30th May, 2023

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, Mumbai – 400 001	**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 Q4FY23 Results Conference Call

Further to our letters dated 24th and 26th May, 2023 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Results Conference Call for Q4FY23 held on Friday, 26th May, 2023 is attached.

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

This is for your information and records please.

Thanking you,

Yours truly,
For India Glycols Limited

ANKUR JAIN

Digitally signed by ANKUR JAIN
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Ankur Jain
Head (Legal) & Company Secretary

Encl: A/a

"India Glycols Limited
Q4 FY2023 Earnings Conference Call"

May 26, 2023

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. AKASH KUMAR – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the India Glycols Q4 FY2023 Earnings Conference Call hosted by ICICI Securities. 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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Akash Kumar from ICICI Securities. Thank you and over to you Sir!

Akash Kumar: Thanks Evelyn. Good afternoon everyone. Thank you for joining us on India Glycols Limited Q4 and FY2023 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, 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 proceedings with his opening remarks post which we will have a Q&A session. Over to you Sir!

Rupark Sarswat: Thank you Akash. Good afternoon everybody and we welcome and thank you for taking out the time to join us and I hope all of you are doing well. Let me now take you through a brief statement of performance for India Glycol Limited for the quarter as well as the full year. You may have seen the results so I will quickly go through some of the highlights. If you look at the quarterly performance, we received a gross turnover of Rs. 1,616 Crores which is roughly 8.1%, a net turnover of Rs. 619 Crores which is down by 3.6%. Our EBITDA for the quarter of Rs. 100 Crores which is up 19%. We have seen a healthy EBITDA margin improvement so the EBITDA margin for the quarter is 16.1% which is up 306 basis points. If you can see for the quarter overall business has shown a good growth momentum during the quarter and you can also see marginal improvement which is supported by cost as well as some focus that we have had on better margin businesses. I will take about it a little later in a minute. If you look at the yearly performance, we have achieved a gross turnover of Rs. 6,642 Crores marginally up 0.6%. A net turnover of Rs.2651 Crores down by 7.6%. Keep in mind that when we are looking at the comparative year for one quarter. For the prior year we also had the business which eventually became a part of the joint venture. EBITDA for the year on a consolidated basis is Rs.319 Crores up 15.4%. EBITDA margin has also seen improvement at 11.9% which is up 237 basis points. As I mentioned to you, it has been impacted to some extent by the transfer of the EOD business to the JV which was still part of IGL for the Q1 in the prior comparative year and we have also discontinued some lower margin businesses which has impacted our turnover but at an overall EBITDA and EBITDA margin level it has remained healthy. As you have heard from us before the pressures on energy cost have largely affected the entire year and having said that we have taken actions for cost mitigation which has helped our margin improvement. Giving you a quick snapshot of what happened through the year so you can see, I have already advocated the numbers. We have had good revenue growth in terms of potable spirits which is up 10% and Ennature Biopharma which is at 22% and a decline in the BSPC or Bio-based Specialties and Performance Chemical top line with 15.9% again this is the part of the business from which the specialty portfolio was carved out and put into the joint venture and this is also part of the business in which we discontinued some poor margin businesses which is something that I have already mentioned. EBITDA in the quarter improved by 19% on a year-on-year basis compared to the same quarter of prior year and it improved 15.4% for FY2023 and you can see that there is a margin improvement across sectors so for the BSPC EBITDA margin for Q4 is 14.9% which is up 300 basis points and for the year it 9.7% which is up 270 basis points. For Potable Spirit for the quarter EBITDA margin is 16% which is up 40 basis points and for the year it is 14.1% which is up 50 basis points. For the Ennature Biopharma about 20 basis points improvement in EBITDA margin. That is also a business which is the highest margin business as such so that margin has been maintained. It has moved marginally up from 28.4% to 30.2%. Overall margins improvement across sectors we have had good margins sustained in ennature biopharma and we have also seen some positive impact on the cost including in house manufacture of grain-based ethanol and as I mentioned discontinuing some poor margin businesses. For Q4, PBT after exceptional items and share of profits in the joint venture is up by 43.4% on a year-on-year basis and PAT for the quarter stood at Rs.40 Crores and Rs.141 Crores for the full year which is FY2022-23.

