4th June, 2024

The Manager (Listing)	**The Manager (Listing)**
BSE Limited	**National Stock Exchange of India Limited**
1st Floor, New Trading Ring,	**Exchange Plaza, C-1, Block G,**
Rotunda Building, P.J. Towers,	**Bandra Kurla Complex,**
Dalal Street,	**Bandra (East),**
Mumbai – 400 001	**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 Q4 & Full Year FY24 Earnings Conference Call

Further to our letters dated 21st May and 30th May, 2024 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 Q4 & Full Year FY24 held on Thursday, 30th May, 2024 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

Digitally signed by ANKUR JAIN
Date: 2024.06.04 15:25:46 +05'30'

Ankur Jain
Head (Legal) & Company Secretary
Encl: A/a

India Glycols Limited
Q4 & Full Year FY24 Earnings Conference Call
May 30, 2024

MANAGEMENT	**MR. RUPARK SARSWAT -** CHIEF EXECUTIVE OFFICER
	MR. ANAND SINGHAL - CHIEF FINANCIAL OFFICER
	MR. RAJESH MARWAHA - HEAD - SALES AND MARKETING (BSPC)
	MR. S.K. SHUKLA - HEAD-LIQUOR BUSINESS
	MR. ANKUR JAIN - HEAD (LEGAL) AND COMPANY SECRETARY
ANALYST	**MR. ROHIT SINHA -** SUNIDHI SECURITIES LIMITED

Moderator:

Good evening, ladies and gentlemen. I am Saumya, moderator for the conference call. Welcome to India Glycols Limited Q4 & FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand over the floor to Mr. Rohit Sinha. Thank you and over to you.

Rohit Sinha:

Good evening, everyone. Thank you for joining us on India Glycols Limited Q4 & FY24 results conference call. We are joined on this call with India Glycols management, represented by Mr. Rupark Sarswat, Chief Executive Officer; Mr. Anand Singhal, Chief Financial Officer; 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 like to invite Mr. Rupark Sarswat to initiate this proceeding with his opening remarks post which we will have a Q&A session. Thank you and over to you, sir.

Rupark Sarswat:

Yes. Thank you, Rohit. Very good afternoon to everybody who has joined on this hot summer afternoon, particularly from a Delhi perspective. I'm joined here by my colleagues, who Rohit has already introduced. I'll take this opportunity to give you some overview comments on the performance for this quarter as well as the year, and then subsequently, we can take your questions.

So as you have seen, we've had a good year overall and good quarter as well. So if you look at the numbers in Gross Revenue terms, we have clocked a growth of 19% at INR 7,922 crores. Our Net Revenue is up 24% at INR 3,294 crores for FY24. And in terms of EBITDA, that is about INR 428 crores, up 34% and PAT, which is INR 173 crores, up 23% for the full year.

So overall, there is a good performance both in terms of revenue and profitability. Particularly, it has been led by both top line and bottom-line performance by the BSPC segment, which is essentially chemicals and biofuels as well as potable spirits. And particularly good start as we added capacities for biofuels in the biofuels segment. As we have spoken over the last 1-1.5 years, it is in line with what we had anticipated after putting up grain-based capacities for ethanol, which has allowed us to do a risk mitigation as far as ethanol supply and costs are concerned.

And now the situation is that we are importing significant quantities of ethanol for chemical intermediates production, and which has meant that the capacity that we have put up is now available to therefore contribute to the biofuels revenue as well as contribution.

For the quarterly performance, the Gross Revenue at INR 2,039 crores is up 26%. The Net Revenue at INR 926 crores is up 50%, and EBITDA at INR 109 crores is up 9%, and PAT at INR 42 crores is up 6%. So we can see that there is a strong performance overall, both in terms of gross and net revenue.

Particularly, the top line growth has been driven by potable spirits. It has been relatively modest in the Chemicals segment for this quarter.

And in terms of high level highlights for the company, you see a revenue growth of 24%, EBITDA up 34% and a healthy EBITDA margin of 12.9%, which is better than before. As you know, we've had a couple of tough years, and as we have kind of anticipated and also taken actions for this has led to improvement. So, I already spoke about grain-based capacities and the new biofuel portfolio helping us both top line and bottom line. In potable spirits, sales were driven mainly by increases in country liquor sales with both good performance in Uttarakhand and UP, where we are close to our market leaders, particularly in Uttarakhand.

And in IMFL, most of the growth has come from our new market, which is Delhi and the paramilitary segment, and we will talk about it more later on. As you know, our key feedstock is ethanol for multiple businesses. The cost pressures on ethanol to some extents have continued with high international ethanol prices. Although, they are not as high as they were earlier when we spoke about, 1.5 years ago. And what has also happened is that in the biofuels segment, there has been some volatility with respect to cost of grain and sales price of DDGS, which has meant that there have been periods in between where the margins of grain-based ethanol being sold as biofuels have been a little soft.

Ennature Biopharma, a relatively smaller segment for us, has registered a growth of 7%. However, here we've seen margin pressure in particular due to a challenging market, price erosion in nicotine and API segment. Having said that, I think the strategy is on track. We are focusing on long-term risk mitigation and building a pipeline of value-added products. We've also been talking about new value-added products, and I'm happy to share that there is a steady and a good start to commercialization of projects in the new value-added pipeline.

