


I G PETROCHEMICALS LIMITED

Investor Presentation – November 2017

SAFE HARBOR

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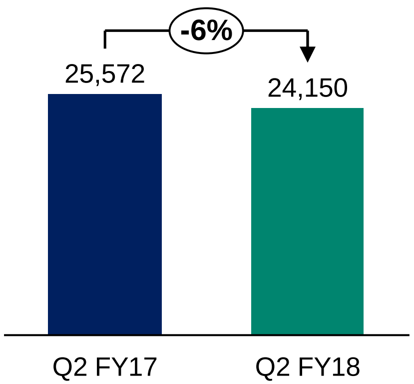
IGPL

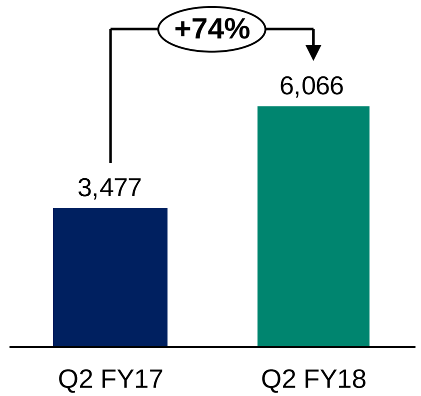
financial highlights – Q2 & H1 FY18

FINANCIAL HIGHLIGHTS – Q2 FY18

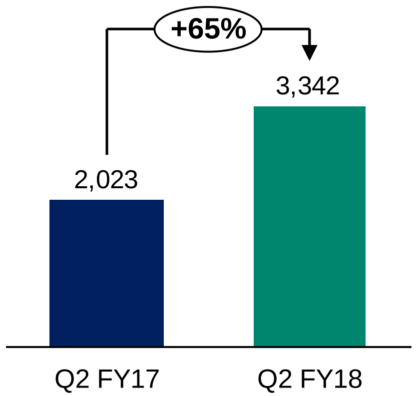
Revenue (Rs. Lakhs) ^



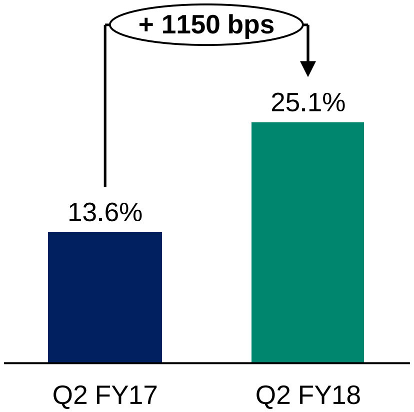
EBITDA (Rs. Lakhs) ^



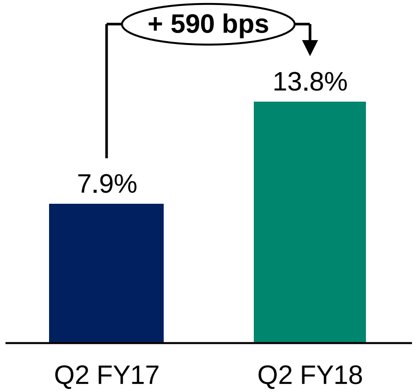
PAT* (Rs. Lakhs)



EBITDA (%)



PAT (%)



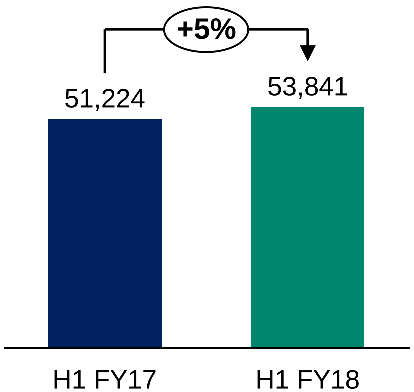
The Financial Results for Q2 FY18 have been prepared in accordance with the Indian Accounting Standards (Ind AS)

^ Includes Other Income

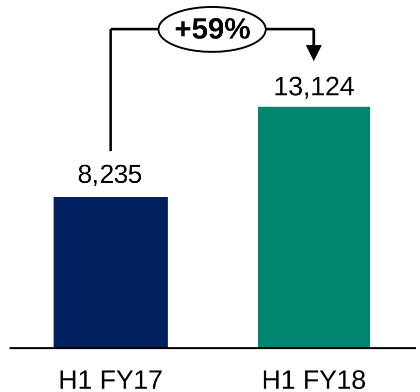
* PAT includes Other Comprehensive Income

