



IG PETROCHEMICALS LIMITED

Investor Presentation – Q2 & H1 FY17

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

Valuation

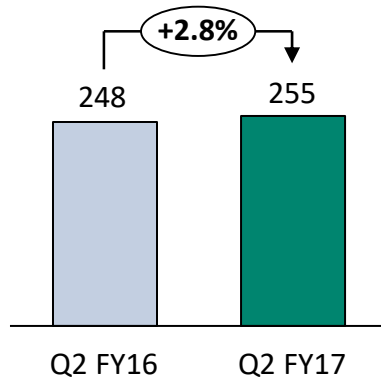
- The purchase transaction is being done on an arms' length basis pursuant to the Valuation Report submitted by M/s Haribhakti & Co. LLP

The effective date of the proposed acquisition is 1st April, 2017, subject to approval from shareholders of both the companies.

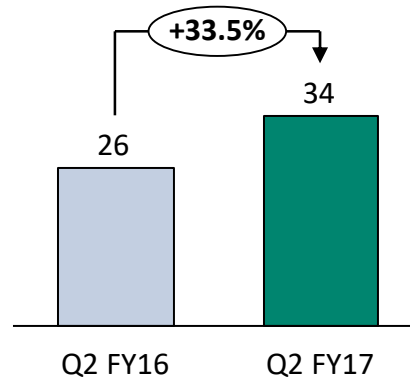
