



INDIA GLYCOLS LIMITED



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17th August, 2021

**The Manager (Listing)
BSE Limited
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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,
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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 Q1FY22 Results Conference Call

Further to our letters dated 10th, 11th and 12th August, 2021 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Results Conference Call for Q1FY22 held on Thursday, 12th August, 2021 is attached.

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

This is for your information and records please.

Thanking you,

Yours truly,
For **India Glycols Limited**

**Ankur Jain
Head (Legal) & Company Secretary**

Encl: A/a



“India Glycols Limited
Q1 FY2022 Earnings Conference Call”

August 12, 2021



ANALYST: MR. SANJESH JAIN - ICICI SECURITIES

**MANAGEMENT: MR. SUDHIR AGARWAL – EXECUTIVE DIRECTOR
MR. RUPARK SARSWAT - CHIEF EXECUTIVE OFFICER
MR ANAND SINGHAL - CHIEF FINANCIAL OFFICER
MR SANJEEV GURWARA – PRESIDENT – MARKETING
MR. S.K. SHUKLA – HEAD – LIQUOR BUSINESS**

**MR. ANKUR JAIN – HEAD (LEGAL) & COMPANY
SECRETARY**

Moderator: Ladies and gentlemen, good morning and welcome to the Q1 FY2022 Earnings Conference Call of India Glycols hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjesh Jain from ICICI Securities. Thank you and over to you Sir!

Sanjesh Jain: Thanks, Lizaan. Good afternoon everyone. Thank you for joining us on India Glycols’ Q1 FY2022 Results Conference Call. Today we have with us Mr. Sudhir Agarwal – Executive Director, Mr. Rupark Sarswat - Chief Executive Officer, Mr Anand Singhal - Chief Financial Officer, Mr Sanjeev Gurwara – President – Marketing, Mr. SK Shukla – Head – Liquor Business, Prof. Dr. R.K. Khandal - President, R&D and Business Development, and Mr. Ankur Jain – Head (Legal) and Company Secretary at India Glycols Limited. I would like to invite Mr. Rupark Sarswat to initiate proceeding with his opening remark, post which we will have Q&A session. Over to you RuparkJi! Thank you.

Rupark Sarswat: Thank you Sanjesh. Thank you very much. Good afternoon everybody, welcome and thank you for joining us in this call. I hope all of you are doing well, we have had rather precarious year last year and uncertainty has been rather unthinkable and continues. On a much lighter note hopefully we will start spending our clothes budget on things other than mask and Alcohol budget on things other than gallons of sanitizers. What I plan to do is to take you through the 30 second introduction of my team members we have not done such a call for a long time and therefore it will be in order. After that I will take you through our company overview and then I will request our CFO to take you through financials very quickly and then we will have time for discussion. I will start off by introducing myself, I Rupark Sarswat, joined India Glycols roughly about six months ago in December 2020. I have worked in mainly two organizations before that, most of my career has been spent working for ICI and Croda and in my last role I was the Managing Director for Croda India with some responsibilities for Asia Pacific which included supply chain, technical quality and some sites like Singapore, Japan, Indonesia, etc. In between, I had a stint of about one year with another company called Transpek-Silox, which is a subsidiary of a Belgium company called Silox and now I am here at India Glycols. I will quickly ask my leadership team to introduce themselves starting with Mr. Anand Singhal, the CFO.

Anand Singhal: Good afternoon, I am Anand Singhal, I am the CFO of the company. I joined this company in 2008 ,I have already completed my 13 years with this company taking care of the finance and accounts. Before that I was working with a company called Trident Group in Ludhiana .We will try to answer all questions asked by the investors. Thank you very much.