FINANCIAL HIGHLIGHTS – H1 FY18

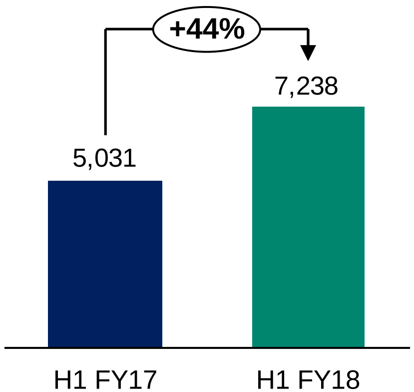
Revenue (Rs. Lakhs) ^



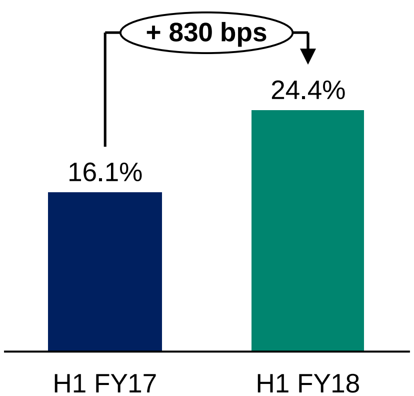
EBITDA (Rs. Lakhs) ^



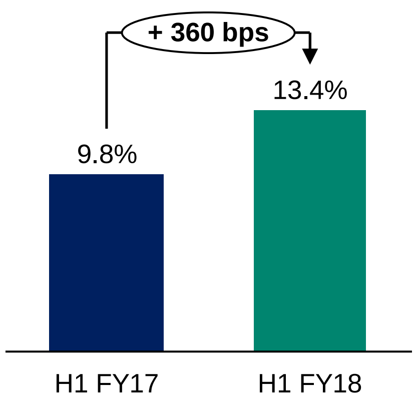
PAT* (Rs. Lakhs)



EBITDA (%)



PAT (%)



The Financial Results for H1 FY18 have been prepared in accordance with the Indian Accounting Standards (Ind AS)

^ Includes Other Income

* PAT includes Other Comprehensive Income

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 1,75,110 MTPA

ISO 9001:2008 for quality management system

ISO 14001:2004 for environment certification from Bureau Veritas

1

2

3

4

5

6

Minimum waste generation resulting in higher realization

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

CREDIT RATING (2017)
Long-Term Rating upgraded to 'IND A+'
Short-Term Rating upgraded to 'IND A1+'
Outlook is Stable

JOURNEY SO FAR

1988

IGPL started as 100% EOU in technical collaboration with Lurgi Gmbh, Germany*

1992

Commenced commercial production with initial capacity of
PA 1 : 45,000 MTPA

Listed on Bombay Stock Exchange (BSE)

1996

Debottlenecking of PA capacity by
18,110 MTPA

2000

Brownfield expansion of
PA 2 : 53,000 MTPA

Cumulative Capacity of 1,16,110 MTPA

2006

Listed on National Stock Exchange (NSE)

2009

Converted from EOU to DTA

2014

Brownfield expansion of
PA 3 : 53,000 MTPA

Revenues cross Rs. 1,000 crs.

Cumulative Capacity of 1,69,110 MTPA

2017

Acquired MA Plant from MPCL through Slump Sale

PAT crosses Rs. 100 crs.

TOTAL Installed Capacity
PA : 1,75,110 MTPA
BA : 1,000 MTPA
MA : 6,920 MTPA

* For an initial period of 10 years

PA – Phthalic Anhydride; MA – Maleic Anhydride; BA – Benzoic Acid; MTPA – Metric Tonnes per annum; MPCL – Mysore Petro Chemicals Ltd.

SENIOR MANAGEMENT TEAM

Mr. M M Dhanuka: Non – Executive Chairman

- Aged 69 years, a founder member of the Company along with Late Shri Shyam Sunder Dhanuka
- Possesses over 35 years of experience in the Chemical Industry

Mr. Nikunj Dhanuka: Managing Director & CEO

- Aged 50 years, a Commerce Graduate. Possesses 20 years of experience in Chemical Industry
- In charge of the overall affairs of the Company and specifically supervises the finance, production and strategic growth of the Company

Mr. R Chandrasekaran: Chief Financial Officer

- Aged 56 years, C.A. with over 18 years of experience in finance
- Responsible for all the financial related activities and is associated with the Company since 1999

Mr. J K Saboo: Executive Director

- Aged 65 years, he is a B.Com. and LL.B
- Currently in charge of the overall activities at Taloja

