



INDIA GLYCOLS LIMITED

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21st November, 2025

The Manager (Listing)
BSE Limited
1st Floor, New Trading Ring,
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Mumbai – 400 001

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

Scrip Code: 500201

Symbol: INDIAGLYCO

Dear Sirs,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Q2 &H1FY26 Earnings Conference Call.

Further to our letters bearing no. IGL/SE/2025-26/58, IGL/SE/2025-26/61 and IGL/SE/2025-26/62 dated 7th, 18th & 18th November, 2025 respectively and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Conference Call for Q2 &H1FY26 held on Tuesday, 18th November, 2025 is attached.

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

This is for your information and record.

Thanking you,

Yours truly,
For India Glycols Limited

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



**“India Glycols Limited
Q2 & H1 FY 26 Earnings Conference Call”**

November 18, 2025



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

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

Moderator: Ladies and gentlemen, good day, and welcome to India Glycols Limited Q2 and FY '26 Earning Call, hosted by InCred Equities.

This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on date of this call. The statements are not the guarantee of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participants' 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. Nitin Awasthi from InCred Equities. Thank you, and over to you, sir.

Nitin Awasthi: Thank you. Good evening, everyone. Welcome to the Q2 & FY '26 Earnings Conference Call of India Glycols.

Firstly, I would like to thank the Management for giving us this opportunity to host the conference call today and also congratulate them on a good set of numbers.

India Glycols Management is represented by their CEO – Mr. Rupark Sarswat, their CFO – Mr. Anand Singhal, the Head of Liquor Business – Mr. S.K. Shukla; Head (Legal) and Company Secretary – Mr. Ankur Jain.

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

Rupark Sarswat: Thank you, Nitin, and a very good afternoon to everybody.

Let me start by apologizing for making you wait. For about 10 minutes, we had a minor issue to deal with. And as Nitin said, I will give you a quick overview of our performance, and we will give you also a quick overview of how the various segments have done, what the key factors have been, and so on. Some of it would be a bit of a repetition for you, but for the sake of completeness, I would do that.

So, if you look at the Quarter 2 performance for the Financial Year 2026, our gross revenues have increased from INR 2,144 crores to INR 2,412 crores, which is up 13%. Our net revenue is up from INR 961 crores to INR 1,092 crores, which is up 14%.

Our EBITDA is up from INR 120 crores to INR 160 crores, which is up 33%. And the EBITDA margin is up 12.4% to 14.6%.

Our PAT is up from INR 50 crores to INR 65 crores, which is up 31%. And the PAT margin is up from 5.1% to 5.9%.

So, overall, we have seen a good strong growth and net revenue growth for the business. And we have also reported an EBITDA margin, which has a healthy upside of 216 basis points, while the absolute EBITDA has grown by 33%.

If you look at the H1 performance, I am pleased to also report a good performance, where we have seen strong sales in Biofuels and Potable Spirit segment particularly, which have contributed to strong growth in both contributions as well as revenue. EBITDA margin has also grown strongly for these two segments. BSPC and Ennature Biopharma have seen a quarter under pressure, somewhat weak. But for BSPC, we registered a modest margin expansion during the period.

So, for H1, our gross revenues have grown from INR 4,426 crores to INR 4,916 crores, which is up 11%. Our net revenue, which is up from INR 1,930 crores to INR 2,133 crores, which is up 11%. Our EBITDA, which is up from INR 248 crores to INR 311 crores, which is up 25%, and margins up from 12.8% to 14.6%. Similarly, PAT is up from INR 110 crores to INR 138 crores, which is up 26%. And in percentage terms from 5.7% to 6.5% is the PAT margin.

In terms of business performance in Q2, our net revenue, which stood at INR 1,092 crores in Q2 FY '26, this is compared to INR 961 crores in Q2 FY '25, which is up 13.6%. Our Biofuels sales increased by nearly 63% to INR 423 crores for the quarter. And our Potable Spirits sales is up by 24.5% nearly, year-on-year, to INR 338 crores. For the chemicals business, the sales are at close to INR 288 crores, which has been a weak quarter, as I said. And similarly, for the Ennature Biopharma, INR 43 crores.

Our EBITDA increased by 33% at INR 160 crores, as you know. And for the segments, Biofuels EBIT margins have increased from 5.1% to 6.9%. For Potable Spirits, EBIT margins have increased from 20.5% to 21.4%. And for Chemicals, EBIT margins have expanded from 8.1% to 10.9% or nearly 11%.

And amongst other things, share of profit from the JV has also increased by 6.8% year-on-year to 12 crores.

If you look at the H1 performance, our net revenue at INR 2,133 crores versus INR 1,930 crores is up by 10.5%. Biofuels increased by 54.5% to INR 770 crores. Potable spirits up by 23.4% to INR 338 crores. BSPC stood at INR 588 crores, and Ennature Biopharma INR 94 crores.

Our EBITDA increased by 25%, as I mentioned earlier, from INR 248 crores to INR 311 crores and EBITDA margins from 12.8% to 14.6%. Biofuel margins have increased from 6.4% to 6.8%. For Potable Spirits, EBIT margins have improved from 19.0% to 21.3%. And for the Chemicals business, other than biofuels now, EBIT margins have expanded from 9.0% to 10.9%. This is for the first half.

