INDIA GLYCOLS LIMITED

SYSTEM CERTIFICATION DNV GL ISO 9001 ISO 14001; ISO 45001; ISO 50001

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3rd June, 2022

The Manager (Listing)
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Scrip Code: 500201

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

Symbol: INDIAGLYCO

Dear Sirs,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Q4 and FY22 Results Conference Call

Further to our letters dated 26th and 30th May, 2022 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 Q4 and FY22 held on Monday, 30th May, 2022 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

Q4 FY 22 Earnings Conference Call”

May 30, 2022

MANAGEMENT:	**MR. RUPARK SARSWAT - CHIEF EXECUTIVE OFFICER** **MR. ANAND SINGHAL - CHIEF FINANCIAL OFFICER** **MR. SANJEEV GURWARA - PRESIDENT - MARKETING** **MR. ANKUR JAIN, HEAD (LEGAL) AND COMPANY SECRETARY**
MODERATOR:	**MR. SANJESH JAIN - ICICI SECURITIES**

Moderator

Ladies and gentlemen, good day and welcome to India Glycols' Q4 and Full Year Conference Call hosted by ICICI Securities.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing '*' and then '0' on your touchstone telephone. 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, Mr. Jain.

Sanjesh Jain

Thanks, Rohal. Good afternoon, everyone. Thank you for joining on India Glycols Limited Q4 and full year FY '22 results conference call.

We are joined on this call with India Glycols' Management, represented by Mr. Rupark Sarswat, Chief Executive Officer; Mr. Anand Singhal, Chief Financial Officer; Mr. Sanjeev Gurwara, President - Marketing; Mr. Ankur Jain, 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 an opportunity to go into Q &A session. Yes, over to you, sir.

Rupark Sarswat

Thank you, Sanjesh, and a very good afternoon to everybody. Thank you for joining us. And I hope all of you are doing well. And Sanjesh has already introduced, I have some of my colleagues here who will also be participating and taking some of questions. And I'm happy to take this opportunity to speak to you about our full year results. And ever since we started to present to investors, I think around August of last year, this is our first call after full year. So you all have the presentation with you, I suppose. Let me take a little bit of time giving you highlights for the last year.

So if you see for IGL, I would say that there has been a resilient performance in a rather challenging year with a gross turnover at INR6,623 crore, up 22%, a net turnover of INR3,104 crore, up 3%. The big difference in our case in terms of the net turnover and gross turnover, as you know, arises because of the high excise duty on ethanol. And the EBITDA at INR298 crore is down 20%, and I'll explain why.

One of the reasons why EBITDA and to some extent, sales are also impacted. As you know, the Bio-EOD based business is something that we transferred to the IGL-Clariant JV on the 30 June, 2021, which means that for nine months of this year, we didn't have the numbers for the Bio based EOD business, which have now been taken into the joint venture. We've had, given the circumstances, a healthy gross margin of about 9.6%, a PAT of INR340 crore. Of course, it has the impact of the formation of our transfer of the business to the JV as well.

As you can see, significant revenue and margin growth, and I will talk about it a little later, particularly in the BSPC or what we call the Bio Based Specialties and Performance chemicals business. There was some impact of the shutdown in 2021. Of course, it was planned. What has really impacted the business or has been a big challenge for us is unprecedented feedstock and energy cost escalations, which as you know has impacted many, many manufacturers and particularly us in some ways.

If you look at the quarterly results, the gross turnover at INR1,494 crore is down 18%, net turnover, INR642 crore, down 34%, EBITDA INR84 crore, down 35% and margins of 13.4% given how we've been operating. And the reason why these comparatives are seeing a drop is primarily because of the transfer of the business to the joint venture, which means on a quarter to quarter comparison in the comparative earlier quarter, the JV business was with IGL or the Specialty EOD business with IGL. And for this year's quarter, it's not with the IGL. I think that's the prime reason for the numbers that you see.