Mr. Sudhir R Singh : Company Secretary & Compliance Officer

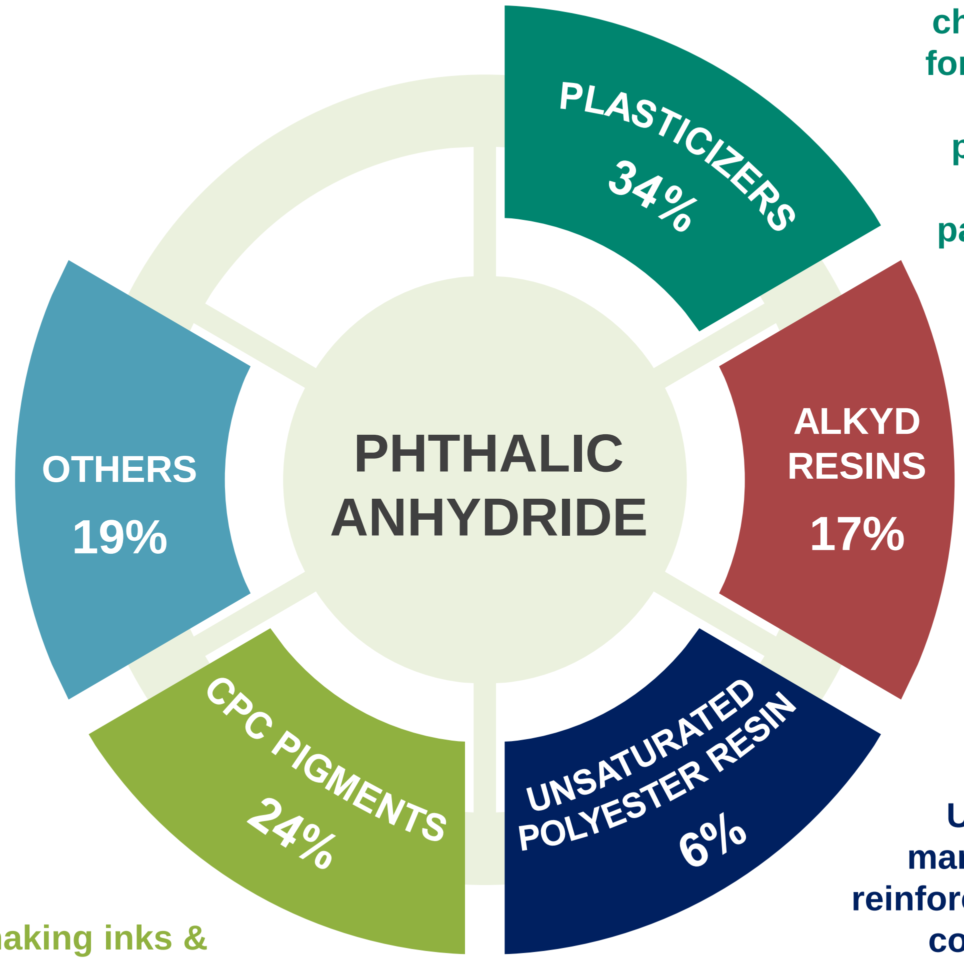
- B.Com, LLB and Company Secretary
- Responsible for all the legal, secretarial and compliance related activities

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



Used in manufacturing of poly vinyl chloride (PVC) products which is used for manufacturing a range of consumer care, personal care and home care products like shoes, wires & cables, pipes & hoses, boxes, containers, packaging films, medical and surgical equipment's

Used in manufacturing of paints and coatings

Used as thermostat for manufacturing of fiberglass reinforced plastics for automobile, construction, marine and transportation industries.

Used for making inks & photovoltaic cells

% of Net Sales (FY17)

KEY CUSTOMERS

IGPL

Over a Decade of Strong Customer Relationships with Key Customers

PLASTICIZERS

- KLJ
- AARTI INDUSTRIES LIMITED
- Maharashtra Aldehydes & Chemicals Ltd. — Our Esters. Your Creativity

PAINTS

- Berger (Since 1760, Lewis Berger, Paint your imagination)
- asianpaints
- KANSAI NEROLAC PAINTS LIMITED

UPR

- ASHLAND — With good chemistry great things happen.
- AkzoNobel

CPC PIGMENT

- MOL — CHEMISTRY OF SUCCESS AT WORK
- MAZDA
- A-One

Low Client Concentration Risk

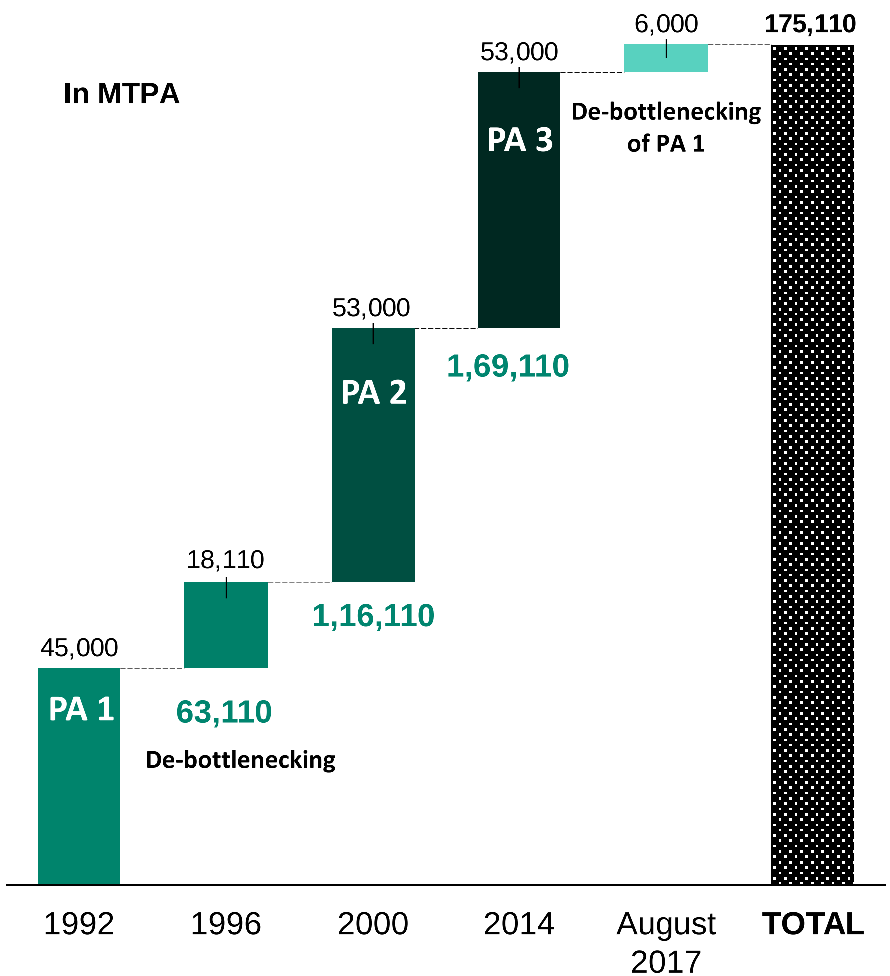
OUR MANUFACTURING FACILITES

Proximity to Jawaharlal Nehru Port Trust (JNPT), Nhava Sheva, Mumbai, Maharashtra