In fact, we are expecting the plant to be fully commissioned in about a quarter's time, though we've started significant production already. We are anticipating that the capacities that we have put up, even though they are not very large to start with, and that was part of a strategy to have a modular approach. We are expecting that those, by and large, taking a little bit here and there will, at least in some sections, get fully occupied in the current financial year, and we may be talking about incremental expansions to take the value-added chemicals portfolio ahead.

As you know, we have a joint venture, wherein we are putting a specialty chemicals business a couple of years back, IGL having 49% of the share. So that reflects on our overall profit performance. There has been a strong recovery in margins in joint venture performance, mainly driven by reduction of material costs. As you know, we've spoken earlier, one of the key factors, which affects amongst others, the joint venture performance is the cost of Ethylene Oxide, which IGL supplies to the joint venture. And for the factors that I've discussed, which is energy cost increases, which have moderated, which have come down for ethanol costs, which have moderated, plus the fact that we have put up our own grain-based ethanol capacity, has meant that the cost difference between crude-based ethanol in the market and ours has come down, though the delta is still there. And therefore, the relative competitiveness of the JV is better.

So Q4, for example, the joint venture showed revenues going up 3% and EBITDA, though on a smaller base for the constraints that we said, getting up by 68%. And for the full year, there has been some recovery. We had lost sales. So now the full year in terms of top line looks flat and there's a modest EBITDA increase of 4%. So it's a good news from the perspective of the joint venture as well.

A final dividend of INR 8 per equity share has been declared. And we are utilizing our grain-based ethanol capacities nearly fully to what we have right now to service the contracts that we have with oil marketing companies, and that looks steady. But before I move on to a segment-wise commentary, what I'll do is I'll request my colleague, Anand, to give you a quick update on the financial performance.

Anand Singhal:

Good afternoon. I will take the results on consolidated basis. In the current quarter, the gross sale is INR 2,039 crores, vis-à-vis INR 1,616 crores in the last year corresponding quarter, showing an increase of about 26%. The net sale is INR 926 crore vis-à-vis INR 619 crores, showing almost about 50% improvement in the net sales in the current quarter. The EBITDA is INR 109 crores vis-à-vis INR 100 crores in the last corresponding quarter showing 9% increase, while PBT is INR 55.6 crore as compared to INR 45.64 crore, showing an increase of 21.8%. The profit after tax is INR 42 crores against INR 39.84 crores, showing 5.9% growth. The reason for this is due to the higher provision of the income tax. The EPS in the current quarter is INR 13.63 vis-à-vis INR 12.87 in the last year's corresponding quarter.

To take up the yearly results, for the year end 31st March '24, gross sale is INR 7,922 crores, vis-à-vis INR 6,641 crores, showing an increase of about 19%. The net sales is INR 3,294 crores, vis-à-vis is INR 2,651 crores, showing an increase of 24.26%. EBITDA is INR 428 crores, vis-à-vis INR 319 crores, showing an increase of 34%. PBT is INR 223 crores vis-à-vis INR 165 crores, showing a 35% increase and PAT is INR 173 crores, vis-à-vis 141 crores, showing an increase of about 23%. The EPS for the current year is INR 55.87 vis-à-vis INR 45.55 in the last year.

I'll say as far as the operations is concerned, this year is the best year in the history of the company as far as the sales and the profitability.

Rupark Sarswat:

Thank you, Anand-ji. I have broadly talked about segments, but I'll give you slightly more detail, keeping it somewhat short. So if you look at quarterly and annual performance for our 3 broad sectors, the largest one being chemicals and biofuels or which we call Bio-based Specialties and Performance Chemicals (BSPC). I am consciously also saying biofuel because that is a significant chunk of the chemicals business.

So in terms of the BSPC segment for the quarter, we had INR 623 crores revenue for the quarter, up 60% and EBIT of INR 47 crores, which is up close to 11%. And for the full year at INR 2,141 crores, the revenue is up 25%, and EBIT is up 35% at INR 168 crores. Potable spirits has had a good year. And before I talk about potable spirits, let me give some additional comments on chemicals. I think in the chemicals business, a significant top line contribution has come from the biofuel business.

It's a steady business with not so exciting percentage margins. But it is something which is kind of adding significantly to our top line and reasonably to our bottom line as well. At an overall strategic level, we see that we are on track in terms of what we are doing in the chemical space. We are leveraging our sustainability credentials much better. We expect that the year will be better for several of the key segments within chemicals. We expect it to have better traction as far as glycols are concerned. We expect an overall better year as far as biofuels are concerned because several of these capacities have actually come up this year, and you'll see full utilization of capacity in the current year. And we expect that there will be a good addition of value-added products in terms of how we perform in the current financial year. So that is as far as BSPC is concerned.