If you look at the results for the continued business, you'll see a gross turnover of INR6,601 crore, up 22%, net turnover of INR2,868 crore, up 24%, EBITDA down 2% at INR277 crore, EBITDA margins of 9.6%, so which is more reflective of the business we have right now where we've seen healthy growth in all these segments in a rather challenging environment, which is all these segments include BSPC, Potable Spirit and a smaller one, which is Ennature Biopharma. And there has been a combined effect of increase in feed stock and energy cost, which has put pressure operating margins and has also started to impact our ability to get more sales. And that is also somewhat seen.

And if you look at a quarterly performance for the continued business gross turnover of INR149 crore road down 7%, net turnover, INR642 crore, down 15%, EBITDA of INR84 crore, down 13% and EBITDA margin of 13%. In the fourth quarter in particular, we have seen poor growth, which has been an impact of COVID. While India has significantly recovered, but the COVID impact for the world still stays, particularly as you would've heard of shutdowns in China, which means our inability to sell in China, issues with trade and supply chain, et cetera. The sharp increase in feed stock prices product has continued, and I will talk about it a little later. And remember that when we look at this, we are looking at a business where the EOD business has moved on to the joint venture.

Very quickly, taking you through the highlight other than the numbers for the year. As you know, we formed the joint venture with Clariant for the Bio- based EOD business effective 30th of June. The transition has been completed as planned, and we believe that the JV is functioning quite well.

One thing that I'm happy to inform you about is the Global ICIS Award for Sustainability, which we've got together with our partners Unilever and Lanzatech. This is the work that we've been doing on the Carbon Smart products front. These are completely unique and new technologies, which are coming up and we are happy that IGL was a part of this.

I already spoke about the escalation in cost. As we know, we had also raised capexes for grain based bio ethanol plants in Gorakhpur and Kashipur. Both the plants are nearing completion and they will be commissioned, we expect, in Q2, and we'll keep you updated on the same.

We've also been working on new value added chemicals. So we have worked with a new product development and innovation group working very closely for the last eight to nine months to look at new value added chemicals that we will be working on. So we've already identified the phase one, and capex for that has already been approved. Significant part of what was our R&D setup actually went to the joint venture. So the -- we have then taken on ourselves to set up another R&D center, which has already got DSIR recognized. And we are sending R&D over there.

In the Ennature Biopharma business, we doubled our nicotine capacity from 60 to 100 tons per month. And we also got our first certificate for EU Pharmacopeia for Thiocolchicoside, which will allow us to sell -- provide better access, particularly to the European markets. And in terms of broad sectors that we cater to, the biggest one of course is Bio-based Specialties at Performance Chemical. I will just take you to the segment wise highlight.

We believe we've got -- we saw an excellent bounce back in sales, as well as margins in Bio-based Specialties and Performance Chemicals. Bio-MEG business for us is getting more diversified from primarily being led by one customer. We've managed to get several or nearing now, well above 10 to 15 customers in -- at developed economy for Bio-MEG. So despite one of our major customers off-take ditto, we've been able to maintain our volumes and margins or increase actually in the export business. We've seen excellent growth in specialty Green Solvent and Bio-Polymers this year. And as I mentioned, it is for the Bio-based Specialties Business, that we've also approved an investment proposal, what we call as NSU Phase 1, which is new specialty unit phase one.

I must mention here that when I say new specialty unit, it implies that these are value added products other than what have already been transferred to the joint venture. So there's a clear segregation and these products are not that we are competing with the joint venture, these are new, these are different, and they will be done solely by IGL. And as I mentioned, the Grain based and Bio Fuel Ethanol projects are in progress, which we expect going forward will help us improve the competitiveness of our Specialties and Pharma chemicals as well.

In Potable Spirits, we saw overall healthy sales growth for the year. However, margins have been significantly impacted due to the sharp escalation in ethanol costs. And as it is a rather tedious process to get price in phases in the liquor business, which are significantly controlled by the government. It's a long process. However, we manage to get some price in phases, and we will also be far more competitive once we start using our grain based ethanol manufactured in house. We've maintained our leadership position in the branded country liquor segments in UP and Uttarakhand. There has been a change in policy in Delhi, the excise policy, and we believe that it is something that we should look at, and we are looking at as a growth opportunity for our Potable Spirit business.

