INDIA GLYCOLS LIMITED

DNV
ISO 9001, ISO 14001, ISO 45001, ISO 50001

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IGL/SE/2025-26/11

26th May, 2025

The Manager (Listing)	**The Manager (Listing)**
BSE Limited	**National Stock Exchange of India Limited**
1st Floor, New Trading Ring,	**Exchange Plaza, C-1, Block G,**
Rotunda Building, P.J. Towers,	**Bandra Kurla Complex,**
Dalal Street,	**Bandra (East),**
Mumbai – 400 001	**Mumbai- 400 051**
Scrip Code: 500201	**Symbol: INDIAGLYCO**

Dear Sirs,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Q4 & Full Year FY25 Earnings Conference Call

Further to our letters bearing no. IGL/SE/2025-26/03, IGL/SE/2025-26/08, IGL/SE/2025-26/09 & IGL/SE/2025-26/10 dated 9th, 18th, 21st & 21st May, 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 Q4 & Full Year FY25 held on Wednesday, 21st May, 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

Digitally signed by ANKUR JAIN
DN: c=IN, o=Personal, postalCode=110091, l=East Delhi, st=Delhi, street=S/O MOHINDER KUMAR JAIN FLAT NO G1 FINE HOME APARTEMENTS NEAR AHLCON PUBLIC SCHOOL MAYUR VIHAR PHASE-1 PATPARGANJ EAST DELHI DELHI- 110091, 2.5.4.20=f12d4be1c5c932a2c1642c6dad9bb0e5db224de40e1e7299308e2b62dfc73e0c, serialNumber=36bf2107a358d674b88b6a7f2f49ebabe2ecd54621cb28fbe5bc6616fcae41f0, email=ankur.jain@indiaglycols.com, cn=ANKUR JAIN
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"India Glycols Limited

Q4 & Full Year FY25 Earnings Conference Call"

May 21, 2025

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

ANALYST: **MR. RANVIR SINGH** – NUVAMA WEALTH RESEARCH

Moderator: Ladies and gentlemen, good day and welcome to India Glycols Limited Q4 and FY '25 Earnings Conference Call hosted by Nuvama Wealth Management and Investment Limited. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ranvir Singh. Thank you, and over to you, sir.

Ranvir Singh: Yes, thank you. Good evening, everybody. Thank you for joining us on India Glycols Limited Q4 FY '25 and Full Year FY '25 result conference call. So I would like to thank the management for giving us this opportunity to host the call and congratulate them for a good set of numbers.

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

I would like to invite Mr. Rupark Sarswat to initiate the proceeding with his opening remarks, post which we will have a Q&A session. Thank you, and over to you, sir.

Rupark Sarswat: Yes. A very good afternoon to all of you and thank you for joining us on this Investor Call once again. So I will take this opportunity to give you an overview of the quarterly, as well as yearly performance. This is also the call after the financial year-end. So, it will be a good time to kind of do a high-level catch up on that as well. We will talk a little bit about aspects of the business, issues, opportunities, and broad actions that we are taking. And I'm sure you had a look at the results and then we can take your questions.

I will first talk about the performance for the quarter briefly, then touch upon the performance for the year. We'll talk about financials, and we will have some commentary on various segments as well. So, when we look at Q4 '25 compared to Q4 '24, we had a net revenue of INR 863 crores in Q4 FY '24 versus INR 926 crores in Q4 FY '25.

Overall, there has been strong growth in Bio-Fuels, which increased by 48% to INR 273 crores. Potable Spirits is up by 14.8% year-on-year to INR 284 crores. And the Chemicals business or Bio-Based Speciality Chemicals is at INR 254 crores.

From an EBITDA perspective, it has been a very good quarter with 35.1% increase at INR 148 crores from INR 109 crores. It has also been a very healthy EBITDA margin, as you can see at 17.1% against 11.7% in Q4 of last year. So this is a surge of 532 basis points. So, our margins have been good. For Potable Spirits, the EBIT margins have improved from 16.2% to 27.6%.

And there has been a marginal increase in the BSPC EBIT margins as well, which has expanded by 368 basis points to 11.4% for the quarter. PAT for the quarter stood at INR 64 crores, which is up 51.7% with PAT margins of 7.4% against 4.5% last year, which is up by 287 basis points.

And at a gross revenue level, we have grown from INR 2,039 crores to INR 2,189 crores, which is up 7%. And I had already mentioned net revenue and PAT margins as well. For the gross revenue level, we reported a decent growth of 7%, while the net revenue for the quarter reported a marginal decline. As I mentioned, Bio-Fuels saw very strong growth while BSPC and Ennature Biopharma segment reported softer quarter in terms of the top line.

And when we look at the full year performance, our net revenue increased by 14.4% for the full year '25 to INR 3,768 crores, particularly Potable Spirits is up 22.8% year-on-year to INR 1,163 crores, which includes our country liquor business, as well as our IMFL business. Our Bio-Fuels business has really stood top line growth, which is up 103.7% to INR 1,044 crores.