Coming to some other non financial kind of highlights for the business. As I mentioned cost pressures have continued with high international ethanol prices however we see some softening energy prices and as you all know a significant reset on freight which has been a relief to us. I will talk about in a couple of minutes about some signs of softening future ethanol prices but it is too early for me to say whether it is going to be permanent. If it happens it is good for us. We have talked about grain based ethanol plants that we have installed, we have commissioned. The originally planned capacity has been achieved. It is helping us mitigate the impact of huge feed stock price increases and we are working on further debottlenecking the ethanol capacity to get more ethanol out it. May be we will do some bolt on capacity increases as well so as a result for the last many months we have completely stopped importing ethanol and if you go back one and a half to two years all the ethanol requirements for our business was actually coming from imports so I think that has been a major rise I would say strategic actions on the part of IGL to have taken that step I think it is helping us clearly. We have also from time to time spoken about new value-added products to the new specialties unit so that project is by and large as per plan. It has got multiple units to be commissioned smaller units to be commissioned one after the other. One has already been commissioned. Of course businesses like this need much more than that. It needs significant amount of work in terms of product development and business development which is work in progress. We are working with several good customers domestic and international and we have started initial commercial supplies to a few customers I think which has been a good start as we expected. On Ennature Biopharma we have successfully completed the EU-GMP audit conducted by the European directorate for the quality of medicine at our plant in Dehradun and this allows us to sell some of our nutraceuticals products in the Europe because it is a kind of a standard in Europe like FDA. On the joint venture front, we had a strong top line growth for the year but margins have continued to be under pressure overall because of the increased cost of ethylene oxide, feed stock and energy. IGL is also sold its entire stake in Shakumbari Sugar and Allied Industries Limited and the sale of the parent company's entire investment and equity shares and preference shares of the subsidiary is contemplated in one or more transfers to be completed before May 31, 2023. I stand corrected here. I have been told that it has been moved to 15th August 2023.

To give you a quick snap shot on what has happened in various business segments. As you know we have classified our business into three broad segments Bio-based Specialties and Performance chemicals which is BSPC, Potable Spirits and Ennature Biopharma. So, talking about BSPC Q4 revenue stands at Rs.389 Crores down by 9.3%. Full year revenue is at Rs.1705 Crores down 15.9% and we said that EBITDA for Q4 is up 12% and EBITDA for the full year for BSPC is up 17% and Q4 EBITDA margins at 15% are up 300 basis points. Full year EBITDA margins at 9.7% are up 270 basis points for BSPC. As I had mentioned and repeating it again business transfer to the joint venture was part of the Q1 2021-2022 results as far as BSPC is concerned so that is also in terms of comparative terms affect these numbers. We focussed on better margin businesses. We have discontinued some core margin businesses that has shown in terms of a reduction in top line but we can see a healthy growth as far as EBITDA and EBITDA margins are concerned. We have taken a number of actions including operational changes to bring down cost that has helped and we are developing new niche customers for our green products which are an ongoing process for us. The advantage also was that we now have in house ENA or ethanol available from grain based so not to a large extent to a significant extent mitigated the cost of increase in ethanol prices for us. New specialties unit is also going to help us build this business. It is a business that will grow slowly not a plant to set up and starting operating at 50%, 60% and 70% capacity right on day one. I think the entire exercise is about developing products, working with customers, and doing their business development work so that is in progress. On the Potable Spirits front, Q4 revenues are up 6% on year-on-year basis. Full year revenue up 10%. EBITDA for Q4 is up by a very good 32% and EBITDA for the full year is up 13%. On the EBITDA margins for Q4 it is 16% up 300 basis points. For the full year it is at 14% up 50 basis points. In summary, on the branded country liquor spirits, we have maintained a strong position in UP and Uttarakhand which has been the case for a couple of years. We also see that packaging material costs have gone up but they are stabilizing and they are giving us some room for margin improvement. There have been policy changes in several states. I think the biggest policy change or change after change I would say has been happening in Delhi where the government reverted to now only the government-controlled bodies since September 2022 after all that has been going on in Delhi which means that there will be no private retailers for whiskey. It is in a way myself from the point of view of managing outstanding. The UP government has given some price increases as far as country liquor is concerned and this is expected to have a positive impact in the upcoming financial years.