Another thing which I have also looked at, at an overall level, when I look at our EBITDA trend over the last several years, we had a relatively lower year in the year 2022, at an EBITDA margin of close to 11%. And that has improved steadily from 11% to close to 15%, as you would see now, which has been a steady, you would say, recovery for the business or growth in the business, not only in terms of top line, but also in terms of the quality of the business. So, we had it at 11% in the year '22, then 13%, 14%, 14%, and now we are closing up nearly close to 15%, which is good.

I will take a short pause here. And Anandji, would you like to give a quick summary of financials?

Anand Singhal:

So, just to update on the financials in a summarized manner, as on 30th September 2025, on standalone basis for the quarter ended, the total income from operations is INR 2,413 crore, with EBITDA of INR 160 crores. PBT is INR 72 crores and PAT is INR 54 crores.

Overall growth in all the sectors, and which has already been explained by our CEO, on consolidated basis, the total income from operations is INR 2,414 crores against INR 2,148 crores. EBITDA is INR 160 crores against INR 120 crores. PBT is INR 84 crores against INR 63 crores. And PAT is INR 65 crores against INR 50 crores.

So, on half-yearly basis, on a standalone basis, our turnover is INR 4,917 crores vis-à-vis INR 4,433 crores, with EBITDA of INR 310 crores vis-à-vis INR 246 crores. So, EBITDA has gone up almost by, I will say, 26%. On consolidated basis, the sales is INR 4,920 crores vis-à-vis INR 4,433 crores. And EBITDA is INR 311 crores, which is INR 248 crores. So, all-round growth, the financials, as per comparing to the last quarter, is showing very good growth overall in the company.

So, this is the brief on the financials.

Rupark Sarswat:

Thank you, Anandji. Continuing with the highlights to tell you a little bit about the joint venture business, which though reported a softer quarter in terms of sales and EBITDA, which has been partly on account of pressures in domestic sales, a slightly higher pressure in terms of export sales, some cascading impact of tariffs and also lower crude prices, which means that our EO prices were slightly higher. So, it was a slightly lower quarter.

But if you look at the half yearly performance for the JV, it is overall quite good. So, there is a marginal sales growth. There is a EBITDA growth of close to 17%. And there is a PAT growth for the joint venture, which is about 35%, which also means that the IGL share also has grown for the half-year by close to 35% -36%.

Now, talking about the segmental highlights, let me start with the Biofuels first, which has been a segment which has shown good growth for us and has helped us take both our top line and bottom line up. So, for the quarter, for biofuels, our net revenue is up from INR 260 crores to INR 423 crores, which is up close to 63%. And for the first half, it is up from nearly INR 499 crores to INR 770 crores, which is up nearly 55%. And at an EBIT level, for the quarter, it is from INR 13 crores to INR 29 crores, which is 121% up. And for the first half, it is up from INR 32 crores to INR 52 crores, which is up by nearly 63%.

So, overall, Biofuel has given a good growth in terms of numbers that I told you. So, it has been supported both by the blending program and I think our adding capacity to continue to service that through multiple feedstocks, right from molasses to grain, to as and when it is optimal for us, also looking at utilizing corn.

To give you a quick update, IGL has supplied about 15 crore liters in the year '24-'25, and we supplied about 1,100 crores in the year '24-'25. And we expect it to grow in line with the blending program.

Talking about the blending program, the good thing is that the blending program has more or less progressed as per plan from nearly 5% blending in '19-'20 to an expected blending of close to 20%, which is expected in this year, which is the year '25-'26.

However, what has happened slightly is that the capacity has also caught up with the demand because the blending program is right now at 20%, while there is discussion on how it can be increased beyond 20% to maybe up to 27%. There is now some excess capacity in the industry. And this is obviously part of a net zero nationally determined commitment, which is the commitment by India by 2070.

In short, it has helped rural economy and farmers' incomes, payments to farmers of roughly about INR 40,000 crores happened in '24-'25 and Forex savings of about INR 43,000 crores happened in the same year.

There is also a significant crude oil substitution which is close to 24 lakh metric tons on account of this. And while there has been some talk in the social media about E20, but the government has come out with a paper clarifying and there are definite advantages which have been realized on account of the blending program, both in terms of the economy as well as cleaner air, as well as in some factors better engine performance, while there have been some concerns about

slightly lower mileage, which is expected because of Ethanol being slightly lower dense in terms of energy.

So, the government is clear that the policy of 20% blending is up to October 2026. Beyond 2026, the government is looking at the possibility of increasing it to about 27%. However, that is something which will be clarified by the government in the times to come. So, that is as far as the Biofuel business is concerned.

The Chemicals business overall has had a weak quarter in terms of sales. And from close to INR 369 crore, we registered a net revenue of close to INR 288 crore for the quarter. And from close to INR 763 crores, we registered a revenue of close to INR 588 crores for H1. At an EBIT level, however, our EBIT grew for the quarter from INR 30 crores to INR 31 crores and is marginally lower compared to the first half of last year, which is from INR 69 to INR 64 crores.

Now, there are various factors for this, which I will cover a little later, which includes slightly lower offtake by the JV, some drop in terms of value of some of our products. At a volume level, however, we were closer to flat in the first half.

So, amongst various things which have put some pressure on us, one is a global situation which has meant that crude has been close to \$60, which has meant that some of the other products like MEG have been lower on cost and some other petrochemical-based alternatives to our products have been lower on cost and we have had to struggle on price as well as margins in areas like glycol ethers.