And from a top line perspective, Ennature Biopharma also grew by approximately 7%. So while at an overall level, BSPC stood at INR 1,342 crores, but we have seen that some of our core focus segments within Chemicals have done well in terms of growth and particularly in terms of our internal margins as well.

Our EBITDA for the year increased to INR 525 crores. EBITDA margin expanded by 100 basis points to 13.9% and EBITDA margin percentage has improved in Potable Spirits, Bio-Fuels, as well as Chemicals. Ennature Biopharma has had price pressures, which has resulted in some pressure on margins as well. So if you see our EBIT and EBITDA margins both improved by 100 basis points to 10.8% and 12.9%, respectively.

For Potable Spirits, the EBIT margins improved by 471 basis points to 22.0%. For the Chemicals business, which is BSPC, EBIT margins improved by 91 basis points to 9.3%. And for the Bio-Fuels business, our EBIT margins have been 5.4%.

So, we've had a very good PAT performance for the year, which is at INR 231 crores, up 33.5%.

And before I jump into the segment and other highlights, maybe I can talk about other highlights and then Anand Ji can take you through the financials.

In terms of the year, we've also reported a good year from the joint venture, where several things have been better. So net revenue has grown by 13%, EBITDA is up 70% compared to the previous year.

I'm sure we've had these discussions many times in our previous calls, where we talked about two prime drivers to improve profitability in the joint venture. One of them, of course, is the cost of the key raw material, which has increased for IGL, as well as the joint venture, which is ethylene oxide, which has been much better controlled than before. So that has been one factor.

The other factor, of course, has been as the joint venture has been functioning for a couple of years, there has been increased involvement of Clariant International business. So there has been increased indigenous manufacture of product, as well as improvement of product mix. So these two factors primarily have led to a sharp recovery in the performance of the joint venture.

Another green shoot that we keep talking about is the new specialties business, which we have been focusing on to develop businesses, which are much more value-added, which are based on partnerships, which are, in some ways, derisking the business from commodity prices and also cost of ethanol and ethylene oxide.

So there, though, it is a smaller business still to start with, but I'm happy to report that we've done very good progress in terms of developing products. We've developed a portfolio of products, each one of them with the potential to grow in several areas. And we are working with good international partners, and that will help us drive the business forward in the years to come.

As you already heard, we've had very strong growth in country liquor and IMFL. Of the two segments, country liquor is as of now largest for us. So, of course, we've tried to retain our market share, improve our product portfolio, improve our margins, decrease our cost in country liquor, which has led to a strong performance in country liquor. Another growth engine in the Potable Spirits segment for us, of course, is IMFL, where our focus has been moving up the ladder in terms of premiumization.

You know that we have had a partnership with Amrut, which has allowed us to introduce several brands, and we are seeing good traction. And we have also looked at expanding in new areas, which is paramilitary, now we are working on CSD, as well as selective premium geographies, and we'll hear more about this later.

And our Bio-Fuels business continues to do well. It has been in line with what we spoke about over the last 3 years in terms of how the business would grow, what the dynamics of the business are. And if you look at the track record over the last 3 years, it has by and large gone as to plan. Of course, like any other business, it has had its ups and downs and margins going up and margins going down, but we've always been positive. And the capacities that we've added to support this business are being well utilized.

We will talk a little bit about this subsequently when I talk about the business segment. But before that, let me hand over to my colleague, Mr. Anand Singhal to take you through a summary of the financials.

Anand Singhal: Good afternoon. I will take the yearly performance first. So the gross revenue for this year is INR 9,038 crores vis-a-vis INR 7,918 crores in the last year, which is up by 14%. The net sales in the current year are INR 3,767 crores vis-a-vis INR 3,291 crores, again up by 14%. The EBITDA in the current year is INR 521 crores, this is on a standalone basis, vis-a-vis INR 423 crores in the last year, up by 23%. And PAT is INR 180 crores vis-a-vis INR 151 crores in the last year, up by 19%. So overall growth and overall good performance in all the fields by the company.

In respect of the Q4 performance, the gross revenue is INR 2,188 crores. If I compare this with the corresponding quarter of last year, it is up by 7%. The EBITDA in the current quarter is INR 145 crores vis-a-vis INR 109 crores in the corresponding quarter last year, which is up by 32%. The net sales is INR 863 crores vis-a-vis INR 924 crores in the last year same quarter, which is down by 7%. The PAT is INR 50 crores vis-a-vis INR 38 crores in the corresponding quarter last year.

More or less on a consolidated basis, the income or the share of the net profit from the joint venture in the current year is INR 46.4 crores vis-a-vis INR 16.66 crores, which is almost, I will say, what 3 times. So the JV has performed very good. And rest of the data is more or less same. So overall, the company has shown a very good result.

And in the Board of Directors meeting on 16th May 2025, the Board of Directors has recommended a dividend of INR 10 per share with the approval of the shareholders.

So this is the brief and later on, we'll take the questions one by one.

Rupark Sarswat: Yes. So let me give you a quick update on various segments. So starting with Bio-based Specialties and Performance Chemicals. So net revenue for the year is down 17.6%, EBIT is lower by 8.7%. And our margin, however, in terms of percentage EBIT margin is up 91 basis points to 9.3%. Now, part of it is also to do with the lower top line in terms of some of the businesses that we did not do, traded businesses, etc. So, the revenue at INR 1,342 crores and EBITDA at INR 125 crores.

