



INDIA GLYCOLS LIMITED



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IGL/SE/2025-26/37

15th August, 2025

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**

Scrip Code: 500201

Symbol: INDIAGLYCO

Dear Sirs,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Q1FY26 Earnings Conference Call

Further to our letters bearing no. IGL/SE/2025-26/29, IGL/SE/2025-26/34 and IGL/SE/2025-26/35 dated 31st July and 11th & 11th August, 2025 respectively and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Conference Call for Q1FY26 held on Monday, 11th August 2025 is attached.

This same is also being hosted on the Company's website at www.indiaglycols.com.

This is for your information and record.

Thanking you,

Yours truly,

For India Glycols Limited

Ankur Jain

Head (Legal) & Company Secretary

Encl: A/a



**“India Glycols Limited
Q1 FY26 Earnings Conference Call”
August 11, 2025**



MANAGEMENT: **MR. RUPARK SARSWAT – CHIEF EXECUTIVE OFFICER**
 MR. ANAND SINGHAL – CHIEF FINANCIAL OFFICER
 MR. RAJESH MARWAHA – HEAD SALES & MARKETING (BSPC)
 MR. S.K. SHUKLA – HEAD LIQUOR BUSINESS
 MR. ANKUR JAIN – HEAD (LEGAL) AND COMPANY SECRETARY

ANALYST: **MR. NITIN AWASTHI – INCRED EQUITIES**

Moderator: Ladies and gentlemen, good day, and welcome to India Glycols Limited Q1 FY26 Earnings Conference Call, hosted by InCred Equities.

As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity to ask the questions once the management presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*", then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Awasthi from InCred Equities. Thank you, and over to you, Mr. Awasthi.

Nitin Awasthi: Thank you. Good evening, everyone. Firstly, I would like to thank the Management for giving us this opportunity to host the conference call today and also congratulate them on a good set of numbers.

We are joined on this call with the India Glycols' Management represented by Mr. Rupark Sarswat, who is the CEO; Mr. Anand Singhal – the CFO, Mr. Rajesh Marwaha – Head Sales and Marketing (BSPC), Mr. S.K. Shukla – Head Liquor Business, and Mr. Ankur Jain – Head (Legal) and Company Secretary.

I would now like to invite Mr. Rupark to initiate the proceedings with his opening remarks, post which we shall open the floor for a Q&A session. Thank you, and over to you, sir.

Rupark Sarswat: Yes. Good afternoon, everybody. And thank you for joining us. So, we have uploaded two versions of the presentation. So, before you start getting confused about it, you can look at either. There were just two minor points which are in the latest version in terms of uploading the prior one got uploaded. So, even if you have printed the earlier one or if you looked at the earlier one, there is no major change, you need not bother. But obviously, you might see two presentations getting uploaded, I thought I will clarify so that there is no confusion.

And as you know, we will talk about briefly the performance of the company:

So, we have had a good quarter, as you know. So, we have had a strong performance for the quarter with a net revenue which is up 7%. More importantly, the EBITDA growth is very strong at 18% and PAT growth is at 21%. So, you have seen a gross revenue go up from Rs. 2,283 crores to Rs. 2,503 crores, 10% up; net revenue to Rs.

1,040 crores from Rs. 969 crores, 7% up. EBITDA Rs. 151 crores from Rs. 128 crores, 18% up and PAT to Rs. 73 crores from Rs. 60 crores, 21% up.

From a margin perspective also, it has been good. So, our EBITDA margins are up 128 basis points. PAT margins are up 80 basis points. In terms of the revenue growth, I think we are very happy to report great growth in both the Potable Spirits and the Bio-Fuel segments. It has been a weaker kind of quarter for Chemicals and Ennature Biopharma. But when you look at chemicals, while the overall margin growth is actually better than the weakness in the sales growth. And in terms of percentage margins or the mix, we have seen improvement both in potable spirits as well as BSPC. And as I will tell you a little later, the joint venture performance has also been very good, which has contributed to the overall results.

So, to summarize, in terms of net revenue, our Bio-Fuel's top line is up by 45% to Rs. 348 crores. Our Potable Spirits revenue is up by 22% to Rs. 342 crores. Ennature Biopharma at Rs. 51 crores. And Chemicals or BSPC stands at Rs. 300 crores.

So, EBITDA margins have increased to 17.7%, to be precise, to Rs. 151 crores from Rs. 128 crores. And as I mentioned, that has expanded by 128 basis points. For Potable Spirits, our EBIT margins have improved from 17.5% to 21.1%. For Chemicals, our EBIT margins have expanded from 9.9% to 10.9%. Of course, there are several factors, but from an operating business, the EBITDA margin improvement in chemicals has been better. Our PAT stands at Rs. 73 crores with margins at 7.0% against 6.2% last year. And we have had a very good increase in terms of the profit that we post from the joint venture, which is up 73.7% year-on-year to Rs. 19 crores from Rs. 11 crores.

In terms of overall financials, I have more or less highlighted them, so I will not go through the entire sheet. Several other points with respect to financial parameters, I will ask my colleague, our CFO – Mr. Singhal, to talk to you about later. At a high level, I think we have continued to see a solid performance in Country Liquor, which is a good part of our Potable Spirits business. And we continue to be both reputed and a robust business with Bunty Bubli being recognized as the highest selling any brand of liquor in the country. Despite being a strong shareholder in Uttarakhand and UP, we have increased our shares in Uttarakhand marginally, and we have kind of maintained our close leadership position, which we have had in UP.