- R.K. Khandal:** My name is Prof. Dr. R.K. Khandal, I am President, R&D and Business Development in India Glycols and my association with India Glycols started in 1993, then in 2001 I left the company and went to become the Director Shriram Institute for almost about 12 years, then as a Vice Chancellor of UP Technical university, and since 2015 I am again with India Glycols. I am really proud to say that this is a company where any employee would like to work for. Our R&D focuses on innovation, unique products, noble products and focus is always on products, which are sustainable, which make the company sustainable, and as our Founder Mr. M. L. Bhartia had given the mandate and vision for the company we focus our energy on finding out alternatives to petroleum resources to make sure that not only India Glycols remain sustainable but all our stakeholders, all our partners also attain sustainability. Thank you very much.
- Sanjeev Gurwara:** Good afternoon ladies and gentlemen, I am Sanjeev Gurwara, President – Marketing. I have been with this company for the last 27 years, I joined India Glycols in 1994 and I have seen a wonderful growth over the years and we have been innovating on the way forward with collaborations, JV, and now our future endeavors to go into bio-based products and specialties and improve our profitability in the coming times.
- SK Shukla:** Good afternoon, my name is SK Shukla, I am heading the Liquor Division. I am with this company since 2004 this is my 17th year and in these 17 years I have travel across all the plant of India Glycol right from Gorakhpur, Kashipur, and now I am in Head Office looking after the operation. I am ready to answer your questions regarding my subject. Thank you.
- Ankur Jain:** Good evening this is Ankur Jain, I look after the Compliance and Corporate governance part, heading as a Legal Head and Company Secretary. I have been with this company for the last five years, previously I had worked with different gamuts from real estate to construction companies. Delighted to welcome you all to this call and look forward for your questions. Thanks everyone.
- Rupark Sarawat:** Yes, last but not the least, Mr. Sudhir Agarwal, who has joined us from another location. Sudhir Ji very quickly can you give us an introduction.
- Sudhir Agarwal:** Thank you so much. Good afternoon everybody, I am Sudhir Agarwal, Chemical Engineer, having experience of almost 35 years. I joined IGL in 2014 as Vice President, Operation and now I am having the title as Executive Director of the Company. My focus area has been plant area, plant operations, energy optimization, project management and all day-to-day activities of the plant operations. Thank you.
- Rupark Sarawat:** Thank you. Without wasting much more time I will now take over to give an overview of India Glycols. India Glycols is essentially a company which has been and is into sustainable

bio-based ingredients and performance chemicals, which updates on green technologies. We are called India Glycols but it is possible that our name probably does not fully convey what all we represent. Though the journey started about 30 years ago by manufacturing Glycols and at that point in time India Glycols was the first company in the world to make ethylene oxide using bio-based feedstocks, converted it into various ingredients, which includes glycols, glycol ethers and subsequently ethoxylates derivatives formulations and so on. So this innovative way in which the company started by being a pioneer in this technology, it is perhaps even more inspirational and relevant today for the journey that we look ahead. In terms of our portfolio, we have bio-based specialties, bio-polymers and a segment which has plant based APIs & Nutraceuticals, which you call Ennature Biopharma. Portable spirits is an important portfolio for now. Something that will become more important in future is bio fuels and something that you may have read about which is the Carbon Smart range

Since I have used the word Carbon Smart I would like to explain this to you Although this is a nascent business for us right now. The reason this has been in news is that there have been at least two public announcements, one of them have been by the Global CEO of Unilever and also a press release where they talked about a collaboration of LanzaTech, India Glycols and Unilever to make homecare products using Carbon Smart feedstocks. It has a very low carbon footprint and it is something which is an imperative worldwide, not only for nations but organizations to continue to reduce their carbon footprint so as to meet the UN SDGs or the UN sustainability development goals and therefore contribute towards reducing climate change and more and more bigger companies are taking it very seriously and setting targets for themselves. LanzaTech brings the technology very, very interestingly. Huge amounts of carbon or carbon dioxide which goes out from steel plants and other high energy consuming plants gets captured by this bio-technology and is converted into useful chemicals, which we in India Glycols, further derivatize to useful products which are known as carbon smart products. It is not a big part of our portfolio right now, but it is very promising

We are also the largest manufacturers of Bio-EO based ethylene oxide and its derivatives in the world. We are probably only the second significant player and also the largest. We have a customer base which includes big players from India as well as global players , like Coca-Cola, Unilever, Bacardi and many others. We have three state of art manufacturing facilities which we are currently running, one of them is in Dehradun, the other one is Kashipur and the third one is in Gorakhpur.

In terms of our portfolio, we divided into three broad edge, the way we would like to align our strategy going forward as well. Number one being bio-based chemicals and specialties, this includes bio-based specialties like glycols, glycol ethers and acetates, specialty and

performance chemicals, bio fuels, bio-based polymers and I have already spoken about the Carbon Smart range. This is one broad head which has been an important area for India Glycols and will continue to be an important area going forward.