We have also launched two brands in IMFL, making our small but steady steps in the IMFL space with the launch of Amazing Vodka and Single Reserva Whiskey. And Tejas Gold sweet mango flavor in branded country liquor space, and we are the first of its kind.

In Ennature Biopharma, we've see moderate growth and margins -- however, margins have been under pressure, particularly because of some of the policy changes in some of the countries that we were exporting to. The business continues to focus on diversification to reduce the dependence on Thiocolchicoside, which has been achieved to some extent this year, while maintaining market share for Thiocolchicoside. The nicotine capacity, which is nicotine which goes for therapeutic uses has been doubled. And I already talked about the CEP certificate.

Whilst you may have heard about it from many other people, but it's very important to understand the impact of the operating environment that we are in. So there has been, as a high degree of uncertainty in the macroeconomic environment. The COVID impact continuous in global and domestic markets, off late the shutting down of China, et cetera, et cetera. Then there is this Russia-Ukraine war, which does impact us in many ways, it impacts us because it impacts the energy cost, it impacts us because Ukraine is also a big producer of food grains, and when it impacts food grains, it impacts other Bio-based substrates and therefore molasses or grain based ethanol and as you probably know there has been very sharp escalation in the imported ethanol cost for us.

And which comes to my next point, which is about unprecedented increase in input costs faced by the industry, faced by our suppliers, faced by our customers. I mentioned ethanol, there has been a drastic increase in energy costs in coal. So coal, which was something like INR5,500 a ton, it is now averaging out to more than INR12,000 a tone, mainly because we have -- having procure coal from the private players and because they're not getting the allocated coal from the government. And of course, unprecedented increase in freight costs sharply, has impacted as competitiveness for the export business be it in the area of bio polymers or green solvents and so on.

However, having talked about the challenge of this environment, it'll not be fair if I don't touch upon some of the positives. And there is obviously, you are aware of COP26 and you're aware of what the government of India has been doing. A significant trust on sustainability by the government, as an industry, those we believe provide significant -- definitely medium to long term opportunity for our business for Bio-based product, for green product and for bio fuels as well. Demand for our product, we believe as far as the Indian market is concerned, the Indian growth story is intact. And once some of these challenges are sorted out, we would be able to, benefit from that as well.

Coming to the financial summary, which you would've seen, but I will just request my colleague Mr. Anand Singhal to very briefly touch upon the highlights.

Anand Singhal

So Q4 revenue from operation is INR642 crore against INR752 crore of last year corresponding quarter, showing a decrease of 14.6% while the EBITDA for the current quarter is INR84 crore against INR97 crore of the last corresponding quarter, showing 12.8% negative or lower. Apart from this, I will say PBT, we have got a INR32 crore PBT for the current quarter against INR56 crore of the Q4 last year, showing 43% lower, while EPS is INR21.7 vis-a-vis INR22.7, showing 5.5% lower. If I will say for the year it is revenue from operations for the year 22 is INR2,868 crore against INR2,317 crore, showing increase of 23.8%. EBITDA is INR277 crore, against INR283 crore of the last year, showing 2.3% lower than the last year. PBT INR369 crore against a INR120 crore. This includes the profit against the slump sale of the EOD business, showing 206% up. And EPS for the year is INR109 vis-à-vis INR42.5 in the last year. So then the profitability part of the PBT and the EPS is showing heavy and healthy growth because of the sale of the EOD business. So this is the brief of the results.

Rupark Sarswat

Yes. And coming to the segment performance, as I mentioned one of the highlights for the years was the excellent bounce back of the Bio-based Specialties and Performance Chemicals business with a revenue up 32%. and EBITDA up 82%. Remember that what was considered the whole profitable Specialty Businesses already became a part of the joint venture. So given that, I think this was a real highlight for the year.