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

Located at MIDC, Taloja in Raigad District, Maharashtra

SCALING UP OF CAPACITY

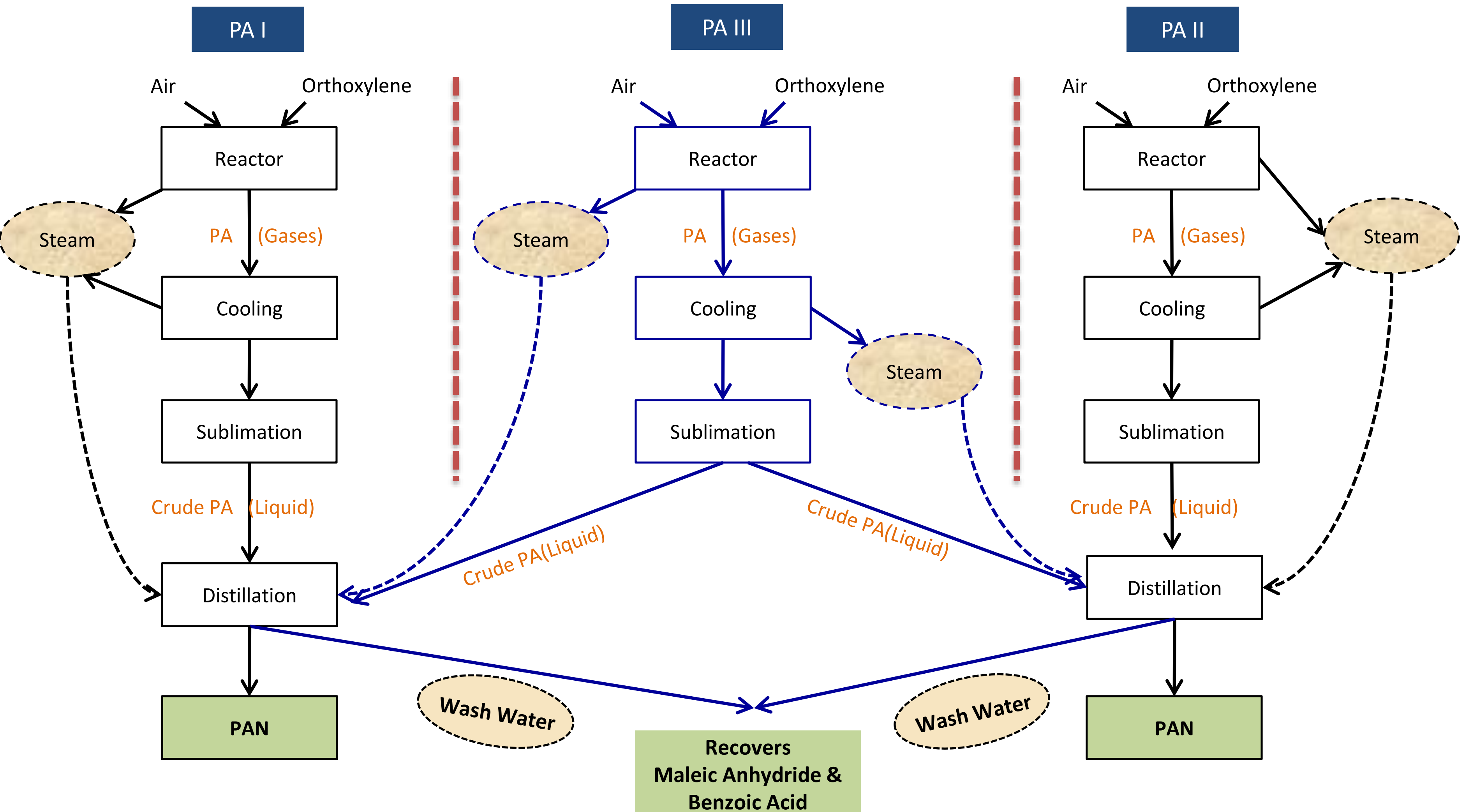


Plants are engineered with **German Technologies** and are designed on the low energy based processes

