common location in Taloja



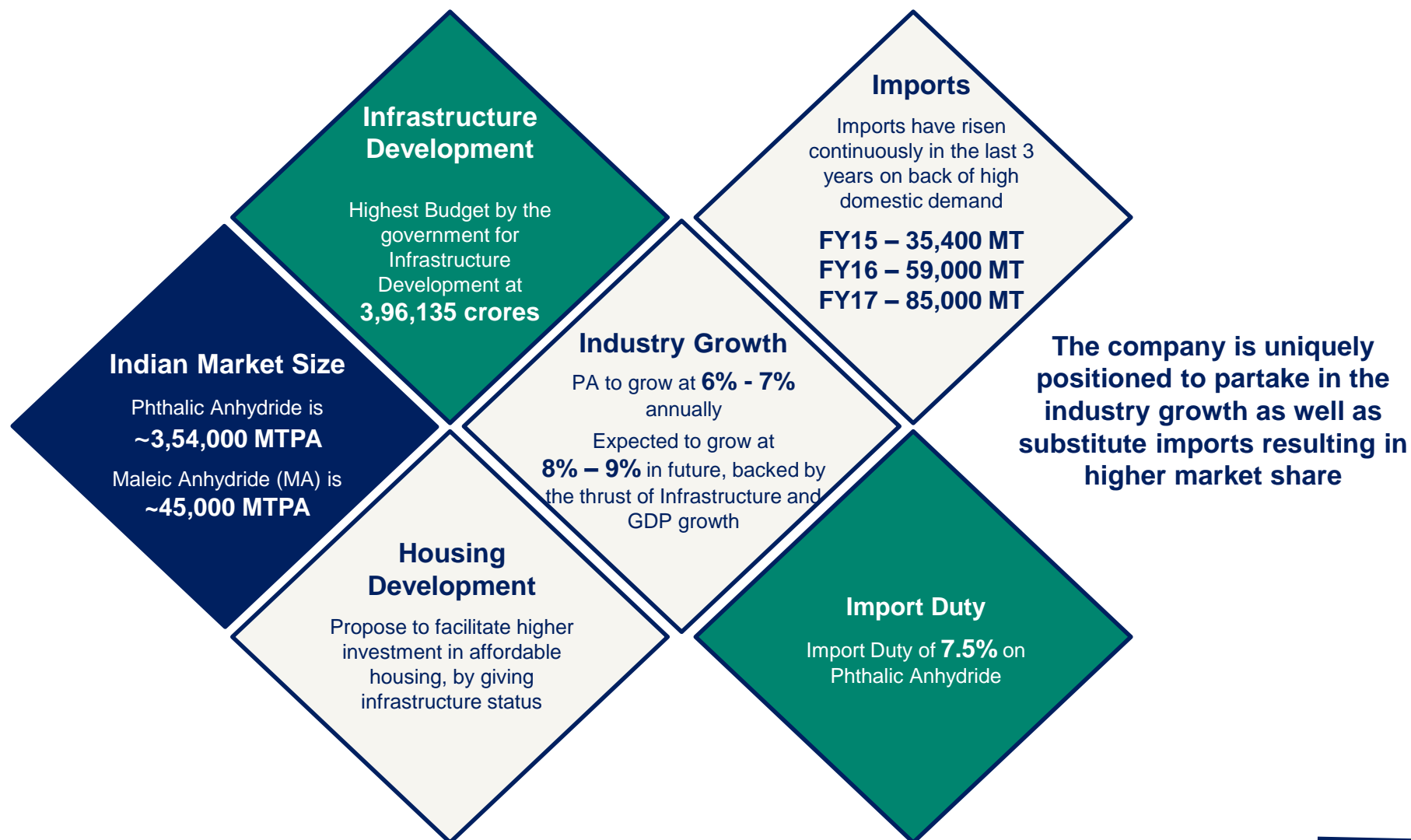
key strengths and strategies

KEY COMPETITIVE STRENGTHS

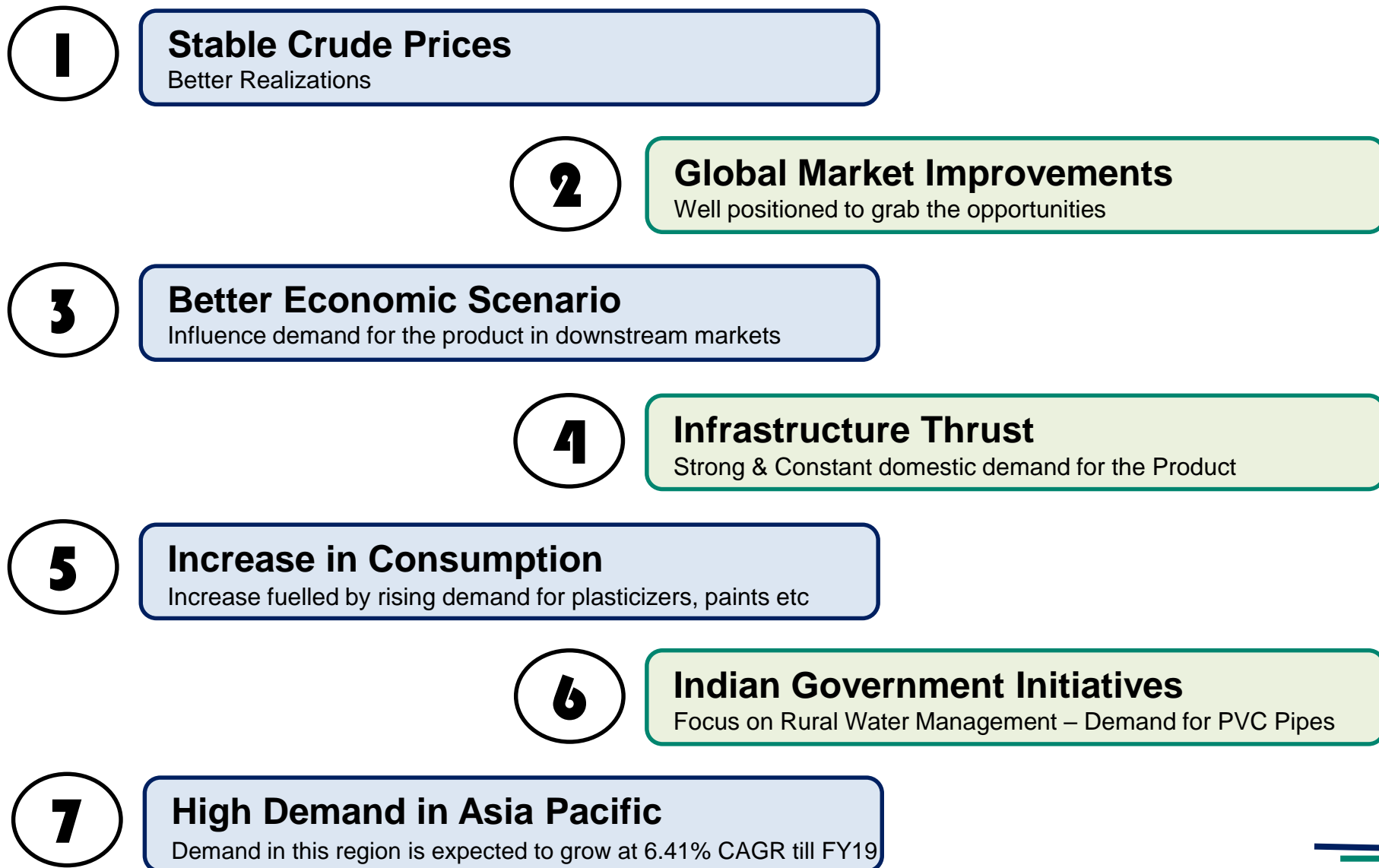




industry overview



Consumption Pull for Phthalic Anhydride



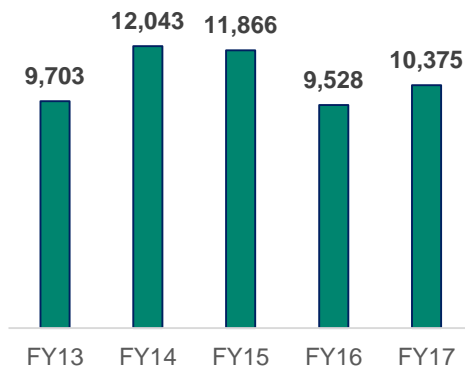


financial overview

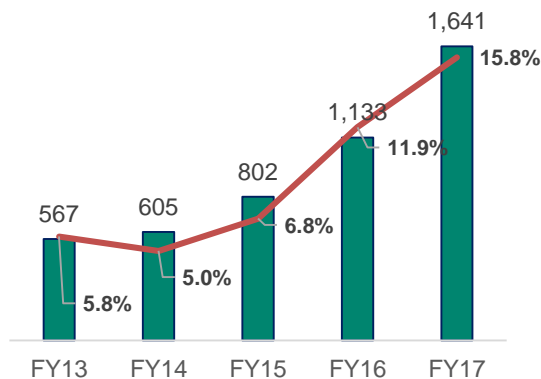
FINANCIAL HIGHLIGHTS



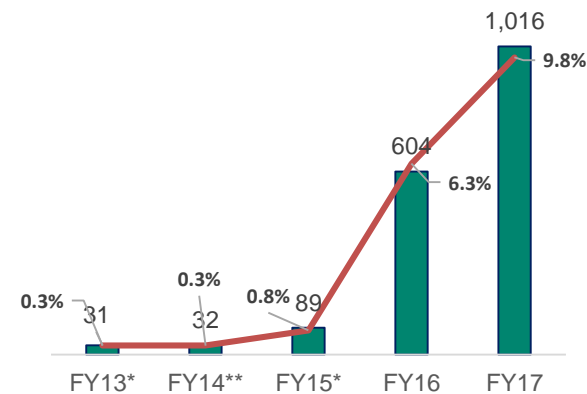
Revenue (Rs. Mn)#



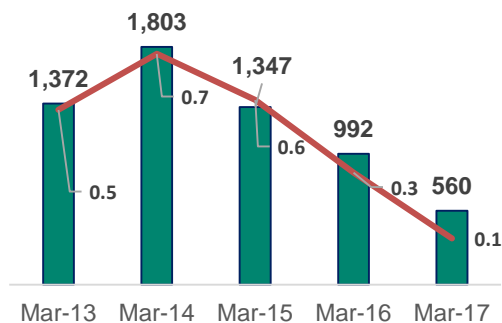
EBITDA (Rs. Mn) and Margin %



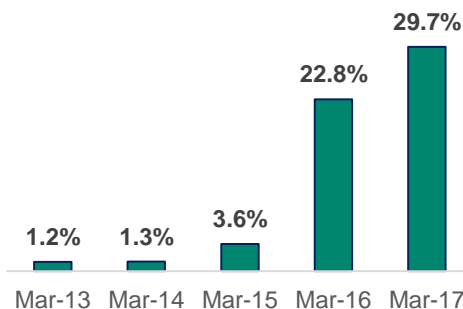
PAT (Rs. Mn) and Margin %



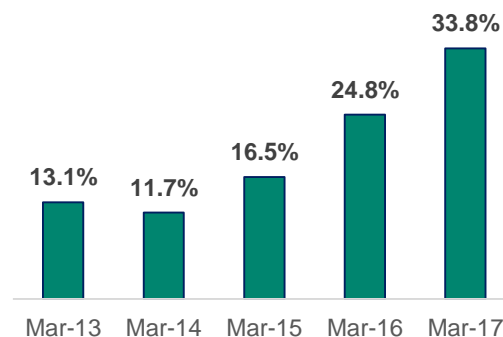
Net Debt (Rs. Million) & Net Debt / Equity



ROE %



ROCE %



Linked to Crude

* Includes Extraordinary Loss of Rs. 276 Mn. in FY13 and Rs. 211 Mn. in FY15 ** Includes Exceptional Expense of Rs. 179 Million