The other relatively newer area for India Glycols is potable spirits. Sometimes people have asked me the question how is it related to your specialties or chemical business, now the connection is very important to understand which is the synergy. Traditionally one of the important feedstocks which we have manufactured ourselves has been high quality ethanol because that has been required for the specialties that we produce and since we had a strength in producing superior quality ethanol, it was a logical step that we looked at in a slow manner, in a phase manner, to build the business in the potable spirits area and so far we have done very well in that area. We are the leader in terms of branded country liquor in both Uttar Pradesh as well as Uttarakhand. We have also forayed in a small way to start with Indian manufactured foreign liquor and obviously even before we did this, we were already manufacturing superior quality extra neutral alcohol which we were selling in bulk quantities to other beverage manufacturers and it is something that we also use to do the bottling for Bacardi in India.

The third relatively small but a very promising business for us is Ennature Biopharma. Essentially this is based on plant-based APIs and extracts, it produces APIs, nutraceuticals and carotenoids for various herbal and pharmaceutical usages.

You must have recently heard about the joint venture that we have with Clariant IGL Specialty Chemicals Private Limited so essentially what we have done is this IGL has the biggest business globally in manufacturing bio-based ethoxylates and their formulations which was one part of our larger chemicals business and with a strong manufacturing footprint in India with a good reach to customers in India and we thought that it was a good way to create value for our stakeholders by collaborating with the global major like Clariant so IGL brings in a strong manufacturing footprint in India, footprint in bio-based feedstocks, and Clariant brings in global technology and reach to some of the global customers, so this is the biggest synergy in terms of the joint venture.

Last year we had gross turnover of 6058 Crores, we had a net operating turnover of 2656 Crores and an EBITDA of 359 Crores. Given the EBITDA performance of last year as well as the sales performance of last year you would see that given the circumstances it was a resilient performance by India Glycols. I have already spoken to you about the portfolio of sustainable bio-based ingredients and green technologies. So again summarizing and telling about a few others it is bio-based specialties that goes into some very interesting markets which will continue to grow not only in India but globally, which includes personal cares, which includes food, which includes textiles, paper, packaging, oil & gas, homecare,

coating. Now if you see all these sectors typically if you keep the COVID and the uncertainty that comes with COVID aside, these sectors are all expected to grow double digits at least in India and will also continue to be growth drivers globally. We are connected with our serving customers in areas, which are fast growing. Within the potable spirits portfolio we are doing well as far as country liquor is concerned, we are launching new brands in IMFL and the broader strategy is to grow slow, steady and solid and infuse brands to cater to the more premium markets in this space.

I spoke about Nutraceuticals on the Ennature Biopharma segment as well and this contributes into areas like pharma, personal care, nutrition and more and more people are interested in looking at alternate medicine, looking at preventive medicine, looking at medicine which are nutrition, which is plant based, I spoke about the IGL green joint venture already. I have written about FMCG as a new area but relatively small, since we were into alcohol as we were making highly purified base of alcohol which are suitable for potable purposes. We also got into the sanitizers business last year, not only do we manufacture our own sanitizers but we have also continued to manufacture sanitizers for some of the biggest brands in India.

Bio fuels is something of interest to us, not talking about the circular economy and we use various bio feedstocks to create potable spirits or alcohol and various chemicals out of it, there are also residues which may be rich in protein and other things, which can be utilized. So plant nutrition is one of the areas that we will be looking at, but it can also be animal nutrition in future, and industrial gases seems like something which is a little odd, but it is not so odd, in the sense that we need gases when we produce our chemicals for our in-house consumption. So whilst we produce these gases we also take the opportunity to sell these gases in the market, which includes oxygen and argon and nitrogen and because we do a lot of fermentation and one of the byproducts of fermentation is carbon dioxide that is how we are also into production of carbon dioxide. It is not an unrelated business, it is very much a business related to what we do and kind of a bolt on business that is there for us, which is either generated in-house or used in-house. So IGL has had interesting journey starting way back in 1998 to the joint venture that we have with Clariant now and some interesting projects going forward.

Let me jump further, I already spoke about the markets that we cater to, I spoke about the joint venture, and I told you about the location that we have in Kashipur, Dehradun, Gorakhpur and Noida and the manufacturing synergies that we have, and we will talk about R&D being one of the most important drivers for us as it has been in the past and it will continue to be in future, our R&D labs are recognized by DSIR and Ministry of Science & Technology. We are working on several areas including green solvents and for various applications including smart specialty chemicals, bio-based specialties, bio polymers and

hydrocolloids for high-end applications and a number of basic building blocks from renewable sources, which bring a low carbon footprint and deliver green house gas savings. Areas like green based fuels, antifreeze agents, lubricants, which are replacing now petroleum based derivatives, and in a small way FMCG that I talked to you about, but we are also evaluating any opportunities that maybe there for us in future and the focus will essentially be on market led innovation to deliver sustainability, to help global companies, meet their sustainability targets through products which are not only sustainable but are innovative in terms of the application areas, end applications areas that we spoke about.

