

INDIA GLYCOLS LIMITED



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11th March, 2021

The Manager (Listing)
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street,
Mumbai- 400 001

The Manager (Listing)
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051

Scrp Code: 500201

Symbol: INDIAGLYCO

Dear Sirs,

**Sub: Presentation on induction of Joint Venture Partner in Company's BioEO
(Speciality Chemicals) Business**

With reference to the caption subject, we are enclosing herewith a presentation on induction of Clariant International Ltd. as Joint Venture Partner in Company's BioEO (Speciality Chemicals) Business.

The same is also available on the Company's website at www.indiaglycols.com.

This is for your information and records please.

Thanking you,

Yours truly,

For **India Glycols Limited**

Ankur Jain
Head (Legal) & Company Secretary

Encl: A/a



INDIA GLYCOLS LIMITED

Induction of Joint Venture Partner in IGL's 'BioEO' (Speciality Chemicals) Business held under its subsidiary viz. IGL Green Chemicals Pvt. Ltd. to unlock value and generate future value accretion

March 2021

Forward Looking Statement

This presentation contains forward-looking statements which may be identified by their use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events. The companies referred to in this presentation cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements. These companies assume no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events including, but not limited to global and domestic economic conditions, the economic conditions of the regions, locations and industries that are major markets for India Glycols Limited (“IGL”), risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in sectors where we operate including those factors which may affect our cost advantage, wage increases in India and worldwide, trends in raw material prices, market acceptance of new products and services, changes in governmental regulations and costs associated with compliance activities, withdrawal of governmental fiscal incentives, political instability and regional/locational conflicts, legal restrictions on raising capital or acquiring companies within and outside India, and unauthorized use of our intellectual property, interest rates, fluctuations in currency exchange rates and general economic conditions affecting our industry.

IGL may, from time to time, make additional written and oral forward--looking statements, including statements in the company's filings with the Stock Exchanges and Securities and Exchange Board of India and our reports to shareholders. The company does not intend or undertake to update any forward--looking statements that may be made from time to time by or on behalf of the company.

India Glycols Ltd (“IGL”) is a Green Technology based Chemical Company with multiple growth levers in each business



India Glycols Limited



Industrial Chemicals

- Pioneer and largest manufacturer of the Bio-EO globally
- Only company in world to manufacture Ethylene Oxide through **green route** i.e. from bio ethanol
- EO is used in multiple downstream product categories such as Glycols/MEG, EOD, Ethers for various end markets



One of the largest
Green technology based
speciality chemicals
company

Ethyl Alcohol (Potable)

Country liquor and IMFL

- Highest Market share in UP and Uttarakhand
- Launched IMFL brands i.e. **Bunty Vodka Green Apple** and **Salute Premium Whisky**

Extra neutral alcohol (ENA)

Finest quality, conforming to international standards: minimum 96.4% v/v ENA



Others business

Guar gum

- Guar base **Eco-friendly** and biodegradable surfactant; Specialty derivatized Guar

Industrial Gases

- Cryogenic gases using pioneering air separation technology

Power Alcohol

- Supplies Power Alcohol for fuel blending

Nutraceuticals

- Global leader in Thiocolchicoside, a highly potent muscle relaxant API
- One of the leaders in Complex phytochemicals chemistry in India
- Manufacturing facility at Dehradun - Superior strength in **Green solvent based extraction technology**



Setting the Context: Next steps on Bio-EO (Speciality Chemicals) Business of IGL



Bio-EO (Speciality Chemicals) Business of IGL has a **unique profile**

- **Value added products:** While Surfactants business has dependency on IGL for supply of raw material i.e. Ethylene Oxide, the final product is quite distinguished and value add from raw material
- **Diversified usage** and products find application in multiple end applications in various industries



In order to follow a **differentiated strategy** for Bio-EO Business, Board of Directors (BoD) of IGL approved the transfer of the business undertaking comprising IGL's 'Bio-EO (Speciality Chemicals) Business' to its subsidiary company on 24th June 2020