ROE & ROCE have been calculated on the basis of average equity and average capital employed respectively.

BALANCE SHEET



| Particulars (Rs. Mn)* | Mar-13 | Mar-14 | Mar-15 | Mar-16 | Mar-17 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Share Capital | 308 | 308 | 308 | 308 | 308 |
| Total Reserves | 2,272 | 2,265 | 2,080 | 2,610 | 3,625 |
| Shareholder's Funds | 2,580 | 2,573 | 2,388 | 2,918 | 3,933 |
| Long-Term Borrowings | 1,231 | 1,408 | 1,078 | 922 | 600 |
| Deferred Tax Liabilities | - | - | - | - | 386 |
| Long Term Provisions | 17 | 21 | 16 | 18 | 20 |
| Total Non-Current Liabilities | 1,248 | 1,429 | 1,094 | 940 | 1,006 |
| Short Term Borrowings | 359 | 439 | 226 | 3 | 24 |
| Trade Payables | 1,839 | 2,862 | 1,963 | 1,542 | 1,710 |
| Other Current Liabilities | 198 | 339 | 319 | 298 | 283 |
| Short Term Provisions | 0 | 0 | 51 | 86 | 16 |
| Total Current Liabilities | 2,396 | 3,640 | 2,559 | 1,929 | 2,034 |
| Total Liabilities | 6,223 | 7,643 | 6,041 | 5,787 | 6,973 |
| ASSETS | | | | | |
| Fixed Assets | 3,433 | 3,769 | 3,276 | 3,266 | 3,283 |
| Non Current Investments | 1 | 1 | 1 | 3 | 185 |
| Long Term Loans & Advances | 47 | 19 | 204 | 214 | 516 |
| Total Non-Current Assets | 3,481 | 3,789 | 3,480 | 3,484 | 3,984 |
| Inventories | 822 | 1,415 | 866 | 896 | 1,045 |
| Trade Receivables | 1,243 | 1,743 | 1,452 | 1,088 | 1,498 |
| Cash and Bank | 346 | 285 | 182 | 169 | 301 |
| Short Term Loans and Advances | 331 | 411 | 61 | 150 | 146 |
| Total Current Assets | 2,742 | 3,854 | 2,560 | 2,303 | 2,990 |
| Total Assets | 6,223 | 7,643 | 6,041 | 5,787 | 6,973 |