Q2 FY17 Performance Highlights

Rs. In Cr

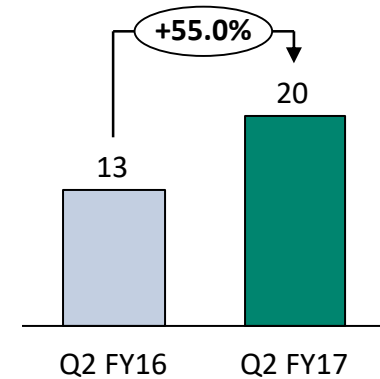
Revenues



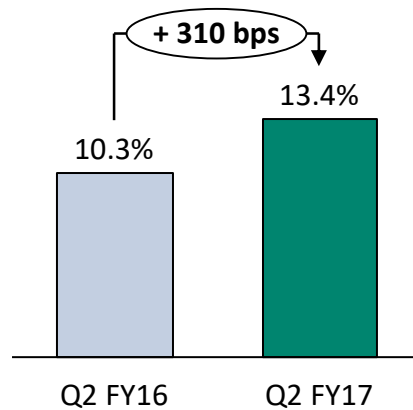
EBITDA



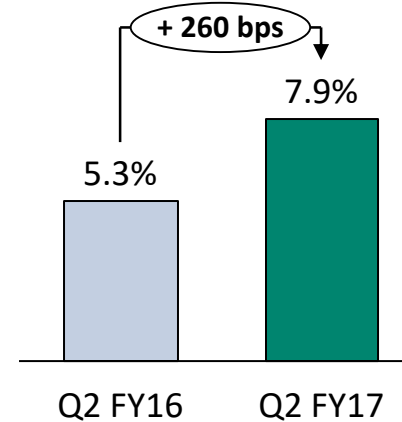
PAT



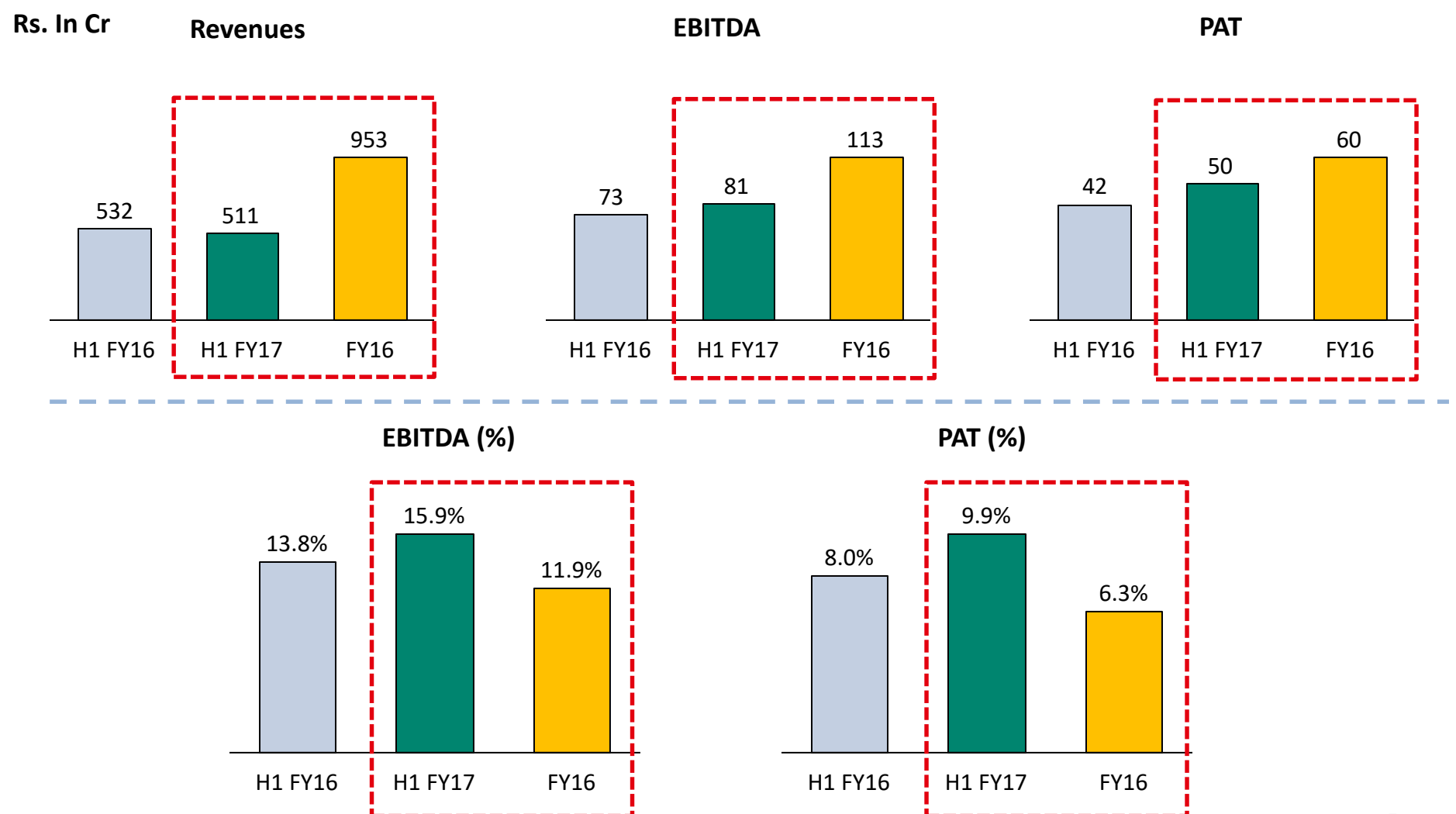
EBITDA (%)



PAT (%)



H1 FY17 Performance Highlights



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 with responsibility for day to day affairs and 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