In the quarter, chemical sales were down, and it was a relatively softer month for glycols and glycol ethers and glycol ether acetates. However, I can say that certain businesses that we call our focus businesses, our core chemical businesses, which are, of course, part of like others, have done reasonably well. So if I look at a combined of glycol ethers, glycols, new specialties, gases, this for the 12 months has actually shown an increase of 6%.

And while we do not get into report those details, but at a gross margin level internally, we've seen a healthy growth of 30-plus percent in this segment. So overall numbers do tell us that Chemicals has been somewhat stagnant. But I think in terms of some of the interesting businesses, the segment has been doing quite well, and we expect that those trends will continue.

The other segment which has been of interest, of course, is the Bio-Fuels segment, where we've seen a very, very good growth in terms of top line, which is up 103.7% at INR 1,044 crores and our EBITDA at INR 57 crores is actually up 83.7%. So, we saw that there's been excellent growth in Bio-Fuels. The capacities that we've added have served our purpose to drive growth in this area. And I think what has been good is that, if you look at from 2014 to 2024, the ethanol blending program has actually done quite well.

Let me give you a bit of an update on that. So if you look at the ethanol blending program in the country, I think it is good to get that perspective because it gives you, hopefully, some confidence in terms of how we have thought about the strategy for this business, how it has panned out and hopefully, how it will continue to be an area of interest and growth for IGL in the years to come. So in 2019-'20, Government of India had a target of 5% blending and it met 5% blending. And this continued in '23-'24, there was a target of 15% blending, and we met 14.6% blending target. In '25-'26, the target is 20% blending, and I think the expectation is that this 20% blending target will be met.

Now, it is also interesting to note that earlier, as per the policy and statement made by the government, this was a plan which was targeted for 2030. However, it was brought forward, and I think it is very commendable from a nation's point of view that a plan which was brought forward from 2030 to 2025 was met again in 2025. So that's very interesting. We also keep track of overall capacities in terms of ethanol that have been put up broadly. Of course, I don't have exact figures for all capacities.

So I may tell you that by and large, the demand and capacities have more or less been aligned. My indications are that there may be a very small surplus in capacity, which is a healthy thing so that the demand continues to be met because the demand is expected to grow. Even if the blending continues at 20%, you will imagine that the demand will continue to grow. And it also gives us a signal that at the same time, there is no huge surplus capacity, which may present a risk to the business in the years to come.

And as far as I understand, at one point in time, India used to produce its ethanol primarily from molasses or almost entirely from molasses. Still the government came up with a grain program a few years ago, essentially based on damaged food grain, FCI rice and subsequently also moving into corn. Right now, compared to, say, approximately about 1,150 crore liters, 750 crores actually comes from grain, which is a much bigger contributor now.

And I think in line with this macro trend, we also invested, as you know, in grain-based capacity, and that has been a good decision from the business as you would kind of agree with me now. So there are various things happening on this front, including focus on possibly second-generation ethanol subsequently, which is Pradhan Mantri Jeevan Yojana. And the country is also looking at potentially blending much more ethanol going up from 25% to 30% maybe by 2030.

But I think there's a task force with NITI Aayog, which is looking at that. There are no specific announcements which have happened, but I think this is a direction which the country would be taking, potentially also moving into flex fuel passenger vehicles. And that will be an interesting growth opportunity for us in the years to come.

And then let me talk to you briefly about Ennature Biopharma first, and then we'll go to Potable Spirits so that Rajuji can then add on, and we can take that as a segment.

So Ennature Biopharma for us in terms of top line has grown by about 7% and there are two major products, of course, for us apart from others. One is Thiocolchicoside, broadly and nicotine.

So whilst we have been able to push volumes and grow these areas, I think in general, there has been significant pricing pressure, partly because there is softer demand in the international market and also because there is increased competition. But then in any new business, these are the cyclicality. We have our strategy. I think broadly our strategy is to focus on value-added businesses to look at branded products, look at collaborations to look at various certifications and so on. So that's as far as the Ennature Biopharma business is concerned.

As far as the Potable Spirits business is concerned, I have already given you the top line comments for country liquor, as well as Potable Spirits and broadly how we are doing, what we are focusing on. But in order to give you a little more flavour on what's happening in this space, let me request Raju Ji to comment.

Raju Vaziraney: Okay. Thank you, Rupark Ji. I'm Raju Vaziraney speaking. See, there is increased focus on IMFL in particular, because country liquor has been our traditional business and has been our base, if I may say that. But it is important that in keeping with the aspirations of the consumers and the need gap as we say, in marketing, there is definite growth in the premiumization of the sector.

And liquor sector is galloping, if I may use that word, and very, very bullish. Because you see India is the biggest whiskey market in the world. The consumer is young. Every year, an Australia is being added into the consumer class. This all-demographic dividend, as you know, are applicable in our country. And the consumer is young and trendy and wants to try new products at higher price points.