* Standalone

PROFIT & LOSS STATEMENT



| Particulars (Rs. Mn)* | FY13 | FY14 | FY15 | FY16 | FY17 |
|--|--------------|---------------|---------------|--------------|---------------|
| Total Revenue | 9,703 | 12,043 | 11,866 | 9,528 | 10,375 |
| Raw Material Consumed | 8,237 | 10,484 | 10,012 | 7,341 | 7,512 |
| Employee Cost | 244 | 251 | 285 | 298 | 397 |
| Other Expenses | 655 | 703 | 767 | 756 | 825 |
| EBITDA | 567 | 605 | 802 | 1,133 | 1,641 |
| EBITDA Margin (%) | 5.8% | 5.0% | 6.8% | 11.9% | 15.8% |
| Other Income | 53 | 97 | 67 | 36 | 28 |
| Depreciation | 138 | 180 | 164 | 175 | 172 |
| EBIT | 482 | 522 | 705 | 993 | 1,497 |
| EBIT Margin (%) | 5.0% | 4.3% | 5.9% | 10.4% | 14.4% |
| Interest | 167 | 304 | 381 | 227 | 180 |
| Profit Before Taxation & Exceptional and Extraordinary Items | 315 | 219 | 324 | 766 | 1,317 |
| Exceptional Income / Expenses | - | -179 | - | - | - |
| Profit Before Taxation & Extraordinary Items | 315 | 40 | 324 | 766 | 1,317 |
| Extraordinary item | 276 | - | 211 | - | - |
| Profit Before Tax | 39 | 40 | 113 | 766 | 1,317 |
| Provision for Tax | 8 | 8 | 24 | 163 | 301 |
| Profit After Tax | 31 | 32 | 89 | 604 | 1,016 |
| PAT Margin (%) | 0.3% | 0.3% | 0.8% | 6.3% | 9.8% |
| EPS (Before extraordinary item) | 1.00 | 1.02 | 9.74 | 19.60 | 32.98 |

* Standalone

PROFIT & LOSS STATEMENT – Q4 FY17



| Particulars (Rs. Mn)* | Q4 FY17 | Q4 FY16 | Y-o-Y | Q3 FY17 | Q-o-Q | FY17 | FY16 | Y-o-Y |
|--------------------------------|--------------|--------------|-------------|--------------|------------|---------------|--------------|------------|
| Net Sales | 2,876 | 2,134 | | 2,364 | | 10,316 | 9,476 | |
| Other Operating Income | 16 | 10 | | 13 | | 58 | 52 | |
| Revenue from Operations | 2,893 | 2,144 | 35% | 2,377 | 22% | 10,375 | 9,528 | 9% |
| Total Raw Material | 2,079 | 1,664 | | 1,727 | | 7,512 | 7,341 | |
| Employee Expenses | 140 | 77 | | 65 | | 397 | 298 | |
| Other Expenses | 217 | 171 | | 210 | | 825 | 756 | |
| EBITDA | 456 | 233 | 96% | 376 | 21% | 1,641 | 1,134 | 45% |
| EBITDA Margin (%) | 15.8% | 10.9% | | 15.8% | | 15.8% | 11.9% | |
| Other Income | 6 | 17 | | 7 | | 28 | 36 | |
| Depreciation | 41 | 46 | | 44 | | 172 | 175 | |
| EBIT | 421 | 203 | 107% | 339 | 24% | 1,497 | 994 | 51% |
| EBIT Margin (%) | 14.5% | 9.5% | | 14.2% | | 14.4% | 10.4% | |
| Finance Cost | 40 | 51 | | 43 | | 180 | 227 | |
| Profit before Tax | 381 | 152 | 151% | 295 | 29% | 1,317 | 767 | 72% |
| Tax | 100 | 32 | | 64 | | 301 | 164 | |
| Profit After Tax | 281 | 120 | 134% | 232 | 21% | 1,016 | 604 | 68% |
| PAT Margin (%) | 9.7% | 5.6% | | 9.7% | | 9.8% | 6.3% | |
| EPS | 9.11 | 3.89 | | 7.52 | | 32.98 | 19.60 | |

* Standalone

For further information, please contact

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