Pursuant to this, IGL formed a subsidiary viz. 'IGL Green Chemicals Private Limited' ("IGL Green")



This document sets out the broad contours of the further steps related to IGL Green:

- A. 'Bio-EO (Speciality Chemicals) Business' has been carved out and will be transferred to IGL Green on a going concern basis pursuant to a Business Transfer Agreement; and
- B. Joint venture partner is being inducted in IGL Green as mentioned in ensuing slides

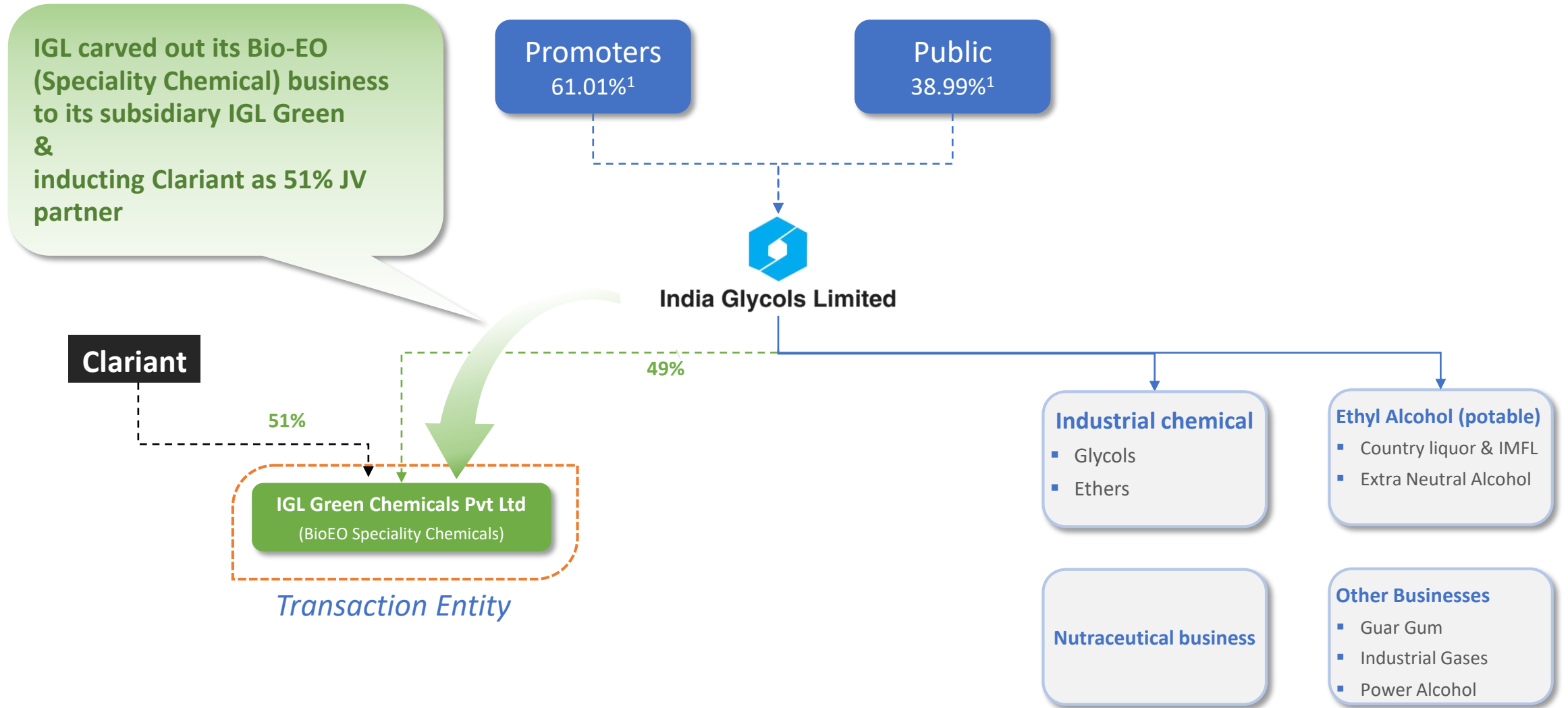


Induction of Clariant in IGL's 'BioEO' (Speciality Chemicals) Business held under its subsidiary viz. IGL Green Chemicals Pvt. Ltd.