And also, 50% tariff in the U.S. has impacted to some extent the joint venture, some of our products directly and some of our products indirectly. We hope that that will stabilize, which will mean that the markets in Europe and America and elsewhere will have, hopefully, a positive impact.

Now, what we also see, hopefully, is that there is a general expectation that with India and China expected to buy less and less of Russian crude in the months to come, as the two major Russian oil suppliers have been put under sanction by the U.S., we expect the oil prices to harden a little bit. There is general consensus on this. That is just a projection, which means that, relatively speaking, the disadvantage that we were having may become lesser. And we are hoping that with the resolution of the trade issues between India and U.S. would also help the overall chemical market globally and domestically to start to be better.

And the highlight for us in terms of the chemicals business, small highlight, is also that, as you know, we started with new performance chemicals, which is doing well. I am quite confident about the strong pipeline that we have. That business quite small is doing well, with very strong partnerships starting to merge with significant players like BASF, Newpark, Dow, etc.

We have also become the first ever company globally to make bio-based amines. Whilst we are to start commercial sales in this quarter and the next quarter, but nevertheless, it is an achievement where we worked with customers like L'Oreal and others. And we are working with other partners to see how we can build that bio-based amines business. And we are looking at several new technologies and we will keep you posted. So, that has been a quick update on the chemicals business.

And let me now go back to last but not least, which is the Potable Spirits business, which has also done very well for us. For the quarter, sales have improved from INR 271 crores to INR 338 crores, up 24%. For H1, sales are up INR 551 crores to INR 680 crores, which is 23%. EBIT for the quarter, up from INR 56 crores to INR 72 crores, which is up 30%. For the first half, up from INR 105 crores to INR 145 crores, which is up 38%. So, that is good.

I think our Amrut partnership is doing well. To start with, we have introduced nearly 8 to 10 different brands of Amrut in various areas. And we have continued our solid performance in Country Liquor, both in Uttarakhand as well as UP.

We are looking at expanding the market as far as IMFL is concerned in areas like Kerala geographically. As you know, we have seen good growth in the Paramilitary area and we are looking at getting some of our brands approved in the Canteen Services Department for the army, which will also drive the next phase of growth in the IMFL business.

So, we have seen strong growth in Paramilitary, as I said, which is up close to 70%. Strong growth in the Vodka segment, which is up 38%. Rum segment up 26%. And as I said, we are starting to see good traction for some of the Amrut brands that we have introduced. So, that is a quick update on the Potable Spirit business.

And I will take a pause. And particularly on the liquor business, I will request Shuklaji, if he has to add something both from Country Liquor and IMFL. And then we can go on to questions.

S.K. Shukla:

Good afternoon. In line of our CEO's statement, the liquor business is doing well. And though, besides the tough situation, July, August and September, we were able to maintain our leadership in both the segments, Country Liquor as well as IMFL. And as far as margin is concerned, because of the season is expected to start from November to March, as far as raw material is concerned and fuel is concerned, both is a very positive sign for us.

We are expecting not only the surplus raw material availability, but also the price would be very positive in the next couple of months. So, we are expecting next month, the excise policy which are in line. So, we are hoping better excise policies by the state authorities which will decide our fate for the '26-'27. Certainly, it would be in our favor. Thank you so much.

Anand Singhal: Just to add here that the 2nd Quarter for the liquor is always a very lean quarter. And as Shuklaji said that despite the lean quarter, the company is able to maintain its growth and has achieved a very good turnover.

Secondly, just to add that the company has decided to come out with the preferential allotment to the promoters, friends and relatives. Out of that, the Board has already approved the issuance of 467 crores equity at the rate of INR 915 to the promoters, friends and relatives. The EGM has already approved, means the investors have rather blessed that resolution. And we are expecting the approval from the BSE and NSE shortly. After that we will issue the equity shares.

So, this is the update, and the money which whatever we will receive out of this preferential will be utilized for the reduction of the term loan. Basically, you can expect that from this quarter onwards the finance costs will start reducing. So, this is the update.

Rupark Sarswat: Yes, so we can now take questions, if any.

Moderator: Our first question comes from the line of Vignesh Iyer from Sequent Investments. Please go ahead.

Vignesh Iyer: So, my first question is, again, on the fundraise and the debt side. So, as you explained earlier that you will be using the funds that we have raised to repay the debt. So, I just wanted to understand, can you give a segmental bifurcation on where most of the debt lies and on which segment? And if you could share the numbers for the same.

Anand Singhal: Actually, the company is having about INR 1,400 crores long-term debt as on date. And the normal repayment for the remaining period in this year is about INR 180 crores in next five months, means November to March. Apart from this, whatever we are raising, this INR 467 crores will also be utilized for the repayment or you can say the prepayment of the existing debt.

As far as the division is concerned, after the de-merger, there will be three companies. One is India Glycols, other one is IGL Spirits and third one will be the Ennatura Bio Pharma. So, in these two companies, India Glycols and IGL Spirits, the segregation what we have done as of date is about INR 600 crores and INR 800 crores. INR 600 crores in India Glycols and INR 800 crores in IGL Spirits. So, if we pay this INR 467 crores plus INR 180 crores, which comes to about INR 640 crores; So, then the corresponding, I will say almost equal amount of the debt will be reduced from these companies. Of course, we have say about repayment of INR 300 crores, which will automatically be paid by these companies.