So in keeping with this consumer insight, the Board and the management decided that we should get into premiumization. But there is a challenge in premiumization in whiskey in particular because the 2 giants, if I may use the word, Pernod and Diageo are fighting for market share, and it's like Pepsi and Coke. With the result, it is very difficult for any other Indian company to make its presence felt. So we thought what we will do is, we will get into inorganic growth.

After our initial success of Amazing Vodka, Amazing Whiskey and also Zumba Limon, which is a challenger brand to the leader brand, we were thinking that why not complement our organic growth with inorganic growth, and we were able to sign up, as our CEO said, partnership with Amrut from 1st April 2024. And by the time the stocks came in and the stocks saw the light of the day, it was about July or August.

Just for the benefit of everyone, the understanding is, in order to harness the quality excellence of Amrut, we have ensured that the entire liquid comes from Amrut Bangalore, which is the headquarters, and we only add Extra Neutral Alcohol, which is our own and make a world-class quality brand like Amrut does all over the world. So we have the best of both the worlds. Our Extra Neutral Alcohol, which is known. Bacardi International, our partners, we co-pack for them more than 2,00,000 cases per month, uses all our ENA.

So our good quality ENA, as well as the malt used of Amrut makes it a very good combination. And the initial reports are very encouraging. As our CEO rightly said, we have got 2 brands. One is Amrut MaQintosh, which is a 35-year-old brand of Amrut Distilleries. Now, what we have done is, we are making it, we are selling it. We are putting our working capital, everything we are doing. We are giving them a certain fixed royalty, which is the more we sell, the more volume we get, we are able to give only per case royalty in addition to the, of course, the liquid cost.

In other words, it's like our brand extension. So we will be investing in these brands from long-term point of view because our understanding is long-term. And now there is a third brand available in the market, that is IGL Amrut in addition to the 2 giants, so we have an inherent advantage because the stamp of Amrut, and they allowed us to use Amrut name on the brands.

The second brand is, what we have done cleverly is, we have made another brand Amrut White Label. So there are 2 price points which we are addressing because in the market, there are 2 price points in Blenders Pride Reserve and Blenders Pride Regular or Rockford Reserve and Rockford Regular.

To give you a perspective, INR 1,000 is the higher one and the lower one is INR 850. What we have done by positioning our brands smartly, if I may use the word, is having a price premiumness and put our Amrut MaQintosh Black Label at INR 1,100 instead of INR1,000 of competition. Price premiumness is what talks about the consumer wants to try all the time higher-priced products being very aspirational. So.it is still early days, but we have made good inroads into in our mother states of UP, Uttarakhand and also Delhi. And now we are expanding into Haryana and other government-controlled markets.

The second big achievement is our paramilitary, if I may use the word. Paramilitary is BSF, CRPF and ITBP. Earlier, it used to be fragmented, and small tenders would come. But a couple of years back now, it is called CPC. They do 1 tender all over the country. So if your brand is approved, it is approved for 2 years and you get orders all over the country. See, this gives us a platform to sell our brand all over the country from our Kashipur unit.

And I take a lot of satisfaction in mentioning that we are among the top 3 companies selling to the paramilitary forces. The business is very stable. The duty is all paid by the paramilitary forces. We only have to pick up the cost of the COG, and it is very handsome price as far as pricing is concerned.

The third is the CSD, Canteen Stores Department as we call it. I again take satisfaction in mentioning that after a gap of over 2 years, CSD has introduced new brands. And we applied for 2 brands. Both the brands have been approved by the Preliminary Screening Committee, which consists of the Board members and the Chairman. And our Soulmate whiskey, which is our traditional brand, which is a millionaire case brand has been approved.

And also our Zumba Limon, which is high-priced opposite Bacardi International's Bacardi Limon also has been approved. This CSD business is very stable business. It is lifetime registration. Duties are all paid by the government, and we have to just pick up the cost of the product and we get all India reach. So once you get all India footprint, then in CSD and paramilitary, it gives very good foothold to us from a long-term point of view because there is a common saying that if an army officer endorses our brand, he or she understands good quality drinking.

So if paramilitary and military approves our brand and it goes all over the country, it has a definite rub-off effect into the civil trade. So we are going step-wise, but definitely, we are making our presence felt.

Just to conclude, our direction is very clear, whatever state we enter, we want to be among the top three, then only we go to the next state because the success story of one state will give us a snowballing effect in the other states and then the other state to a third state.

And as our CEO rightly said, there will be at least three more states we will be adding this year after the initial success in North. So we are on the right track. Brand building is a difficult and expensive proposition, but we are lucky, we got Amrut. So we don't have to sign a celebrity costing us a bomb or going through the motions and the fatality rate of our brands in IMFL brands in our country is so high.

So we are able to ensure that with Amrut name on the label and IGL making the brand, the success is almost guaranteed. So our track is right. Our resources are not the limiting factor. I'm very confident that in the years to come, particularly in the current year, we will be marching forward and the multiple of IMFL is known to all of you. It will definitely give us very good results. Thank you.