Broad Contours

IGL has carved out its Bio-EO business into a subsidiary & inducting Clariant as JV partner

Corporate Structure of IGL post induction of Clariant in IGL Green



Broad Contours of the Joint Venture with Clariant

- **IGL and Clariant will hold 49% and 51% stake** in IGL Green (the Joint Venture Company or JVC) respectively



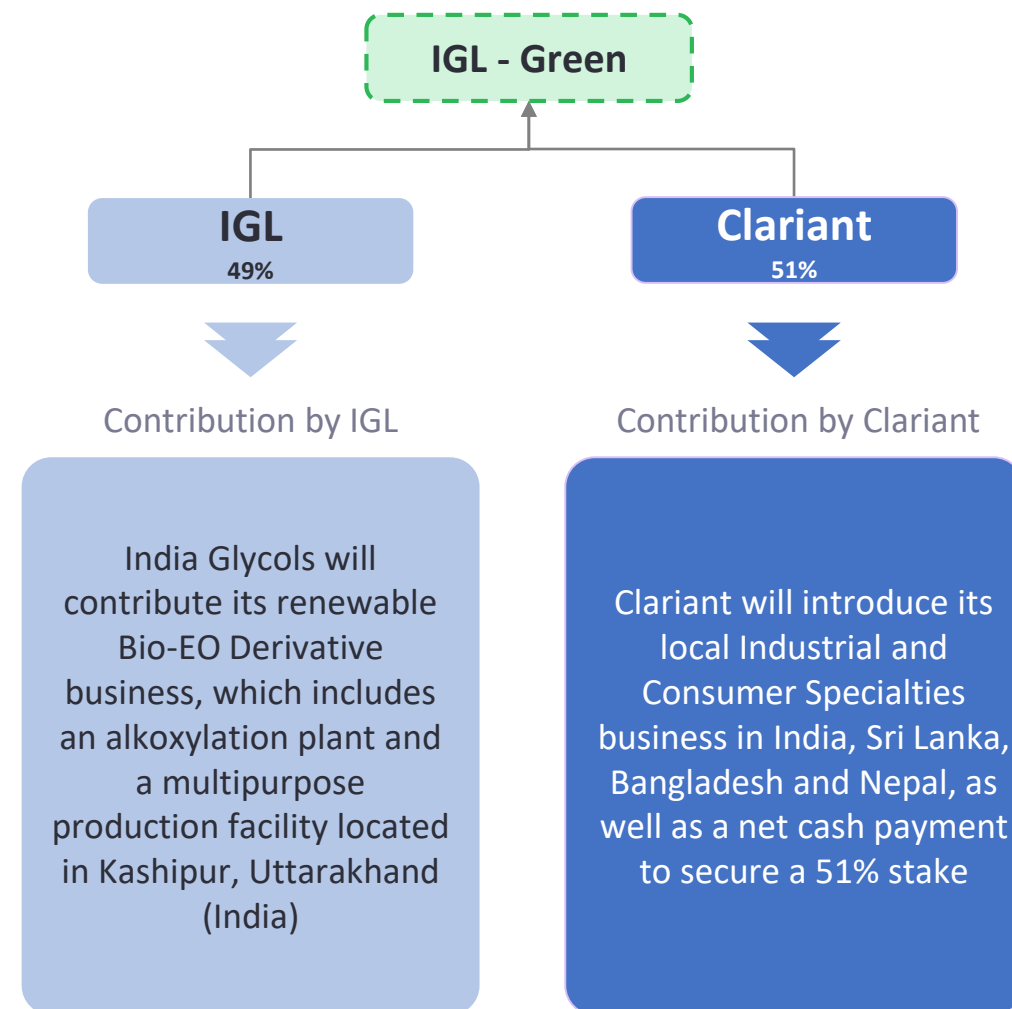
- Both companies **contribute their relevant existing business in scope** and India Glycols to receive relevant equalization payment to create the 49/51 Joint Venture