So that was a quick introduction on India Glycols and of course one more thing I would like to add in terms of safety, health and environment, it is a very, very important area for us, we recognized that we are in the process industry and we must continue to aspire to be best in class as far as compliance to environment or safety or health standards are concerned, we do quite a lot of work in that area, and our factories has a large number of certificates. We continue to work closely with our communities in various ways be it working with schools, be it supporting the community in need of crisis. We are not a major oxygen supplier or a manufacturer but we did convert all our oxygen capacities which were industrial oxygen capacities into liquid oxygen capacities immediately to make sure that we could do our bit in helping the country deal with the crisis during the second wave. So that is briefly about India Glycols. I thought this was first call that we were having so I took the liberty and the opportunity to give you an overview of India Glycols. I would now like to hand over to my colleague, Mr. Anand Singhal to take you through the financials and then we can have time for discussion.

Anand Singhal:

As per the accounting standard, since we have shifted one of the divisions to Clariant, till June 30, 2021 we will have to show the results in continued and discontinued operations I will give you the numbers on a consolidated basis although the discontinued and continued operations results are given in our presentation separately. The revenue from operations for Q1 FY 2022 is 865 Crores vis-à-vis the corresponding Q1 FY 2021 was 385 Crores and Q4 FY 2021 was 973 Crores, the main cause for this reduction is due to COVID in the first quarter. The PBT is 77.92 as a whole against 56.40 Crores of Q1 2021 and 130 Crores for Q4. This quarter we have shown the profit out of slump sale of about 240 Crores as exceptional item. To conclude the results in brief the EPS for this quarter is Rs.68 including the exceptional item against Rs. 1.38 of the corresponding Q1 of last year and Rs. 22.93 for the Q4, so this is the brief about our results and we are ready to take questions from the investors.

Moderator:

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

Rohit Sinha: My first question will be on the capex announcement ,what would be the asset turn on this grain based capex which we have announced and what return ratio are we expecting. Would it be only for ethanol or there would be some derivative or downstream product as well?

Rupark Sarswat: If I understand your question correctly you wanted to understand the capex investment that we talked about in terms of distillery right and return?

Rohit Sinha: Yes.

Rupark Sarswat: We are investing around 300 Crores to expand our capacities to make alcohol or ethanol using grain based feedstocks. We already have the capability to make ethanol using molasses based feedstocks. We will be taking the opportunity to participate in the bio fuels market because that is something that the government policy has focused on and is encouraging the industry to do that. The rationale is of course reducing outflow of foreign exchange, second of course increasing incomes in the farm sector, and thirdly India has actually significant stocks of grain which is not getting properly taken care of or not in a good condition that gets utilized as well. So apart from bio fuels it also helps us if you see alcohol is a very important feedstock for us, so we buy alcohol, we produce ethanol using molasses and this gives us another basis for producing ethanol which helps us create opportunity and also derisk our business. As far as this investment is concerned, this investment is not talking about producing specialties from it right now as far as this capex is concerned; however, having said that as I said bio-based ingredients and performance chemicals is going to be a focus area for us, we are looking at several projects and which are in the pipeline and we have some assets and we may be investing in building capability in that area in future as well. You also asked me about returns, the returns on this capex as far as the internal calculation that we have done are very good with an excellent payback as well.

Rohit Sinha: Any ballpark number we can expect?

Rupark Sarswat: So in terms of topline it is very difficult for me to give an exact number but I can give you indicative numbers this could potentially add up to 600 plus Crores to our topline and this could add up well above 100 Crores plus to our bottomline as well.

Rohit Sinha: What would be the overall demand supply dynamics in the grain based plant. There are other green based ethanol plants coming in next maybe 15 to 18 months IOCL and HPCL are also putting up 5500000 capacity so just wanted to know what is the overall demand supply dynamics that would be favorable for even IGL in the next two, three years?