In the portable spirit space, we had a good quarter in terms of revenue at INR 247 odd crores, which is up 32% compared to the same quarter of last year, and EBIT of INR 40 crores, up 37% compared to the same quarter of last year. And for the full year, we've registered a revenue of INR 947 crores, up 25% and a EBIT of INR 164 crores, up 61%, which is a very good performance. And it is primarily, as I said, being led by growth in two new areas, which is in the IMFL space, which is Delhi and Paramilitary as a new segment for us. We've continued our strong performance as far as country liquor is concerned for both our key markets, which is Uttarakhand and Uttar Pradesh. Also, you see a very good improvement in profitability, both on account of cost actions as well as pricing actions, which are not so much dependent only on what IGL decide, but it's a factor of getting those approved through the government as well. So it has been all in all a very good year for potable spirits.

For Ennature Biopharma, as I said, a relatively smaller segment for us. It has been a good year as far as top line is concerned, particularly the quarter has been good at around INR 56 crores of turnover, up 28%. And for the whole year, the full year turnover at INR 205 crores is good. It has crossed INR 200 crores, for the first time for the year. So that is good from a top line perspective.

But we faced, as I mentioned earlier, some pressures on pricing because the market for nicotine and APIs has been quite competitive. And our broad strategy to look at taking costing actions and more importantly, build the value-added pipeline is on track. So that's how we see that we'll continue to take care of the business and may grow it both in terms of top line as well as bottom line. So those are my high level comments as well as far as the various sectors are concerned. And I will take a pause now and then we can take some questions.

Moderator:

Thank you, sir. Our first question comes from Bala Subramanian from Arihant Capital Markets. Please go ahead.

Bala Subramanian:

Good evening, sir. Congratulations for a good set of numbers. Sir, we have seen significant margin improvement on YoY basis from like 11% to 12% kind of thing, especially it comes from chemicals and the potable spirits segments. So if you look at 2018-19 that time, so we have seen margin of higher digit rates and for this chemical side. So around more than 9% kind of margins we did it. And potable spirits also, once upon a time, we did it around more than 20% kind of margins. So we can able to do those range in next over 2 to 3 years.

And Ennature Biopharma side also, like earlier, we did about 20% kind of margins, but right now, it came down below 20%. So what kind of realizations do we have on that Ennature Biopharma and especially in the agriculture and nicotine side? You could share more details on the margin side.

Rupark Sarswat:

If you look at overall margins for the last couple of years, I remember our EBITDA margin actually going up, it came down from close to 12% to 9.6% then it went up to 11.9% and this year we are looking at 12.9%. So over the last few years, I can say, that while the margins, we want them to better and you would also like them to be better. But if you look at the last few or four years, that's at an overall level, the margins have seen steady improvement. And I expect that at an overall level, this trend will continue.

We've had last couple of years of significant pressure, as I mentioned, some of the cost pressures continue. But we are taking a few set of actions, and I'll comment on both chemicals as well as the Ennature biopharma at a very high level. I mentioned to you that some of the actions that we are taking are on the cost front, which includes operational cost, efficiencies, energy, etcetera. And we have a pipeline of actions, which we'll continue to take next year as well. The other key things for us is that some things are not always entirely in our control in the sense that as you saw freight, energy and feedstock prices for us really went through the roof over the last couple of years.

That has adjusted to some extent, but not entirely. Strategically, we feel that our strategy in terms of building on our sustainability credentials, working on newer greener technology is perfectly all right. And to some extent, it is also helping us recover the margins. As I mentioned, the other key actions, apart from managing the bottom line, is to enrich our product mix based on more value-added products.

And I can say, as I mentioned, that we creating specialty chemicals businesses takes time because it needs a significant amount of R&D effort, formulation effort, application development effort. Sometimes the collaboration with the company, even though the volumes are not flat, can take a couple of years for our product to materialize. I can only say that we are taking those actions. Those are on the right track. And as you can see and you'll continue to see over the next quarter, our progress on the value-added product is steady.

So that's the broad strategy. I think you are also probably talking about years, which is more than 2.5 years ago, when we were comparing the business slightly differently because the entire specialty chemicals business was also part of the IGL portfolio, which is now part of the joint venture. I must accept that as a percentage in the entire chemicals portfolio, the margin percentage is of the specialty chemicals business or the dense specialty chemicals business was higher and we are also operating on better time.

Let me give you a little bit of context. If you heard some of my calls earlier, I used to say that we faced the time where for a long period of time landed ethanol imported price cost to us was close to INR 35 a litre. It went up to as high as INR 70 a litre. So we were also talking about those times. It's not cost have come down. They have come down, but they have not come down to those earlier levels. So those pressures are there, but I also talked about the strategy to build it. Now as far as Ennature Biopharma is concerned, I told you about the price pressures and again, the focus on building a pipeline, but I'll request my colleague, Manish, to give you some more comments.

Manish Pant:

Yes. So Bala, basically, as Rupark said regarding this new value added production, but we are thinking as per the pipeline. And the prices are under stress because of which margin has become low in our key USP product which are Thiocolchicoside and Nicotine. So these 2 products are our bread and butter till now, but now we have envisaged with our new product line like branded nutraceuticals and we are presently in the USA and Europe. Hopefully, this year turnover would be at least increased by 25% and the margin would be much better than this year.

Bala Subramanian:

Got it, sir. So, on the realisations, like last quarter, if I have mentioned, Thiocolchicoside INR 4.2 lakh per kg and then nicotine INR 7,000 per kg. What are those in current level, the price points, right?