Vignesh Iyer: So, if I understand what you are saying, proportionately the debt will go down INR 600 crores and INR 800 crores, right?

Anand Singhal: Yes, correct.

- Vignesh Iyer:** And what is the cost of debt right now? I mean, on the term and on the working capital.
- Anand Singhal:** As far as the long-term debt is concerned, our average cost of borrowing is about 10%, while for the working capital, it is about 9.25%. So, we are also looking at something like, you can say, the improvement in the outside credit rating, which will help us to reduce the interest rates, as well as we are all focusing for the prepayments. So, that overall, the company's on long-term basis, I will say that the interest will come down by say about INR 60 crores to INR 70 crores in a year, which will be visible from the next year onwards.
- Vignesh Iyer:** Sir, just last question. So, am I right to understand that after this repayment of INR 600 crores roughly from fundraise plus the internal accruals, we are due for the re-rating from the credit rating agency.
- Anand Singhal:** Our credit rating exercise will start about next 15 to 20 days. And after that, we will see that how credit rating behaves on whatever has happened in the company.
- Vignesh Iyer:** That's all from my side.
- Moderator:** Our next question comes from the line of Saket Kapoor from Kapoor and Company. Please go ahead.
- Saket Kapoor:** So, as our CEO was mentioning that although the revenue for the Chemical segment has been down, but our margins were up. So, if you could just allude to us, sir, what were the key factors that led to this improvement in margin? And can we expect the continuity of the same post the normalization of trades, which is expected in the later half of the current financial year?
- Rupark Sarswat:** See, if you look at our margins, as I mentioned to you, our sales top line was weak in some areas. For example, our top line was weak in glycol ethers. Our top line growth was weak in sales of EO to the joint venture, which, based on the contract in percentage terms does not make us a lot of margin.
- And whereas internally, while we don't give that breakup, the product mix in terms of the new performance chemicals, while the base is small, has grown quite well. So, looking at this mix and some of the volumes which are not necessarily very profitable businesses, especially given the current scenario, so not doing some of that business, which is lower margin business or even negative margin business, improving margin mix in some of the businesses like performance chemicals, I think that has led to the improvement in margins in chemicals.
- Longer term, you can expect that trend because our strategy is to continue to drive growth in new value-added chemicals. Some of that is in the more nearer term, but also we have a broader strategy on, in terms of the green chemicals, yes. So, we would expect, and I also mentioned to

you that we are looking at a potential situation where we may see ethanol price softening in imports and domestic potentially.

And we may, given today's volatility, but as India, China nearly are expected to slow down or stop buying Russian oil, two of the major Russian oil companies have been sanctioned, it is not only a pressure on India, but I think those companies have been sanctioned.

So, you will see more and more oil being bought by India and China from the Middle East, from U.S., from other locations, which will mean that we are likely to see an upward pressure in crude, which means, and we also expect that the things like tariff issues will get sorted out, which has an impact, some bit of it directly, but some bit of it indirectly for us, as I mentioned, for the joint venture, for our product.

So, I expect that all-in-all, these factors are likely to have a positive impact on both the top line and the bottom line of our business. And I say crude going up is good for us because we compete with alternatives from crude. So, that is the reason to say that while it is very difficult to do a month-on-month and quarter-on-quarter prediction, but looking at the fundamentals and how we see the factors change in the months or slightly beyond that ahead, that should be reflected.

Saket Kapoor:

Sir, we have invested around, say, INR 80 crore, INR 85 crore for the NSU segment. And as you mentioned about that, we have been getting the affirmations from the MNCs and we are going to execute some orders. So, if you could just give us some colors, how will this segment contribute going ahead? I think some 15,000 or 10,000 metric ton was the total pilot capacity that was envisaged. So, where are we, sir, in terms of that upscaling of the same and its contribution?

Rupark Sarswat:

So, I will tell you, ballpark. I mean, if you look at, we started with a very small base. And I think really speaking up, it takes about two to three years as a gestation period to do these development projects with companies. And whilst we would have expected it to do much better, but we are seeing nearly a doubling of revenue and contribution for the year and also till date. In fact, for H2, it is much more than doubling of contribution.

I am not giving specific numbers right now because I need to look at the product mix and I don't want to be wrong. But broadly speaking, I expect to see a doubling on a small base of both volumes and contributions. And I expect that trend to continue.

Now, some of the projects that we are working on, while it has led to some slowdown, I can see which gives me confidence. Potentially, it can be 10x the business that we are doing right now over the next few years. Now, this is with the rider that I mentioned potentially. But those are the discussions that we are having. And we are also looking at new areas.

We are looking at newer technologies. So, we will continue to invest incrementally in this business. And I am quite confident that this is not a CAPEX-intensive business. But once we get our fingers in this business or get our foot in the door in this business, I think the payback and the associations are stronger, longer term. And I expect that trend to continue.

Saket Kapoor:

Correct, sir. Sir, I have a couple of more points. Sir, now the pain point for the Ennature Bio Pharma segment. I think so, you have alluded and explained us the factors of the commercialization of that plant by ITC also in the previous year. And then again, this time you have in your presentation mentioned about some factors, about some crop and seeds. I am just forgetting the same. So, if you could just give us, sir, what is our thought process for this segment? It is the smallest of the lot. Earlier, its contribution to the profitability was among the highest.