Rupark Sarswat: Yes, so look what is the target that Government of India has. The Government of India has taken a target that we would be blending something like 20% of ethanol by 2025 and in 2013 we were blending not even 3% or 1.8% of ethanol, in petrol last year we were close to on an average 6% this year it appears that we will be close to 9% to 10% and the requirement of ethanol which this year is expected procurement of 350000 Crores is expected to go up to 900 plus lakh Crores when 20% blending happens and there is an assurance by the government that they will be picking up all the ethanol that gets produced so as far as consumption is concerned it is not something that will become a bottleneck for the industry for all the capacity that is getting quirked up. From our perspective I would like to say that we are probably a little better of that we do not only produce ethanol for blending, ethanol is anyway a feedstock for us for alcohol as far as the potable spirits business is concerned where we add more variety we can add more variety in terms of the ENS as we sell to the market and obviously we have potentially use for our performance chemicals and bio-based specialty as well.

Rohit Sinha: Secondly on this EO derivative business which we have fully transferred to JV which was close to about 90000 metric tonne capacity if I am not wrong what kind of a peak revenue potential we can expect from this business and is there any further near-term plan to expand this capacity?

Rupark Sarswat: So let me give you a more qualitative answer, if you look at the specialty chemicals business, it has been growing well over the past several years and I told you the synergies which exist between Clariant and IGL I told you about the markets which is personal care, pharma, and textiles, coatings and polymers all of which are expected to grow at 10% plus and there is all reason for us to believe that with strength of Clariant which is global technology and reach to global customers and the manufacturing strength of IGL this business will have a promising growth going forward as well. Now the JV is making plan for it and I would rather have the results speak for themselves over a period of time, but we think it is a good growth potential. The other thing which is that Clariant now sources bio-based ethylene oxide based products in India and the variable that they need to work on is the fact that these products will now be also introduced to their global customers.

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

Sanjesh Jain: Couple of questions from my side. First on the bio-based chemicals which we supply, can you give some color in terms of what is the industry exposure for us, how much is it fuel, how much is it polymer, and the other industry we cater to?

Rupark Sarswat: I do not have the précised numbers with me as of now, but we could obviously get back to you subsequently.

Sanjesh Jain: No, some color will be okay, we are dominated on polymer side or we are dominated on fuel side or polyester side which are the two, three dominant segment for us and how are they doing and in those particular segment what is the importance of sustainability. Are we an alternative to petro , is it sustainable, are people structurally looking at us to partner irrespective of what is the differential pricing between petro and bio?

Rupark Sarswat: So in terms of three big segments, as far as bio-based ingredients and performance chemicals are concerned glycols and glycol ethers continues as of now to be a biggest one. Bio fuels work wise significant but now what has been happening is that ethanol prices went up abnormally high for imported ethanol as well as ethanol available within the country for a variety of reasons, which includes what is happening to the corn crop and the fact that there is drought in Brazil and therefore there is an expectation that sugarcane base ethanol will be available including corns demanding China so ethanol prices have been abnormally high which used to be close to Rs.35 landed we are cutting as high as 50 which is abnormal, and so one big sector is this, therefore as a result of it, it had made sense for us to consume a lot of ethanol that we produce for our own chemicals so currently it is not as large but as we also invest in the distilleries going forward bio fuels will be also a major segment for us in terms of the topline and bottomline contribution. We are also looking at new specialty areas I spoke about one of them Carbon Smart which is one of the specialty areas. The specialty areas after the joint venture is obviously relatively small right now but we do foresee and we are working towards building it up quite nicely over a period of time.

Sanjesh Jain: How big is polymer flows in that bio-based chemicals?

Rupark Sarswat: It is about 10% of that right now but we do believe it has more potential as the world starts to look at more sustainable alternatives.

Sanjesh Jain: My thought process here that tomorrow ethanol in India is getting expensive and considering that crude is moving towards EV can cost be a bottleneck for us in terms of growing bio-based polymers and other specialty considering that they will be relatively expensive than the fossil fuel based ingredients on the same line, do you think that will be a challenge or we are looking at a customer who are ready to invest in a sustainability irrespective of a cost and that differential will not payout and we will be able to maintain the margins?

