



# IG Petrochemicals Ltd

Investor Presentation - FY16



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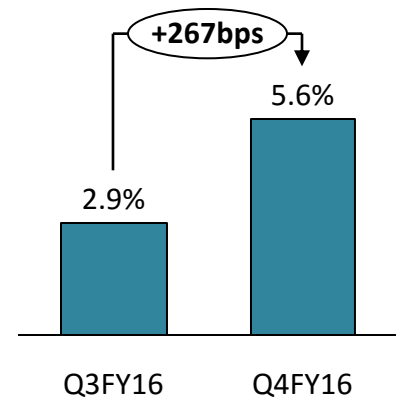
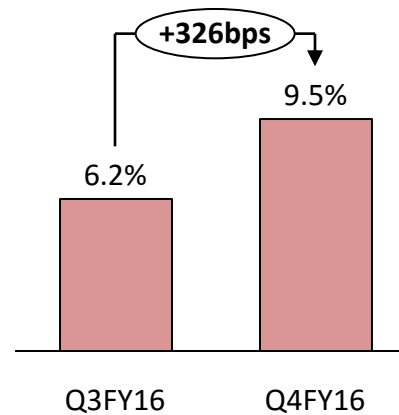
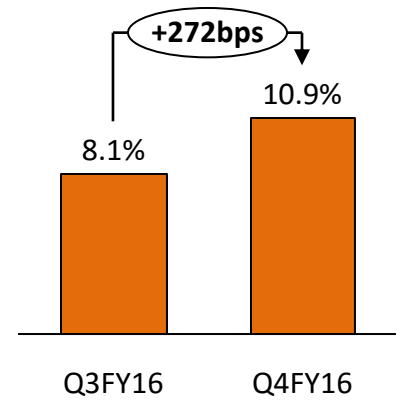