I am talking about Ennature Biopharma Q4 revenue was 16.7%, full year revenue was 22.7%, EBITDA in Q4 up 15% and full year up 22%. Margins for the quarter at 30.2% is up 30 basis points. Margins for the full year at 28.4% up 20 basis points. One of the good developments for the year has been a four times growth in the nicotine business segment compared to last year. We have continued to maintain this position as far as Thiocolchicoside is concerned. The market has been challenging from the point of view of demand as well as pricing and Thiocolchicoside is the API what also good is that the dependence on the business on API has been reduced by growing the business in terms of nicotine and in terms of branded nutraceuticals. That trend is expected to continue in the year ahead as well. You must have seen the financial summary so I will not go through the other details on the financial summary. I have covered segment wise performance and I have largely talked about the EBITDA performance but in terms of the reported results you will also see EBIT numbers because that is how it is supposed to be reported. I did not go through them because I have made that general commentary in terms of business of coming to segment wise performance. I have enclosed some details in terms of feedstock prices. The coal prices have softened a little bit which is good. Ethanol prices have continued to remain high, and I will talk about them a little bit. Ethanol has been important for our business, and I have from time to time spoken to you about the global ethanol scenario. I have mentioned to you that from a landed ethanol price of close to Rs.40 a litre we went up to Rs.70 a litre and the prices have continued to stay quite high for quite some time which is quite unusual if you look at it historically so obviously there are several considerations over there which includes ethanol blending, which includes the war. While everybody talks about war affecting everything but I think clearly you would understand that it has a significant connect. Energy prices in Europe went up very very high so a few things have happened some of which are encouraging. One is that there has been an extension of the grain day in Russia to allow export of grain through Ukraine navigating through Black Sea or the Bosphorus Strait. You would know that Ukraine is actually a big supplier of grain in the world. 10% of wheat, 15% of corn, and 13% of barley so that immediately impacts the grain prices and ethanol prices in many ways. You know the gas prices in Europe actually went up more than 10 to 11 times to something like €340 per megawatt which was down to close to €30 now so that has been a big relief based on the actions that Europe have taken. I understand that they have very significantly reduced the dependent on Russian gas. Energy prices of course were also putting pressure on ethanol prices for two reasons. One is that the increased blending of ethanol for the country to become more energy independent and also in general people have higher cost and likely more blending. I also understand that because of this constraint that Ukraine had they are also putting up their own ethanol plant so it will be very interesting to see what that does because they are finding difficulties in supplying the grain.

In general, rising interest rates and weaker prices of the agri commodities like wheat and corn paddy has had an impact. There is a broader projection worldwide that longer term gasoline usage is expected to decline at least in US and some of the major markets and I think in India, it will probably see a similar trend for whatever it means you can all feel a little proud that India now is the world's largest producer and consumer of sugar ever since we were children, we thought Brazil was number one and we were number two but as I said I have just spoken about trends and we all know that in today's world it is very, very difficult for even the best experts to make predictions and I am no expert, but since it is something that impacts our business, I thought I will give you a quick update. So that is more or less what I had to talk to you about in terms of how our business has been doing across segments, what are some of the factors that have been impacting us or what are some of the actions that we have taken and hope I was clear in communicating what I had to and over to Akash for us to take a few questions.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha: Thank you for taking my question Sir. Congratulations for a good set of number so just wanted to understand the kind of margin expansion which we have seen in this quarter? Obviously there was some bit from the low margin businesses which we have discontinued and most of the benefit maybe would be coming from the grain based plant so what other apart from this what are the other factors has contributed to margin expansion and how much we are seeing going forward that could be possibility of further margin expansion in context of this grain based plant?

Rupark Sarswat: So Rohit to answer your question, I think first of all there are several factors. One of course is the fact that we have put in grain based ethanol capacities in house and as far as that is concerned in the last quarter we were using all in-house ethanol so a big jump coming from adding grain capacities by itself is not going to happen except that if we start to get cheaper ethanol from imports we could always direct what we are manufacturing largest parts of that for the biofuel segment or if we add capacity. The other thing that we have done as I said is we have taken steps to reduce poor margin businesses. In fact to tell you one of our challenges was that we run continuous plant and if you run continuous plants, various products get produced at a minimum support rate anyway one of them being MEG so which means that in a very, very bad market, there really has been a bloodshed as far as MEG is concerned not only for IGL but for other people as well, but most of IGL given our higher costs so we had no choice but to held the energy that we producing so we have taken some operational action based on which we could operate our plant at much, much lower energy output and shifting the mix of product which we could sell. That has helped us, so obviously that business which sometimes could also be loss making. We are not doing in terms of top line and some other things that we are working on some action that we taken. We have been trying to run a very comprehensive energy equipment programme on the site. A number of those actions have been taken. Had it not been for some of those actions we would not have seen such results. That I believe will continue and we will get some more benefits out of those actions in the years to come because some of these actions are slightly longer term. It may take us six months or even one year to complete based on equipment that has been ordered. It is too early for me to say what outlook I gave for you to margin, but I think there is enough reason to believe that the margin improvement that you saw this year and this quarter is not a one stop happening. It is based on fundamental things. It is based on ethanol capacity. It is based on energy. It is based on changing the operational philosophy for our plant which allowed us to not do poor margin business so I hope that answers your question Rohit.