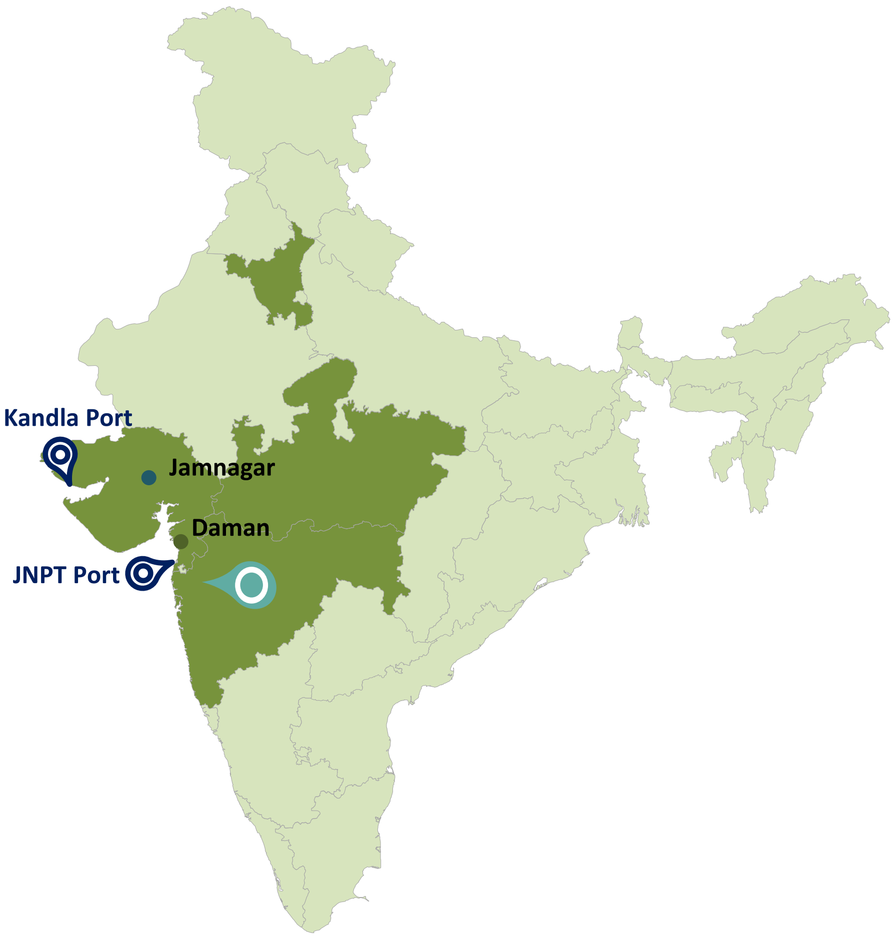
Company also undertook **significant process enhancement initiatives** through capacity expansion

Steam generated from the production process used for Company's captive power requirements

PRODUCTION PROCESS



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

IGPL Plant at MIDC - Taloja, Maharashtra

- Depot
- Chemical Belt in Western India

Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness.

MALEIC ANHYDRIDE

INDUSTRY

Indian Market Size for Maleic Anhydride (MA) is ~52,000 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.

ACQUISITION

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

With the acquisition of MA business from MPCL, IGPL is the only manufacturer of MA in India, thereby captively using wash water to recover MA

key strengths and strategies

KEY COMPETITIVE STRENGTHS

Enhancing Sales & Leading to a Better Margin Profile

CAPACITY UTILIZED
High Capacity Utilization with Annual contract for its sales to Indian Customers

UNIQUE POSITION
Market Leader having over ~50% of the share in India

RECOVERY PROCESS
Steam generated from Processes are utilised efficiently

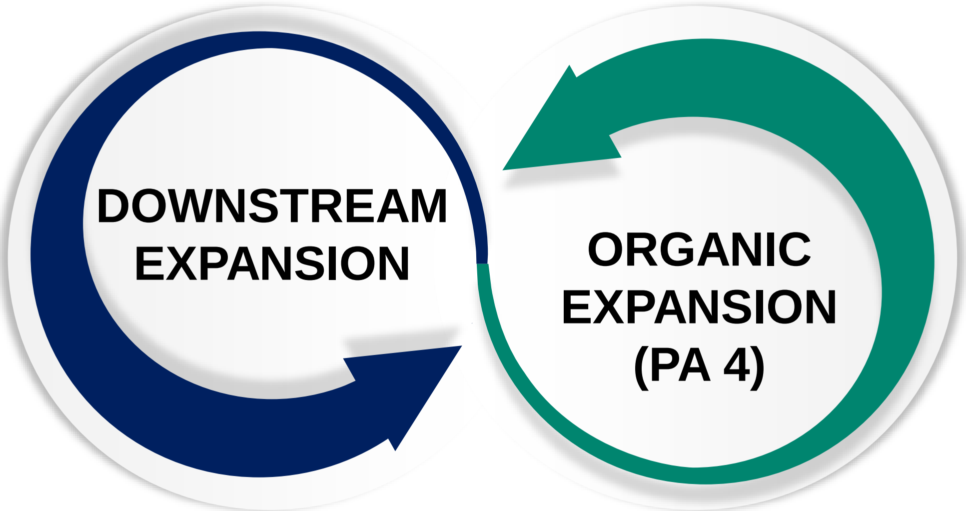
STRATEGIC LOCATION
Plant being near to Port – Huge Saving in Freight Cost