Manish Pant:

I will have to check and will get back to you separately.

Bala Subramanian:

Fine, sir. Sir, on the Power cost side, it's continuously like coming down in terms of sales right now in this quarter, 7.8% of sales. So we have seen significant improvement on the power cost side. And we have signed agreement with the RENEW to procure captive wind and solar hybrid power. So it is expected in which quarter supply is expected? And whether this trend will continue? Or how do we see in coming quarters?

Rupark Sarswat:

We've already given an update that there has been a delay as far as RENEW is concerned, and the delay has been explained on account of change of certain regulations or court directions based on which there are certain challenges, which is what RENEW have told us in terms of the current structure of group captive. Now what this means is that we are in discussions with RENEW to look at it again, which means that we are not in a position to give a timeline on when we will be able to realize those benefits.

However, we are continuing to pursue not only RENEW, but also in discussion with other companies as to how we can look at not only low-cost power but secure green power for our operations. Having said that, I may also add, which may be of interest. We've not spent any money as far as RENEW is concerned so far, especially after we've come to know that there are some challenges. So we are in discussion with RENEW and also some other people who can potentially supply us green and cost effective power.

Bala Subramanian:

Got it. And on the NSU side, mostly commission is expected in Q2. So what kind of volumes we can expect in coming months? Like earlier, we mentioned around 150 metric tonnes, whether we can able to 200 or 300 in that range?

Rupark Sarswat:

Yes. So, this is a plant with multiple capabilities and multiple reactors. A significant portion of the plant has already been commissioned. But we have said that complete commissioning will happen when it happens, which is Q2 etcetera. Now as far as the volumes are concerned, I am cautious that I'm not going to give projections for the business. But I think in a few months, we expect our monthly volumes to cross 400 to 500 tons per month.

Bala Subramanian:

Sir, ethanol, the supply started for this INR 1,164 crore order from oil companies. Because the contract time period is November '23 to October '24, we have started the supply and when the revenue recognition will happen, whether we can expect in this year?

Rupark Sarswat:

So I would first like to slightly correct you. We call it allocation and not a contract in the sense that this is the allocated quantity based on what the oil companies are able to blend to pick up the material. Having said that, I think by and large, I have looked with a little bit here and there. We are in line with supplying what is the allocation given to us. I don't remember the monthly number. We can get back to you separately. But I think by and large, we are in line with it. So to some extent, we’ve already started clocking the revenue. And we expect that the revenue will go up a little bit as we start to cater to the allocations that they have been allotted to us.

Bala Subramanian:

Thank you, sir. I’ll come back in queue for further questions.

Moderator:

Our next question comes from Manish Sithana, an individual investor. Please go ahead.

Manish Sithana:

Yes. My question is regarding the country liquor space and with the new excise policy being announced by the government of Uttarakhand. So how do the company foresee that impacting our top line and bottom line in terms of the margin as well as the sales figure?

Raju Vaziraney:

As far as country liquor policy in Uttarakhand is concerned, it is quite favourable, because of two reasons. One is we have got a higher selling price, we call it ex-distillery price, which everybody has got because it is as per the slab. Now the second thing with because of the foresight of our top management, we have very quickly been able to install a Tetra machine. This is the first time in Uttarakhand, I'll give you a small background. Because of these changes, Tetra was not allowed in Uttarakhand for so many years, for ever since Uttarakhand was formed.

But now as the policy change, from 1st April, Uttarakhand Excise has seen reason for them to bring tetra pack for country liquor as well as IMFL. And as our CEO rightly said, we are leaders in country liquor as far as Uttarakhand is concerned. Now we have been able to quickly garner all the resources, and we are the only supplier of Tetra Pack in Uttarakhand. Now we are following a steady build approach. We can dump a lot of Tetra into the market, but we want both the bottle as well as Tetra Pack to coexist.

The margins in Tetra Pack naturally are higher because there is no glass bottle, there is no cap, there is no label. It is only a smart pack if I may say that. So we will have this, we will be able to harness the first over advantage. And as you know in our various calls, there are only two major players in Uttarakhand. We are there and another is Radico Khaitan.

Radico Khaitan does not have tetra machine. In foreseeable future, we don't see because it is highly capital intensive. It is a very sensitive thing. It is not like any other machine. It requires lot of care because for various reasons. Now the first initial reports of April and May are encouraging, and we have made our very good mark as far as country liquor in Uttarakhand is concerned. It will not be fair for me to give you a figure, but I can only say we will be able to get most of the country liquor sales, whether in bottle or tetra in Uttarakhand. Secondly, since the policy allows Tetra Pack for IMFL also, we have a definite plan to introduce Tetra Pack in IMFL as well. IMFL already, we have about more than 25% market share. And the third step we are taking is introduce new premium brands, which is as far as all other states are also concerned.

To sum it up, we have two, if I may, sustained competitive advantages. One is we are the only company to have quickly installed a Tetra machine and also given the output. Though the consumer acceptance, I cannot make a statement that it is successful, it's yet to be ascertained. But the first reports are encouraging. But only over a period of three months to six months, maybe one year, you'll be able to make a statement that, Tetra will overtake glass bottle. And the second is the price increase in realisation. So these are the two changes of Uttarakhand, country liquor, and IMFL.