Rohit Sinha: Yes Sir thank you. Secondly, I mean as we were talking about the debottlenecking grain-based plant so just wanted to understand what is the update there when we are expecting new capacity to add and would we be looking for selling in the market also ethanol and if we have a better pricing scenario?

Rupark Sarswat: You have answered the question Rohit. Look I do not have numbers to give you right now in terms of what capacity increase, but we are quite encouraged that we have done the right thing and we are also aware that the government is quite bullish on continue to blend more. As you know the government has actually preponed their target of ethanol blending from 2030 to 2025 so which means there will be a requirement for ethanol and from our perspective anything additional that we produce, we believe we could always sell it for biofuel blending largely. Of course it is a little more complicated than that because there are geography constraints and transportation constraints. It is not that suddenly you could ship it all the way to Tamil Nadu, but yes the generic strategy will be of course we will also have to look at how to allocate our capex and so on but the generic strategy is to get some more capacities out of our plant without spending an awful amount of money and if we have whatever amount of surplus ethanol we have we could contribute more towards the biofuel opportunity.

Rohit Sinha: Okay great. One last question before I come into queue in the Potable business as we have mentioned that earlier we have got price revision from the UP government so for other regions what is the update and given the size increase there I mean from Q1 FY2024 maybe we should be expecting better margin in the Potable business also or it could be in the similar line?

Rupark Sarswat: See I think we are talking about branded country spirits and maybe I can ask and you want to comment or may be Deepak can comment and you can add.

Raju Vaziraney: I will comment on IMFL.

Rupark Sarswat: Deepak are you there.

Deepak Satya: To answer your question. In the country liquor the EDP increase will be having be having a kind of a positive impact across the strength of business that is 25%, 36% and 42.8% there has been a significant, not a significant one, but considerable price rise given by the UP government and when it comes to Uttarakhand the introduction of tetra packaging in the country liquor segment, it also gives us another kind of an area to improve our margins in this business.

Raju Vaziraney: As far as IMFL is concerned in Delhi, as our CEO mentioned a few minutes ago Delhi offers a good opportunity for newcomers and Indian companies because number of MNCs are not approved this year. You would have read it in the newspapers so what we have consciously done is in states like UP, where our deployment of working capital is very high because we have to offer duty paid credits. Here is an opportunity where we deal with government and government pays us within 30 days so the entire cash flow cycle improves number one. Number two, we have made huge gains in terms of as many as three Vodkas we are doing one plain and two flavors and cautiously we are trading the product mix and also the state mix so ultimately in the long term this will give us very good results because our dependence on our home states of UP and Uttarakhand number one will not only reduce, it will improve the cash pricing as well as the bottom line. Cautiously the management has taken a call to enter into markets which are corporation driven where the money is secure and the payments come in time so we are opening up in states like Rajasthan which is a corporation lead market and it is a big white spirits market and our Amazing Vodka is showing good signs and good traction so it is already number two Vodka in UP, Uttarakhand and Delhi so we would like to open up more corporation markets where we can make our presence felt.

Rohit Sinha: Okay Sir got it. That is it from my side. I will came back in queue. Thank you.

Moderator: Thank you. The next question is from the line of Nitin Awasthi from Incred Equities. Please go ahead.

Nitin Awasthi: Thank you for the opportunity. A few questions from my side. Firstly I want to understand there is a statement in the earnings presentation where you say that you're a leader in country liquor so I just want to understand country liquor or branded country liquor and how different is the segment, how big is the country liquor size and how big is the branded segment out of that?

Rupark Sarswat: So it is not much of a difference as far as we are concerned. All are country liquor is sold as branded so it is branded country liquor.

Nitin Awasthi: Okay how much percentage market share would you have in branded country liquor if I may ask?

Rupark Sarswat: Yes Deepak do you know the numbers?

Deepak Satya: We hold a decent market share of about 25% to 27% in UP. We are one of the largest producers of country liquor there and in terms of the market share in Uttarakhand we command close to about a 50% to 55% share in Uttarakhand.

Nitin Awasthi: Okay so when you say you have 27% of country liquor in UP, you are not discriminating between branded country liquor and normal country liquor?

Deepak Satya: No, we are not discriminating between them. Both are the same.

Nitin Awasthi: Both are the same okay understood. Now I want to understand one more thing Sir in the recent excise policy by the state of UP, they mentioned something on the lines of what the Rajasthan government does in the sense of UPML or UML, UP made liquor how are you viewing the segment? Do you think this segment is going to be very lucrative for a company like yours who has a huge market in country liquor already?