We have talked about it before. Our Amrut partnership has been gaining momentum. I think we have settled down in terms of getting that partnership going, and we are starting to see good momentum in UP, Uttarakhand, Delhi, and we are increasing our

focus on premium brands. And one of the important objectives for us this year is also to enter the CSD, which is the Canteen Services Department.

Within the Chemical space, I will talk a little bit about the businesses. But from a highlight perspective, we have a new value-added Performance Chemicals business, which is still small. But just to let you know that that is growing very well, and we are quite confident of the business pipeline that we have put in place. In fact, in select areas, we are doing incremental capacity expansions. And I think the indicators from our perspective are that this will continue to drive growth in the quarters and years to come.

For the joint venture also, there was very strong sales growth, excellent profit growth numbers. I think several factors have helped. One is that there has been a reduction in the EO price gap vis-a-vis Reliance, and we have seen much higher gap numbers earlier. And the JV obviously also has been focusing on what products they can bring from Clariant worldwide to position them in the Indian market, which is the imported products. That portfolio has increased and also helped to increase margins. In general, manufacturing in Kashipur also continues to focus on more innovation, more formulations, more value-added products. And I think that strategy is more or less in terms of the plan. And I think we have come back from tough situations over the last couple of years ago to the JV starting to look neat and tidy and doing well. And so, from a sales perspective, I think JV sales are also up in double digits. EBITDA is up in high double digits or well in excess of that.

And as you know, 12th August 2025, has been fixed as a record date for determining the entitlements of eligible equity shareholders for the purpose of subdivision split of equity shares of the company. And I think these are areas which we will talk about later.

Let me give you a high-level input on our segmental performance for our Performance Chemicals business:

Our top line has not done so well. It has been a weak quarter, and I will talk about it a little later. So, our turnover is down to about Rs. 300 crores, whereas for the Bio-Fuels business it is up from Rs. 239 crores to Rs. 348 crores, with EBIT margins at 6.5% in Q1FY26. The Chemicals business has EBIT margins of 10.9%. For the Potable Spirits business, top line up to Rs. 342 crores from Rs. 280 crores and EBIT margin is up from 17.5% to 21.1%. For Ennature Biopharma, margins have been under pressure, sales have been weak and so have been the margins for this business.

So, we have some amount of portfolio shift that has been happening. So, you see that compared to other segments, the Potable Spirits business and the Bio-Fuels business have taken a larger share, both in terms of revenue or EBIT this year, which is more or less in line with our expectations. But we do think we have a strategy in place which is working for the Chemicals business as well as the Ennature Biopharma business.

So, let me start by talking about the Chemicals business:

So, we achieved a Rs. 300 crores top line with an EBIT of Rs. 33 crores, margin expanded by 100 basis points to 10.9%. I mentioned to you about Performance Chemicals and the strong growth by the joint venture, we sell ethylene oxide into the joint venture. Some of the areas in the Chemical segment have been under pressure. While we continue to sell glycols in niche markets, the gap with respect to crude-based MEG has increased, which means while there is still interest for green MEG, but if the gap continues to be high, there is increased pressure.

Crude prices have been lower, which means crude-based MEG prices have been lower. The demand for PET, PET resin, etc., has been softer. Having said that, I think at a more longer-term level, we continue to believe that MEG will continue to see steady growth. More importantly, greener MEG of which plant-based MEG is one part is expected to see double-digit growth over the period of time.

In the Potable Spirits business, our revenue is up to Rs. 342 crores, up 22.4%. EBIT at Rs. 72 crores is up 47.4%, and margins are up at 21.1%.

We have been focusing since last year on the partnership with Amrut because that gives us an opportunity to look at premium brands and acquire some brands which Amrut had not been focusing on as they focus more on their single malts, and it allows us to move up the value chain. Our focus so far has been UP, Uttarakhand and Delhi. And we have now included Amrut's Prestige Whiskey, which also in addition to others, we shall be adding to manufacturing, bottling and marketing that IGL shall be doing for these brands on a royalty basis. I spoke to you about strong performance in Country Liquor with our flagship brand, Buntly Bubli, continuing to be the highest selling any liquor brand in India for three consecutive years.

In a newer segment that we had entered last year, we have seen strong growth, which is the Paramilitary segment, where we have strengthened our sales position and where IGL now supplies five brands and is amongst top four suppliers out of the 66 companies that had participated. We have also introduced some of our in-house brands

like Zumba Lemoni, Amazing Vodka in Kerala, which we consider a high potential market and also a market where we would like to increase sales for some of these relatively premium brands. We continue to hold leadership position, as I mentioned, in Country Liquor and IMFL, I mentioned that before.

We have spoken about the Bio-Fuel strategy before. I think it is something that we take some satisfaction in. Many of you have been attending our calls for the last three-plus years when we have been speaking about the Bio-Fuel segment. So, by and large, I think the government's strategy to blend Biofuels starting from 2017 onwards has been very robust. It has more or less gone as per plan. In fact, the initial plan of blending 20% was to be there by 2030, that was preponed to 2025. And as far as I know, we are well on track to deliver in '25.