Manish Sithana:

So the price increase that you're mentioning would certainly translate into a better margin, I may say so?

Raju Vaziraney:

Yes, definitely. Yes. Definitely. Unfortunately to discuss many details, but we are very cautious. This is our home state. We are quite focused.

Manish Sithana:

Yes. And my second question is on certain financial aspect, which we are bifurcating some cost of material consumed and purchase of stock in trade, which was not that amount in, let's say, March quarter of the last year. So what is the difference between the cost of material consumed and the purchase of stock in trade? And why are we, showing them separately? Why are we showing and what is the difference between the material consumed and the purchase of stock in trade? What is the difference? I want to understand the difference between the two items.

Anand Singhal:

Stock in trade is basically the stock in trade with clients, while the material consumed is basically the material actually consumed by the company for the different products.

Manish Sithana:

So are these materials again of a raw material or consumables or what exactly are they?

Anand Singhal:

This is basically the molasses and the alcohol.

Manish Sithana:

You're referring to materials consumed or purchase of stock in trade. I'm asking a line item, which in the current quarter was INR 115 CR.

Anand Singhal:

Stock in trade is basically the trading activity that we are doing for some of our products.

Manish Sithana:

Well, I still didn't get you, if it is a trading activity, why it didn't show as an expense? Because corresponding March quarter was INR 2 crores and I mean, this quarter, it is INR 115 crores. So what exactly is the difference?

Anand Singhal:

This is basically the material which we have sold out on the trading activity. And this figure is the basically the balancing figure which I can say has been shown as a stock in trade.

Manish Sithana:

Still not clear. I'll get back to you separately on this. So, thank you.

Anand Singhal:

I'll give you the clarification separately whenever you are.

Moderator:

Thank you, sir. Our next question comes from Rohit Nagraj from Centrum Broking. Please go ahead.

Rohit Nagraj:

Thanks for the opportunity and congrats on good set of numbers. So my first question is on, importing ethanol. So you mentioned that you've started importing ethanol. However, recently we have seen that there is again surge in terms of logistic costs. So what is your assessment of the situation in terms of the incremental imports, whether there'll be again cost that will go up and will it have impact on the margins? So just a broader view on the sales. Thank you.

Rupark Sarswat:

Yes, Rohit, good to hear from you. After a long time, how are you?

Rohit Nagraj:

All well, all well, sir. Thank you.

Rupark Sarswat:

Rohit, you understand the business quite well. You have followed it up for a long time. And I think, overall, there is some increase, as I mentioned. There was softening of imported ethanol prices, which went up to 47-48 or thereabouts in terms of the weighted average that comes to us. And then it has gone up a little bit. So there is some increase, but at the same time, given the option that we have for what we produce in-house and sell it for biofuels, it still usually makes sense to use imported ethanol for making chemicals, and I expect that will continue for the foreseeable future. And foreseeable as well depends on so many things, but I see that that will continue. I expect that there will be some volatility, some increases. But overall, I do not expect a significant amount of dent either in terms of our top line or our bottom line. There may be some, but I think compared to what we've seen over the last 4 years, it is relatively nominal compared to that. Broadly, I don't see our numbers or our top line getting significantly impacted because of that as of now.

Rohit Nagraj:

Got that. The second question is on potable spirits. So I think we have been doing geographical expansion. So where are we currently in terms of reaching beyond the existing geographies? And what is the plan in terms of going across different states over the next maybe 2 to 3 years? Thank you.

Raju Vaziraney:

See, as you know, we have as our CEO mentioned in the beginning, we have added 2 new areas of business, one is Delhi. Delhi, we changed this RTM, as we say, route to the market. We were earlier working through the distributor. Now the company has good focus, and 6-7 brands are already there in Delhi market, and there has been a phenomenal growth. So there is focus on Delhi market.

And what has happened is, paramilitary consists of BSF, CRPF, ITBP and SSB. So now what was happening earlier for so many years, all these 4 formations would give or tender separately. So last year, as luck would have it became one tender, and we could see it quickly. I am a IMFL person, and I understand this fairly well. So we quickly applied for tendering in all 5 brands.

And to our good luck, all over five brands because of our quality consciousness at Kashipur, where we also co-packed Bacardi for so many years, and we are known for good quality IMFL. Our 5 brands have done very well, and we are among the top sellers to paramilitary. Now the good news is, again, the tender came a few days ago, and we have been able to add two more brands, and we will be able to take the volumes up. But mind you, this paramilitary is a limited business. It is not CSD. CSD is army, while this is paramilitary forces.

There is moratorium in CSD till 30th June, and we are quite prepared to and there are certain restrictions, as you would know, since you're asking portable IMFL question. There are certain restrictions on quantity achievement before you introduce brands into CSD. We have been able to do so on two of our brands, and that we will apply. Now it is very easy to increase the geography as far as the IMFL is concerned. But our top management has taken a cautious decision to go steady build, as I said, and also focus on improvement in margins.