The Potable Spirit business continued with a growth momentum with a growth of about 8.1%. But for the reason that I mentioned, the sharp increase in Ethanol cost and factory material cost and the relative difficulty and the long cost of getting price increases, we saw a suppression EBITDA, however, we are confident going forward that we should be able to pull our margins up quite significantly.

The Ennature Biopharma business, modest growth with about 3.7%. And for the reasons I mentioned, which is change in policy in some of the export markets, we have some of the benefits on the pharmaceutical APIs like these were reduced. We saw a margin compression, which is for Ennature Biopharma.

And I think that's all that I have in terms of the quick update on the quarterly results and the yearly results. Other than that, we would see a bit of an overview on the company and the part of the presentation deck, which you have already received.

So thank you. This is all from me. Over to you for your questions and our discussions.

Moderator

Thank you very much. Our first question is from the line of Bajrang Bafna from Sunidhi Securities.

Bajrang Bafna

Yes, congratulations for the decent set of numbers during the quarter despite the fact that we have seen multiple headwinds in terms of rising commodity prices and especially the coal, which has also impacted our performance. So just to going into the new financial year where you have multiple tailwinds, which are there for your company right now, one of them is the grain based distillery, which is just going to come up and will have some sort of margin acquisition, which should be visible to us.

So if you could guide us what sort of benefits that you are seeing from the grain based distillery. And one more thing, which is in the minds of investors, communities, the fact that since it is a grain based distill and availability of grain at this point of time is pretty much hiatus and globally, we are seeing sort of food crisis and the prices of most of the communities are moving up. So how we are insulated, how we are going to get our grain, at what cost, what sort of benefit -- cost benefit that we're going to get from this business will be really appreciated.

And my second question pertains to basically the green chemistry, which is taking the center stage in most of the companies. And there is a whole lot of developments which are happening in that direction. So what sort of guidance that you could give us in terms of EO derivatives India Glycols is embarking upon over next three, four years, what sort of revenue through this EO derivatives we could see. So just to begin with this two questions will be really appreciated. Thank you.

Rupark Sarswat

Thank you for your good comments as well. And as you said, we expect to have some sales wins in the coming year. And we also expect that the huge amount of headwinds that we have seen this year, some of them will fade away. But having said that, you -- the first question that you raised was on availability of grain and the benefits of a grain based distillery product.

It's a good year in a way to test the resilience and the robustness of the IGL model. To some extent we believe that in that sense, we have an advantage. And I like to put it this way that look, as far as the ethanol value metrics is concerned, it becomes three by three for us, which means that we have three potential sources of Bio-based ethanol, an important ingredient as Bio-based chemicals are concerned. So we could either import bio-based ethanol, which we have done from time to time based on the economic advantage. We could do it from molasses, as IGL has done for a long time. And now we could do it based on grain, which is the new thing that is coming up. And it is definitely being encouraged by the government for multiple reasons, including the government’s push for Atmanirbhar Bharat, the government's push for reducing the foreign exchange outflow for crude, the government's push for making sure that the farm sector incomes increase and also the push to make sure that the damage grains that are aligned with us are utilizing evaluated manner.

So there are enough driving factors which are considered not only by me, but the government of India to actually publish a bio fuel policy, and download it. And the entire analysis of why it makes sense for India has been put in there. That's the analysis of the government of India, and therefore the need to drive bio fuels, which is one of the drivers for grain based ethanol.

Coming back to my point of three by three value added metrics for ethanol. One side, we have three potential sources of ethanol, and on the other side, we have three potential applications or usages for ethanol. As I said, Bio-based Specialties Performance Chemicals, one, Potable Spirits, two and Bio Fuels, three. So we are only in some sense in a better position.

Yes, coming back to your point on grains, first of all, the entire – at least as I understand, significant trust of the bio fuel policy is on damage grained lined with the godowns in India. So it's not about all grains, maybe that is also available based on the production, but it is based on damaged foodgrain.