Now when we say 20% blending, it does not mean that 20% is happening throughout the country. There are some portions, for example, in Northeast where blending is lower. But it means that in several big states up to 20% blending has been achieved. An empowered set of personnel from ministry, along with NITI Aayog, are looking at enhancing the blending to anywhere between 25% to 30% by 2030. There are signs that, to some extent, government is likely to move that forward.

But I think we will wait for the final call, and which essentially means that the Bio-Fuels business is expected to continue to grow. One, because of increased consumption; second, because of increased penetration across the country; and thirdly, if there is an increased blending mandate. And the more India looks at energy independence, I think that is one more added factor to continue to drive this forward, looking also at FOREX outputs.

The Ennature Biopharma segment broadly has two big molecules, thiocolchicoside and nicotine and various derivatives of them. Two of them have been facing some challenges, primarily because of slowing demand in terms of the developed country markets. Thiocolchicoside particularly goes via Turkey to EU. Nicotine demand is there, but there's also capacity and there are a number of new entrants that is putting some margin pressure.

But broadly, the strategy of the company has been to continue to come with differentiated products on purity profiling, continue to get regulatory approvals to participate in developed markets like U.S., Europe, Japan. We made good progress in that area. Continue to look at our formulations and the branded portfolio. So, whilst this particular business has been under pressure, but I think the broad strategy has been

very clear, we will continue to maintain the market but look at differentiation, registrations and regulatory qualifications, branded and formulated products to drive this business forward.

You have all heard about restructuring. I will just talk about the rationale. You are aware of it. And I think greater details, if you have any questions on it, my colleague Mr. Singhal will take it. Broadly, the idea has been to look at our businesses to enhance value. The idea is to put together Potable Spirits business and the ethanol or the Bio-Fuel business together into one business, which will be called IGL Spirits. To put the Chemicals business, value-added Chemicals business and the Clariant JV into one cluster. Clariant JV, I think because that sells chemicals and the profit from the joint ventures come into that entity. And to put Ennature Biopharma along with the biopolymers business into another business.

The idea is that different investors have different appetites for different kind of businesses. So, that gives us an opportunity to ride these businesses with different strategies satisfying how different investors may have interest in different businesses. Whilst we will continue to build on some synergies that we have because of the proximity of our plants and the integration of our business models that exist. There are some numbers to share, which have already been shared.

I will take a pause here and see that I may have missed out, particularly on the financial front because I have just given a very high-level overview. I will request Anand ji to give some more details and take your questions.

Anand Singhal:

So, I think the results are already with all the investors. And just to read out the brief. So, on the consolidated basis, I think the CEO sir has already briefed.

EBITDA vis-à-vis Q1 in the current quarter is almost about 18% up, amounting to Rs. 151 crores vis-à-vis Rs. 128 crores in Q1 last year. The PAT is Rs. 73 crores vis-à-vis Rs. 60 crores in Q1 in the last year, which is up by 21%. And the EPS for the current quarter is Rs. 23.7, which is again up by 21% in the last year for Q1.

So, this is very brief I am giving and ready to take the question and answer. Because I am not taking much time, I will request to start the question-answer session.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Balasubramanian from Arihant Capital Markets Limited. Please proceed.

- Balasubramanian A.:** Good evening, sir. Congratulations for the good set of numbers. Sir, my first question in the Potable Spirits side, I think we have seen highest selling brand of Bunty Bubli, I just want to understand how this dominance is sustainable. And secondly, we are focusing on especially in Delhi, Haryana and targeting Paramilitary in CSD channels and how these channels are picking up? And thirdly, in the Amrut side, we are targeting Rs. 850 to Rs. 1,100 in that range for our brands. And how these things are getting adaptable in the market? And finally, if you could share what is the breakup between IMFL and Country Liquor, approximately that would be.
- Rupark Sarswat:** So, Bala, thank you. You have given us a question paper. I have my colleague, Raju ji here, but I will try and answer just the first one, which is strong Bunty Bubli. And I will request Shukla ji. Shukla ji, are you there?
- Shashi Kant Shukla:** Yes, sir. I am here.
- Rupark Sarswat:** Shukla ji, so their question was, how have you managed to be number one in Bunty Bubli? And how do you think that will be sustained? So, I would request you to respond that. I was not sure if you are there. So, yes, please. And then I think you and Raju ji can take the remaining.
- S.K. Shukla:** Okay. Thank you. So, Bunty Bubli is the brand which came in the picture in 2006. And after 2006, because we are growing this brand approximately 15% to 20% every year. And the peculiar character of this brand is made from the rose and lime, which is more comfortable to the drinkers. So, that's why in the Country Liquor segment, the liquor is in three categories, 25-degree, 36 degree and 42.8 volume by volume strength. And in all strength, this brand is the most favorable brand because customers liking is growing day by day. And our size is currently approximately we are holding more than the 24% to 25% the share. And amongst the share, this brand is around 16%. So, this is undoubtedly the most favored brand in the Country Liquor segment, especially in UP. Raju ji, over to you.
- Raju Vaziraney:** Hello. The next question was on Delhi and Paramilitary and other segments, how are we growing? See, Delhi is a very safe market as far as payments are concerned, it's well known. And Delhi, I take satisfaction in mentioning that we are in three segments in particular. One is the regular segment where our Soulmate Blue is among the top three brands in the state of Delhi, and we command that position for the last so many years. We have a license in Delhi for the last 25 years. So, in other words, IGL is a prominent player in Delhi market.