So at the moment, we have introduced we have made Delhi successful, paramilitary, and Uttarakhand, of course, will blossom, if I may use the word, and UP will be steady. This is our second home state. We are at least in the next 6 months or a year, we do not have any plans to add new states instead. We have all the plans to introduce premium brands. Because it is very easy to start new states, but the working capital requirement is so high and open credit has to be given. So we don't want to lose money in the business.

So as a strategy or as a cautious step, what we have done, we are not increasing in this year more states. Instead, we are bringing in two more new brands. And I'm glad to inform you, it is already signed and under production. We have tied up with Amrut Distilleries. Amrut Distilleries, as you know, is a world-class single malt company, and they have visited our unit. They know about us because of the Bacardi co-packing, and we have bought their brand called Maqintosh.

Amrut is not a listed company, so you may not be able to have access, but I can it is underway. Excise approval has been given. We have got the license. So Maqintosh Whiskey, which is a 35-year-old whiskey of the company, we will be making on royalty or franchisee rule. In other words, we will be making all the we will be investing into working capital and also making all the profit and giving away a certain set of royalty to Amrut. This is the first time Amrut has tied up with another company in view of our quality standards.

So this is one step. Another is we are going to our Amazing Vodka has been quite popular and successful in the last 3 years. Wherever we have launched, we are among the top 3 vodkas, whether this is in Delhi, whether it is in UP, whether it is in Uttarakhand, or any other state. We are among the top 3. We want to sustain and extend this success to another flavour. For obvious reasons, it is not in public domain, so I cannot give more details. But we have these two steps we are taking in IMFL. So we are quite poised.

Rohit Nagraj:

Sure sir, thanks for that elaborate answer. It clarifies a lot of things. So just one last question in terms of investment in pipeline. So what are the current investments across the segments which are currently underway? And what is the plan of capital expenditure for, say, FY25 and FY26? Thank you.

Anand Singhal:

For the current year, there are 2 major expansions which are going on. One is the increase in the capacity in Kashipur from 400 KLPD to 500 KLPD, which will be ethanol manufacturing. And for Gorakhpur, we are increasing the capacity from 110 KLPD to 280 KLPD. So these are 2 major CapEx and there may be some expenditure on NSU because I think there will be some expansion depending upon the market demand. So these 3 are the major expansions for FY24-25. After that, we are not planning for any major CapEx till FY25-26 except the maintenance CapEx, which will be ranging from INR40-50 crore.

Rupark Sarswat:

Just to add there, I think based on how some of our new Chemical businesses' opportunity is built up, as I've mentioned earlier. We may be looking at some incremental CapEx, but it is not something that we have firmed up right now.

Rohit Nagraj:

Sure. Fair enough. Thanks for answering all the questions and all the best, sir. Thank you.

Moderator:

Thank you, sir. We have a question from Shubh Jain from Emerge Capital. Please go ahead.

Shubh Jain:

Thank you, sir, for the opportunity. A couple of my questions have already been answered. Just one question. Can you please give some colour on our debt profile and how we plan to reduce it and over what period of time?

Anand Singhal:

Currently, our debt position is about INR 900 crores, including the EPBG, which we have taken about 10 years ago. So, this year, the total repayment is about INR 350 crores, which for which we have already, made some prepayment amounting almost about INR 100 crores. And we are also planning to make some of the prepayment out of the better cash flow. So, this is what is the planning. And as far as the new CapEx is concerned, since we are already through with the new CapEx, So I don't foresee any major term loan raising from the bank or from the market.

Shubh Jain:

Okay, sir. And what is our average rate of interest?

Anand Singhal:

It is around 9%.

Shubh Jain:

Okay, sir. Thank you, sir. All the best.

Moderator:

Thank you, sir. Our next question comes from Saket Kapoor from Kapoor and Co. Please go ahead.

Saket Kapoor:

Yes. Namaskar, sir, and thank you for the opportunity. Firstly, our closing balance, closing net debt level, when we will be repaying our debt, what should be the expected long term loan level for the closing FY24-25?

Anand Singhal:

FY24-25?

Saket Kapoor:

Yes.

Anand Singhal:

Saket, it will be around INR 625 crore-INR 650 crores.

Saket Kapoor:

Okay. So we have closing balance of INR 725 crores, which will go down to 650 crores.

Anand Singhal:

Actually, I don't know from which sources you have seen that INR 725 crores. My debt is around INR 900 crores as of now, which will come down to INR 650 crores. That INR 725 crores is not including the EPBG. I am talking about the amount including EPBG. Okay, which is the export advance which we have taken, say, about 9 years back. So the entire EPBG which we paid in the current year, FY24-25, which is about $17.8 million and rest is the rupee loan, so this entire outstanding for the term loan will come down to about INR 650 crores.

Saket Kapoor:

INR 650 crores from the current level. And we look at when we look at the cash flow, we find we have spent around INR 553 crores for FY24. So what is the breakup for this and for the 2 years that we have spent around INR 1,000 crores?

Anand Singhal:

Actually, this year, we have capitalized all our projects, which has been completed. That includes NSU, that includes the grain distillery up to 400 KLPD and the boiler. Apart from this, there are some, I will say, the miscellaneous CapEx and one is the nicotine CapEx in the Dehradun. Major amount is coming from Grain, 400 KLPD and NSU.