So, now, as you mentioned earlier, that the nicotine sales were under pressure due to competition. And then there is volatility in the Thiocolchicoside market due to disruption in Gloriosa seed supply. Pardon me for the pronunciation. This is what has been mentioned. So, just a ballpark of how things will shape up. The “profitability” is now gone for the segment as a whole.

Rupark Sarswat:

Saket, couple of things. First of all, you have done enough reading to give 75% of the answers. So, we know that there is a lot of these sales that we do, in the Thiocolchicoside segment, are outside of India through Europe, through Turkey. And these areas and these businesses, because of how the international trade and situation is, has been under pressure. And there has been a shortage of seed supplies, which has also put some pressure as far as Thiocolchicoside is concerned. And you rightly said that there is a decline in nicotine sales.

But what we are focusing on is, as we have mentioned, and that will take time, and I will request my colleague Manish to also add, is not to do more of the same thing. We realize that we got those volumes. The volume business came under some pressure. Some of the things are possibly not permanent. Some of these things will improve. But there are many other things that we are doing. We are looking at getting several standard approvals for our plants, for our businesses, which allows us to register and enter with global players. So, that work is going on.

Plus, we are also looking at working with several brands, so that we look at the branded nutraceuticals market much more. And there are several things which we are doing to differentiate our products through clinical studies, validation, and getting our products to be proven to be superior. And not only just mere nutraceuticals, but demonstration through claim substantiation. So, that is broadly the strategy.

We have spoken about this over the last few quarters. We understand that there have been some challenges. But I think the strategy is very clear, to focus on differentiation through standards, to get registrations in the developing market, and to focus on building the branded portfolio.

Now, Manish, would you like to add something as well?

Manish Pant:

As the CEO, said about the branded nutraceuticals, because in Thiocolchicoside, you know that there is less crop this year. And whatever the material is there is being held by the farmers, waiting to increase the prices and all. So, we are also watching that.

And in nicotine, the low-cost production by the new manufacturing facilities has dented the volumes and the value both. And apart from this, the Russia and Ukraine war has impacted negatively to nicotine business also. But in branded nutraceuticals, we have some development. And if we talk about the branded nutraceuticals, it means that we are having our own brand, which will go to the formulation as an active agent with the name of our brand.

So, we are in the process of having some contract with the U.S. companies and European companies to use our branded nutraceuticals. And you know the margin, as Saket, you asked about the margin earlier, like 40% -50%, the same margin we are expecting in this branded nutraceutical business.

But this is a slow process because we have to take certain certification of that country. Like in last quarter, we have got the US FDA approval for our plant. And now we are going to those particular countries for their certification. And then we will start selling the material. And I could tell you that in fourth quarter, the situation will be much, much better than the first three quarters.

Saket Kapoor:

Then we will wait for the performance to improve. One question on the JV part. Sir, when I look at the balance sheet, the closing balance for investment in joint venture has gone up from INR 381 crore for March vis-a-vis INR 411 crore for September. So, can you explain the nature of the same for what the investment has gone up in the JV?

Manish Pant:

So, investment, there are certain minimal CAPEX are being taken up by the JV itself. We have not invested directly into the JV by India Glycol Limited. Whatever the investment has been taken, they are taken by JV itself by their own funds. And those are decisions with the joint venture companies.

Saket Kapoor:

And two points for our CEO sir, and then I will join the queue. Number one is that about, I think the cane allocation policy.

Rupark Sarswat:

Saket, go ahead. One is cane allocation policy. Second?

Saket Kapoor:

First is the cane allocation policy for the Country Liquor segment for Uttar Pradesh has been up from 19 to 25. So, that would add to the margins, I think so, and the availability will also improve. So, your thought on the same.

And sir, secondly, for the U.S. tariff part, I read somewhere that U.S. is trying to come up with a treaty with our country for imports of ethanol that is in huge availability in their country. So, how does these two points work for our company product profile, sir?

Rupark Sarswat:

Saket, Shuklaji will say about cane policy. I will say something about U.S. import. And if anything else, Shuklaji has to add, he will add.

Look, I think that is in the domain of speculation. Now the government has made a lot of companies to invest in the biofuels business to achieve several things. First thing they wanted to achieve, for example, is payables in the sugarcane sector. That has helped. You all know about how important it was to try and address at least farmer's suicide and things like that. I mentioned to you earlier that about INR 40,000 crores have been paid to the farm sector last year. So, that is a very important thing.

We have saved about INR 43,000 crores in terms of Forex. Now, if you start buying all the ethanol, both these advantages are gone, in terms of Forex as well as farm sector income. So, whilst it is fair to assume that the U.S. has been asking us to be a little more liberal on their farm outputs, which can include corn, ethanol. And look, the allocations for next year have largely been done. There is a small margin. So, there may be some formula that they may arrive at to either look at corn imports. I think ethanol may be unlikely for Biofuel blending. But it is completely speculation right now, Saket. And I would like to believe that it is a program which has certain objectives. We talked about Forex. We talked about payments to the farm sector, which was a sector under stress. We talked about cleaner environment. We talked about independence as far as energy is concerned.

Look at the scenario where suddenly we have to shift. So, if 20% of our oil is blended within the country, it is not only about temporary economics, but it is also about energy independence. So, I don't think fundamentally that is going to suddenly shock the sector because it is in country's interest to have this sector to be stable. Otherwise, who will invest in such programs later on? So, that is my view on this.

Especially on the cane thing, I will pass on to Shuklaji to answer and also if he has to add something on this.