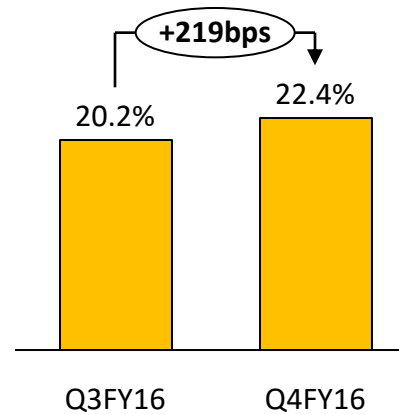
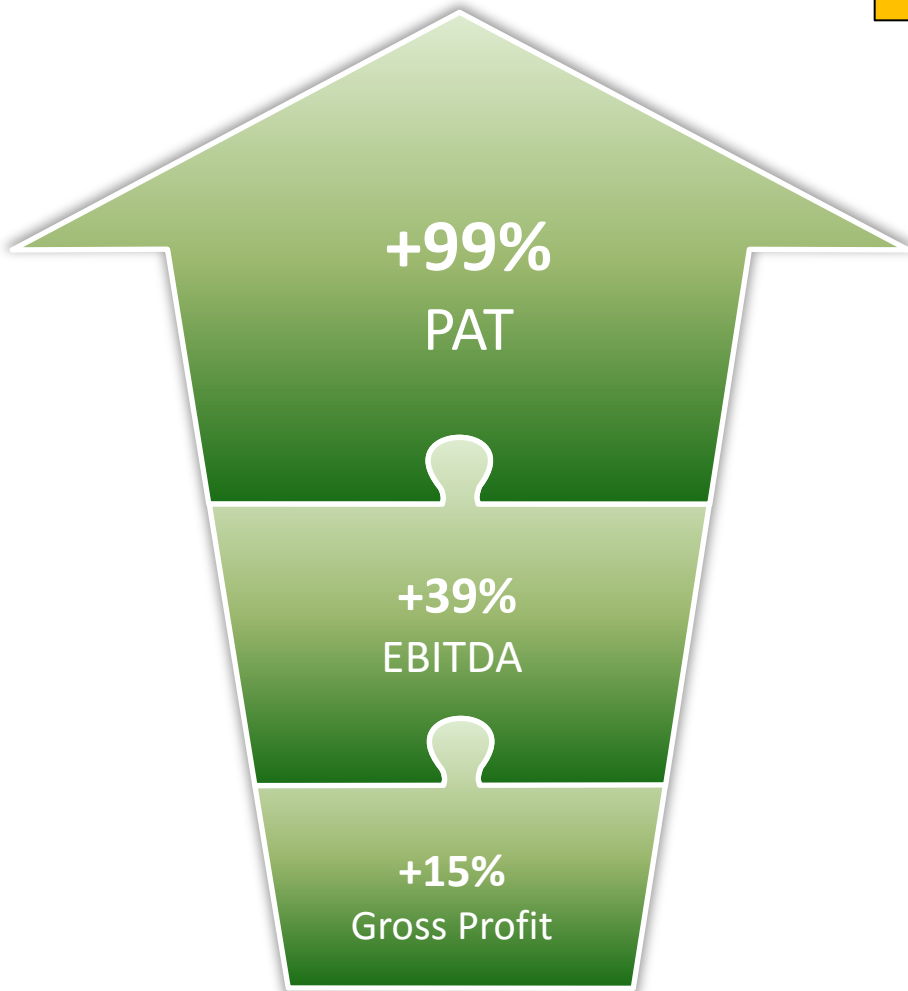
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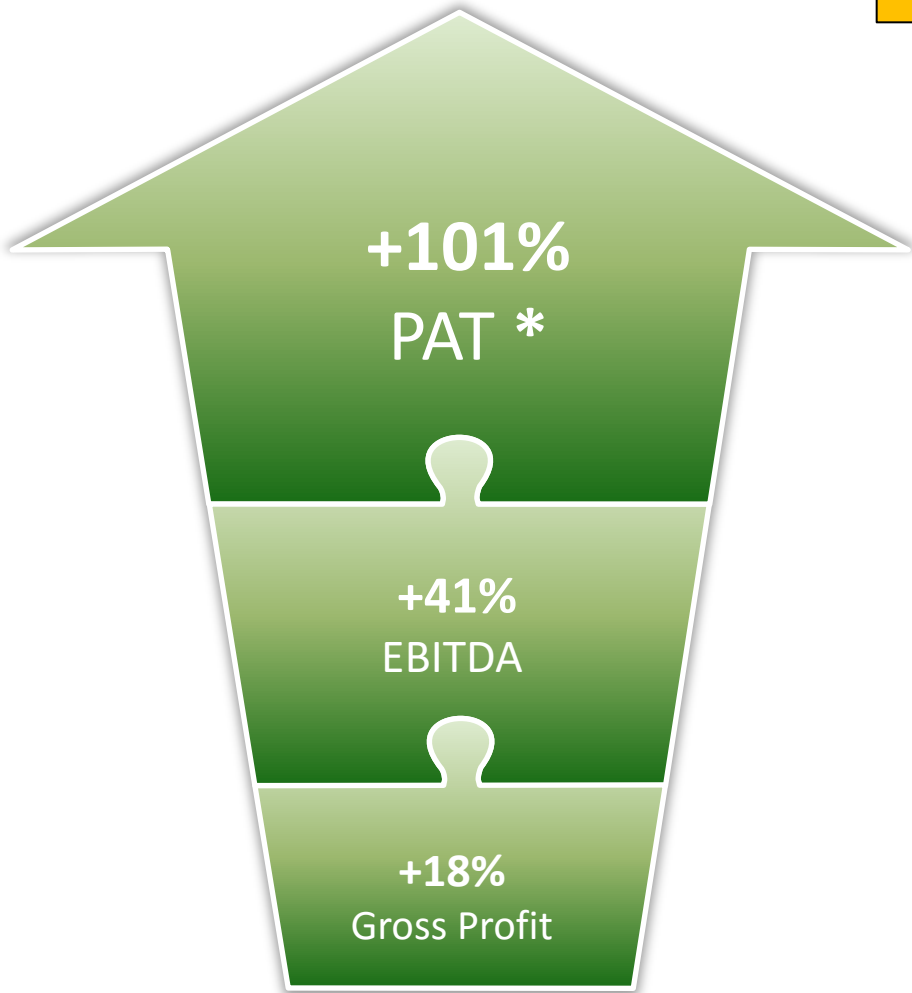
# Improved Performance – Quarterly basis