Rupark Sarswat: There are two or three points as far as this dynamics is concerned. First of all as you would see and as you would read the biggest drivers for the industry not only quarter-to-quarter

not only year-to-year but even longer-term is the fact that the world is very, very concerned about climate change that is an overriding driver, in fact you might have heard the Secretary General of the United Nations once say in his speech that we are losing the race and therefore that is the reason why the United Nations has set what are known as United Nation sustainability development goals and as you may look at the plan for various companies which includes Unilever which includes other specialty companies like Croda and other major consumer companies they have very specific targets to reduce their carbon footprint. So this is an overall driving force which exist as of now that is one. The second thing is that we also know that as demand gets created mankind and industry finds the way of creating supply and there is tremendous opportunity to create supply say for ethanol not only from grain or sugarcane based feedstocks which is coming up now and as more and more alcohol capacity also comes up we think it will have a stabilizing influence, but there are newer technologies which are working on, cellulosis for example, is getting ethanol from carbon which comes from just straw and hay and agricultural waste it is something like this works out, can you imagine what a positive development it is that all the agricultural waste which gets burnt in the north of India is actually converted into ethanol those technologies are already been commercialized right now so longer-term I am not too concerned, even shorter-term the high ethanol prices that you talked about and the graph that goes up is the phenomena for the last few months and I spoke to you about what is happening in the corn space and the fact that the sugarcane is expected to be a drought in Brazil but it is not a longer-term concern and the third point I would like to make is this, our objective is not only to continue to do bio fuels we are also looking at more value added propositions for our feedstocks one of them obviously you have seen in potable spirits where we are moving into more premium products and the other that right in the beginning you said what are your big sectors I said after the JV bio-based specialties and performance chemicals maybe smaller right now but we look at working on this to build it up as a nice business and that is another thing apart from the feedstocks we also will continue to work on moving up the value chain and adding more value to the feedstock that we have. So on the whole I am more optimistic than pessimistic is what I would like to say.

Sanjesh Jain:

Just one I have got couple but will come back on the queue. One last question before I close my questions here. How do you look at Carbon Smart it looks a very interesting idea but how scalable, how matured is the technology, is cost competitive, can we sustainably create an economics around this, can you elaborate a little bit more on the Carbon Smart range?

Rupark Sarawat:

As you would see this has been a question asked every time a new technology has been introduced and we remember a way back in early 90s or late 80s when the mobile phone was introduced and the airtime charge was Rs.16 a minute and compared to my salary it was humungous, it also helps me answer one of your other questions, you said do people pay for it, now the fact that we sell bio MEG at a significant premium and the fact that our

business is expanding with customers other than just one quote is at least promising to say that yes people and companies are starting to evaluate more and more and I gave you the overall picture of the fact that the sustainability agenda is so very important that this will continue to be an important driver for us. So Carbon Smart yes it is an established technology and the fact that Unilever went ahead and made a public announcement should be some assurance at least to you that they have done their sums in terms of costing and the fact that they would like to be seen one associated with it, secondly they see it to be something which is scalable and thirdly as we start producing more and more like it happened for example in terms of solar panel at one point in time solar panel is very expensive I am sure as more and more technology adoption happens the cost comes down and the viability moves up.

Sanjesh Jain: That is helpful, thank you very much and best of luck for your future ventures.

Moderator: Thank you. The next question is from the line of Vijay Sarda from Crescita Investments. Please go ahead.

Vijay Sarda: Sir my question pertains to the overall structural shift that the company is seeing now under your leadership, how you see company transforming in next three to five years with this so called bio basically ESG angle and once you put things in prospective currently what we have looked at in last two, three years the kind of development that is happening we are moving towards more value added segment from the industrial or community segment so if I look at the company in next three to five years so what we done with Clariant, Lever and then second the way our nutraceuticals business is growing as well as your focus on Carbon Smart as well as the other ESG kind of initiative, how should we look at the company in the times to come because ultimately as you rightly said it is not going to be in a year or one that we will see the entire transformation benefit that what we are trying to do. What kind of improvisation we can see from the commodity business to the value added business and just last thing in terms of this what kind of capex we are looking at to get into this mode?

Rupark Sarswat: Let me take your second question first. We have growth plans for all the three broad sectors that we have talked about and those growth plans do involve capex as well one of the significant capex was announced recently so if you want a number I am reasonably sure that over the next couple of years you could expect us to spend 400 to 500 Crores on capex overall and if there are opportunities we will continue to look at more opportunities as well. Now how do I look at company in the next four or five years there are few things that we are doing and you can probably assess how you would like to look at the company over the next four or five years. One is that we have created a line of thinking where we have identified what we are going to focus on so as I said we are going to focus on bio-based ingredients and performance chemicals as one vertical or sector for us which includes