S.K. Shukla:

Saket, perhaps there is no cane reservation. Cane reservation is a different thing. For the Country Liquor manufacturers, UP government decides the molasses reservation, which is meant for the manufacturing of Country Liquor. So, your question was that why the government has reduced the reservation quota from 19% to 18%?

So, answer is, first, you have to understand Country Liquor segment in Uttar Pradesh. The most highly consumed liquor in UP is the country liquor. Approximately in volume, 90 lakh cases are consumed in every month in UP, which is the highest in India. Out of that, the government has

introduced the good liquor made from grain ENA, that is called UP-made liquor. So, last year, before last year, the government has introduced.

Now the share of UP-made liquor is increasing gradually, and the share of molasses-based Country Liquor is reducing gradually. So, perhaps the 60% revenue of the state government is incurring from the Country Liquor. And Country Liquor, both for the protection of the consumer's interest as well as the government revenue is a very, very sensitive subject for the state government. So, the state government is giving the full protection for the Country Liquor manufacturers about the availability of the raw material.

That is why they have reserved, and not only reserved, they have mandated that whatever the reservation belongs to the sugar factory, they have to release in 12 equal installments in a year. So, nobody can go beyond that. So, be rest assured that this reduced reservation will not impact the Country Liquor supply. And also the UPML supply is increasing. So, gradually in the coming years, molasses-based Country Liquor will get slightly reduced and grain-based Country Liquor will increase. So, this is the policy of the state government.

Saket Kapoor: Sir, sorry to interrupt here, but what we have read is that UP has raised this molasses quota from 19% to 25%. So, how should we contemplate that, sir?

S.K. Shukla: Correct. So, there are two categories of molasses available in UP. One is the B grade. And one is the C grade. B grade molasses, total reducing sugar, is roughly coming around more than 55%. And C grade category molasses is around 40% to 45%. So, the reservation was on the basis of B molasses, which convert 25% in C molasses. There are two grades of molasses. So, earlier reservation, you are mentioning about in classification under the B grade, if you convert that reservation into C grade, that comes around 25%.

Rupark Sarswat: So, essentially, B heavy molasses has 25% more sugar than C heavy molasses. So, that is the translation, which in terms of ethanol quantity does not mean that it will produce more ethanol. It is equivalent.

Saket Kapoor: Maybe, sir, I will take it offline. I just got stumbled somewhere. Fine, sir. I will just take it offline once again.

Moderator: Our next question comes from the line of Rohit Nagraj from 360 ONE Capital. Please go ahead.

Rohit Nagraj: Congrats on good set of numbers plus the preference issue. Sir, first question on the liquor business. Now, since we are going into Kerala, what is the strategy that we are adopting in terms of market expansion? And another question, in terms of the Amrut partnership, how is it? What are the contours of the partnership in terms of royalty payment, in terms of geographical reach, and in terms of any other arrangements that we have?

Raju Vaziraney:

I will come on to Kerala, you asked the first question. See, we are an evolving liquor company. As opposed to evolved, or if I may use the word, saturated old liquor companies, they have a lot of excess baggage. They have a lot of excess baggage of smaller brands, not giving money, input costs going up, overheads high. Here we are an evolving organization.

So, what we do rightly is, we do not address any state without having a good look at it from a futuristic point of view of premiumization. So, Kerala is one such example. There was a time Kerala never used to give any bottom line. It used to be a volume state.

Now with the change in guard in Kerala wherein a lot of the bureaucrats are very progressive, they also know that the revenue will come. So, whatever is the tender price, since you are specific of Kerala, whatever the tender price is approved, in my more than four decades of experience with Kerala, it was never done that whatever is your tender price you get. There used to be negotiations. And there used to be at least 20% to 25% deduction in the tender price.

In other words, we have got what we have tendered. So, we have got as many as seven brands approved in Kerala. And Kerala is a government state as you know. So, the monies are secured. But we have to go gradually but definitely. And I am sure we have got the right price points. And we have got approval for brandy. We have got approval for rum. Just for your benefit. 90% of the volume is brandy and rum and not whisky. Whisky is only 1%.

So, we have launched our rum there. And very soon we are going to launch our brandy. And one is very well versed with brandies like Morpheus. One has handled such brand, created right from initiation. So, one is well versed with premium brandy, and I take a lot of satisfaction in mentioning that we have created a marvel of a brandy which will hit the stands very soon. So, these two, rum and brandy in Kerala will be our growth engines at a certain definite profit.

Now to answer your second question on Amrut, see, for obvious reasons we cannot over this call talk about royalty because it is not in public domain, but the royalty, naturally, is because these are all non-malt whisky brands. Amrut is concentrating on their core competence, that is their malt whiskies.

So, naturally, it is bonus sales for them, because they were not concentrating on chasing the volumes of non-malt. And while it suits us to sell Amrut, because we have got the specifications of Amrut, we follow the quality standards, and that holds lot of promise. But there is a rider here. Because these are all premium brands, they will take time. We will increase, but we will increase gradually.

See, whisky is a very, very difficult segment, as you would know, since you have asked question on liquor. It is very difficult to establish a premium whisky brand. Only three or four companies have been able to establish premium whisky brands in the Blenders Pride, Rockford range. And we have the inherent advantage of Amrut with us.

So, we have got this Macintosh in two versions. So, gradually, but definitely, it will make its own place. So, we are on the right track. We have the patience. But one thing is sure, we will not fail because these are tried, tested quality brands.