Proximity to the Chemical Belt of India

STRONG CLIENTELE
Diversified Product Use in Multiple Industries

Low Customer Concentration

EXPANSION STRATEGIES



Downstream Expansion

To come on-stream in 2019

Phthalic Anhydride – UNIT 4

Expansion of ~53,000 MTPA

To come on stream in 2019

FY 2017-18 :

Phthalic Anhydride Capacity increased by 6,000 MTPA through de-bottlenecking

Maleic Anhydride Plant to run at full capacity after its acquisition

2019 :

Plan to foray into Downstream Products

Organic Expansion through Brownfield Expansion of PA 4 Plant at Taloja

industry overview

INDUSTRY OVERVIEW

Infrastructure Development

Highest Budget by the government for Infrastructure Development at **3.96 lakh crores**

Indian Market Size

Phthalic Anhydride is **~3,44,000 MTPA**

Maleic Anhydride (MA) is **~52,000 MTPA**

Industry Growth

PA to grow domestically **7% - 8%** annually in future, backed by the thrust of Infrastructure and GDP growth

Housing Development

Propose to facilitate higher investment in affordable housing, by giving infrastructure status

The company is uniquely positioned to partake in the industry growth as well as substitute imports resulting in higher market share

CONSUMPTION PULL FOR PHTHALIC ANHYDRIDE

1. **Stable Crude Prices**
   Better Realizations
2. **Global Market Improvements**
   Well positioned to grab the opportunities
3. **Better Economic Scenario**
   Influence demand for the product in downstream markets
4. **Infrastructure Thrust**
   Strong & Constant domestic demand for the Product
5. **Increase in Consumption**
   Increase fuelled by rising demand for plasticizers, paints etc
6. **Indian Government Initiatives**
   Focus on Rural Water Management – Demand for PVC Pipes
7. **Dominance by Asia Pacific Region**
   Likely to expand at a CAGR of 6.10% from 2016 to 2024

financial overview

PROFIT & LOSS STATEMENT – H1 FY18

Particulars (Rs. Lakhs)*	Q2 FY18	Q2 FY17	Y-o-Y	H1 FY18	H1 FY17	Y-o-Y
Revenue from Operations^	**24,150**	**25,572**	***-6%***	**53,841**	**51,224**	***5%***
Total Raw Material	14,245	19,308		33,187	37,062	
Employee Expenses	1,228	965		2,478	1,925	
Other Expenses	2,610	1,822		5,052	4,002	
EBITDA^	**6,066**	**3,477**	***74%***	**13,124**	**8,235**	***63%***
EBITDA Margin (%)	***25.1%***	***13.6%***		***24.4%***	***16.1%***	
Other Income	61	73		161	172	
Depreciation	556	433		1,068	858	
EBIT	**5,510**	**3,044**	***81%***	**12,056**	**7,377**	***63%***
EBIT Margin (%)	***22.9%***	***11.9%***		***22.5%***	***14.4%***	
Finance Cost	351	473		871	986	
Profit before Tax	**5,159**	**2,570**	***101%***	**11,185**	**6,391**	***75%***
Tax	1,798	549		3,914	1,364	
Profit After Tax	**3,361**	**2,022**	***66%***	**7,270**	**5,027**	***45%***
PAT Margin (%)	***13.9%***	***7.9%***		***13.5%***	***9.8%***	
Other Comprehensive Income	-19	1		-32	3	
TOTAL COMPREHENSIVE INCOME	**3,342**	**2,023**	***65%***	**7,238**	**5,031**	***44%***
PAT Margin (%)	***13.8%***	***7.9%***		***13.4%***	***9.8%***	
EPS	10.91	6.56		23.61	16.32	

The Financial Results for Q2 FY18 have been prepared in accordance with the Indian Accounting Standards (Ind AS)

^ Includes Other Income

* Standalone

BALANCE SHEET– H1 FY18

Particulars (Rs. Lakhs)	Sept - 17
Equity	
Equity Share Capital	3,080
Other Equity	42,315
Total Equity	**45,395**
Non Current Liabilities	
Financial Liabilities	
Borrowings	3,981
Other Liabilities	4,725
Provisions	265
Deferred Tax Liabilities (Net)	515
Total Non Current Liabilities	**9,487**
Current Liabilities	
Financial Liabilities	
Borrowings	347
Trade Payables	6,962
Current Financial Liabilities	3,112
Other Current Financial Liabilities	353
Provisions	247
Current Tax Liabilities (Net)	1,482
Total Current Liabilities	**12,504**
Total Equity and Liabilities	**67,385**

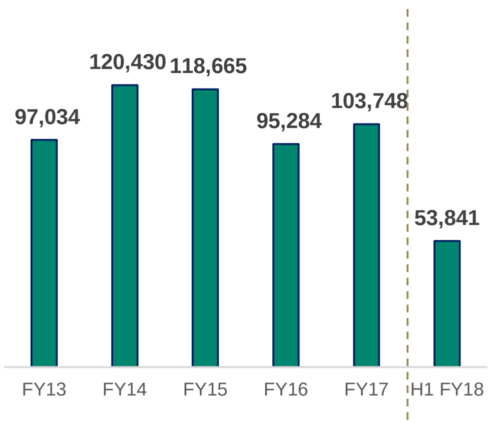
Particulars (Rs. Lakhs)	Sept - 17
Non Current assets	
Property, Plant and Equipment	39,474
Capital Work-In-Progress	890
Goodwill	201
Other Intangible Assets	15
Financial Assets	
Investments	2,216
Other Assets	165
Other Non-Current Assets	1,478
Total Non Current Assets	**44,438**
Current Assets	
Inventories	6,822
Financial Assets	
Investments	800
Trade Receivables	11,628
Cash and Cash Equivalents	2,180
Loans	36
Other Current Assets	251
Other Financial Assets	1,059
Current Tax Assets	171
Total Current Assets	**22,947**
Total Assets	**67,385**