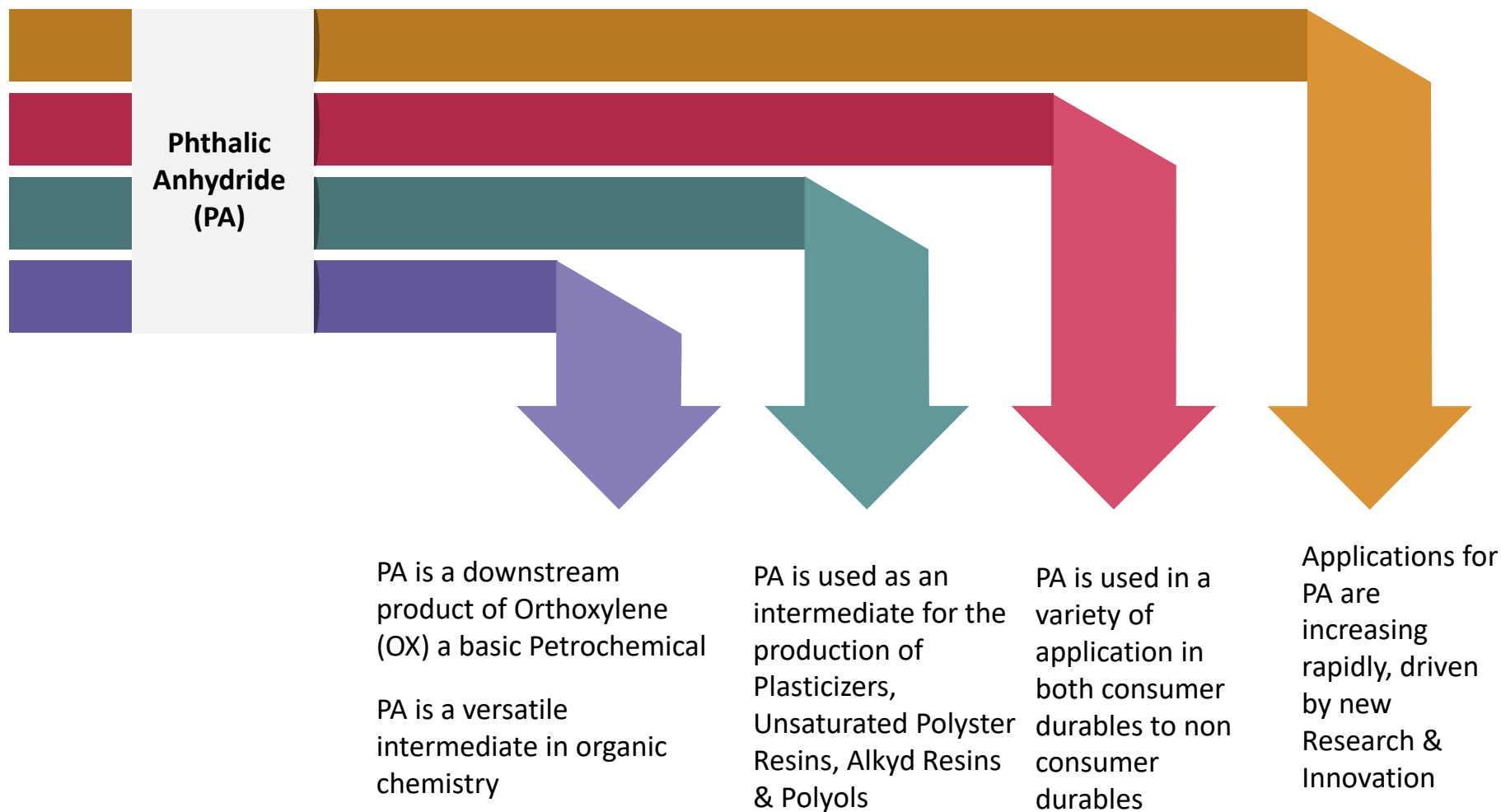
Mr. S N Maheshwari: President (Fin. & A/c)

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

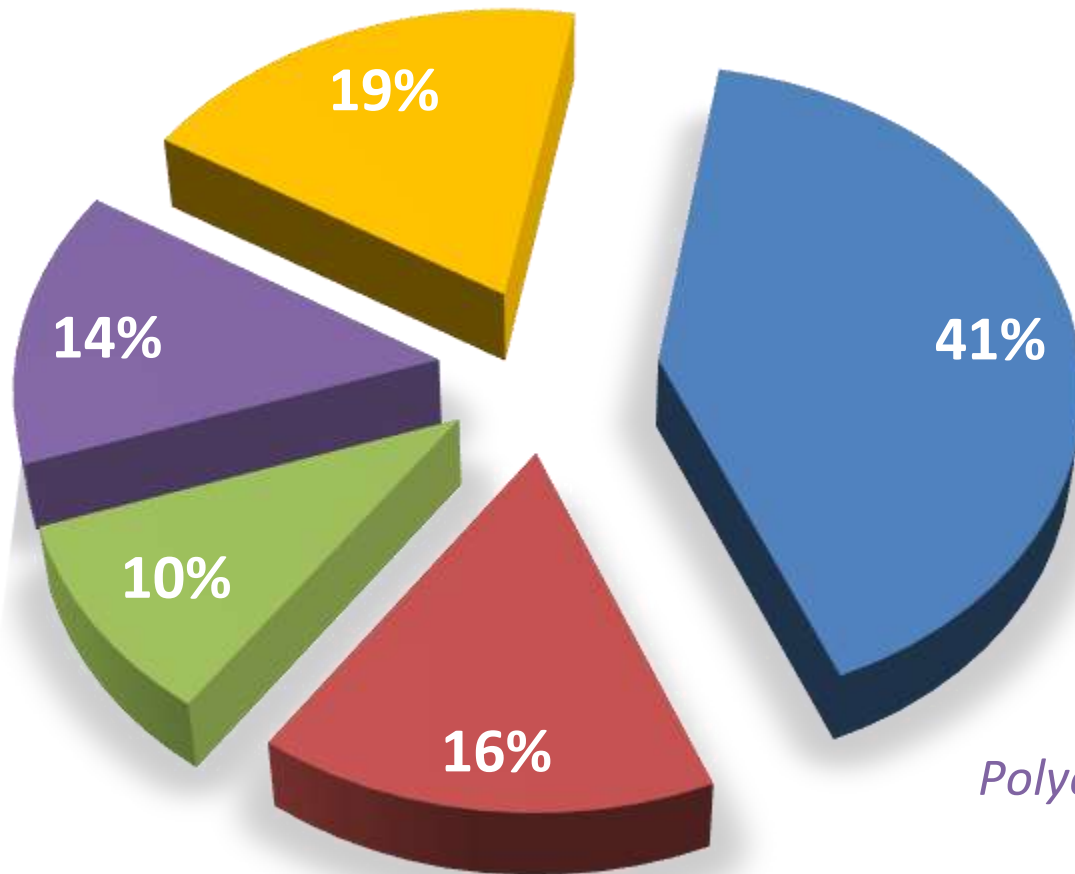
Mr. G V R Reddy: President (Technical)