Rohit Nagraj: Thanks for that elaborate answer. Sir, second question on the specialty chemicals business. Now, as we have got, we will be receiving the preference money, the debt partially will be paid off. What is the CAPEX plan that we are looking at over the next maybe a couple of years? And during the intervening period, do we have sufficient capacities to grow the business?

Rupark Sarswat: So, Rohit, we are already in the process of adding some incremental capacities where we think we will need them over the next few months to one year. The way we have structured the manufacturing is also to keep it modular. We have looked at where we have land and how we can continue to add.

Given the nature of the business and the investment already done and also the fact that we are in a brownfield site where we can build on some of the existing assets, I don't think we are going to do a huge amount of CAPEX investment in the next one year.

However, having said that, we are working on certain projects and newer technologies. Depending upon opportunities, we may expedite or put up some cases. As of now, if I have to just look at something like the next one year, I think you will continue to see some incremental CAPEX based on how our projects and how our customers are scaling up, which will be we are talking about in the range of maybe INR 10 crores to INR 50 crore kind of CAPEX to start with, but nothing of this is definitive. Depends on how some of the projects kick off and we have larger volumes contracts. If we sign up accordingly, we will vary that.

Rohit Nagraj: That's helpful,

Moderator: Our next question comes from the line of Balasubramanian from Arihant Capital. Please go ahead.

Balasubramanian: Sir, my first question on the Biofuel side, what is the unexecuted order book as of now? And what kind of traction we are getting from oil marketing companies? And are you exploring advanced biofuels like SAF or chemical derivatives of ethanol to create new growth vectors and mitigate future volumes?

Rupark Sarswat: So, let me start with your second question first. Are we exploring? The short answer is yes. SAF is a very interesting area, but it is something which everybody, or I would say, largely, is under wait and watch category right now. And the reason it is under wait and watch category is that the prime drivers from SAF are completely different from prime drivers for ethanol.

The drivers for SAF would come, for example, from Europe, which is expected to implement CORSIA standards by 2027, possibly now or later. And the drivers there are not, for example, farmers' incomes or energy independence or reducing forex outflow. The driver there is completely reducing carbon emissions. And I think there are various technologies which the world is working on.

Of course, CORSIA standards have to come into play. And it is not only a government of India decision. I think it is largely to start with being driven by the developed countries, to start with Europe. And initially, people are talking about 1% mandate and so on and so forth, but with appropriate carbon footprint reductions. And so those technologies are being evaluated. We are also looking at them. We are also evaluating them. But as you may know, it is an area where a number of people are in the evaluation stage.

Now, as far as green chemistries are concerned, there are various green chemistries through synthetic biology and fermentation kind of roots, which may have synergies with what we do. The short answer is, yes, we are looking at them, but there is nothing concrete that I can say right now, which you can start looking at business projections or something like that.

And I think you asked one more question.

Balasubramanian: Sir, what is the current unexecuted order book in Biofuel segment? And what kind of traction we are getting from oil marketing companies?

Rupark Sarswat: So, we are not clear about your question when you said unexecuted order...

Balasubramanian: Yes, I think earlier we got INR 1,100 crore, INR 1,200 crore kind of order book from oil marketing companies. And what is the unexecuted order book as of now? And what are the tractions we are getting from oil marketing companies?

Rupark Sarswat: So, look, the ethanol supply year is up to 31st of October. So, we are on track to supply based on the order book.

Yes, so that is okay. I think, subsequently, the allocation that we have got, the OMCs have given not complete allocations. They have given some allocations. We have also got some of our allocations. We are working on our allocations with the private sector companies as well as the Biofuel companies.

The traction overall is good because the 20% blending is going to stay. There is no doubt. And further traction will happen as and when the blending program is enhanced to possibly order more. And some traction will come because there will be a natural growth in terms of fuel consumption, year-on-year growth. So, it is kind of steady.

I think I also mentioned in my earlier remarks that in the near future, one of the things also is that there is now some bit of excess ethanol capacity, which means that we will have to make sure that we get our orders and try and get our top line with the OMCs who are going to order more than the last year for sure because that is going to grow, 20% is going to stay. It is about trying to make sure that we get as much as possible for our capacity. All their allocations have not been done as of for the next year. We will have a clearer picture in the next couple of months.

Balasubramanian:

Amrut partnership is showing strong early-start actions. And I just want to understand what are the gross margin profiles of Amrut brands versus legacy brands like Bunty Bubli. And whether in Potable Spirit side, the margin expansion is happening based on the mix, the mix is shifting towards premium brands, and what are the exact rationality for this?

Raju Vaziraney:

Again, you have got two questions, so I will answer the second question first, because that is fresh on my mind. See, margin expansion is because of two reasons. One is that, as you rightly said, Amrut brands are premium on price point, so naturally they give more money. And they require very less investment.

This is noteworthy. See, brands are created by huge ATL spends. For that, Amrut, we don't have to spend ATL money because Amrut is an established name. So, that we have an advantage. So, naturally those premium brands will give us money without spending anything on ATL.

As far as our margin expansion is concerned, because of premiumization in our organic brands, that is Amazing and Zumba, and also selecting the right states. For example, I just explained to you, Kerala. Now, another example is CSD. You are aware some of our brands are in principle cleared by the CSD. So, we are not going to launch the brand in the run-of-the-mill price points. We have selected the price points because we know the market well.