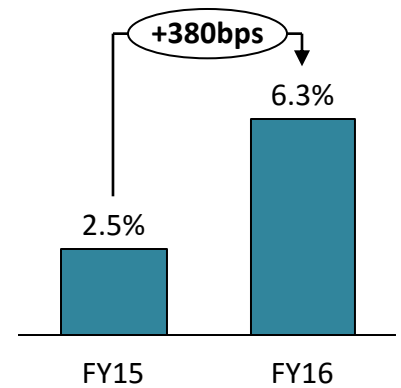
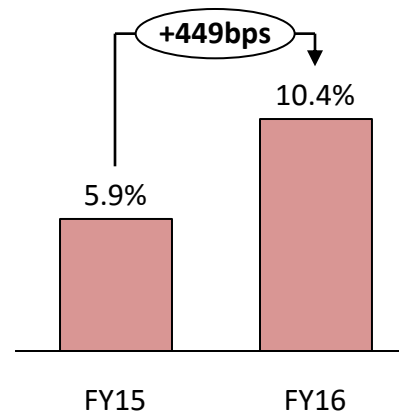
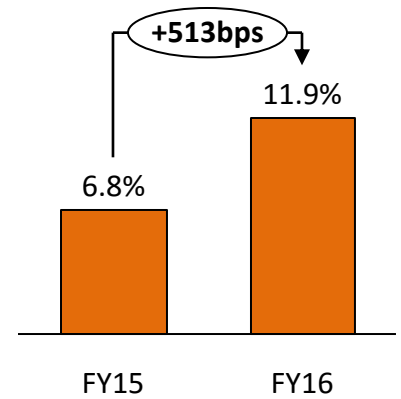
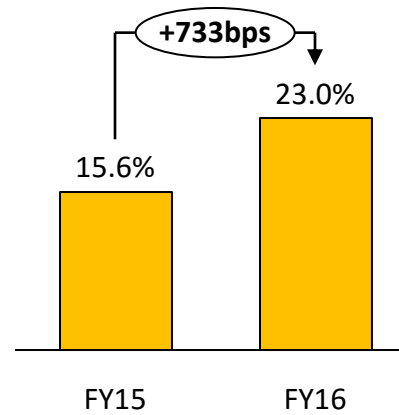
■ Gross Profit (%)   
 ■ EBITDA (%)   
 ■ EBIT (%)   
 ■ PAT (%)