Rupark Sarswat: Thank you, Raju Ji. I must also request just for a couple of minutes at least Shukla Ji, are you here on the line?

S. K. Shukla: Yes, I'm here.

Rupark Sarswat: Shukla Ji, I think can you please give a quick update on country liquor, that's also an important part of the Potable Spirits business.

S. K. Shukla: Okay. Thank you. Thank you. Good afternoon. My name is S.K. Shukla. So country liquor business is very important for India Glycols and not for only the India Glycols, but also for the state government because more than 60% revenue, the state collects from the branded country liquor sale. So branded country liquor sale in which the IGL's contributions in the last 2 years become more recorded.

First, we have the very prestigious brand name is Bunty Bubbly. This brand in last 2 years is continuously getting the highest India selling country liquor brand, and we have been awarded twice from the India Book of Records. If we talk about the market share, so we have around business in basically UP, which is contributing around INR 55,000 crores to the state. The country liquor business is approximately in this year, 1 crore cases in a month, which is the 4 times more than the foreign liquor business.

And growing year-by-year around 11%. Last year, if you compared to FY '23-'24 vis-a-vis '24-'25, the total growth in the country liquor business in the state of UP is reported 11%. Out of 11%, India Glycols business growth is 17%. Whatever the industries increase as compared to '23-'24 via '24-'25, out of 9 lakh cases, our business share is 35%. So we secure 3 lakh cases growth year-by-year. So, you can say we are maintaining our leadership position since last 3 years in the country liquor segment.

So we have the world-class facilities, production facilities. That's why we at our exact capacity, we can produce 40 lakh pack per day in one roof. This is the capacity of India Glycols. We have the high-speed machines. So that's why we are able to dispatch and produce around 1 lakh cases in a day. So this is all about from the production side, this year, the target, we are expecting growth of the industry is around 10% to 12%.

And this year, probably we are targeting more than that. So as far as country liquor business is concerned, IGL leadership is maintained, and we hope that next year, same will be maintained. Thank you from my side.

Rupark Sarswat: Thank you, Shukla Ji. A very good summary. I think it's very good to see that while the industry is growing at 11%, which is very good, IGL has grown at 17% and 35% of the growth which came in the industry actually came from IGL. We've also had a similarly very strong business in Uttarakhand, which is smaller, but we are the dominant player in Uttarakhand as well.

Interestingly, country liquor in terms of its quality has been improved both by efforts by the government in terms of making it higher quality, as well as by the players. So, it's a completely different business from what it used to be 15-20 years ago. And that is one of the reasons why there is increasing expansion in this space, not only in terms of the same state of people drinking, but also some of the people in some of the relatively higher income groups also shifting to some of these brands.

So, today, we had a slightly longish update, but I'm sure even then we would have found it useful because it helps you to get it in a much more comprehensive manner. I'm sure you have questions; we'll be happy to take them.

Moderator: The first question is from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Congrats on good set of numbers for FY '25 and an elaborate summary of the businesses. Sir, first question is on the Ennature Biopharma. Given that the market is well supplied, as you said in your commentary, is it that structurally the margin profile will now be changed and lower than what it used to be historically?

Rupark Sarswat: Yes. Rohit, I recognize where you're coming from. And I would like to imagine that there is a market which is in transition and there's an organization which is in transition. So our effort, of course, it is difficult to give a prediction, is that we will continue to move up the value chain. And we have complete effort in that direction that we have been doing in terms of doing several things.

For example, we received the Establishment Inspection Report with no observations from U.S. FDA for nutraceutical products at our Dehradun plant. And both our Maxicuma, Xanthogreen are now clean label verified products reinforcing our commitment to enhance product safety and quality in global markets.

So broadly two or three things. One is, we are looking at the broader range of products. We are looking at branded products. There is a time frame which takes to work with global partners to get your product approved. There is a high focus on demonstrating differentiation, both in terms of product performance, as well as quality standards and certifications.

We believe that these kind of challenges in businesses, pressure to commoditize as we entered the business are expected to come, especially when you grow. But we have a clear plan to look at moving in terms of higher-value spaces, there is enough space in the world for this in terms of nutraceutical supplement.

As you would imagine, apart from just the chemical APIs, the world is looking more and more at natural alternatives for health, not only as a nutritional supplement, but also as APIs to heal diseases. So that is the broader macro trend. That is not only a global macro trend, but that's also increasingly an India domestic macro trend. However, in this space, as in every case, more and more people will try and get into. And obviously, it will become a game of differentiation, collaboration and demonstrating quality and product efficacy.

So we have enough plans there. So I would not say that this is the norm for future, and that's the new normal. I think those are the dynamics of the business. We entered this business. We are moving up that business. The business is there to stay. The business has the fundamentals to help it grow, and that is how I would like to state that.

Manish, you are more involved in the business. I'll let you want to add to that.

Manish Pant: Yes. I fully agree with what you have said.

Rupark Sarswat: Yes, okay. Rohit, does that answer your question a little bit?

Rohit Nagraj: Yes. Got that. Got that. Sir, second question is on the JV front. So we have done extremely well during the year. But again, in the recent past, the crude prices have slipped back to $60-odd, and probably now the EO dynamics is more favourable towards the crude-based EO. So how do we foresee this particular to pan out in the next foreseeable future?