And we also know we have got the best ENA quality, which comes from, particularly our Kashipur plant where we do Bacardi for 15 years. And Bacardi all CSD for North and East goes from our plant. So, there is no reason why we can't make as good or better white spirits, particularly from Kashipur. So, our white spirit called Zumba Lemoni, which is a premium version of white spirit is approved, as also our Soulmate Blu, which is a millionaire case brand.

Second is our Amazing series. What we have done is, as you know, it is very difficult to establish a new brand in dark environment where you cannot advertise directly or indirectly. So, we have established the name of Amazing with our vodka. And in our previous interactions, we have mentioned that wherever we have launched Amazing vodka in various flavors, as well as pure plain vodka, it has done well. And we are among the top three in UP, Delhi, Uttarakhand, Chandigarh, and now we are going to in Kerala. So, that is vodka, we have established our name. So, we have extended the vodka name, Amazing, into whiskey. Amazing Whiskey also.

So, this is how gradually but definitely we are having a three-pronged attack. One is, our organic brand, we are expanding the range. Second is, just for your correction, Amrut brand for all practical purposes are our brand because beyond royalty, it is our pricing decision. It is our investment. The profit is ours, and it is long-term understanding. So, for all practical purposes, these are our brands. So, we make investments, and we get the return on them. And as I mentioned, Amrut is a hallmark of quality. So, the fatality scope is almost nil. So, we have that advantage.

I can talk more, but just to mention that we are in the right direction. But one word of caution, it will take time because premium brands do not, you know, you can't double the volume every three months. So, they will definitely grow. My personal ambition is grow every day, one case or more every day. So, the graph has to be looking north. We should sell more every month, month after month, and also gain market share month after month. That is our objective.

Balasubramanian:

So, the gross margin profits are similar for Amrut brands and our brands?

Raju Vaziraney:

It depends. See, the margins are very handsome for our own brand. See, vodka, as you would know, vodka doesn't have any VMS, it does not have any monocots. It does not have any expensive material. It is basically the fineness of ENA and the precision with which you work. And since we have got the best ENA in the country, so we have that advantage of making vodka, which the margins are good. Similarly, the margins are also good in Amrut.

Balasubramanian:

So, my last question, you have mentioned some tariff impact on our JV. So, what is our revenue share on the U.S. side? And what kind of impact we have in terms of tariffs? And secondly, we are following some 3x3 strategy for cost mitigations. So, what kind of, do you please quantify cost advantage in terms of rupees per liter of using in-house ethanol for your bio-based chemicals versus sourcing it domestically or via imports?

Rupark Sarswat:

So, to answer your question, firstly, honestly, it is very difficult for me to quantify the tariff impact because some of the tariff impact is indirect. Because as the consumers start to buy less, I do not know how much is because of tariffs, how much is because of a slowdown in Europe for some of our products, which we sell directly into the US, some of the customers have slowed down, etc., etc. So, it is a little difficult for me to quantify. That is the honest answer.

And the second question that you had was basically saying how do you look at which ethanol to use for chemicals and which is the best at any point in time? Something that you said, we keep a track on. We keep a track, for example, if ethanol prices or cost, there are two ethanol prices which are going to be there subsequently if there is excess ethanol capacity. One ethanol price which what the government will pay for biofuels. Now, if there is excess capacity which will get sold outside of the biofuels, that will be market driven.

Now, if that cost pushes down either the cost of manufacture or even the cost of availability in the Indian marketplace and compared to the purchased ethanol that we are going to buy in the near future, it will be more advantageous for us to produce and we are going to have spare capacity. We will take that call. As of now, we are not at that stage. But yes, something that we are keeping a close watch on.

Moderator: Our next question comes from the line of Rohit Nagraj from 360 ONE Capital. Please proceed.

Rohit Nagraj: Just one clarification, Vaziraney sir. On the Amrut partnership, is it an exclusive partnership with us for certain brands or as an Amruth, as a company, we will be only doing the incremental partnerships across any of new products that will be introduced?

Raju Vaziraney: Amrut's understanding with us is exclusive. They cannot give the brand which we are doing to anyone else. And since we are manufacturing them, we are selling them, we are putting investments into them, so the understanding is very clear from a long-term perspective, we have the first right of refusal, even after a long term, once the agreements are there for renewal. So, for all practical purposes, these are our brands except that all the trademarks belong to them.

Rupark Sarswat: In the agreed market.

Raju Vaziraney: Yes, of course, in the agreed market. But see, what a good point CEO has mentioned. But what we have, if I may say, smartly done is we have picked up those markets, which are whisky-whisky markets. See, just for your knowledge, like Kerala, like Tamil Nadu, like so many markets, there is no whisky. So, we are a North-based company, and we have got our bearings right in UP, Uttarakhand, these are our home states. We are very strong, both in Country Liquor and IMFL. So, these are the key markets, which will drive, as also Delhi. So, these three should suffice in the next couple of years, for us to gain volumes as well as value.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would like to hand the conference over to the management for the closing comments. Thank you, and over to you, sir.

Rupark Sarswat: Thank you for helping us conduct this conference, which went on very smoothly from every perspective. As I said, again, apologies from our side for making you wait for an extra 10 minutes. And have a good evening, all of you. And we will see you in the next quarter. Also, thanks to my colleagues who joined me for the call.

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

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