- ✓ 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)



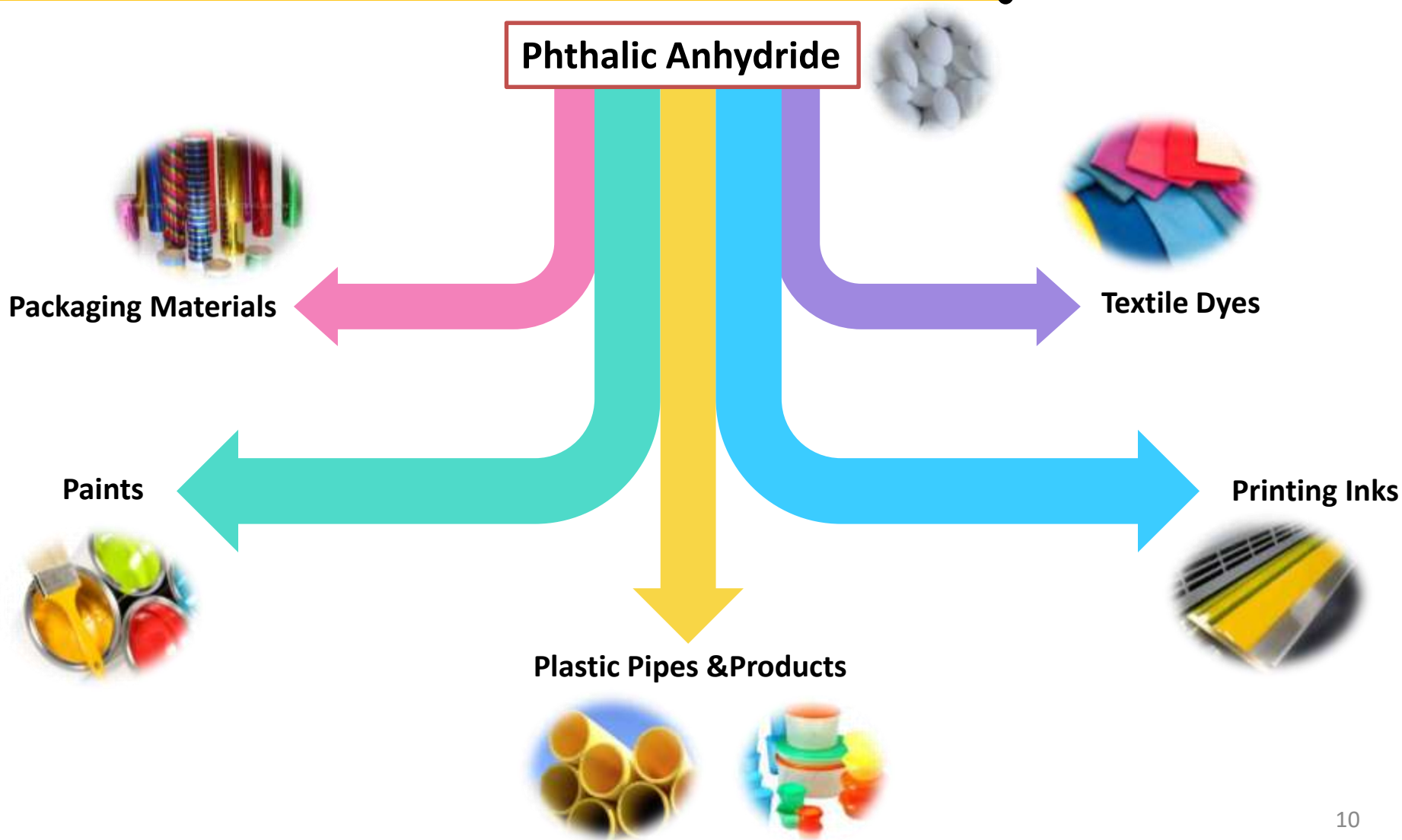
Unsaturated Polyester Resin (UPR)