The Financial Results for Q2 FY18 have been prepared in accordance with the Indian Accounting Standards (Ind AS)

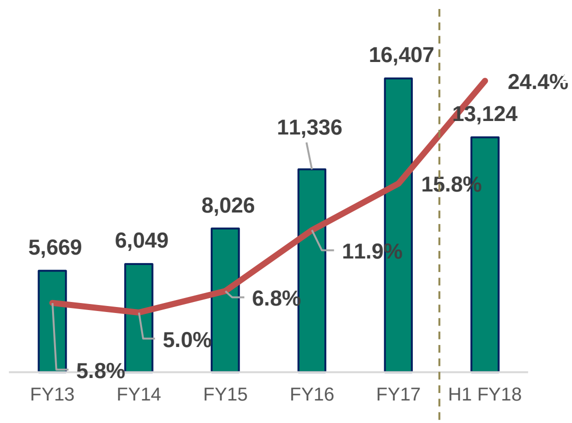
* Standalone

FINANCIAL HIGHLIGHTS

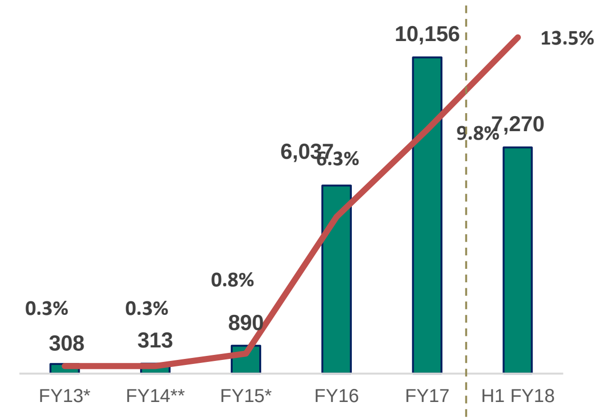
Revenue (Rs. Lakhs)#



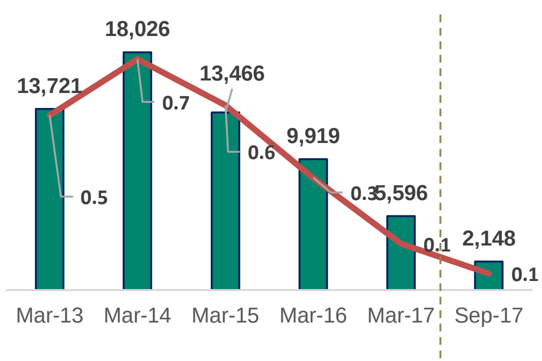
EBITDA (Rs. Lakhs) and Margin %



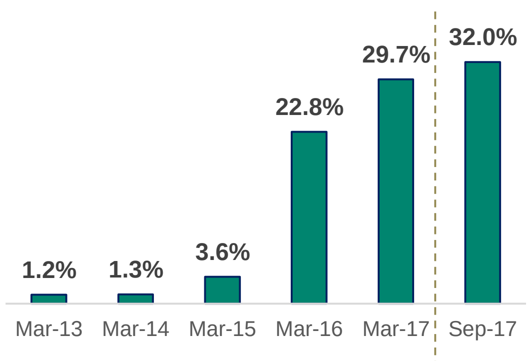
PAT (Rs. Lakhs) and Margin %



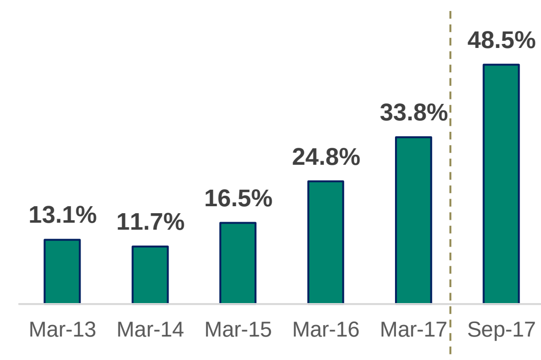
Net Debt (Rs. Lakhs) & Net Debt / Equity



ROE %



ROCE %



Linked to Crude

* Includes Extraordinary Loss of Rs. 2,765 Lakhs in FY13 and Rs. 2,111 Lakhs in FY15 ** Includes Exceptional Expense of Rs. 1,786 Lakhs