Deepak Satya: Sir to answer your question. The UP made liquor is predominantly directed at I mean like in order to promote the production from grain, grain based ENA leveraging that to make a country liquor that is what the idea of the UP government was. What they have done is they have placed this entire UP segment UPML in the 42.8 strength of country liquor and we definitely do see this as a kind of like a large market. Having said that so this particular 42.8 has traction in all of your UP that is from West to East and we are currently working out on our logistics to cater to far West of the UP because our plant is in the Eastern side of the UP so in our adjacent districts of the manufacturing location we are pretty much well placed in that and we are leveraging our existing network to penetrate into the shops that are allocated for country liquor, but on the Western and the central part of UP, we are working on our logistics and hopefully by the end of next quarter will be able to update you more on this.

Nitin Awasthi: Understood. Sir one of the participants had asked a question and you responded saying about the Vodka segment, you mentioned your positioning in the Vodka segment? You have also launched a whiskey single reservoir whisky is that gaining traction in the market especially the home market?

Raju Vaziraney: Yes see we have launched three new brands in the last one year and we would like to consolidate them. First, as you rightly mentioned, it is amazing Vodka. Amazing Vodka has got very good response from the consumers and we have as much as 25% to 27% market share in Uttarakhand. We have more than 12% in UP and we already have more than 17% in Delhi and within a span of one year. This is largely due to our brilliant blend that we have innovated and end of the day blend is what sells in the market. Now as far as single reserve is concerned, the whisky segment is very difficult in India because multinationals all make their brands available in India and it is very, very competitive. It is very easy for us to burn a lot of money and try to make gains in the whiskey market but ultimately the consumer is extremely, the franchise of the brands in competition is very, very strong and deep pockets are required for making whiskeys popular. So it is a slow burner, but it is a definite growth. We have good traction of single reserve in Uttarakhand and Delhi. UP we are concentrating on Vodka and the third brand that we have launched called Zumba. Zumba as the name suggests talks about fun and frolic and it is aimed at youth and it is a fun drink and we have got two expressions of Zumba. One is the Zumba Black, which is a spiced rum. Spiced Rum is a new innovation in the market. Youngsters love spice rum as opposed to the traditional cane juice which will give off smell. We offered genuine spiced rum and second is the, we have a very prominent summer in the North particularly in our hinterland of UP, Uttarakhand and Delhi so we have offered a citrus version of Zumba, the early signs are very encouraging. As you know we make Bacardi in Kashipur Bacardi brands, it is coming from the same source. We have very high degree of quality consciousness at our mother plant in Kashipur and the good report is that we are making good inroads into the semi premium segment. This is our first brand in the semi premium segment which is as high as Bacardi Plus we say so we are at say 5% higher than Bacardi and I am sure in the next few quarters, the brand will establish itself. So all the three brands we are very closely working. We have no plans to launch new brands because we want to consolidate on these new three brands launched last year.

Nitin Awasthi: Understood Sir. Sir last question from my side what has been the ENA price trend in UP and what is it now? What was it during the quarter and what is it now and the same thing for grain prices broken that is damaged grain prices.

Rupark Sarswat: Sorry.

Nitin Awasthi: Broken rice prices because that is what the main source of ENA would be?

Rupark Sarswat: Yes look, I think I do not have the exact numbers of the grain prices inside, but maybe you can send us this question. I know that they have been largely range bound which is around 22.

Anand Singhal: The grain which we are buying from FCI that is costing us Rs.20 and from the market, the grain largely is coming out in the range of Rs.21 to Rs.22 at present. The prices have slightly firmed up in last one to one and a half months but the FCI prices is firm at Rs.20.

Nitin Awasthi: Understood and similarly for ENA?

Anand Singhal: ENA in the market since we are buying grain and molasses more than the ENA it is still I will say that the grain prices are ranging from Rs.49 to Rs.52.

Rupark Sarswat : So you are talking about ENA buying prices or selling. We largely sell ENA.

Nitin Awasthi: I am talking about the selling prices or the market prices at which the market it trading or which companies are buying it?

Rupark Sarswat: So there is a wide range Nitin. It is anywhere between Rs.62 to Rs.65. Even in some places it is Rs.70 depending on applications and so many other factors. We are not a very big ENA player. We have our huge consumption based on our opportunity we sell.

Nitin Awasthi: Understood. Thank you Sir.

Moderator: Thank you. The next question is from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Good evening Sir. Thank you so much for taking my questions. Sir on the power and fuel cost, it is above 15% of sales in Q4 FY2023 and can we expect this will normalize around 8% to 10% in that kind of range and we also signed an agreement with Renew Green to secure captive wind and solar hybrid power when this will come into the place if you could share more light on that? This is my first question.