We will still have some challenges in terms of the performance. Or is it that in terms of the product split, in terms of the efficiencies, at least part of that can be taken care of in the form of better utilization rates or efficiencies?

Rupark Sarswat: So, Rohit, let me answer this question. We had a positive and a thriving JV, which was absolutely newly formed when the difference between IGL's EO price or which is what goes to the JV and Reliance' EO price in the market was in excess of 40%, right? Even then our fledgling new JV was, if not galloping, thriving and surviving and growing. Now that difference has come down and has been hovering in the range of around 17% to 18% to 19% broadly. I don't remember the exact numbers as of today. So that is one factor.

We don't see it going back to the levels of 42%, at least I don't see it because I'm sure you were there, definitely, when we spoke about our imported ethanol costs going up from something like INR 35 a liter landed to in excess of INR 65 a liter in terms of spot. Subsequent to that, we have taken several actions. I have spoken about it before. We have taken actions to invest in grain-based capacities. And we've also looked at specializing, diversifying, etc.

Another thing that has happened over the last 3 or 4 years also is that, if crude goes down, it also has a downward pressure on ethanol prices. I'll tell you why. And you will probably understand that but let me restate that. One of the things that happened over the last 5-plus years or around that time is ethanol prices because of it being a fuel for blending in petrol has got coupled to crude.

So once crude starts to go down, there is, of course, from a viability perspective, the pull to blend ethanol comes down as well globally. And we've seen this in France and Brazil earlier. If crude goes up, people start to blend more ethanol and that tends to put ethanol prices up. So there are things on both sides. In a nutshell, this kind of green transition challenges are going to be there.

I don't see it going back to the severe gap levels that we were seeing more than a couple of years ago, one.

Second thing, we've taken actions to at least mitigate these risks to some extent. Thirdly, there has been a coupling of crude and ethanol. And one of the reasons ethanol prices goes up is when crude goes up. If crude comes down, there is a downward effect as well. And thirdly, the JV also is much more established. It's working on establishing products and putting them into the global markets.

I think that is being done better. It's greater focus on indigenization and improved product mix. So whilst you raise a valid point, I think there are factors on both sides, and I don't see that shifting that drastically to start to be a big concern for the JV. These pressures will remain, but there are other things which I spoke to you as well.

Moderator: The next question is from the line of Neil Bahal from Negen PMS.

Neil Bahal: Congratulations on a good set of numbers. I had a couple of questions to begin with the Spirits division of ours. I saw in Q4 that our EBIT was INR 78 crores. This also was coinciding with a substantial jump in margin. So, first question was, do you think this kind of a margin is sustainable going forward in the coming couple of years?

Rupark Sarswat: You mean for the Spirits business?

Neil Bahal: Yes. I think as per your presentation, the margin showed 27.6% on the EBIT side.

Rupark Sarswat: So look, in terms of the broader make-up of the business, and I will request my finance and Potable Spirits people to jump in to give an answer that structurally, we faced some challenges a couple of years ago, which was higher ethanol costs, getting price increases, etcetera. Now, that has been happening.

I don't see fundamentally anything happening in cost, which will drastically get overall margins down. Yes, there is from time to time some variations in local ethanol prices, etc. There is a lag in terms of getting price increases. That is the nature of the ethanol business because you can't just go to the market and increase the price. You need to get these approvals.

And from our side, while these kinds of pressures continue, we mentioned to you that we have been focusing on moving up the value chain in terms of premiumization. So whilst I'm not only commenting on 1 quarter, our finance guys can tell if there was something exceptional. I think broadly, in the couple of years to come, there is no red flag that I see immediately to say, oh, suddenly, Potable Spirits margins are going to come under pressure.

I'll pause. I think there are other people who may add some more granularity to this.

Raju Vaziraney: See, just to substantiate to what our CEO rightly said, 1 major reason for our very good profit in last year has been Uttarakhand. Uttarakhand is our home state, and we have leadership in, not only country liquor, but we are among the top 3 companies in Uttarakhand. It's a well-known fact that country liquor, almost 8 out of 10 bottles sold in country liquor or tetra packs sold in country liquor are from our company.

And since we are in Kashipur, which is a part of Uttarakhand, we are able to augment a lot of volume and put it in the market, and we are known for quality. So there has been a substantial jump in country liquor, which is very profitable, as we mentioned earlier.

And I'm sure to what Shukla Ji said, in UP, we are doing a wonderful job in terms of volume. Here, though the market is smaller, but in terms of bottom line, the business is very interesting. And of course, we have top line supremacy. So, there is no reason, as our CEO said, for us to not work closely on this growth.

And I'm sure in the next 2 years, we are able to harness the potential. I would request my colleague, Mr. Manish Pant, who oversees the Uttarakhand market in addition to his current responsibilities also to give his inputs on Uttarakhand success.

