

Annual Report 2021-22



WHAT'S INSIDE...

02-17 **CORPORATE OVERVIEW**

IGPL at a Glance	02
From the MD's Desk	04
Our Manufacturing Capacity & Expansion Plans	06
Sustainable Business Model	08
Robust Financial Performance	10
Environment	12
Building Social Relationships	13
Governance	16
Corporate Information	17

18-77 **STATUTORY REPORTS**

Notice	18
Management Discussion and Analysis	35
Directors' Report	41
Report on Corporate Governance	64

78-173 **FINANCIAL STATEMENTS**

Standalone	78
Consolidated	128

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Or simply scan to download

Investor Information

Market Capitalization as at 31 st March 2022	₹ 2,157.64 crores
CIN	L51496GA1988PLC000915
BSE Code	500199
NSE Symbol	IGPL
Dividend	₹ 10
AGM Date & Time	10 th August, 2022 at 2:30 PM
AGM Venue/Mode	Video Conference/Other Audio Visual Means

Disclaimer This document contains statements about expected future events and financials of I G Petrochemicals Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis of this Annual Report.

THE IGPL ADVANTAGE

Leading manufacturer of PAN and sole manufacturer of MAN:

IGPL is one of the largest manufacturers of Phthalic Anhydride in the world. It has state-of-the-art and fully integrated manufacturing facilities for production of PA, MA, Benzoic Acid and DEP at single location at Taloja, which provides economies of scale and benefit in terms of cost effectiveness to the Company.

Diversified customer base:

Apart from the traditional usage of PAN in paints, plasticizers and CPC pigments, PAN is also being used in the production of specialty chemicals, agrochemicals, specialized polymers, urethane polyester polyols, etc. The application of PAN has also evolved recently, by using it in making of plastic currency, paper boards, leisure boats, sail of windmills, etc.

Strategic location and lower operating cost:

All the manufacturing facilities of IGPL are strategically located at Taloja in close proximity to the Western Chemical Belt, which reduces overall operating cost for sourcing of raw materials as well as supply to the customers.

Robust financial performance:

IGPL has achieved excellent operating and financial performance for FY2022 led by FY2021. During FY2022, our Company's total revenue increased by 67.7% while EBITDA increased by 37.1% and PAT increased by 40.7% compared to FY2021.



IGPL AT A GLANCE

Largest producer of PAN and only producer of MAN in India

Incorporated in 1988, I G Petrochemicals Limited is the largest producer of Phthalic Anhydride (PAN) in India with more than 50% market share. IGPL also produces Maleic Anhydride (MAN) and is India's only Maleic Anhydride producer. IGPL also produces Benzoic Acid and Diethyl Phthalate (DEP).



VISION

To be a well-diversified chemicals company with a leadership position in Phthalic Anhydride industry.

More than **3** decades
of experience

Largest

PAN manufacturer
at a single location

2nd Largest

PAN manufacturer in the
world

>50%

Domestic market share



Serving 20+ End-user Industries

IGPL offers Phthalic Anhydride, Maleic Anhydride, Benzoic Acid and Advance Plasticizers. We serve various end-users which includes:

Phthalic Anhydride

Plasticizers

- Poly Vinyl Chloride (PVC) products pipes & hoses, boxes, containers
- Packaging films, medical and surgical equipment
- Shoes, wires & cables



Alkyd Resins & Paints

- Paints
- Lacquers
- Dyes insect repellents
- Urethane polyester polyols



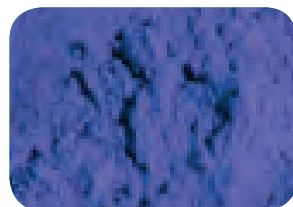
Unsaturated Polyester Resin

- Thermostat for manufacturing of fiberglass-reinforced plastics for automobile, construction, marine and transportation industry segments



CPC Pigments

- Inks
- Photovoltaic cells
- Coatings



Maleic Anhydride

- Spandex (elastics)
- Unsaturated Polyester Resins (UPR)
- Lubricating oil additives
- Personal care products
- Water treatment
- Detergents
- Insecticides and fungicides