Rupark Sarswat: Bala to answer your second question first. We expect the Renew agreement to be, we have already signed it, but for us to start commercially getting this will be one and a half years from now but from this time roughly two years ballpark right and as far as the cost of materials is concerned I was looking at.

Anand Singhal: This you are asking Mr. Balasubramanian is vis-à-vis the last quarter or what.

Balasubramanian: Sir power and fuel cost in this quarter Sir Q4?

Anand Singhal: Q4 power and fuel cost is about Rs.102 Crores.

Balasubramanian: It is above 15% of sales and if you look at historical which comes to 8% to 10% of sales and will the forecast remain elevated in that range or like how you are going to manage?

Rupark Sarswat: So Bala what has happened is there two things while the power cost as a percentage is high. One power and fuel costs not only power costs, One we have mentioned to you that the energy cost really went up and having largely it was quite high and that is why I also displayed a coal cost because that also contributes to fuel costs. So, we were buying coal on credit that is one factor. The second factor is that since we have also discontinued some not so profitable businesses in terms of volume, etc., so you see that to some extent that there is an impact of the scale so per unit cost seems to be higher, but if you see overall EBITDA level that is much better so I think in terms of trends, what I would see, it is a bit of a guess estimate looking forward. One is that as volumes come back, volumes were relatively lower, both from a daily perspective and from our own perspective. We got rid of some businesses and as an energy cost stabilize whether it is coal or whether it is a Renew power coming to us, I would a little cautiously say that our power and fuel cost as a percentage of revenue can be expected to come down. It is very difficult for me to give specific numbers but I have given you the rationale based on the current changes.

Balasubramanian: Okay got it Sir. Sir on the export side, what would be out revenue share for 2023 and Q4 FY2023 and are we facing any challenges on the export side because some of the countries are slowing down right now if you could share your comment that would be really helpful?

Rupark Sarswat: So, Bala countries are slowing down. Obviously, it will put some pressure. As of now, we had some challenges which have included freight, which have include increased costs of technology, it has included lower costs off energy, etc., so I think we have been all that is there. We are looking at it cautiously like you I also read Germany has gone into recession so there is no doubt that there will be some impact but how much is very difficult for me to right now say, but it is not that it is going to suddenly fall off the cliff. That we do not see.

Balasubramanian: Okay Sir got it. Sir on that Bio-based Specialties and Performance Chemicals if you could share which are that products are witnessing tractions or which are the products are facing slowdowns?

Rupark Sarswat: See, we have two categories in this. One is a category called glycols so in glycols what we saw was that over the last two or four years one big customers of our buying glycols for use in packaging, they shifted to recycled PET in the US and that customer at one point in time was 95%. All our sales to that customer came down. However, the good thing is that over the last three or four years, we have developed a number of niche few customers which is about 15 to 20 customers and our sales have continued to steadily grow and despite the fact that we lost a customer which was 95% of our sales four years ago, we have still maintained 70% of our profitability and we expect that the steady growth will continue in the years to come. You know, we have also seen some players who are working on 100% bio PET. Right now the bio PET which is made in the world uses two components. One of the component is Bio MEG. The other one is PTA. PTA was still not bio-based and people are very kind of somewhat excited that they would like to offer 100% bio based PET. When those units come up, we are expecting that it will happen in the next one to two years, we will see further traction in that segment. We faced a challenge as far as glycol ethers are concerned mainly because butyle prices internationally drop so we had a lot of competition whilst we maintained domestic sales over there. ENA, we have seen good traction for a few reasons. One is that we are now manufacturing grain based in ENA ourselves, so that momentum will also continue. In biopolymer, we have done quite well. It is a small business, but we have grown well both in terms of top line as well as bottom line and because of our focus on specialty value added products, we expect that momentum to continue. In the new specialty areas, it is something which is a completely new range of products, not something that has gone to the joint ventures. The focus that I have seen so far in terms of the work that we are doing on process development, business development, and initial commercial success is positive so you will see that we will continue to see good traction in a new specialty product particularly somewhat this year because this will be the first year of various parts of the plant getting commission but definitely next year, so I have tried to give you a snapshot on the relative level of tractions that we are seeing in various segments.

Balasubramanian: Thank you so much for detailed answer Sir. That is it from my side.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Centrum Broking. Please go ahead.

Rohit Nagraj: Thanks for the opportunity and congrats on good Q4. Sir my first question is in the last one year we had a challenging P&L however the balance sheet has become more leaner given that we have done a lot of noncore businesses divestment, I just wanted to get a perspective from a three-year vision, what will be the individual levers for individual segments and what are the key challenges that we may face to get that particular vision right? Thank you.

