



IG Petrochemicals Limited

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For immediate release

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Q1 FY2012 Financial Results Highlights

Q1 FY2012 Total Income at Rs.1,953 million

Q1 FY2012 PBIDTA margin at 4.85%

Q1 FY2012 PAT at Rs.20 million

EPS (Not Annualized) for the quarter at Rs 0.66 per share of Rs 10/-

Mumbai, 03 August 2011: IG Petrochemicals Limited (IGPL), the largest producer of Phthalic Anhydride (PA) in India, today announced its financial results for the first quarter ended 30 June, 2011.

Financial Performance Perspective

Q1 FY2012 Performance Review (All comparisons with Q1 FY2011 Figures)

- Total income from operations at Rs.1,953 million as compared to Rs.1,647 million
- Consumption of raw materials at Rs.1,677 million against Rs.1,425 million
- PBIDTA at Rs.95 million compared to Rs.128 million
- PBIDTA margins on total turnover at 4.85%
- Profit Before Tax (PBT) at Rs.25 million compared to Rs.63 million
- Profit After Tax (PAT) at Rs.20 million compared to Rs. 51 million
- Basic / Diluted EPS (Not Annualized): Rs.0.66 per share of Rs.10/-

Commenting on Q1 FY2012 performance, Mr. Nikunj Dhanuka, Managing Director, IGPL, said:

“We are pleased to deliver a stable performance this quarter operationally. IG Petro is one of the strongest in its sector; our competitive edge in terms of locational advantage, scale economies and balance sheet strength -helps us meet any sectoral challenge head-on.

This quarter we were witness to continued imports of the finished product -leading to a ceiling on realizations. Secondly, we had to bear unduly higher raw material costs as there was constraint on the production of ortho-xylene causing an implied scarcity of this important input to PA. We were able to mitigate the impact of both these factors and report stable volumes whereas our margins have been impaired.

Given our focus on growing bigger and stronger within PA we are moving ahead with planning for capacity enhancement. Going forward we expect these sectoral exigencies to even out and we should be in a position then to demonstrate a healthy performance.”

The IGPL Advantage:

- Leader in the PA segment

The Company is the largest producer of PA in Indian markets and the third largest in the world in a single plant location. IGPL currently is the leader in the PA industry in India and enjoys the benefits of being one of the lowest cost producers of PA globally.

- Location based advantages

IGPL operates two units located at a common plant facility at Taloja, Maharashtra which results in higher cost efficiencies on account of shared resources / processes. Proximity of the Company’s plant to (i) raw material supplier Reliance Industries Ltd. (its Jamnagar refinery) (ii) the major ports in the western region and (iii) western Indian market which consumes 75% of the PA production in India enhances its advantages.

- Efficient spread management

The Company hedges itself against volatility associated with movements in crude oil prices and unanticipated operational risks. To a greater extent the Company maintains a sales mix whereby a substantial proportion of its sales are at prices which are linked to the price of the raw material to protect itself against the volatility. The balance production is sold at spot prices in domestic and international markets to capture the upside.

- Captive power generation

The steam generated via the production process is utilized for power generation for captive use and the surplus power is sold to the grid. Thus, IGPL enjoys one of the lowest power cost to sales ratio in the industry.

- Capacity expansion

The Company has finalized its plans to enhance its installed capacity by 50,000 MT going forward at the same location. IGPL would stand to benefit from the expansion on account of enhancement of the scale of operations and further sharing of resources, facilities and fixed costs.

- Robust financial position

IGPL typically operates on an efficient working capital system which helps limit the capital required for operations.

Further, IGPL has low exposure to debt with current long term debt of about Rs.145 million. The overall debt-equity ratio at the end of Q1 FY2012 is 0.06. The interest coverage ratio for Q1 FY2012 is 2.97 times. The Company during the quarter has generated positive cash flows of Rs. 95 million.