Benzoic Acid

- Perfumes
- Dyes
- Topical medications
- Insect repellants
- Food preservatives

Advance Plasticizers

- Incense sticks
- Perfumes
- Plastic packaging film



FROM THE MD'S DESK

Dear Shareholders,

At the outset, I hope you and your family are safe. I am pleased to present your Company's Annual Report for the financial year 2021-22. Your Company has delivered excellent performance in unprecedented times backed by the determination of our people, diversified product portfolio and responsive measures taken at various levels in the wake of uncertainties caused by Covid-19. That most of our clients continued doing business with us in the face of challenges is a validation of their trust in us and in our ability to deliver in difficult times. We put in our best efforts to meet their expectations by moving swiftly to ensure timely deliveries, despite disruption in supply chain and logistics. Ensuring the safety and welfare of our people has always been our first priority. Safety measures and protocols as per government guidelines were implemented for those having to work on site. We leveraged technology to ensure internal and external communication virtually.

We continued with our journey towards strengthening our growth and capabilities. We realigned our strategy and focused on the domestic market playing to our strengths and managed to achieve our business goals. During the first half of the year, we demonstrated robust growth, owing to strong consumer spending and pent up demand ably supported by the stimulus packages and monetary policies of the Government which helped the businesses grow to pre-covid level, thus enabling us to combat the pandemic while navigating the bottlenecks effectively. Towards the end of 2021, the country witnessed the second wave of Covid which we could manage to contain on the back of high rate of vaccination and awareness from the first wave along with other preventive measures. As the year progressed, the second half of the financial year witnessed some volatility with higher crude prices and their cascading effects on other inputs along with inflationary pressures – posing concern for the economy. These concerns were aggravated with Russia- Ukraine's geopolitical conflict. Despite the global challenges, India is expected to retain



its tag as the fastest-growing economy globally in the coming year. And this is what gives us cautious hope for the year ahead.

Industrial Overview

Indian petrochemical industry has huge unrealized potential for growth due to very low level of consumption as compared to global norms. Therefore, its role in achieving the government's vision of USD 5 trillion economy by 2025 cannot be undermined, as it not only ensures import substitute but also provides impetus to the growth of industries like paints, plasticizers, agrochemicals, speciality chemicals and new rising sector like UPR, electronic products, etc.

During the financial year 2021-22, the Petrochemical industry showcased robust growth. Key factors like growing end-user industries, the China +1 diversification model, and increasing demand from new sectors like speciality chemicals, agrochemical industries which acted as the impetus behind the overall growth in industry's demand. The industry did face various headwinds from rising input costs caused by soaring crude oil prices and supply chain disruption. IGPL continues to reap the benefit of being strategically located in close proximity to clients and vendors and has attained the credibility of being a reliable partner.

Your Company is making the right moves to seize the emerging opportunities in the domestic and overseas markets and I am hopeful that shareholders shall be rewarded with the improved performance of your Company in the coming years. On behalf of the Board, I would like to thank all our customers, suppliers, bankers and the government for their support. I convey my sincere appreciation to Team IGPL for its performance and thank all the shareholders for their trust reposed in us.

Operational & Financial Highlights

During the year under review, your Company posted a gross revenue of ₹ 1,891.91 crores against that of ₹ 1,128.36 crores in the previous year, registering a growth of 68%. We achieved an all-time high profit after tax of ₹ 266.72 crores as against ₹ 189.52 crores in the previous year, clocking a growth of 41%. Our increasing focus on business diversification and emphasis on enhancing our non-PAN business is reflected in IGPL's

strong revenues. During 2021-22, our revenue from non-PAN products increased from ₹ 54 crores in the previous fiscal to ₹ 120 crores. We further expanded our product portfolio during the year by adding Diethyl Phthalate (DEP) to our basket. The introduction of DEP boosted IGPL's long-term growth trajectory, and the same is anticipated to be reflected in the coming years. Further, led by end-user industry, we are also witnessing robust demand for PAN products which provided further impetus to our decision to increase our PAN capacity by 53,000 MTPA through brownfield expansion of PA-5 unit. Our results can be attributed to the resilience of our business model and the commitment and dedication of all stakeholders. Notwithstanding the prevailing socio-economic scenario, we managed to surpass all barometers and generated the highest revenues, EBITDA and Profit for 2021-22. We attribute this improvement to better operating leverage of all our plants and an increase in our volume offtake, coupled with higher price realizations.