Rupark Sarswat: So thank you Rohit for asking me a difficult question, but I will give you a long answer. You asked me about the key levers and challenges right?

Rohit Nagraj: Right I mean from a three year perspective, what are the growth drivers across our business segments and what could be the challenges that we might face?

Rupark Sarswat: Okay so the drivers for our business is one of the actions that we have taken was to do significant risk mitigation in terms of feedstocks and as I had spoken about it earlier we are one of the few companies which now have potentially three sources of ethanol and three potential outlet for ethanol so we could do grain, we could molasses, we could do imports and you can use them in chemicals, you can use them in potable spirits, and you can use them in biofuels. That has largely been taken and I think that makes our business quite resilient from the point of view of safeguarding some of the things that we saw. The second broad key driver is where is the growth going to come from? So in terms of the growth, we have been looking at several things. I think we have looked at new areas, which is what led us to taking our small steps toward new value added product where we are looking at amines, we are looking at plasticizers, and we are looking at oilfield chemicals. Oilfield chemicals already we are selling some. We are looking at grain solvents and more new chemistries as well and the third driver would be our ability to leverage our strength and credibility in several areas which is sustainability, product development, process development, R&D and developing some real good partnerships and we are talking to as we speak at least five or six big global companies to see how we can develop some partnerships so these I see as key growth drivers. Of course, we need to take actions internally within the organization, which is to restructure and strengthen the growth engine in terms of people, in terms of systems and processes and in terms of culture. The challenges that I see is one of course whether the world slows down. The challenges in terms of feedstock prices like ethanol. Right now of course they are showing signs of a softening, which is a good sign and the competition response in terms of what happens to MEG, etc. I think and I like to believe that the worst headwinds that we had to see, we have seen in the last one and a half to two years. Some headwinds may continue. We may have a few new ones, but my guess is that the worst has been received and I will now we need to direct our sail make use on new tailwinds. There are potential significant tailwinds. I think the fact that the world is looking at India is a very reality for partnerships with good manufacturing organizations in India. For that there are a number of developments in India in the chemical industry be it hydrogen, be it with hydrogen-based chemicals, be it with ammonia, be it energy I think they are going to be very interesting enablers for the chemical industry so all in all I think times of caution continue if you understand that. We are in a very, very rapidly changing world but given what I have seen over the last couple of years, I am certain about what is going to happen but I am reasonably confident and optimistic that we will navigate this well.

Rohit Nagraj: Sure thanks a lot. That was an elaborate answer. Sir the second question is Anand Sir for you on the balance sheet front once these divestments are done and we receive money from Clariant the rest of the Rs.190 Crores, what would be the debt on our balance sheet?

Anand Singhal: Rohit if you talk about the debt numbers, the company is having say about Rs.621 Crores term loan okay as of 31 March 2023. Out of that if we get that money which is to come from the joint venture which is about Rs.100 Crores so that will also go to the debt repayment. Apart from this, we have a normal repayment of the rupee term loan which is about Rs.150 Crores and of course, the $11.4 million for EPBG because the remaining period for EBVG is only for two years. So hopefully I will say that debt will start coming down because there is no big size capex in the pipeline except some of the expansions in the grain distillery or some of the projects which we have already undertaken okay so we do not expect any big number or big increase in the term loan and of course, it will come down that is what I can say.

Rohit Nagraj: Right. Just one last question if I can squeeze in from the ethoxylate perspective the business that we have diversified to Clariant, how much of the ethoxylate usually go in for agrochemicals? I mean I am asking this question primarily because there has been a significant demand slowdown on the agrochemicals given that inventory destocking is going on and plus China coming back into the equation, so just wanted to get a perspective whether it will affect the JV business significantly or not Thank you?

Rupark Sarswat: Rohit I do not have the exact numbers or what percentage of there is argo chemical. I can only see that given some of the actions that we have taken on the cost front and some more that we will take because the challenges of the JV are completely different. As of now, we would be seeing some increase in daily off take activity but to be honest how agro chemicals, it is not really big for them. Look, there are many segments, but it is not as if it is the dominant segment for them.

Rohit Nagraj: Sure got it. Thanks a lot for answering the questions and best of luck Sir.

Moderator: Thank you. The next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Thank you. Good afternoon all. I got a few questions. The first is on the revenue outlook for each of the segments for say FY2024 and FY2025 we had a lot of the demerger which optically made revenue growth look softer for the last two quarters can you help us understand what is the range? I know we do not give guidance but at least a ballpark range if it is possible for us to grow the revenue assuming the raw materials prices remain where we are today.