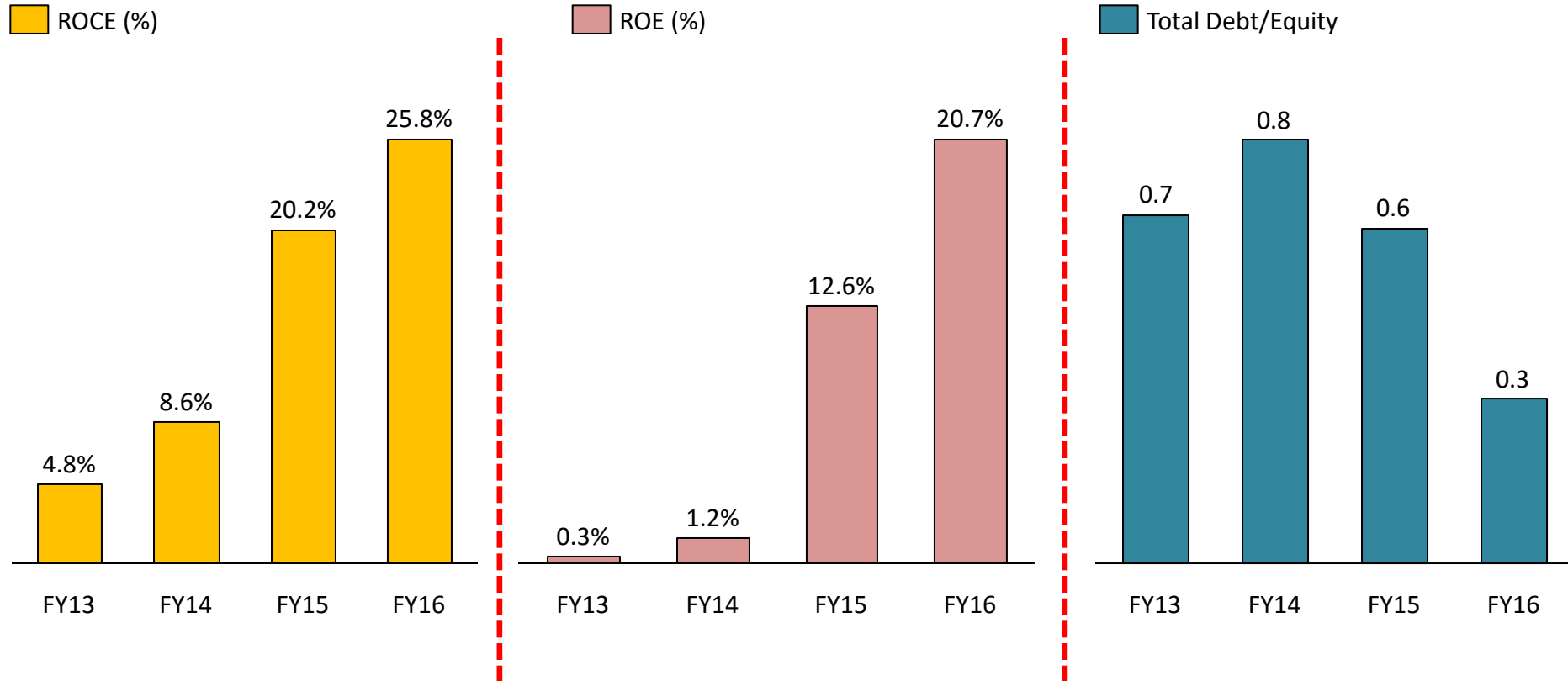
# Improved Performance – Yearly basis



■ Gross Profit (%)   
 ■ EBITDA (%)   
 ■ EBIT (%)   
 ■ PAT\* (%)



# Improved Performance – Ratios



Recommended Dividend of *Rs. 2 per Equity share (i.e.20% of Face Value)* during FY15 - 16

# 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**

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- ✓ Chemical Engineer from BITS, Pilani with 35 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. J K Saboo: Executive Director**

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- ✓ B.Com., LL.B with over 30 years of experience
- ✓ Currently in charge of the all activities at Taloja and is associated with the Company since 1992

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

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- ✓ C.A with over 30 years of experience
- ✓ Currently is responsible for financial, accounts and taxation matters