Saket Kapoor:

Okay. And for the Gorakhpur part to 180 KLPD is still left to be spent, it will be spent for this year?

Anand Singhal:

180 KLPD is in pipeline and this hopefully will be capitalized in the current year after completion.

Saket Kapoor:

Right. And sir, can you give me the feedstock also by now with the expanded capacity, we will be 500 for Kashipur and 290 or 280 for Gorakhpur. So what percentage for this we have to depend on the grains and how much will be the molasses?

Anand Singhal:

This 290 KLPD and 500 KLPD is totally on grain.

Saket Kapoor:

Okay. And these are the broken rice which we are dependent, sir?

Anand Singhal:

It is all broken rice.

Saket Kapoor:

Yes, yes. Sir, is it the broken rice sales from the FCI that is our feedstock? We are sourcing it from FCI only or from open market?

Rupark Saraswat:

We have from time to time looked at both options. FCI rice is currently not available, so damaged food grain is available depending upon what is the price, what is availability, we look at those options. There is no hard and fast. And it is also a factor of how the government wants to make FCI rice available or not available, etcetera. But we've also looked at price from the private market.

And these grain plants subsequently, I think the government has a policy to diversify the feedstock for grain that we will use for ethanol. I think going forward, and we are in the process of evaluating, taking price, etcetera, I see that significant part of grain may start also coming from corn as a feedstock. Most of these effects with some modifications can be used as corn as well. So as you see, most of the ethanol that is produced in the U.S. is actually corn-based. I see that also backing up in the time slot.

Saket Kapoor:

Maize and corn are the same feedstock?

Rupark Saraswat:

Yes, yes. Maize and corn are the same feedstock.

Saket Kapoor:

So just to conclude, availability of raw material is not an issue even with the expanded capacity.

Rupark Saraswat:

Let us put it this way that the government, if you look at various articles and the policy, is very clear to continue to push to go for 20% blending. And so far, if you look at the blending program from whenever it was announced, there has been by and large, give or take stuck to the percentage increases that we have planned. In between, there have been hiccups, where sometimes FCI rice availability, etcetera, has been difficult. And we expect, as we have discussed before, that some of these hiccups will continue from time to time.

But if you strategize and look at a longer time horizon, I think we see that we will continue to be able to by and large utilize our capacities to supply to the oil blending companies because the government strategy is quite clear. And the government also when the prices have gone up, for example, if you look at grain prices when this went up. I mentioned earlier that to some extent we saw softening of margins, but the government responding by supporting to some extent by increasing those prices. So we see by and large the business for biofuels in the portable sutures unless something drastic happens like a drought or something to continue and not only to continue but also to steadily increase in terms of percentages. It is very difficult to have a crystal ball and give an exact forecast and what exactly will happen, but that's how we see it.

Saket Kapoor:

Right, sir. And just for the last point subject to ethanol is for the allocation of supply, can you give the revenue which we have booked for this financial year and the next balance we know what the contracted value is.

Rupark Saraswat:

I don't have the numbers completely ready with me as I have not and we've not given a forecast either for the business or segment by segment. As I mentioned earlier, by and large, so far we are tracking the respect to allocation. If the oil blending companies don't pick up etcetera, those kind of issues. What will be potential hiccups or somewhat derailer. Derailer is a strong word, I think raw material availability to some extent. We saw some challenges, but by and large we coped. Picking up our oil blending companies for various reasons, that could be a potential issue. But other than that, we see that by and large we will be tracking on allocation, we expect to track on allocation.

Saket Kapoor:

Right, sir. And Rupark ji, you mentioned about 400 to 500 tons per month to be the dispatcher for the NSU. Can you also provide some numerical number to it? What would be the run rate?

Rupark Sarswat:

I don't call it a projection. I will say that give or take depends on how it goes. I'm not talking only about products produced from this specific asset. I'm talking about various new value-added products. We are expecting and don't take this as our projection is that something like in the financial year, something like INR 200 crores from new value-added product is something that we are targeting.

As I mentioned with the disclaimer, it's not a projection that I'm giving. And hopefully depending upon how some of our collaborative projects work out, there may be a little bit of slowdown happening, there may be escalation happening. As I said, it is a business which is different from ethanol or Petrochemical, this is the business that we have to build with our partners, brick-by-brick based on various products.

Moderator:

Thank you, sir. Our next question comes from Meet Gada from Emkay Global. Please go ahead.

Meet Gada:

Hello. Thank you for the opportunity. I wanted to ask, what will be the peak revenue potential for the company on current gross block?

Anand Singhal:

Actually, your question is not very clear to us. You are talking about for the which division? This is basically for the chemical, liquor or?

Meet Gada:

Chemical and Liquor separately.

Anand Singhal:

Chemical and liquor separate. For liquor we are already on 100% capacity. For country liquor in Uttarakhand our country liquor in UP, we are already on 100% capacity utilization. And for chemical, I think Rupark Sir can answer.