Second is the segment of Vodka. Again, we are among the top three brands. There are more than 35 brands in Delhi of vodka, but we are among the top three brands of vodka in the state of Delhi. This is because of the fact that we use imported enhancers, which cost a little bit more, but the consumer shifts from other regular vodkas to our vodka. And once he or she shifts from the regular vodkas, he or she stays with us. We are increasing at an increasing rate in terms of market share. So, this is the Vodka segment.

The third segment, in fact, you clubbed it well with the third question, if I may say, that Rs. 850 and Rs. 1,000 segment. See, these are the two segments which are galloping. Galloping in the sense, the consumer is all the time very aspirational and all the time moving upwards and trading up the price ladder. So, it is very difficult to establish a whiskey brand in this premium price point. This is with reference to Delhi. As you rightly said, these are the price points of Delhi market.

So, this segment is growing in high double digits, and there was every reason for us to address this because of two reasons. One is our extra neutral alcohol, which goes to Diageo, Pernod, Radico, name the top big, big companies' world over, it is used by all of them. So, there was every reason for us to use it for our captive consumption. And as our CEO rightly said, we have, in conjunction with Amrut, taken certain brands on royalty basis.

So, we have made two brands, one is Maqintosh White Label, which is at Rs. 850 and one is Maqintosh Black Label which is at Rs. 1,100. These two segments are growing, and we are able to capitalize on the growth, and we are able to get more than 10% market share. We have not even completed one year of its launch. And it is quite satisfying that we have more than 10% market share.

Now as far as your third question or partially third question was Paramilitary. As our CEO rightly mentioned, this is an annual contract just to elucidate for the benefit of everyone, Paramilitary means ITBP, BSF, CRPF and SSB. So, these are the four arms of the defense forces which are paramilitary, they defend the internal that is India operation. Army defends the borders. That is the difference. So, they are under Ministry of Home Affairs. And they do an annual contract, which is generally extended for one more year. So, effectively, it is two-year contract.

It is noteworthy that out of 66 companies who tendered, less than half of them got approval, including IGL. And we are the number four company already in India. And just to mention that this is all-India supplies so it has a snowballing effect on the civil sales as well. So, this keeps us in good stead as far as our long-term pursuit of going

national is concerned because we are able to feed as many as, as our CEO rightly mentioned, five brands across our price spectrum that we have got into the entire country. I can talk more about it, but I will be very glad to field any other question.

Balasubramanian A.: Thank you for a detailed explanation, sir. In that Bio-Fuel segment, what is the capacity utilization at this point of time? And we have seen the revenue growth is much, much better, but we have seen some margin contractions. Are we facing on that raw material side, any issues, how are we dependent on domestic line supply? And is there any risk on the gross margin side if corn adoption faces any regular hurdles?

Rupark Sarswat: So, Bala, let me try and take that. And then if there is something else, then Shukla ji may add. So, your question was with respect to the Bio-Fuel segment and whether there is a margin squeeze there or whether there is raw material issue. The short answer is, there is no raw material issue. There were some hiccups last year, more to do with internal arrangements. There are multiple sources which the government has allowed, which includes sugarcane juice, C-heavy molasses, B-heavy molasses, rice, which is DFG, damaged food grain rice, surplus food grain as well as corn. And it is not a completely free market kind of system because the government has come up with very well thought through administrative price mechanism. They recognize what the various feedstocks costs are. And accordingly, if you see, different prices are given for ethanol, which is produced for using different feedstocks to make sure that there is balanced growth, there are many factors to be balanced. There is agricultural factors, there are climatic factors, there is factors to do with MSP, factors to do with excess foodgrain storage, etc.

And in terms of gross margins, as you know, there are three factors which lead to the money that we made in the Bio-Fuel space. One is the administrative price. Second is the cost of the grain, which is used, which is, for our case, either damaged food grain, DFG or surplus food grain. And the fourth factor is, at what price are we able to sell DDGS, which is the byproduct. So, like we continue to look at the overall profitability that we get, the government also continues to look at that. It is a flagship program for the government, so it's very important that people who have invested continue to support this program.

So, what we have seen ever since we have participated in the market, there have been times when margins go up, margins come down a little bit. But the regulatory bodies play a significant role in making sure with respect to availability of feedstock, with respect to adjustment of prices which they have done from time to time. But by and large, a steady decent margin, not necessarily steady in the shorter term. And I have no

reasons to believe that that will go away. Now, we also keep track of overall capacities that the country has. So, the country has put up capacity but we do not have much excess capacity compared to the total demand. The market will continue to grow and people will continue to add steady capacity, but there is no huge excess capacity which will impact.

So, to answer your question, we are not in a situation where suddenly you will see a glut because of either raw materials are not available or suddenly because of market factors prices collapse. Prices are determined by the government. The government takes several supporting actions to make sure feedstocks are available. So, whilst there is some level of uncertainty on all businesses, and to some extent you may say that at times we may think that we could make more money, but this is a more steady, reasonably supported business backed by our national ethanol blending program. And at least I do not have undue concerns, and I have definitely spoken to you about this for the last three and a half years.