- To support manufacturing, IGL has agreed to a **long-term supply agreement** for ethylene oxide made from bio-ethanol and certain utilities



- Both companies would appoint **equal board members** for the operation of JV and Mr U.S. Bhartia would be the chairman of the Board



Key Deal Contours*

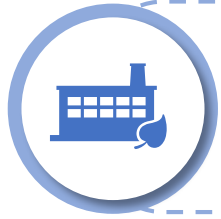
| Particulars | Amount (Rs. Cr)*** |
|---|--------------------|
| Consideration to be received for the transfer of relevant stake in the business | 646** |
| Upfront Consideration to IGL | 454.9 |
| | + |
| Payable by IGL Green to IGL over a period of 3 years | 191 |

* For details, refer to Stock Exchange Intimation document with the Subject: Outcome of the Board Meeting held on 11th March 2021 submitted to the Stock Exchange(s)

** Subject to adjustment in accordance with the Business Transfer Agreement

*** Approximate

JV to become leading supplier of renewable ethylene oxide (EO) derivatives



By **combining production and distribution capacity**, the joint venture is expected to become a leading supplier of renewable materials to the rapidly growing consumer care market in India and neighbouring countries



Production facilities in India to **supply to local and global markets**, thus one of the largest Green focussed speciality chemicals (EO Derivative) company



To **promote new age value added products such as EO-PO co-polymers and other speciality alkoxylates** through sustainable green chemistry in the domestic market while expanding footprint in global markets



JVC will have **exclusive rights** to distribute Clariant's entire range of industrial and consumer specialities business in India, Sri Lanka, Bangladesh and Nepal

Partnership with Clariant is in line with IGL's strategy to unlock value and create further Shareholder's wealth and envisaged to have multi-fold benefits for its Stakeholders



Value Unlock

Partnership with Clariant is unlocking value for IGL's stakeholders



Value Accretive

JVC to become leading supplier of renewable ethylene oxide (EO) derivatives to tap into the green renewables megatrend in support of local and global growth with significant upside potential with Clariant as a JV partner



Long term Capacity tie up for EO Supply from IGL to the JVC

Long-term supply agreement for IGL's renewable ethylene oxide business with JVC ensuring steady supply of EO to JVC for manufacturing and future expansion



Managing Debt at IGL level

Reduction of Debt at IGL level leading to stronger balance sheet



Capital for Future Expansion

Infusion of Funds to help IGL to fund the Future expansion projects

In Summary



Deal Multiple

Deal consummated at significant premium to IGL's trading multiple*

IGL to hold significant shareholding in JVC



IGL will hold significant shareholding in the JV with a strong strategic partner providing access to latest technology, license and product know-how.

Expected to create significant value going forward

IGL Green JV

Stronger P&L for IGL with interest saving, EO and other utilities mark up, dividend/interest income etc from JVC, to compensate for shift in EBITDA from BioEO Speciality Chemicals business

IGL to benefit from **significant reduction in Long Term debt** by unlocking value in the BioEO Speciality Chemicals business



Stronger P&L for IGL

Significant reduction in Long Term debt



Further enhances IGL's leading position in Bio-EO based speciality chemicals

* IGL's Trading TEV/EBITDA multiple accessed on 11 March 2021 via CapitalIQ database is 7.3 (Based on Last Twelve Months, LTM)

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