Rupark Sarswat:

Yes. We have significant headroom in some of our key chemicals like glycols, glycol Ethers, Glycol Ether Acetate, ethylene oxide, etcetera. And as I mentioned, based on how some of our new value-added products and specialty chemicals projects develop, we will be adding capacity incrementally to take care. It is very difficult right now for me to give you a peak revenue potential on current Asset based on the speciality chemicals because it is a function of the product mix. I have already given you indications in terms of what we are targeting and the fact that over and above this, we will be doing incremental investments.

Meet Gada:

Correct. Got it, sir. Thank you so much.

Moderator:

Thank you, sir. Our next question comes from Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat:

Yeah. Thank you for the opportunity and good evening to everyone. So my first question is regarding the biofuel. So how much of the biofuel do we internally use and how much of it is sold in the market or to the government?

Rupark Sarswat:

So sir, we do not use any biofuel internally. Let me explain this to you slightly. It will help you to understand about the business. So we have 3 potential sources of ethanol. One, imported ethanol, which comes either from U.S. or Brazil, if it comes from U.S., it is corn-based, if it comes from Brazil, largely it is sugarcane-based. The second source is manufacturer of ethanol from molasses. The third source is manufacturer of ethanol from grain and the fourth source is either of these two sources purchased domestically.

None of the imported ethanol can be used either in potable spirits or for biofuels. This ethanol is then converted to various different things. It is converted to extra neutral alcohol if it is to be used in beverages, which can find way for our bottling, for Bacardi or for example, IMFL brand or our country liquor brand. But in that case, ethanol is converted to ENA, extra neutral alcohol. If this alcohol is to be sold as biofuel, it is converted to whatever 99.9% ethanol because you can't have moisture when it gets blended with fuel.

And that is a different technology. Taking ethanol from 96% to 99.9% is not distillation, it has to be done differently because it's formed at 96% what is known as an as you go, difficult to separate. This, which is dried up to this extent is supplied to biofuels. So it is not that we consume biofuels. We have different sources of ethanol.

All sources cannot go into all different applications. Some of the ethanol, which is either from molasses or from grains, which we produce, we don't buy and sell biofuel, can be converted into biofuels by drying it up to 99.9% and therefore that goes into biofuels. And we have a complex set of sums, which we do based on what is the best trade-off for us, and therefore, it is difficult to give you an exact number. We don't have enough time, subsequently we can explain it to you. The reason I'm saying this is, for example, if like it happened last year, if the imported ethanol became very expensive, it makes sense for us to divert things in the amounts of our manufactured ethanol for chemical intermediates.

But now that imported ethanol has come down, hence we have shifted largely except for certain chemicals which require molasses-based ethanol to using imported risk now for chemicals. So this is a trade-off activity which we keep doing. I don't have one single number which I can tell you as a percentage, but if you do want more details, we'll be happy to explain it to you in detail later on.

Pradeep Rawat:

Okay, okay. So can you provide a number like how much litre of ethanol do we use internally?

Manish Pant:

Yes, we can provide you a number, ballpark. So for chemicals around 50 lakh litres is being consumed for our own purpose. And 50 lakh litres is being supplied to the joint venture.

Pradeep Rawat:

And this potable spirit?

Rupark Sarswat:

Potable spirit is around 15 lakh litre per month as in ENA. And remaining that we manufacture, which is leftover is supply to biofuels. I may have made a slight miscommunication. The consumption that we're talking about currently for chemicals and that's the complexity I explained to you. Currently, it is coming from imported.

Pradeep Rawat:

Yes. Okay. So 50 lakh litre is used for chemical and the other 50 lakh is used for?

Rupark Saraswat:

Sir, can I request you one thing. Mr. Manish will be more than happy to explain this in slightly more detail to you if you can connect with him. So all the numbers and how it's actually a complex set of planning is honestly really not on my fingertips now. Very difficult.

Pradeep Rawat:

Yeah. Okay. Okay. I will connect with him offline. So thank you. That's all for my side.

Moderator:

Thank you, sir. Due to time constraints, we won't be able to take more questions. Now I hand over the floor to Mr. Rupark for closing comments.

Rupark Sarswat:

So thank you for giving us that attention, for coming to our call in a busy day when we have got a number of calls to attend, asking us a number of questions, testing our knowledge of our own business itself. I'm sure I hope I gave you reasonable replies to most of the questions, and I'm conscious that some of you needed some more details from my colleagues Anand as well as Manish. We'll be happy to take them on later on. Otherwise, that's all from our side. Thank you. A very good evening to all of you, and have a good evening.

Moderator:

Thank you, sir. Ladies and gentlemen, this concludes your conference for today. Thank you, participation, and for using Doorsabha's conference call service. You may all disconnect your lines now. Thank you and have a pleasant day.

(This document has been edited for readability purpose.)

India Glycols Limited
Head Office
2B, Sector 126, Noida
Gautam Budh Nagar,
Uttar Pradesh, 201304
Tel: +91-120-6860000, 3090100, 3090200
Fax: +91-120-3090111

Registered Office
A-1, Industrial Area, Bazpur Road, Kashipur – 244713
District Udham Singh Nagar (Uttarakhand)
Tel: +91-5947-269000, 269500
Fax: +91-5947-275315, 269535
Email: investor.relations@indiaglycols.com
CIN: L24111UR1983PLC009097