And at times, I was a little conservative, which also some people did not like. But at the same time, I was reasonably confident that this is not just a splash in the band. This is a well thought through agenda which the government has executed quite well, and I think industry players have come up to support that and deliver it throughout the country quite well. And if you look at how the blending has gone up in the country from something like 5% in '19-'20, to 10% in 2021, to 10% in '21-'22, there was a hiccup, to 12% in '22-'23, to 15% in '23-'24, to 19% in '24-'25, and we are expecting to do 20% in '25-'26, which, mind you, is ahead of the original plan of delivering this by 2030. So, I would not be overly concerned, and I would request you not to be overly concerned.

Balasubramanian A.: Got it.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please proceed.

Saket Kapoor: Namaskar, sir. Thank you for this opportunity. Sir firstly, with now Q1 through and we have the remaining three quarters. So, as an organization, what are our key operational and financial agendas or the thought process of the management for this current year? Because I think so finance cost is the area that needs attention and what steps are we taking to reduce the impact of the same? My first question. Secondly, on the CapEx part, last year we did around Rs. 750 crores, Rs. 700 crores-odd number,

what has been envisaged for the current year? And what are the current maturities which are payable for the current financial year?

Rupark Sarswat: So, Saket, after we answer your question, hopefully, you will buy some more IGL shares. No, that was on a lighter note ahead. Yes, go ahead Anand Ji.

Anand Singhal: So, regarding the finance cost, Saket, as such, as of now we are not planning to raise equity or something. That is always in the pipeline, always from last seven, eight years. But since inception 1989, the company has not done any public issuance. So, yes, that finance cost is in our mind that, that is increasing, and we will certainly check that.

But number two, regarding the CapEx, we are not planning to do any huge CapEx in the current year. So, hopefully, the current year CapEx will be the rollover CapEx, which are coming from last year or maybe maintenance CapEx, which will be about Rs. 40 crores to Rs. 50 crores per year. So, we are not targeting any big size CapEx in this year, and we will like to consolidate. And after the demerger, the separate companies will think over the CapEx.

And regarding the financial performance, what you said, so I think the Q1 number is already indicating about the financials of the company when the company has already achieved Rs. 23.66 EPS. So, rest, you can think of on your own. I cannot give you the numbers and the projections because that is not allowed. But you yourself can rather guess what will be the financial numbers of the company.

Saket Kapoor: Sir, my question was really towards the trajectory part since a lot of CapEx has gone through. So, as you mentioned that our key agenda should be how to sweat those assets and create value out of it. So, that was the premise of the question. And for the current year, sir, what are the current maturities? How much is payable? And are we going to pay through the internal accruals?

Anand Singhal: Whatever CapEx is going on, that has already been funded. So, we are not targeting any fresh loan. And whatever the maintenance CapEx will be there, that will be from the internal accruals.

Saket Kapoor: Okay. Current maturity, sir, how much of the loan is due for repayment for this year?

Anand Singhal: Current year, the repayment will be about Rs. 300 crores.

Saket Kapoor: Okay. And this will be through the cash accruals only. We will be lowering the debt by that tune for this year?

Anand Singhal: Hardly any debt will be there, maybe Rs. 100 crores, Rs. 150 crores. But yes, Rs. 325 crores is the figure, which is payable, which will be paid out of the cash accruals.

Saket Kapoor: Right, sir. And sir, now coming to the JV performance, I think so the JV performance has been very good if you take the Q-on-Q number. And last year the contribution was closer to Rs. 47 crores, and this first quarter itself it is now Rs. 19 crores. So, what factors, actually Rupark sir did mention, but if you could describe more on to the same and the continuity of the same, what should be factored in?

Rupark Sarswat: Okay. So, Saket, I mentioned a couple of points. One is that we had faced a challenge where the cost differential between Reliance's and IGL EO had gone up to as high as 42% in around mid of '23, July, August. Now, that really came down to close to 12% to 14% in the quarter. And that was the highest that we have seen, which was 42%. In fact, if you go back prior to mid of '22, or before that, for 5, 10, 15 years, never had been seen something like this, which was pre-COVID times. In fact, if at all, IGL EO cost was slightly lower than Reliance's EO sales rise.

So, the good thing is that we have tided over the biggest obstacle of as high as a 42% differential, and we are down to operating in the 12% to 15% range. We have no reasons to believe that it's going up to fundamentally to those high levels. That is one. So, that has contributed in improving margins, getting more sales, and I think we have been able to not only sustain but drive our sales growth.

The second thing, as I mentioned, it also improved trading. So, when we formed the joint venture, Clariant had a trading business in India. When I say trading business in India, they do not buy products from everybody and sell it. I mean, products that are manufactured in Clariant and sold in India through the Indian entity, and that business was put into the joint venture that the joint venture will do that part, which means that we have access to several technologies, manufactured products throughout the Clariant world, which are sold into India, which also improved both the percentage margin as the absolute margin. This was the second factor.

The third factor has been the enhancement of the product mix within what is manufactured in Kashipur, some actions taken from here, some are also taken because there is greater access to Clariant's application know-how, the product chemistry on the table, bouquet, so to say. So, these are factors. Given that these are factors and given the end markets that the joint venture services, which you know, right, from personal care, pharma, crop care, textiles, lubricants, coatings, etc., which are also

growing, there are reasons for us to believe that there were fundamental reasons for the JV to start doing well. The challenges which squeezed profits a couple of years ago.