In fact, as far as I understand, the government's bodies are still pushing for people to make ethanol and supply more and both for blending. Why is it maybe not right for me to stand up and say nothing wrong will happen because if you look at the last one or two years, nothing that was could have ever been imagined that happened. But if you look at, from where I look at it right now, I agree there are risks but there are also elements which are positive from an IGL perspective. So in the medium term, I would not worry too much about it. But having said that, there are some exceptions which happen in the macroeconomic environment or in nature, COVID for example, which you cannot plan for.

Now coming to your second point on green chemistry. We had been talking to you about saying, we want to enter more value added chemicals and happy to share that though in a small way I think a capex investment of INR40 crore to INR50 crore has already been approved. And that's the unit that we've been installing and commissioning in this financial year. So obviously, we've identified a few product.

And in fact, we have some of the initial orders already with us. We are working with several big customer. And this one that we are talking about is in the oil and gas space -- sector for a big company being supplied to the U.S. And we hope to continue to build in several other areas, which includes plasticizers, carbon smart products, Amines, Green Solvents and bio polymers, et cetera. So that's on green chemicals.

We realize that on one hand we will make opportunity of doing everything that we are doing in terms of putting grain based ethanol, making our existing product more competitive, changing their value proposition, but also in a more steady manner focusing on adding new value added chemistry.

Bajrang Bafna

Got it, got it. So, sir, just to -- based upon our earlier statements of last few quarters, the availability of grain is not a bigger challenge at this point of time, since we are starting both the units right now, and the earlier statement of close to INR600 crore kind of revenue and 20% to 25%, kind of EBITDA margin stays intact because now we have all the numbers with us in terms of grain sourcing, pricing and the market price of ethanol and the benefits that we're going to get out of it, whether we supply to government or use it internally. So those stays intact. So that was the intention to ask this question, because now we are very close to starting the unit.

Rupark Sarswat

Absolutely. I agree that so far they are intact. In fact, somebody was asking me about how much of what you will do, how much are you going to buy from outside? How much are you going to make using molasses, how much are you going to make using grain, and how much of that will go into Potable Spirit? How much of that will go into chemicals? How much of that will you sell as GNA outside? So it introduces several variables. What I can say is that we have developed as a part of a planning process, a comprehensive scenario planning and optimization model which we will be using immediately near future as we start to get more -- our grain ethanol. And I'm aware of the great prices which are right now and based on the prices that we are seeing and availability that we are seeing, as of now that change none of our assumptions that we have taken while we had raised these capexes.

Bajrang Bafna

Great. Great to hear that. And just one add on question on your liquor business. I think there was some price hike, which was expected from the UP government and due to sizable increase in cost, we are already seeing the run rate, which was almost INR40 crore, kind of EBIT per quarter has gone down to roughly INR20 crore in last two quarters. So any progress on that, and can we go back to the earlier trajectory? And if yes, by when this is doable for us?

Rupark Sarswat

So I know that the pricing increases that we were expecting have happened, that is what I'm told. In terms of the overall impact, I think we need to work that out. I don't have the numbers ready with me, but I'm sure my finance colleagues can help you with that later. And just to give you a flavor, at current costs of grain, for example, and I may be a little off because I don't remember the exact calculations, the cost of ethanol would be something like INR40 a litre compared to, well in excess of INR53, INR54 a litre when we were to buy molasses based ENA. So that is clearly a cost game that we will have as soon as we start to use grain based ethanol for our Potable Spirits and to answer your question, yes, we have got some pricing increases in the state that we'd applied for.

Moderator

Our next question is from the line of Bala from Arihant Capital. Please go ahead.

Bala

Sir, regarding Bio-based MEG, currently Coca-Cola how much of revenue percentage of revenue giving in that segment, and how about the margins in MEG? What kind of realization right now for the quarter and full year, and what kind of markets you are targeting?

Rupark Sarswat

Bala, I don't recollect the excise number, but we are happy to share with you detailed data, if you can send that question. But I will try and give you a qualitative. So as far as Bio MEG is concerned, you are right. Coca-Cola was our largest customer. And as I mentioned in the earlier part of my presentation, we've lost a significant part of that business, and we don't expect an immediate recovery of that business. And the reason for that is not that Coca-Cola has become less interested in green product. It is because there are mandates for them to start using recycled PET. However, Coca-Cola continues to engage with us for PET, which is a 100% bio-based if those kind of technology development exist in future, because people are working on those.