polymer, bio polymer, glycols, glycol ethers, acetates, bio fuel gases and other possibly alcohol based or bio-based specialties. The second one being portable spirits which includes branded country liquor and IMFL and the third one being Ennature Biopharma so the focus of the company is clear and the other point I made to you was that it is not a disputed set of businesses which are unrelated to others on the contrary these are hugely synergistic businesses for us and we would like to build on this synergy and leverage that in building the company so that is as far as the focus and you can say the outline for the strategy comes from here, and the focus will continue to cater to various end markets with good potential, as I said personal care, pharma, food, packaging, oil field, automotives, bio fuels and so on. All of these sectors are expected to grow well in India I cannot talk about the kind of uncertainty which the pandemic will introduce but otherwise these sectors have been thought about over the longer-term to grow in double digit. So we are catering to good sectors with good application potentials. The third thing that we will focus on is innovation, it has been to a large extent in the DNA of IGL when it started and if you remember right in the beginning I said what happened 30 years ago is more relevant inspiring to us than any other time. We would like to win by focusing on learning and development innovation selectively widen our portfolio and therein we talked about the Carbon Smart range, broadening the bio-based specialties, looking at what more can be do is molasses based ethanol, what more can be do is grain based ethanol, what more we can do is ethylene oxide, bio-based ethylene oxide that we have which are some of the unique strengths that we have and obviously we will continue to add to our capabilities and make sure and we believe that we have a good pipeline. Having said all of that I realized it fully well and so does the team sitting here that doing business and growing business is never easy it is not going to be easy but we know what we are going to do, we know what the strategy is like and the fourth thing that we are going to do and we possibly need to do more of is to leverage our credentials much more. One IGL has very strong credentials in manufacturing, technology and process knowhow so we can leverage it much more. Also leverage our sustainability credentials much more. One of the examples of leveraging that credential was the reason that Clariant was so interested in forming a JV with us of course we were interested as well and the fifth thing that we are going to do is to make sure that we build good partnerships these partnerships could be with suppliers, these partnerships could be with end customers who value as I said some of the strengths of IGL you have heard about Lululemon making an announcement, you heard about Unilever making an announcement but all of them are not necessarily big consumer companies making announcements. So we would like to build strong partnerships on the back of our credentials in manufacturing, our credentials in sustainability and last but not the least our credentials in being reliable suppliers and the reliable company to deal with, and the other thing that we would be working on is building capability and capacity. You asked me the first question about capex but it is not only about capacity it is also about capability for us and so when we talk about Carbon Smart it is not only about capacity it is also about being the leading company in

terms of setting up new capabilities IGL has done that before I am sure there is a lot of potential to do that in future as well. There is an interesting thing which we say that it is not companies which compete, it is people who compete, so one of our focus areas also is going to be making sure that we invest in the talent pipeline, we make sure we have the right skill sets in start thinking about that going forward into the future, we do things like succession planning which is very important as well and last but not the least extremely important that we continue to work on strengthening our systems and processes so you will see us working more on strengthening our digital space making sure that we enhance our presence in the digital space, working on systems in nature, working on systems in safety, health and environment and creating a culture which is based on a strong foundation and learning and development so I have given you my thought process about what we want to do with the company that I spoke to you about sometime before and with the market that we are dealing with which should hopefully give you a picture of what is the potential that holds for IGL going forward in the next few years.

Vijay Sarada: Great Sir it was quite comprehensive thank you. Sir last thing in terms of how the debt profile will remain because what we have seen with the lended money coming in any which way the debt is going down so next two, three year do we see balance sheet going towards kind of a very low debt or a very long-term zero debt kind of a thing?

Anand Singhal: Hello this is Anand Singhal, I am the CFO. Just to reply your question regarding the debt, the debt equity ratio has come down to 0.36 as on June 30, 2021 and we are expecting some debt out of these expansions, somehow even then our debt equity will not cross 1 in any case, that is what we can say. The repayment will happen as per the debt sanctions.

Vijay Sarada: Thank you very much Sir.

Moderator: Thank you. The next question is from the line of Pawan Nahar, an Investor. Please go ahead.

Pawan Nahar: Anandji I just want to continue with the previous question first. If you can put the absolute debt numbers post the deal and post expansion and debt equity number?

Anand Singhal: So now after the deal the actual debt in the company for the long-term is around 400 Crores as of now.

Pawan Nahar: Working capital?

Anand Singhal: Working capital the sanction is say fund based 280 but the utilization is less, so we are not expecting an increase in the utilization immediately in the working capital but the

repayment will happen as per their sanction; however, for this expansion which we have already announced we have applied for the term loan of 225 Crores and Rupark Sir has already given the expected increase in the turnover and the profitability.

Pawan Nahar: That was more like a three year payback understood.