And as I said, whilst nobody can give you an exact number on how business is going to perform, but going by the fundamentals of what the markets are doing, what the JV is doing in terms of drive the business growth, we believe that, again, this is not a one-off, I think the JV will steadily, in my opinion, you should expect JV to continue to steadily deliver good performance.

Moderator: Thank you, sir. The next question is from the line of Rohit from B&K Securities. Please proceed.

Rohit Nagraj: Thanks for the opportunity. Congrats on good set of numbers. Sir, first question is on the Specialty Chemicals front. So, how have we seen growth in terms of volumes? And how has been the trend in terms of pricing over the last one year? And what are you expecting? Are we seeing signs in terms of pricing recovery? Just your thoughts on this. Thank you.

Rupark Sarswat: Are you talking about the joint venture? Or are you talking about our own business?

Rohit Nagraj: Both our own business as well as on the JV part.

Rupark Sarswat: So, some of the factors are common. So, if you look at the joint venture, there was broadly 15%, 16% top line growth. And you already know the IGL share which grew by 73%, which means that PAT growth was similar, which is high. And EBITDA growth was around 40%. And the factors that I told you led to increased sales, which is why you see the top-line growth. But the EBITDA growth is much higher than top line growth because of a better cost position, raw material wise and transaction wise, and also improvement of the mix. And when all of these go up, generally PAT is more sensitive, so that goes up as well.

Our story in value-added Chemicals has some factors. But obviously, we are starting with molecules which are different, which we are entering the market and our strategy is also somewhat slightly different.

One of the things that we are doing in our Performance Chemicals business is, whilst we continue to build on our green credentials, we are not as dependent only on EO ethanol in the bouquet of products that we have. It's not that we are discouraging ourselves from doing EO-based products, a lot of EO-based products from the segment

is done also by the joint venture, and we have other ideas. For example, one of the areas that we have been looking at and doing well is oil fields chemicals, and we are looking at areas like crop protection, bio-based amines, carbon smart products, etc.

Our business will be led more by building partnerships where it is not that I have a product and suddenly go and sell into the market. It is generally about product development that takes us two to four years to work with the customer on developing the product process, understanding the applications and delivering the value that they seek. Broadly speaking, we are looking at significant, kind of ballpark I am saying, so keep that in mind, in excess of 150% volume value contribution growth in that small segment.

Now, we think that is what our target is, maybe higher. I think the potential is more as well. And I have reasons to believe that we should continue to deliver that kind of growth at least in the foreseeable future or the years to come. Our broad strategy has been to become good partners with good players. The kind of companies that we are working with are generally very reputed global partners, which see value in IGL. We do not see ourselves as either low-cost players or just commodity players or me-too players. Our objective, obviously, is to be preferred, if possible, indispensable partners to some of these players.

And I think that strategy is well in place. It is a business which takes some time to build. I am very confident that sometimes you have ups and downs here and there. But broadly, that business will continue to grow. And we should be able to maintain our reasonable contribution levels as well. Sometimes you enter with an entry strategy into the market and then you improve your contribution by doing several things, by doing front-end differentiation, by improving your processes, etc. Those are things that we are working on. We have certain ideas about the business, which could be quite strategic and also, god willing, give step increases rather than merely incremental, but it is very early for me to start elaborating on them. So, looking at different feedstocks, different value propositions, etc. So, that is it from me, Rohit, on this.

Rohit Nagraj:

Sure. Thanks a lot. Sir, second question on the Liquor business. So, a few parts to it. One, in terms of the mix, how currently the mix is from the Country Liquor? Then maybe if you can give in terms of IMFL, where we are doing our own brands of whiskey, vodka and the one which we are doing bottling for third party and recently acquired brands from Amrut. And how this particular mix was, let's say, five years back just to give an understanding of how we are progressing? The second one, again, allied question to that, in terms of individual brands and categories, which and all are

the geographies where we are currently present and where we are likely to expand in near future. So, these two points, a little more discussion on this will be really helpful.

Rupark Sarswat:

So, Rohit, I will just give you a flavor of the mix, and then I will pass on to Raju ji and Shukla ji to give you some more details. So, the Potable Spirits or the Liquor business has three parts. The smallest of them is extra neutral alcohol which is basically ethanol which is sold as such to beverage manufacturers in bulk, which last year, I am not going to project numbers for this year, which last year was of the order of Rs. 70 crores. We expect to see very good growth in this area because now we have capacity. And this fetches us better profits than just selling into Biofuels. So, that last year was close to Rs. 70 crores.

As far as Country Liquor is concerned, which has been a good workhorse for us, both profitable, steady. Last year was close to Rs. 870 crores. Good share, strong presence in Uttar Pradesh and Uttarakhand, and we will continue to maintain that strong position. This is net of excise. And for IMFL, we clocked about Rs. 185 crores last year. And we expect in percentage terms that will probably see much better growth because of focus. First of all, there is a much bigger playground there for us to play.

Secondly, we are bringing in inorganic in some ways, growth strategies like Amrut, etc., which will help us drive premiumization, value, profitability. So, that gives you an idea of the mix and the relative growth that we will see, we think we would register in near future. And now I will hand over to Raju ji to talk to you about the question on IMFL brand, and Shukla ji, if you have anything on Country Liquor or anything else that he wants to add.