Now, Coca-Cola used to be in excess of 80% of our business, if I understand correctly, just two years ago. However, having developed another 10 to 15 customers in Japan, Taiwan and other places, our as far as I know, our top line in bio MEGs this year has increased. And so have our contributions. So I think given a sharp fall in what was 80% of our business to now a diversified customer basket where we have in excess of 10 customers, I think this is a steady momentum, I think, will continue.

Sanjeev ji, would you like to add?

Sanjeev Gurwara No, I think Rupark ji has explained it well. So if I recall correctly, last year, I think we had 60% business from Coke and 40% from others. But now that is shifting. And I think we'll see that in the times come from this financial year onwards. We have a bigger basket and our reach is not only to U.S. but it is to Southeast Asia as well, where I think predominantly, the vendors for manufacturing PET is China, Taiwan, Japan, Korea. I think these are the places we are making entry into.

And I think this trend will be there. And one positive point about this is, because we were dependent on Coke in the earlier years, they had a preferential pricing and with the number of customers increasing now, I think the preferential pricing is gone, and we are trying to build some of the model pricing.

Bala Yes, sir. And sir, my next question in branded country liquor segment, like you have presented increasing package in front of the customer -- in front of the government. Like, what is this current status, whether the government approved for increasing in packaging materials?

Rupark Sarswat Can you just repeat your question? There was a little bit for noise there.

Bala Sir in terms of packaging cost and raw material cost, like you have placed in front of government for increase in price so which is expected to evaluate in February month. So what is the current status?

Anand Singhal Sorry, this is related to the liquor, right?

Bala Yes, sir, branded country liquor.

Rupark Sarswat As I mentioned to you if you have a specific – if you need more details, send us an email. As I mentioned to you as a result of the price increases, we have got some price increases. And on our end, we are also working on reducing costs. One of the key things being changing the ethanol to grain. Mind you, however, grain ethanol is not inferior. It's actually considered superior. But if you want to know specific details, I'm not very clear about your question and I -- forgive me, I not have the precise details product by product. Send us an email, we'll respond to you.

Bala Sure, sir. Sir, could you please, like in terms of packaging cost, in terms of sales in brand liquor, could you please… Sir, packaging cost in terms of sales for branded country liquor?

Rupark Sarswat I don't have -- I don't remember the packaging cost percentage for country liquor and how that has changed, but we'll take the questions. We'll get back to you.

Bala Fine, sir. Fine. So, and one more question regarding that excise policy in Delhi. So there is no change in that policy in last quarter, as I mentioned. So what kind of expectations in coming quarter?

Rupark Sarswat So the excise policy has basically opened up and essentially the working capital that the companies are required to put up upfront is decreased, and which allow us to therefore have latest presence in many, many more outlet in Delhi, which itself has increased.

Deepak, would you like to comment on that?

Deepak Satya So what's happening right now is, in the initial phases last year, what happened is there were approximately 900 plus outlets, which opened up in liquor, but off late, what's happening is that the litigation has happened from the respective licensee(s) who have applied in the state. And what's happening is that -- because of the litigation, some groups have shut down their businesses. And right now there are only 450 liquor outlets open in Delhi as of now we speak. So there are -- this is like a wait and watch game, which is happening between the people who own the licenses to operate in Delhi. And so does our business is in direct correlation with the people who are operating in Delhi. So, so it's like a wait and watch game right now, which is going on. The results are expected any time in the first half of June. Post that will be in a good position to answer this particular question in a much more detailed manner for you.

Moderator Our next question is from the line of Rohit Nagraj from Emkay Global.

Rohit Nagraj Congrats on good set of numbers despite having challenges. So my first question is on the liquor segment. So we have today quite a few number of brands are launched -- new brands, over the last one year. So how is the marketing strategy for our liquor business? We had indicated that probably, we'll be going for some geographical expansion? So what is the roadmap that we are looking from a three to fiveyear perspective? Thank you.