Manish Pant: So since we were the first mover in the tetra in Uttarakhand, as Raju Ji says, that we are commanding the market with 80% of the total volume in country liquor. Apart from that, as Rupark says, the premiumization of our IMFL segment and tie-up with the Amrut and with the more volume from the Bacardi has given a substantial boost to our bottom line.

Neil Bahal: Okay. Sir, so just to reconfirm, this INR 78 crores of EBIT that we reported in our Potable Spirits business, there is no one-off. This is largely due to operational efficiency or scaling up of that business. Am I right?

Manish Pant: That's right.

Raju Vaziraney: Correct.

Neil Bahal: Okay. So second question around this would be, do you think this is the kind of a run rate we should expect for FY '26? Or do you think there could be some more growth in FY '26?

Raju Vaziraney: See, it is not that by fluke, we got this success. It is by design. And as I mentioned in my earlier discussion a few minutes ago, we are going to address at least 3 more markets in this current year. So we will definitely get that additional advantage in terms of volume. And we don't enter any market where there is risk to lose money because the liquor is marred by bad payment.

So as a management decision, we will enter those markets which are corporation controlled. In other words, where the payment is secured and carry the success story to the other states. So one is volume. We will increase more states, and also the existing brands will definitely grow. And these are our home states, UP and Uttarakhand and Delhi, we have made our presence felt. I'm sure it is a very bright future in the current year.

Rupark Sarswat: Yes. Just to add, Neil, I think to be a little conservative you may think so. Even if you don't look at quarterly trends, at least we have reasons to believe that our annual trends should be maintained. And of course, we continue to try and improve on them and there are factors which come in the business, as you know. But since you asked the direct question, I think there is nothing extraordinary, which should concern us at an overall level. If not quarterly, at least you can look at an annual trend.

Neil Bahal: Okay. I mean, if that's the case, I must congratulate the team because this has been exceptional performance. I mean, this is far ahead of whatever we had in mind. So congratulations on this. One follow-up question would your team have computed for our Spirits business, what is our return on capital?

Anand Singhal: It is around 17% to 18%.

Neil Bahal: 17% to 18%. Okay. And last question, sorry, talking around the scheme of demerger that we have in mind, would you know how much of our debt will go where? In which business how much debt will get transferred?

Anand Singhal: Just to brief you as of now position, we are having about INR 1,200 crores long-term debt in the books of the company, out of which about INR 500 crores will go to the Chemical division and INR 700 crores will go to the liquor division. This has the direct debt also, which has been taken for the expansions of the particular unit. And this debt also has something like the other debt which has been taken by the company for the other purposes.

So as far as the repayment is concerned, so every year, we will be having, say, about INR 150 crores to INR 160 crores debt repayment in the Spirits division, that is the liquor division and about INR 90 crores in Chemical division. So, this is what about is going to the different companies.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Co.

Saket Kapoor: Namaskar, team. Thank you for a very detailed conversation which answers most of the questions. Sir, the point for investors are definitely what Anand sir just alluded to the split of debt and that the question remains in our mind is how are we going to repay this debt going ahead?

And also, are we done with the capex cycle? I think so for the last 2 fiscal, closer to INR 1,300 crores capex has gone through. So my first question was directed towards this repayment or lowering of debt exercise. What's the thought process behind it?

Anand Singhal: Saket, to be frank, in this year, the company has earned a cash profit of, say, about INR 360 crores. And the same run rate suppose is continuing in the next years also, then the company will be able to pay the entire debt as per the repayment schedule. Number two, what you said about the capex, we have almost done with all the big sized capex because the grain distillery and everything has been completed and in place.

So, we are not looking at something like a big size capex in the near future, except some of the capex like maintenance capex and some of the capex, which is already going on and is not complete. But no big numbers you will see in the future, at least till the demerger of the company means next year.

Saket Kapoor And secondly, sir, on the Bio-Fuels part of the story, which with the blending program, the targets being preponed and also being achievable, what are the price trends in the raw material and also the availability of the raw material and the margin profile for the Bio-Fuels segment?

Because when we look at the margin profile, although Q-on-Q basis, the margins have moved up, in fact, doubled from what we did for December quarter to March quarter. But how should the availability and the pricing of the raw material, what's the outlook, especially for the Bio-Fuels segment, sir?

Rupark Sarswat: So, Saket, I will give a more generic response first. And one of the reasons I commented on the Bio-Fuels business over a period of 3 to 4 or 5 years because I think that is how this business ought to be looked at. And I mentioned to you, see, this is a business which has been a priority of the government, driven by several factors.

The first of all, being reducing forex outflow, improving farm sector incomes, energy independence. So look, first of all, these 3 priorities are going to remain priorities of the government even more than before, if you can look at how the world is shaping up in terms of geopolitics and so on.

Second thing, the fact that the government is already thinking about possibly up to a 30% blending. Of course, there are many, many factors to it, which I'm not discussing right now is the fact that the government is in their assessment, quite positive about how the program has gone so far and positive about how the program will proceed into the future.