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

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- ✓ Commerce Graduate with Management course from UK
- ✓ Two decades of experience in the industry, instrumental in restructuring the business activities and in charge of the overall affairs of the company

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

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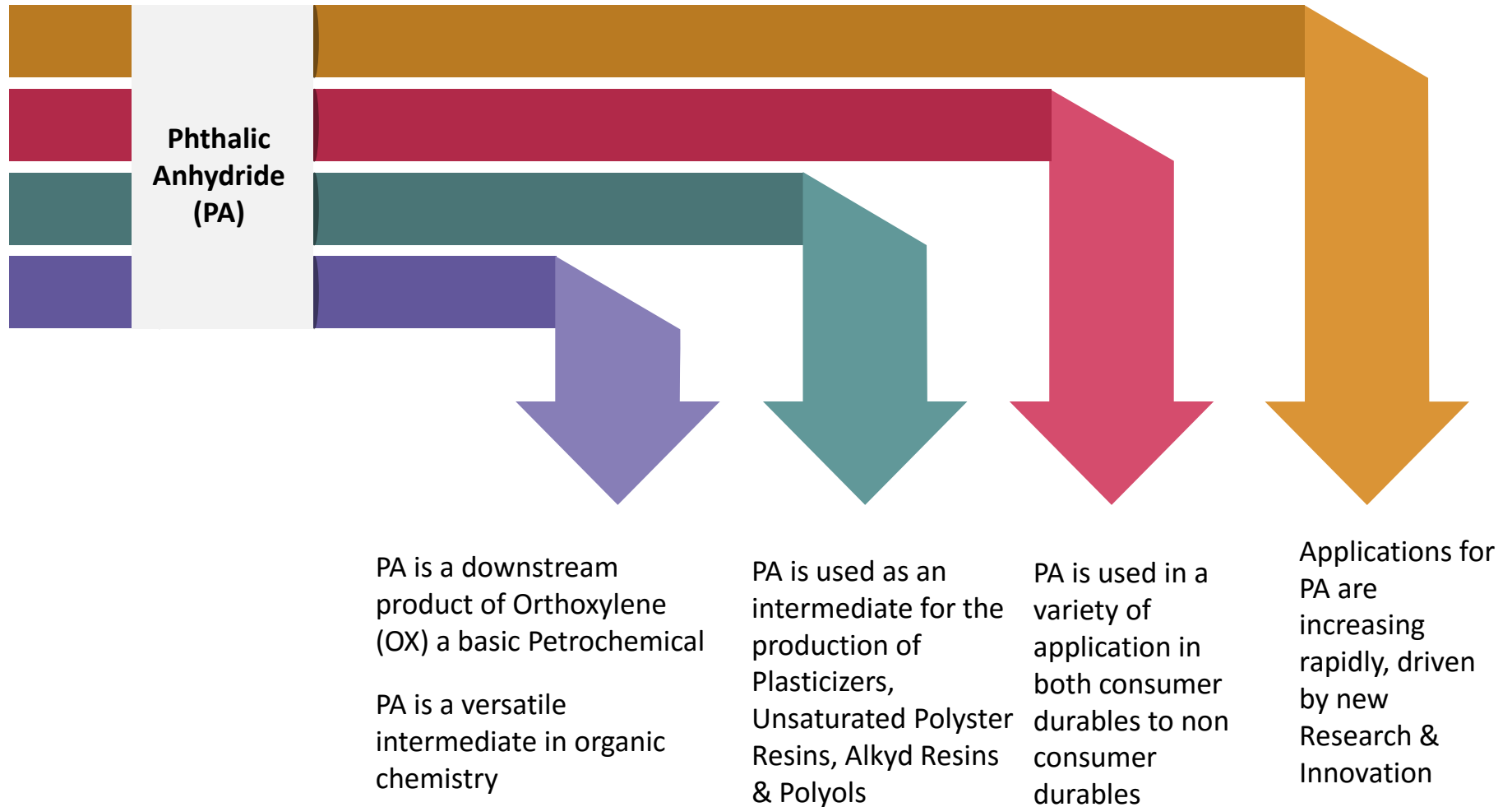
- ✓ C.A. and CS with over 27 years of experience
- ✓ Responsible for all the financial related activities and is associated with the company since 1999