Outlook

We continue to march forward in our quest for sustainable growth with a defined purpose, improved strategy and well supported by our values. With our diverse, focused and dedicated pool of human resources, we strive to build a sustainable future for ourselves while creating value for our stakeholders. We aim to be a well-diversified chemicals company holding a leadership position in our core business. To achieve this, we are consistently working to diversify our business product range. We intend to expand into various downstream derivatives and specialty chemicals and thereby meet our vision of generating 30% revenue from the non-Phthalic product by 2025.

In the end, I extend my sincere appreciation to Team IGPL, who have consistently demonstrated their resilience and capacity to rise above any adversity. I would also like to express my appreciation to all stakeholders – for entrusting us with the leadership position and their undeterred support.

Best Regards

Nikunj Dhanuka,

Managing Director and CEO

OUR MANUFACTURING CAPACITY & **EXPANSION PLANS**



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IGPL has four state-of-the-art manufacturing facilities of Phthalic Anhydride (PAN) with a total capacity of 2,22,110 MTPA, 7,660 MTPA of Maleic Anhydride, 1,300 MTPA of Benzoic Acid and 8,400 MTPA of Diethyl Phthalate (DEP). Our manufacturing facilities are strategically located at Taloja in close proximity to port as well as Western Chemical Belt in Maharashtra and Gujarat that renders us logistical advantage.

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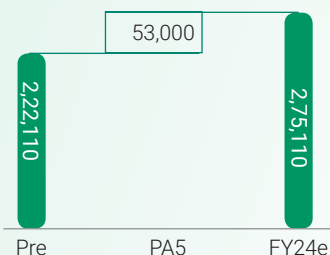
IGPL's plants are designed using low energy-based processes, and engineered under technical collaboration with Lurgi GmbH, Germany. These processes facilitate cost advantage to our Company, and thereon, higher margins. Our manufacturing processes are embedded with six-sigma quality control processes and ERP systems that help us in maintaining quality and higher efficiency. We also undertook various process enhancement initiatives for improved efficiencies and margins.

Our Brownfield Expansion

India currently imports 25% of required Phthalic Anhydride and 85% of required Maleic Anhydride, subject to continuous growth led by the increasing end-user industries. Further, there is a rise in consumption of Alkyd Resins in developing economies, owing to growth in the Paints and Coatings industry. This, in turn, is also increasing demand for the PAN market. To cater to the growing demand of PAN and its derivatives, we're enhancing our manufacturing capacity through a brownfield expansion plan. We are also increasing our capacity of Phthalic Anhydride by 53,000 MTPA, likely to be completed in CY2023. IGPL is investing around ₹ 350 crores for this expansion project which will increase Phthalic Anhydride capacity to 2,75,110 MTPA. We are also expanding our Maleic Anhydride manufacturing capacity by 1,500 MTPA, to 9,160 MTPA. Further, the Company is also planning to widen downstream derivative products and shall expand footprint in the Indian and export markets, to achieve improved operational leverage and profitability thereon.

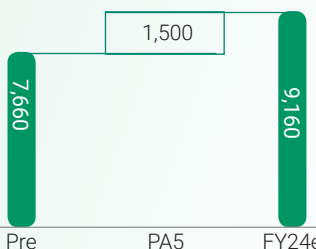
Phthalic Anhydride

Capacity Post PA 5 Expansion (MTPA)



Maleic Anhydride

Capacity Post PA 5 Expansion (MTPA)



Our Manufacturing Capacity (in MTPA)

2,22,110

Phthalic Anhydride

8,400

Diethyl Phthalate

7,660

Maleic Anhydride

1,300

Benzoic Acid

SUSTAINABLE BUSINESS MODEL

Ensuring sustenance & long-term success

“

The ecosystem of the Indian Chemical Industry has changed fundamentally, led by a significant response in the policy across various industries. The Phthalic Anhydride market is witnessing a strong demand owing to high growth in the end-user industry which includes specialty chemical, agrochemical, specialized polymer, electrical & electronic products, insect repellents and many others.

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