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

BALANCE SHEET

Particulars (Rs. Lakhs)*	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17
Share Capital	3,080	3,080	3,080	3,080	3,080
Total Reserves	22,723	22,646	20,801	26,096	36,252
Shareholder's Funds	**25,803**	**25,726**	**23,881**	**29,176**	**39,332**
Long-Term Borrowings	12,307	14,084	10,783	9,218	6,003
Deferred Tax Liabilities	-	-	-	-	3,864
Long Term Provisions	170	213	153	182	195
Total Non-Current Liabilities	**12,477**	**14,297**	**10,936**	**9,400**	**10,062**
Short Term Borrowings	3,588	4,394	2,262	31	240
Trade Payables	18,385	28,625	19,633	15,425	17,104
Other Current Liabilities	1,979	3,387	3,187	2,976	2,832
Short Term Provisions	1	1	506	858	161
Total Current Liabilities	**23,953**	**36,407**	**25,588**	**19,290**	**20,338**
Total Liabilities	**62,233**	**76,430**	**60,405**	**57,866**	**69,732**
ASSETS					
Fixed Assets	34,338	37,693	32,755	32,665	32,829
Non Current Investments	7	7	6	33	1,849
Long Term Loans & Advances	471	812	2,039	2,140	5,157
Total Non-Current Assets	**34,816**	**38,512**	**34,800**	**34,838**	**39,835**
Inventories	8,222	14,149	8,656	8,956	10,454
Trade Receivables	12,431	17,430	14,518	10,881	14,975
Cash and Bank	3,459	2,852	1,822	1,688	3,005
Short Term Loans and Advances	3,305	3,487	609	1,503	1,463
Total Current Assets	**27,417**	**37,918**	**25,605**	**23,028**	**29,897**
Total Assets	**62,233**	**76,430**	**60,405**	**57,866**	**69,732**

* Standalone

PROFIT & LOSS STATEMENT

Particulars (Rs. Lakhs)*	FY13	FY14	FY15	FY16	FY17
Total Revenue	**97,034**	**120,430**	**118,665**	**95,284**	**103,748**
Raw Material Consumed	82,373	104,838	100,120	73,408	75,121
Employee Cost	2,444	2,514	2,849	2,976	3,974
Other Expenses	6,548	7,029	7,670	7,564	8,246
EBITDA	**5,669**	**6,049**	**8,026**	**11,336**	**16,407**
EBITDA Margin (%)	***5.8%***	***5.0%***	***6.8%***	***11.9%***	***15.8%***
Other Income	528	968	667	357	282
Depreciation	1,375	1,803	1,639	1,754	1,718
EBIT	**4,822**	**5,214**	**7,054**	**9,939**	**14,971**
EBIT Margin (%)	***5.0%***	***4.3%***	***5.9%***	***10.4%***	***14.4%***
Interest	1,667	3,036	3,817	2,267	1,805
Profit Before Taxation & Exceptional and Extraordinary Items	3,155	2,177	3,237	7,672	13,166
Exceptional Income / Expenses	0	-1,786	0	0	-
Profit Before Taxation & Extraordinary Items	3,155	391	3,237	7,672	13,166
Extraordinary item	2,766	0	2,111	0	-
Profit Before Tax	389	392	1,126	7,672	13,166
Provision for Tax	81	78	236	1,635	3,010
Profit After Tax	**308**	**313**	**890**	**6,037**	**10,156**
PAT Margin (%)	***0.3%***	***0.3%***	***0.8%***	***6.3%***	***9.8%***
EPS	1.00	1.02	9.74	19.60	32.98

* Standalone

CONSOLIDATED FINANCIALS

Statement of Profit & Loss

Particulars (Rs. Lakhs)	FY16	FY17
Total Revenue	**95,284**	**103,748**
Raw Material Consumed	73,408	75,121
Employee Cost	2,976	3,974
Other Expenses	7,585	8,267
EBITDA	**11,315**	**16,386**
EBITDA Margin (%)	***11.9%***	***15.8%***
Other Income	360	266
Depreciation	1,754	1,719
EBIT	**9,921**	**14,933**
EBIT Margin (%)	***10.4%***	***14.4%***
Interest	2,267	1,805
Profit Before Tax	7,654	13,129
Provision for Tax	1,635	3,010
Profit After Tax	**6,019**	**10,119**
PAT Margin (%)	***6.3%***	***9.8%***
EPS	19.54	32.86

Balance Sheet

Particulars (Rs. Lakhs)	Mar-16	Mar-17
Share Capital	3,080	3,080
Total Reserves	26,079	36159
Shareholder's Funds	**29,159**	**39,239**
Long-Term Borrowings	9,218	6,003
Deferred Tax Liabilities	-	3,864
Long Term Provisions	182	195
Total Non-Current Liabilities	**9,400**	**10,062**
Short Term Borrowings	31	240
Trade Payables	15,425	17,209
Other Current Liabilities	2,976	2,832
Short Term Provisions	858	161
Total Current Liabilities	**19,290**	20,442
Total Liabilities	**57,849**	**69,743**
Fixed Assets	32,665	33,564
Non Current Investments	7	803
Long Term Loans & Advances	2,140	5,157
Total Non-Current Assets	**34,811**	**39,524**
Inventories	8,956	10,454
Trade Receivables	10,881	14,975
Cash and Bank	1,702	3,253
Short Term Loans and Advances	1,499	1,537
Total Current Assets	**23,038**	**30,219**
Total Assets	**57,849**	**69,743**

For further information, please contact

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