Rupark Sarswat: Yes. As I said we do not give forecast for top line, but I have in my long answers to questions from Rohit and Bala before this I had talked about the levers and I have talked about the challenges. I have narrated the action that we have already taken. I said that some of these things will continue to possibly impact us in the times to come. There are some uncertainties around as you said, I was asked about the recession in the world about what happens to ethanol prices. The fact that I believe the last one and a half to two years was probably one of the most difficult times and times ahead in my view would be better and the same thing I have to say about the business very, very difficult to put a number to it or at least I would not like to give a forecast.

Sanjesh Jain: Fair enough Sir. The second question is on the ethanol we have used grain based ethanol for captive consumption while we started with the view that we may use it for the blending say a year down the line if ethanol prices come down to say Rs.40 again will you want to shift grain based ethanol for the energy and we start again importing back ethanol for our downstream products?

Rupark Sarswat: The answer is in your question. The good thing is that our capacities will not go waste. We can direct more and more towards Bio fuels and for captive use we will start using imported ethanol. We think it will help us in our top line as well as bottom line.

Sanjesh Jain: Got it, but jut now we have an edge on the raw material locally at least significantly because we are now backward integrated for ethanol from a business perspective what is more advantageous position for India Glycol? The ethanol prices remain high and we are backward integrated? We can always remain competitive to peers or you want the ethanol prices to normalize and we maximize the earnings from all our assets so what is more idealistic situation for India Glycols?

Rupark Sarswat: That is also clear Sanjesh you would understand that. If the ethanol was a free market and everything could be sold everywhere and then you would imagine that if the ethanol prices fall what would happen to my factory but that is not the situation. You have got a government which wants to blend 20% by 2025 compared to 2030 so they are encouraging people to put ethanol capacities and the price of ethanol is decided by the government leaving on the table some reasonable decent or marginal profit for the manufacturer. Okay so that is the case. In this respect what happens is, our other business which had the traditional business of India Glycols is in the business of ethanol based and bio based chemicals. Now you said we have an edge. We do not have an edge. We have tried to mitigate the risk. Right now we do not have an edge. At one point in time we had an edge because our competition is not ethanol. Our competition is crude so if the ethanol prices come down globally and for the chemical sector, it is good for us. Increased crude prices and lower ethanol prices are good for us. It is more complicated than that but I have to give an answer, so that is what broadly it is.

Sanjesh Jain: No it is quite clear for me. The next question is on the JV performance for the year at least can you elaborate and explain as how is the JV performing? Are we on the track to what we thought when the JV was signed?

Rupark Sarswat: So on the top line yes. On the bottom line, no and I have mentioned to you that the same sectors which are impacting us, particularly EO and ethoxylate which we sell that affected their profitability quite a lot, but on the top line as I mentioned it has been a good growth for the year for the JV. So going forward, I think some more actions are being taken on the cost front, which will help them compete better in the market. Some actions are also taken which were always supposed to be slightly longer term which is developing the bio-based business in their international market which as you would imagine is time consuming one from an approval perspective and second, it also involves transferring some recipe and some technologies here which will also time consuming so those two are the positives which the JV would like to leverage in this year and the year ahead.

Sanjesh Jain: Got it. My last question is on the capex so we intend to increase our ethanol capacity from 180 KL to 360 KL and this will be largely a Brownfield so will this be a significantly lower capex than what we did in the first phase because a lot of infra will be commonly used when we are expanding the capacity and number two, what is the capex anticipation for a FY2024?

Rupark Sarswat: The answer to your question will it be lower is yes. We still have a lot of things to do. We have a Brownfield site already there. We also have some infrastructure traditionally from molasses base fermented, etc., contracting so the cost will continue to be significantly lesser than that of Greenfield size.

Anand Singhal: In 2024, we are hopeful that the capex size for all the capexes which is under pipeline or which we will start fresh like 180 KLPD to 360 KLPD will be around Rs.200 Crores.

Sanjesh Jain: Got it. You want to give the number what was in the capex means from increasing 180 KLPD to 360 KLPD?

Anand Singhal: No, that is in process. I cannot share that number right now, but the overall capex size for the year 2024 will be around Rs.200 Crores.

Sanjesh Jain: Fair enough. That answers all my questions and best of luck for the coming quarter. Thank you.

Moderator: Thank you. That was the last question for this call. I would now like to hand the conference over to the management for closing comments.

Rupark Sarswat: Thank you Akash. Thank you very much for conducting this conference. Thank you gentleman and ladies, no lady asked me a question though for joining us on this conference and showing the level of interest that you have shown by asking me a lot of questions. We hope we have given you the responses that you needed and behalf of my colleagues here thank you. A good evening and best wishes to all of you.

Moderator: Thank you. On behalf of ICICI Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.

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