In terms of capacities also, I mentioned to you that we started with a target of 5% in '19-'20, we met 5%. '20-'21, 10%, met 8.1%; '21-'22, 10%, met 10%; '22-'23 target 12%, met 12%; '23-'24, 15%, met 14.6%; '24-'25 target 20%, met 18%, 20% for '25-'26 expected to be. So the track record of 5 or 6 years of this broad program has been in general a success. Now, you are right to say that this has several factors. For example, it has global crude price.

Now global crude price because it affects ethanol price, it affects government decisions and so on. It has grain price. And I'm sure those variables are always there to consider. But rather than speculate, I think the fact that how it has proceeded over the last few years successfully preowned, and the government is actually thinking about or contemplating a higher blending should give us some confidence.

Now, in general, we have seen that there is adequate food grain in the country. The government is also saying that while we started with rice, one of the major drivers as far as grain is concerned is going to be corn in future. Indian corn productivity right now is much lower than global standards.

Now there are various actions which may happen shape up in future, including better varieties, possibly even introduction of GM corn, etcetera, etcetera, or import of GM corn. But I would rather than dive into every specific detail, I would say it is not something where the pricing is determined by the supplier. And it is not purely a market-driven pricing because of national imperatives.

So what the government has done very interestingly in this case is to balance out and to make sure it also remains viable for manufacturers. There are various sources of ethanol, C-heavy molasses, B-heavy molasses, damaged food grains, excess maize, corn, etcetera. So there is a pricing which is done separately for ethanol coming from all these sources. It's not that it is 1 ethanol, so it's the same price.

And the whole idea is to make sure that whilst it is going to be a rainbow of various sources coming together to meet that national imperative, the government is going to ensure trying to enable both the back end in terms of feedstock supplies, as well as the pricing in terms of front end to make sure it is viable for manufacturers.

Given that I have given you a long overall picture, but I did not find a short way of answering it to you is, there is no reason to believe that suddenly this business is going to become unprofitable. I think if larger objectives of the nation as stated is higher than this have to be met, then the necessary actions in terms of feedstock and pricing will continue to happen.

Saket Kapoor: Last point is on the ENA price trend. If you could just allude since we have strong profitability in our chemical and the alcohol business, how are the price trends for the ENA currently?

Rupark Sarswat: Yes. So let me give you one comment, and then I'll ask maybe Shukla Ji to comment and maybe Manish can add. See, ENA for us, as I said, we have multiple outlets for our ethanol. One is Chemicals. The other is Potable Spirits, which is top of priority for us because that gives us the biggest bang for the buck, then of course, there is Bio-Fuels.

So we look at an overall picture in terms of our capacity, in terms of cost-price viability and then we position for our ENA. And also, remember that where we have certain important tie-ups like Bacardi, where we prioritize ENA and we also get, therefore, both stability, as well as realization for other advantages that we deliver to our customers.

Now, price trend domestically in terms of ENA has been stable. Internationally, it has been under pressure because there's a lot of supply from other countries. But for domestic ENA prices and some more details of it, maybe I will request Shukla Ji to give some comments.

S. K. Shukla: Because the domestic ENA prices vary from state to state because, state excise tax involvement is major. If you are transferring ENA from one state to another state, you have to pay export duty likewise import duty. So, in the state of UP, the prices is varying from INR 64 to INR 68 per liter and whereas in Uttarakhand, it is from INR 77 to INR 78 per liter. This is because of inter-state state excise duty.

But I would like to also comment on your last question about the price reliability of the ethanol, raw material liability of ethanol. See, Government of India, as rightly said by our CEO, and I am adding to his point that the main motive behind ethanol sustainability is the farmer and Government of India linking the farmer income with the ethanol income.

So in all the state major maize development program is going on. And this year, we are expecting more than 25% to 30% production increase in Indian corn. This is because of the state efforts.

And all the industries need to purchase the maize on the MSP. And according to that, Government of India is fixed the ethanol price.

So nowhere this program is going to deactivate, rather than that, there is high possibility to go for the 30% blending level in a couple of years because central government is focusing on the maize feedstock and the future of the maize feedstock is bright, as said by the CEOs that Indian productivity is 3 ton per hectare as compared to the 10-ton hectare, 11 ton per hectare in U.S.

But now because of innovative hybrid seeds, it's still in our area, we are doing the maize development program, and we are getting 10 tons. We have started getting 10 tons from the corn. So farmer is able to get 2 times , 3 times more margin than the traditional crop like rice or wheat. So looking to all the focus of the government, the state government, central government, the ethanol blending program future is very bright.

Saket Kapoor: Thank you to the Board for recommending 100% payout this year. All the best.

Moderator: As there are no further questions, I would now like to hand the conference over to the management for closing comments.

Rupark Sarswat: Yes. Thank you very much for sparing your time, first of all, to come to this call, and it's really the first warm hot summer day in the month of May. And also staying here to listen to us, talking about the results, about the company, about our plans, asking us questions, which is also an opportunity for us to learn many times. So thank you for all of that.

With that, on behalf of everybody in IGL, thank you once again, and wish you all the best.

Raju Vaziraney: Thank you.

S. K. Shukla: Thank you.

Rupark Sarswat: Thank you, everyone.

Moderator: Thank you. On behalf Nuvama Wealth Management and Investment Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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