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

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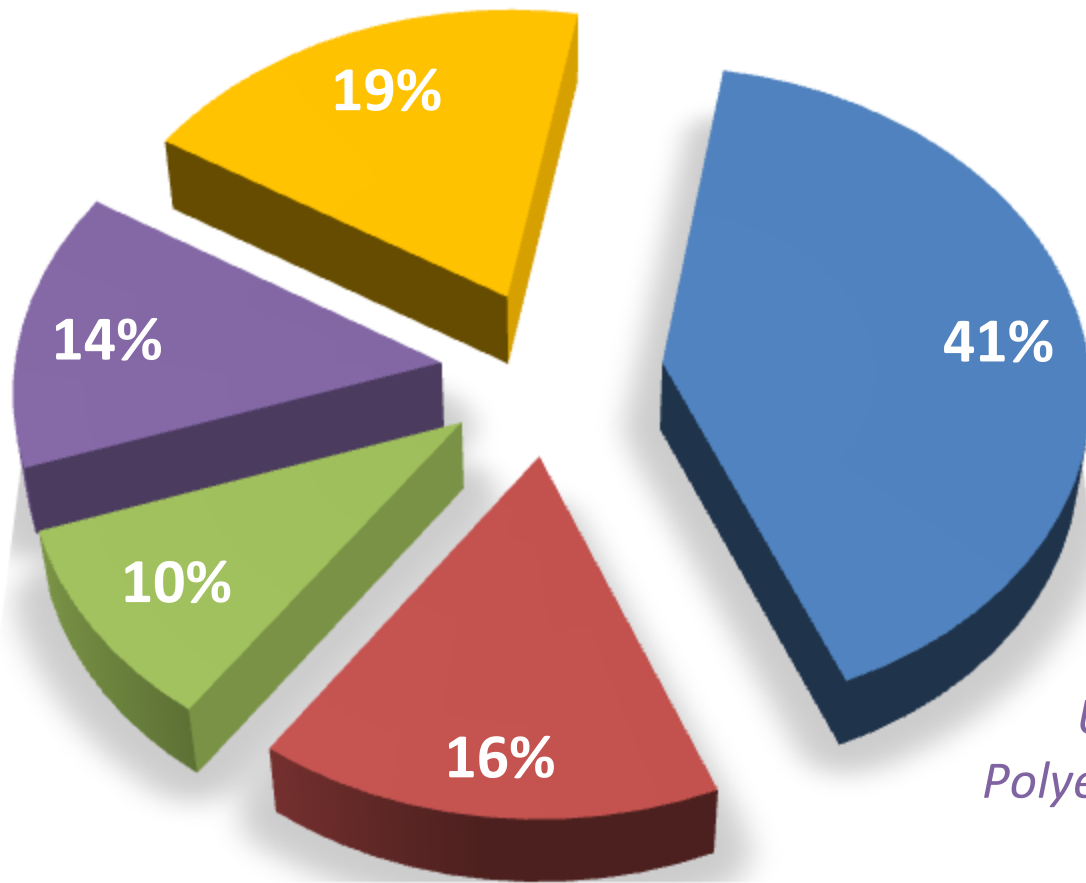
- ✓ M.Sc. Engg (Electrical & Instrumentation) and has around 30 years experience
- ✓ Currently he is in-charge of the Plant at Taloja

# Phthalic Anhydride





# End User Industries



Plasticizers



Paints



CPC (Color Pigments)



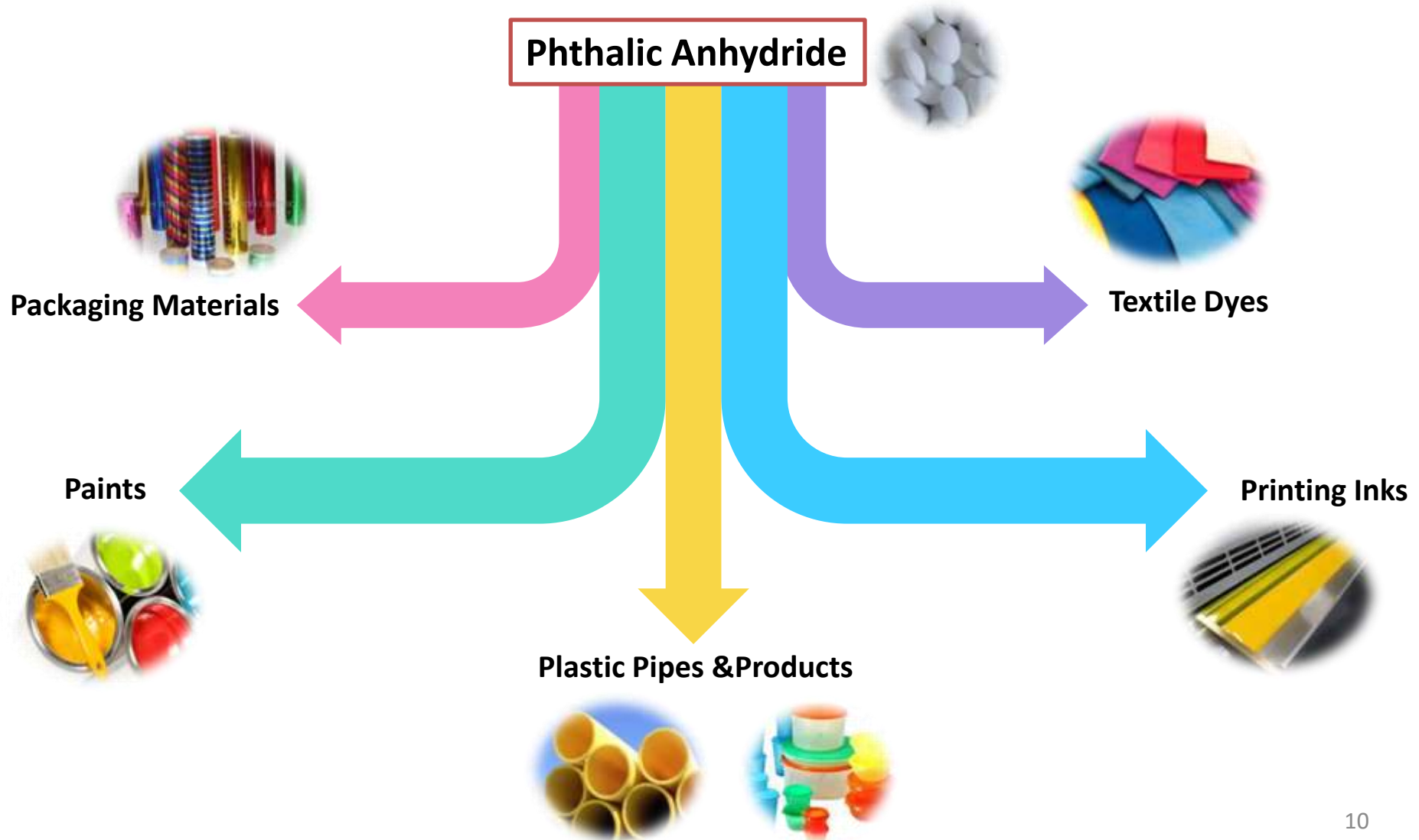
Unsaturated Polyester Resin (UPR)