S.K. Shukla:

Okay. So, Country Liquor in UP and Uttarakhand both states, we have the leading position because the quality of the product certainly plays a very vital role in this segment, and IGL, because of their extra neutral good quality ENA and the traditional blending methods through which we make Bunty Bubli. So, because of this, our growth every year on year, is approximately 7% to 12% growth we are getting. And this is because we have the in-built capacity.

So, in UP and in Uttarakhand, mostly all the aseptic packs is compulsory by the state excise. And we were the leader since beginning in the production capacity of the aseptic packs. So, because of this company as a whole, we are in the position to place our product, quality product, almost more than 95% share in the nine districts of the UP, which no other having such kinds of monopoly situation, which we have.

So, because customer is liking too much our product and they are loyal. They can go away from the shops if the product is not available. Such kinds of loyalty has never been seen in any shops for this product. So, this is the traditional advantage and traditional benefit of this product. And after Gorakhpur plant started in 2006 and after '17 - '18 when the progressive governments came in, in UP, all the growth happened in the last seven to eight years, as well as in Uttarakhand also. Raju ji, if you can add more.

Raju Vaziraney:

Yes. Thank you, Shukla ji. See, as three questions you asked. One is the partnership that we have with Bacardi. For the benefit of everyone, it is not a third-party bottling or as we call it contract bottling. This is much brighter ambit because we make all the brands of Bacardi at our Kashipur plant. One segment is the RTD segment – Breezer. It's a carbonated drink so it requires high degree of capital, maintaining temperature, and it's a totally different ball game. Except Nanjangud, where Bacardi has its own plant and one more small place, we supply most of North and East India only from our Kashipur plant for Bacardi products.

Number two, we have in-house high bouquet spirit maturation, CapEx has been spent. So, the world-class standards of as many as more than 10 brands of Bacardi right from Breezer up to their flagship brand, Carta Blanca and Bacardi Limon, are all manufactured there under very, very high-quality standards. So, the entire maturation and special distillation columns, the supply chain, the logistics, the environmental regulatory clearances, everything Kashipur or IGL is responsible for.

The principal company, Bacardi, who are our close partners for the last 15 years, are so satisfied that they have left everything to us except a couple of people who then, of course, they do marketing because it is their brand. So, it's a huge, huge effort that we go into partnership with Bacardi. Just to give you a perspective, we do as many as 200,000 cases per month for Bacardi International, which is a very, very high degree of volume, considering the fact that they do all premium products. This is as far as Bacardi partnership is concerned, which for the benefit of everyone, I elucidated.

As far as our own organic products are concerned. The traditional brand is Soulmate Blue whiskey, which is a millionaire case brand, we did last year. And I briefly mentioned about vodka, Amazing Vodka, which is making its presence felt wherever we go, wherever we have launched and also the partnership with Amrut. Strategically, what we have done is Amrut brands are known for quality and high standards of packaging and recipe. We have kept it at the top end.

So, we complement each other as far as Country Liquor, then regular brands, then vodka for IGL products. Then we come to premium and semi-premium brands for Amrut, which are from a long-term point of view, our own brands, acquired brands with the understanding that the first refusal is with us. These are all factuals, publicly known facts. So, we have a complete price spectrum of brands, and we have positioned the brand in such a manner that from a long-term point of view, we will be able to dwell up on them.

Your third question was geographical coverage. See, it is very easy to open new states, but we do a very detailed study and our CFO, CEO and particularly our CMD are very particular that we do not open a state until we are sure about the size of the price or as a huge opportunity exists and we make money. So, we have identified Kerala as the first state outside North, where we have succeeded in getting the tender brands approval. And this month, we will be addressing that state. And then a couple of other states for obvious reasons, since we have not started, I cannot mention, but we have definite plans in this current fiscal to address at least two or three more states along with CSD.

- Rohit Nagraj:** Yes. Thank you. Thanks a lot for answering all questions. Best of luck for the future.
- Moderator:** Thank you. The next question is from the line of Jaswinder Singh, an individual investor. Please proceed.
- Jaswinder Singh:** Good evening, Mr. Sarswat and Mr. Singhal. My question is related to the Liquor segment, and I would like to bring out some figures, which I see in the balance sheet. The sales, if you compare between the March and June quarter, the sales are up by 20.42%, but our net profit is down 7.75%. I was just listening to Mr. Shukla and Mr. Raju Vaziraney saying that we have got leadership position in our Liquor segment in UP and Uttarakhand. And we have been doing so much of cost-cutting measures, tetra packaging, premiumization of our liquor. But why is that the sales have grown, but there's a degrowth in our profit?
- I have been an investor of your company for the last 10 years and what I am yet to see is that you have been doing so much of CapEx, we are changing our company, our sales have grown, but we are yet to see any kind of financial or operating leverage come into play. It's a very basic mathematics that when our sales are growing and our CapEx is all done, the profit should be incremental. But this degrowth in our profit from March quarter has really disappointed us. Just can you just throw some light and explain to me why we have missed on our bottom line in this quarter?

Anand Singhal:

See, in Q1 of last year, the EBIT margin was 17.54%. While in the Q1 of the current year, it is 21.12%. Of course, that has increased by about 3.5% or so. Of course, the sales have also increased from Rs. 1,593 crores to Rs. 1,805 crores. If you compare it with the last quarter, means Q4 of last year, when the sales were Rs. 1,609 crores, while in the current quarter it is Rs. 1,805 crores, while the EBIT margin has certainly reduced from 27% to 21%. In some cases, there are so many brands which my marketing division is selling in the market. And every product does not have the same kind of EBIT margin. So, I have to check internally, but there may be some of the sales which is having a slightly lesser margin as compared to the other products. So, it may be because of that. If Raju ji wants to add something on this, he can add.