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



AkzoNobel



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

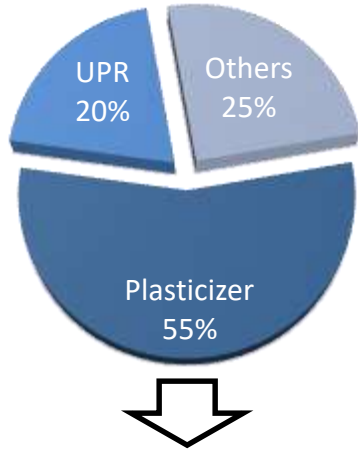
Indian Government Initiatives -

Focus on Rural Water Management – Demand for PVC Pipes

Consumption Pull for Phthalic Anhydride...



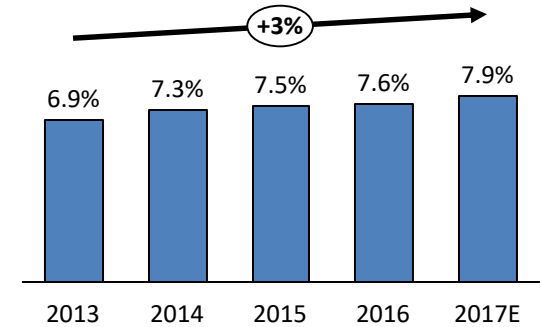
Global PA Consumption - ~5.5mn tones



- Asia-Pacific consumption is ~ + 50%
- Demand in this region is expected to grow at 6.41% CAGR till 2019
- India is 3rd 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)	Q2 FY17	Q2 FY16	Y-o-Y	H1 FY17	H1 FY16	Y-o-Y	FY16
Revenue from Operations	253.74	246.44		507.63	528.79		947.60
Other operating Income	1.24	1.55		2.89	3.13		5.24
Total Revenue	254.98	247.99	3%	510.52	531.92	-4%	952.84
Cost of Material Consumed	180.78	197.93		364.10	417.28		750.55
Changes in Inventories	12.29	(2.70)		6.52	(14.40)		(16.47)
Total Raw Materials	193.08	195.23		370.62	402.88		734.08
Employee Expenses	9.61	7.23		19.20	14.51		29.76
Other Expenses	18.11	19.92		39.79	41.23		75.64
EBITDA	34.19	25.61	33%	80.90	73.30	10%	113.36
EBITDA %	13.41%	10.33%		15.85%	13.78%		11.90%
Other Income	0.61	0.76		1.47	1.54		3.57
Depreciation	4.35	4.36		8.61	8.60		17.54
EBIT	30.45	22.01	38%	73.76	66.24	11%	99.39
EBIT (%)	11.94%	8.88%		14.45%	12.45%		10.43%
Finance Cost	4.70	5.40		9.76	12.39		22.67
Profit before Tax	25.75	16.61	55%	64.00	53.84	19%	76.72
Tax	5.50	3.54		13.66	11.49		16.35
Profit after Tax	20.26	13.07	55%	50.34	42.35	19%	60.36
PAT %	7.94%	5.27%		9.86%	7.96%		6.34%
EPS	6.58	4.24		16.34	13.75		19.60