- Advantageous Supply - Demand gap

The huge capital costs required for setting up a greenfield PA plant act as an entry barrier, thereby limiting supply, while the demand for the product is on the rise. The resultant continual improvement in the favorable demand-supply industry situation benefits IGPL. Worthy of mention is the fact that the domestic industry has not seen any new entrant after IGPL. Further, China is a net importer of PA and is expected to continue to be so at least till 2015. Also with many more units in Europe and the USA expected to close down, the supply will get further constrained. All these factors will culminate in improved margins for the Company going forward. However, the industry in India is currently facing imports issue, thereby affecting the demand - supply situation.

Outlook:

The PA industry in India continues to witness increasing demand trends on the back of healthy growth in end use industries such as paints, PVC, construction, transportation, marine, and other chemical intensive areas. The sector in India has been witnessing imports of PA, thereby creating an imbalance in the domestic demand scenario. We foresee stabilization in the situation in the coming future. IGPL with its capacities in place has the pre-requisites to cater to the demand in India and across the globe, given the limited slate of capacity additions worldwide.

About I G Petrochemicals Limited (IGPL)

IGPL (NSE - IGPL, BSE - 500199), the flagship Company of the Dhanuka group, was incorporated in 1988 and commenced operations in 1993 for manufacture of Phthalic Anhydride (PA). PA is an organic chemical product used in manufacture of Phthalic Plasticizers, Alkyd Resins, Dyes and Pigments and Unsaturated Polyester Resins, etc. IGPL is the largest player of PA in India and one of the largest players in the world with an annual capacity to produce 116110 MT with a very cost competitive operating profile. The Company uses Orthoxylene (OX) Oxidation route for manufacture of the product and sources 70% of its raw material requirement domestically. Its plant is located at M.I.D.C. Industrial Area, Taloja, District Raigad, Maharashtra (about 50 kms away from Mumbai).

For further information on the Company, please visit www.igpetro.com

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Safe Harbor

Some of the statements in this document that are not historical facts are forward-looking statements. These statements entail risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our products, market situation for our key inputs, market conditions that could cause our customers to reduce their spending for our products, our ability to create, acquire and build new businesses and to grow our existing businesses and other risks not specifically mentioned herein but those that are common to industry. The Company does not undertake to update these statements publicly to reflect changed eventualities.

Details to the Results:

Revenues

- Total Revenues from operations for Q1 FY2012 were at Rs. 1,953 million, a growth of 18.58% as compared to Rs. 1,647 million in Q1 FY2011.

Operational Details	Q1 FY2012	Q1 FY2011
Total Revenues (Rs. mn)	1,953	1,647
Production (MT)	29,242	28,104
Sales (MT) - Domestic	22,814	23,921
Exports	6,524	3,405

Expenditure Details

Particulars (in Rs. mn)	Q1 FY2012	Q1 FY2011
Raw Material Consumption	1,677	1,425
Manufacturing Expenses	88	61
Staff Costs	46	41
Administration Expenses	10	14
Selling & Distribution Expenses	38	31
Total expenditure	1,859	1,572

- The Company continues to source a bulk of its raw material requirements from Reliance Industries Limited (RIL). Under this arrangement, IGPL has an annual contract with RIL, along with a monthly reset of prices. The rest is imported from suppliers in the global market. Thus, the Company is not only able to de-risk its supplies but also has in place a diverse supply base.

Interest, Depreciation & Other Income

Particulars (in Rs. mn)	Q1 FY2012	Q1 FY2011
Interest	32	31
Depreciation	37	34
Other Income	2	4

EBITDA, PBT, PAT & EPS

Particulars (in Rs. mn)	Q1 FY2012	Q1 FY2011
EBITDA	95	128
Profit Before Tax (Rs. mn)	25	63
Profit After Tax (Rs. mn)	20	51
EPS -Basic & Diluted (Rs.) (not annualized)	0.66	1.64