Raju Vaziraney:

See, there are two factors, as I know, as I understand. If my understanding of the question is right, between last fiscal, last quarter and this quarter, see, there were two changes that have happened in our heartland of UP and Uttarakhand, both the states underwent new policies which start from April. So, April and May, I mean, end of last year, that is from 31st March there was a lot of lifting and a lot of dumping of stocks naturally by the trade because they were not sure about the new policy.

And once the new policy has come in UP and Uttarakhand, which are our key states, naturally, the growth was sluggish, not only with us, but it is also as an industry phenomenon. I am sure in the current quarter, July, August, and September, it will not only stabilize, but it will also grow. And definitely, in QND quarters, as we call it, October, November, December, it will gallop. As our CFO beautifully said, there can be ups and downs in a quarter in an industry, including us. But overall, last year's performance versus this year, we have definitely grown as a percentage in volume as well as value. So, there is no cause of concern. It's an industry phenomenon.

Jaswinder Singh:

Secondly, Mr. Sarswat, my next question is for the Ennature Biopharma. And I remember in 2021 we were doing a net margin of around 33% in our business and our sales were around maybe Rs. 38 crores, Rs. 40 crores per quarter. And now when I see the results of Ennature Biopharma, the net has come down to 2.38%. As a businessman, this would suggest that this is a trading margin, not a manufacturing margin. Any manufacturer who is in a segment of pharmaceuticals or nutraceuticals would not operate at these levels. So, what is the business strategy in this Ennature Biopharma when we are demerging, my concern is about the business strategy. We are planning to unlock shareholder value by demerging our business units when there is extreme degrowth in that business. So, how are we going to address that?

Rupark Sarswat:

So, Mr. Singh, there is a margin squeeze, not as much as a degrowth in the business because when you look at growth, sometimes you do not only look at one-year number. But if you look at four years, you will see significant top line growth in the business, okay? So, that's one thing. You have made a very valid point. I cannot deny the fact that there is a margin squeeze, which is what you pointed out. Now I will give you a more generic answer, so to say, and then we can engage separately with more details. And I have my colleague, who looks at finances and numbers for Ennature Biopharma, would also respond. Whilst this is an API business, thiocolchicoside is also an API, so is nicotine where we sell, it is also an API. It has its own pressures as well.

There are a couple of pressures. I am not going to elaborate on the exact impact of all. One pressure is to do with if there is increased cultivation of the feedstock and there are more new entrants, that puts pressure on margins. So, that is one thing. We have been selling thiocolchicoside to markets like Turkey, which is a gateway to Europe. We also saw some kind of a demand squeeze there. And when there are a lot of new entrants and there are alternatives to these natural muscle relaxants, which come from countries like China, which have also flooded the market. So, to some extent, some of the more, so to say, workhorse products have faced this. That's a value point. Now the strategy, of course, is very simple.

I mentioned before, is to do several things, is to, first of all, get into differentiation through impurity profiling, building dossiers, etc., which is something that we are doing. Also now what happens is Turkey, for example, finds it easier to get materials from India, sell it into EU because they are a partner of that to also get direct approval, which is a more stringent process. But when you go through this process, and I will request Manish to talk about some of those approvals, which we are getting in the regulated developed markets to get more products in there by being differentiated through quality, through having our dossiers completed, etc. We are also looking at a whole host of other products, and we are looking at formulated products, co-branding products and creating a branded portfolio. That is a generic strategy. But I will pause. I will have a colleague of mine who can add something more to it.

Manish Pant:

Yes, Jaswinder, Manish this side. So, yes. So, basically, broadly, if we bifurcate nutraceutical business, so as CEO told that one is API, another is nutraceuticals. So, as mentioned by him about the pressures of various kind on the APIs, simultaneously, we are trying to develop the nutraceuticals market. So, for that, our plant has also been certified as GMP plant. We have got the EAR and NSF for that particular plant. So, as this quarter performs, another one quarter could be on the same line. But from the third

quarter, we are having a certain planning to introduce our branded nutraceuticals in U.S. market and in European countries directly on our own. So, at that time, the margin could increase substantially as it looks to us.

Jaswinder Singh: That's good to hear. Thank you.

Moderator: Thank you. This will be the last question of the day from the line of Saket Kapoor from Kapoor & Company. Please proceed.

Saket Kapoor: Thank you for the opportunity. You have already answered about the nutraceutical part of the story, sir, that was only the point of concern and steps also you have attributed what we are taking. And it is only now on the markets to improve so that our profitability will improve. That is what the understanding is. So, that's all from my side and we hope for good times ahead, sir.

Moderator: Thank you. I now hand the conference over to the management for the closing comments.

Rupark Sarswat: So, thank you for conducting this conference for us. Thank you all for attending it, and thank you, many of you who have been watching IGL very closely. And through your questions, we try and introspect, we try and learn. Thank you for that. And look forward to seeing you after the next quarter. Have a good day.

Moderator: Thank you. On behalf of InCred Equities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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