Others



# Phthalic Anhydride (PA) : Varied Applications



# Manufacturing Capacity



Total Capacity  
**1,69,250 MTA**

**53,000 MTPA (PA 3)**

Brownfield expansion

**50,000 MTPA (PA2)**

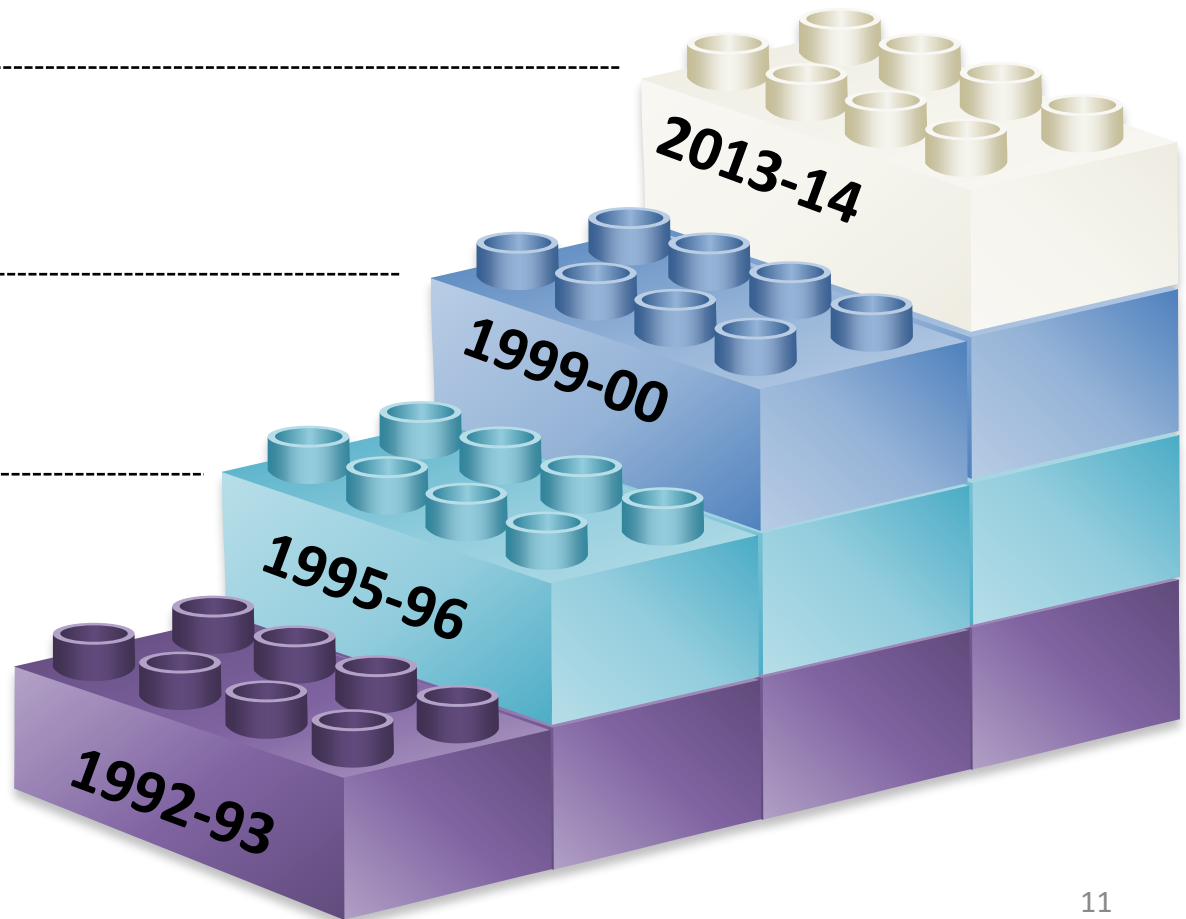
Brownfield expansion

**21,250 MTPA**

De-bottlenecking

**45,000 MTPA (PA1)**

Initial Production Capacity



# Manufacturing Facilities



*3 units at Single Location*

*Proximity to India's Chemical Hub*



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



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

# Key Customers



AkzoNobel



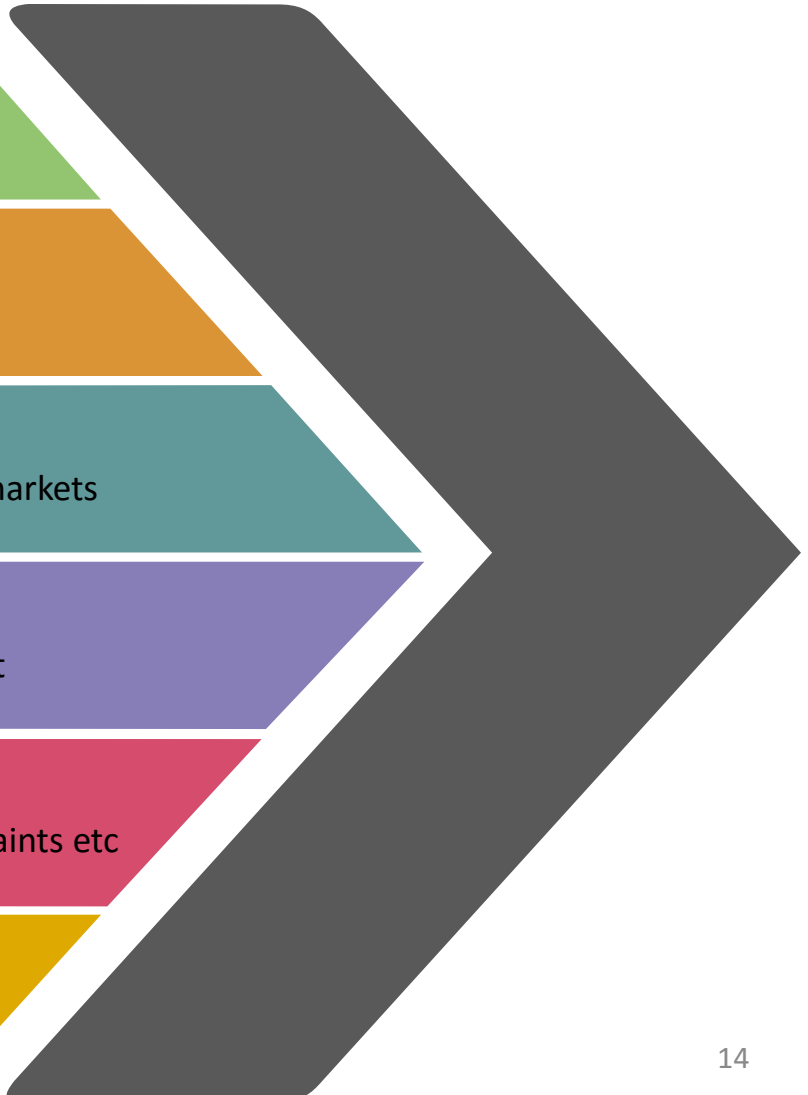
AARTI INDUSTRIES LIMITED

سابک  
SABIC



# Consumption Pull for Phthalic Anhydride

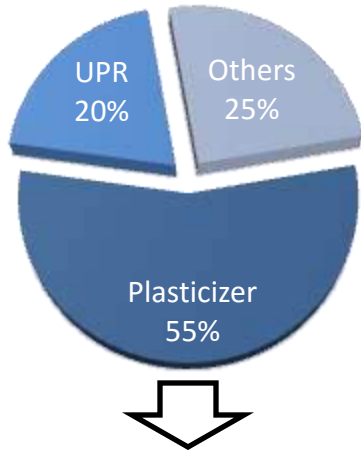


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- 01 Stabilize Crude Prices -**  
Better Realizations
  - 02 Global Market Improvements -**  
Well positioned to grab the opportunities
  - 03 Better Economic Scenario -**  
Influence demand for the product in downstream markets
  - 04 Infrastructure 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