Anand Singhal: Apart from this if you have gone through the JV announcement which has happened in the quarter we have already got about 450 Crores which we have already repaid the term loan, high cost loan and the working capital reduction we are expecting some more funds out of this JV say about 200 Crores or so which will also be used for the repayment of the existing debt so somehow the company is inclined to reduce the debt we are not inclined for raising debt so this is what is the thought process of the management right now.

Pawan Nahar: So the debt number that you gave for term loans is after the money received from Clariant and after repayment?

Anand Singhal: I am giving you the debt number as of date.

Pawan Nahar: It is pretty apparent that there are lots of opportunities and it is going to be difficult for anyone to quantify or to pinpoint how things would be but still given that ultimately it is also a manufacturing company the growth outlook would be dependent on the investments we make into the factory, now this 300 Crores investment is not new holding through this JV of course it would have given us the flexibility it is linked to more the opportunity which has come up in the country now beyond this 300 Crores like what I want to ask is one if you can quantify the opportunities in terms of absolute dollars to be invested into factory or you could alternatively tell us in three years you have a vision that this should be either turnover or profit of the company operating profit with the JV or without the JV or consolidated howsoever you want to break it because you will appreciate that it is not so easy to understand of course I do understand parts or some parts of the business or if you can quantify in three years or five years what is the kind of target we have in terms of numbers and it may or may not happen that is alright but what is your guess?

Rupark Sarswat: Sir howsoever I may wish and you may like to have a firm number on what the forecast would be I do not think it will be right for me to give a number; however, I believe I have given quite a lot of background and information on the end markets that we serve, on what are the strategic actions that we are taking, what are the investments that we are making so I will have to excuse myself from predicting an outcome in three years or five years, but in terms of how I feel about the business, I feel optimistic, we are in times which are a little uncertain but it is not a 20/20 match and we continue to drive the right strategy and I believe once we continue to drive the right strategy working with the right customers

working with the right end growth market we should have good results as well and I am afraid at this point in time that is what I would like to say.

Moderator: Thank you. The next question is from the line of Amar Maurya from Alfaccurate. Please go ahead.

Amar Maurya: Couple of questions from my side. Sir firstly like as you indicated that there is a potential in each of the segment so wanted to understand that if you can give us the overall capacity of industrial chemical, ethyl alcohol, nutraceutical and the specialty part separately and what would be the current utilization level and also if you can give the capex segment wise rather than giving the capex at overall level?

Rupark Sarswat: Look capex segment wise I do not have those details available right now with me we could get back to you and we have already told you that the biggest investment is in grain ethanol so major chunk of it and as I had told you that our operations are quite synergistic and it is difficult for me right now give you a very précised number in terms of what is the capacity in one segment and the others sometimes ethanol goes for potable spirits sometimes it goes for bio spirit, in general I would like to tell you that at an overall level our capacity utilizations are closer to 75% closer, you ask me to give you estimate I am giving an estimate so we have room for expansion and we are investing in more. Our capacity in ennature kind of business could also be in kilos of high value so the two are not comparable and cannot be put next to each other so that is what I could tell you right now.

Amar Maurya: So at least as you said that your business is integrated and you do not know that ethanol is going to go into this business and that business based on the requirement and based on the demand we were projecting it but at least at the broad level what would be our capacity to do in a metric tonne?

Rupark Sarswat: In what?

Amar Maurya: In a metric tonne.

Rupark Sarswat: Can I request you one thing we could take this question offline so that we understand what exactly you want to know and we can respond appropriately.

Amar Maurya: No issues Sir I can come offline I was broadly trying to understand what is the overall capacity at a broad level and as you indicated that utilization is 75% what can be the peek utilization level and what would be the capacity expansion plans?

Rupark Sarswat: I spoke to you about capacity expansion plan, I am sorry I do not have précised numbers to give out right now.

Amar Maurya: Fair enough Sir. Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question, I now hand the conference over to the management for their closing comments.

Rupark Sarswat: Thank you so much everybody for joining us and giving us the opportunity to not only answer your questions but also to tell you a little bit more about the company and hopefully we have clarified some doubts and responded to you to your satisfaction. As I said some of those questions which were subsequently put up we might respond later on as well. Thank you very much from not only myself but the leadership team here for joining and allowing us this opportunity to engage with yourself.

Moderator: Thank you. Ladies and gentlemen on behalf of ICICI Securities that concludes this Conference Call. We thank you for joining us and you may now disconnect your lines.

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