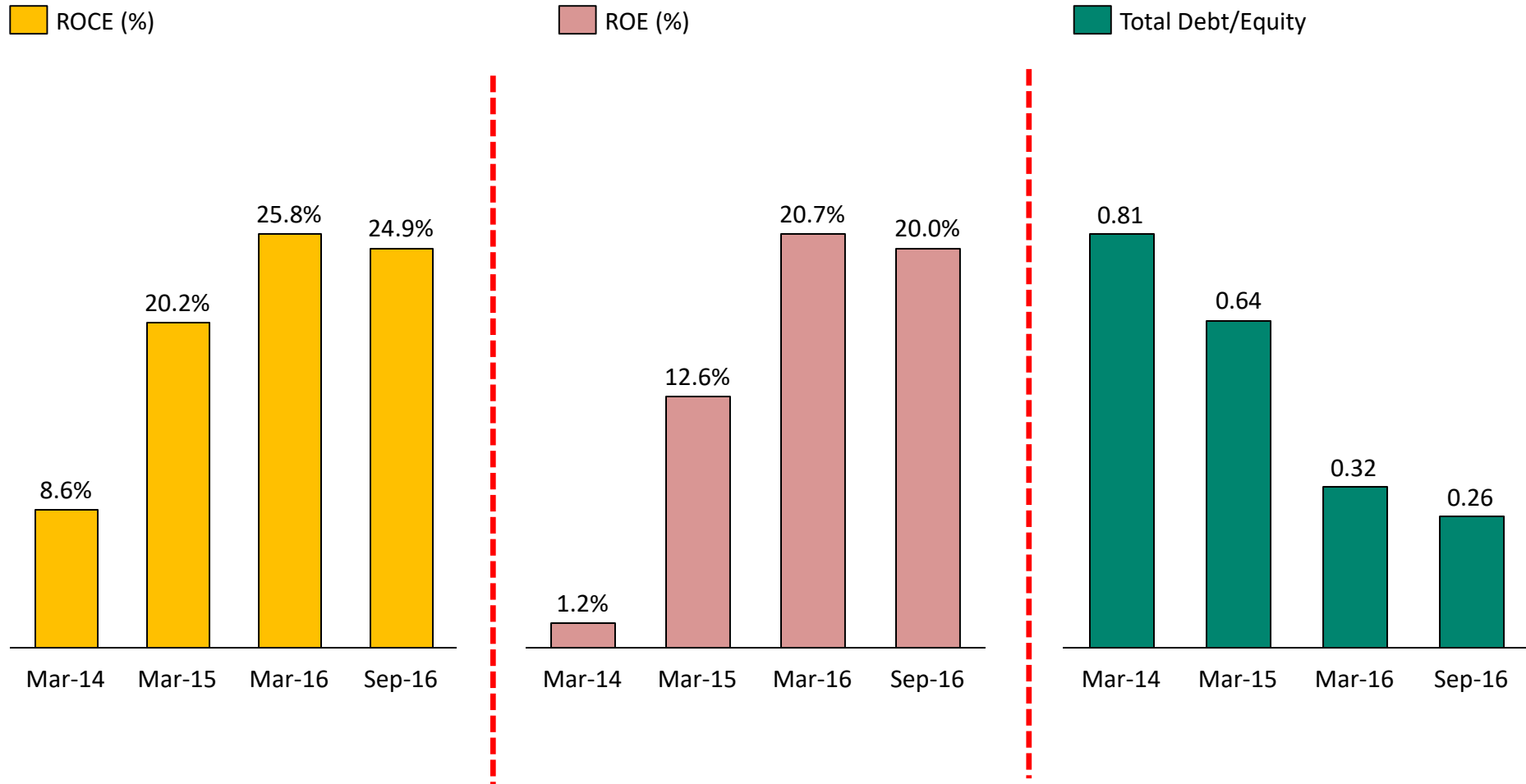
Balance Sheet



Particulars (Rs. Crs)	Sep-16	Mar-16
Shareholder's Fund	342.10	291.76
Share capital	30.80	30.80
Reserves & Surplus	311.30	260.96
Non-current liabilities	80.87	94.00
Long term borrowings	79.05	92.18
Long term Provision	1.82	1.82
Current liabilities	170.29	192.90
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
Total Liabilities	593.26	578.66

Particulars (Rs. Crs)	Sep-16	Mar-16
Non-current assets	350.47	348.37
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
Current assets	242.79	230.29
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
Total Assets	593.26	578.66

Improved Performance – Ratios



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