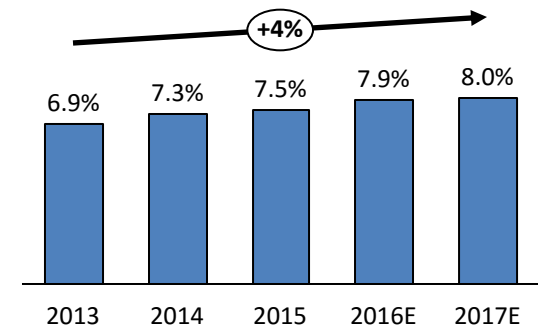
## Global PA Consumption - ~5.5mn tones



- 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



**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

**Consistent  
high  
capacity  
utilization**

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

**Better  
Recovery  
Processes**

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

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



## Positives in FY16

**01** The Company through its wholly own Subsidiary IGPL (FZE) has entered into JV with M/s. Dubai Natural Gas Co. Ltd UAE for the **manufacturing of Maleic Anhydride with a capacity of 45,000 MTPA**

**02**

DTA Sales and Catalyst cases decided in Company's favour – **"Absolving the contingent liabilities related to Excise and Customs duties to the extent of Rs. 204.05 crs."**

**03** **Upgrade in the Credit Rating for Long Term & Short Term Borrowings by India Ratings & Research**

Particulars	Old Ratings	New Ratings
Long Term Borrowings	"IND BBB+"	"IND A-"
Short Term Borrowings	"IND A2+"	"IND A1"

# Profit & Loss Statement



Particulars (Rs. In Crs)	Q4FY16	Q3FY16	Q-o-Q	FY16	FY15	Y-o-Y
Revenue from Operations	213.4	205.4		947.6	1185.4	
Other operating Income	1.0	1.1		5.2	1.3	
<b>Total Revenue</b>	<b>214.4</b>	<b>206.6</b>	<b>4%</b>	<b>952.8</b>	<b>1186.6</b>	<b>-20%</b>
Cost of Material Consumed	164.1	169.2		750.5	959.8	
Changes in Inventories	2.3	-4.3		-16.5	41.4	
Employee Expenses	7.7	7.6		29.8	28.5	
Other Expenses	17.1	17.3		75.6	76.7	
<b>EBITDA</b>	<b>23.3</b>	<b>16.8</b>	<b>39%</b>	<b>113.4</b>	<b>80.3</b>	<b>41%</b>
<b>EBITDA %</b>	<b>10.9%</b>	<b>8.1%</b>		<b>11.9%</b>	<b>6.8%</b>	
Other Income	1.7	0.4		3.6	6.7	
Depreciation	4.6	4.3		17.5	16.4	
<b>EBIT</b>	<b>20.3</b>	<b>12.8</b>	<b>58%</b>	<b>99.4</b>	<b>70.53</b>	<b>41%</b>
<b>EBIT (%)</b>	<b>9.5%</b>	<b>6.2%</b>		<b>10.4%</b>	<b>5.9%</b>	
Finance Cost	5.1	5.2		22.7	38.2	
Extra ordinary Items	0.0	0.0		0.0	21.1	
<b>Profit before Tax</b>	<b>15.2</b>	<b>7.7</b>	<b>98%</b>	<b>76.7</b>	<b>11.3</b>	<b>581%</b>
Tax	3.2	1.6		16.4	2.4	
<b>Profit after Tax</b>	<b>12.0</b>	<b>6.0</b>	<b>99%</b>	<b>60.4</b>	<b>8.9</b>	<b>579%</b>
<b>PAT %</b>	<b>5.6%</b>	<b>2.9%</b>		<b>6.3%</b>	<b>0.7%</b>	

# Balance Sheet



Particulars (Rs. In Crs)	Mar-16	Mar-15
Share Capital	30.8	30.8
Total Reserves	261.0	208.0
<b>Shareholder's Funds</b>	<b>291.8</b>	<b>238.8</b>
Long-Term Borrowings	92.2	107.8
Long Term Provisions	1.8	1.5
<b>Total Non-Current Liabilities</b>	<b>94.0</b>	<b>109.4</b>
Short Term Borrowings	0.3	22.6
Trade Payables	154.2	196.3
Other Current Liabilities	29.8	31.9
Short Term Provisions	8.6	5.1
<b>Total Current Liabilities</b>	<b>192.9</b>	<b>255.9</b>
<b>Total Liabilities</b>	<b>578.7</b>	<b>604.1</b>

Particulars (Rs. In Crs)	Mar-16	Mar-15
<b>Fixed Assets</b>	<b>322.2</b>	<b>326.8</b>
Tangible Assets	322.2	326.7
Intangible	0.0	0.0
Capital Work in Progress	4.4	0.8
Non Current Investments	0.3	0.1
Long Term Loans & Advances	21.4	20.4
<b>Total Non-Current Assets</b>	<b>348.4</b>	<b>348.0</b>
Inventories	89.6	86.6
Sundry Debtors	108.8	145.2
Cash and Bank	16.9	18.2
Short Term Loans and Advances	15.0	6.1
<b>Total Current Assets</b>	<b>230.3</b>	<b>256.0</b>
<b>Total Assets</b>	<b>578.7</b>	<b>604.1</b>

**For further information, please contact**

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