Deepak Satya So also just to answer your question. So along with -- I mean, like increasing our footprint in UP, and Uttarakhand, we also entered with a similar brands in Delhi market as well, and going forward in this particular year, we are also in talk with the government of Rajasthan. Also, we are trying to enter into MP as well. And there's one more state in the Eastern side of India which we are right now just opened up the initial paperwork. So in totality, we are looking to expand the brand presence in three most states, other than existing ones of UP, Uttarakhand and Delhi. So total six states we are looking into right now.

Rohit Nagraj Right. So that probably gives the indication that the growth rate that we have seen over the last two years in this particular business will continue and probably can accelerate as well with the geographical expansion. Is that assumption right?

Deepak Satya Yes, that's absolutely right. And another point is that we are not basically trying to position our Company as a liquor manufacturer. We are most likely positioning it from a lifestyle perspective. So the way to approach the markets is also going to differ from the existing ones in the market. And we got a good plans in place in order to like go in with a different kind of messaging with respect to the advertising part of the things. So these are the two things that we expect will amplify our sales as well as improve our go to market for the geographies that we have planned for this year.

Rohit Nagraj Right. Got it. Second question is on the new Specialty unit. So we have given indication INR40 crore, INR50 crore or capex, if you could just provide little more contours to it in terms of what will be the product market that we are looking at and the application, and when can we expect this particular initiative to come to fruition? Probably, just the first wave, and later on, how we want the capex?

Rupark Sarswat Rohit, if I heard you correctly, you are talking about the Phase 1 investment in -- Just a second, there is a bit of noise. So, as I said, we've already got the internal capex approved for about INR40 crore to INR50 crore of that kind of spend where we've already started doing the work. And we expect that by Q4 of this financial year, which is between January and March of '23, we would have these this unit commission, maybe some bit of it even slightly earlier, but that's the time period where we have this commission.

And subsequently we are working, our SPDI group is working on several idea tubes, so to say. Some of them, I have talked to you about which includes carbon smart products, speciality amine, bio polymers, some plasticizers, because we already have products identified there, which have been taken for the feedback case for this. And subsequently there are several other areas where we be building. It's too premature to comment on beyond phase one, but that's how it is. But we are quite confident that we would be able to build a significant value added chemicals business, primarily on the basis of sustainable chemistries and knowledge based partnerships with our customers over the next three to four or three to six years. And it'll be quite significant. That's what our plan is.

Rohit Nagraj Right. Got it. So just one clarification on financial number. So what would be the net debt at the end of FY '22, and where are we likely to get the INR190-odd crore from the Clariant deal, which was supposed to come in one to two years. And this year, how the capex will look like? Thank you.

Rupark Sarswat So, Rohit, can you please repeat. I didn't get that clearly.

Anand Singhal And speak slightly loudly, Rohit?

Rohit Nagraj So one is what is the net debt at the end of FY '22. And from the Clariant deal, we are supposed to get INR190 crore. So when that money is likely to come, and FY '23, what is the amount of capex that we are planning. Thank you.

Anand Singhal Rohit, regarding the net debt, it is around INR1,000 crore at the end of the year '22. Regarding the INR190 crore coming back from JV… is not clear when they are going to pay, because they are already paying the interest to us at the rate of 10%. Regarding the capex for 2022-23, we are already having two big capex of grain distillery, which includes the distillery boiler and turbine, which is say about INR325 crore. Apart from this, the capex, which Mr. Rupark Sarswat has just discussed regarding the new chemical project and some more capexes. So I will say for 22-23, the total capex will be around INR400 crore for the Company.

Moderator We will move on to our next question, which is from the line of Makarand Madhukar Tilloo from Makarand Tilloo Investments.

Makarand Madhukar Tilloo Sir, I want ask one thing that last time you informed that another 200 KLPD plant for Kashipur. You got the permission. So what is the progress for that?

Rupark Sarswat I suppose you are talking about the grain based ethanol plant, right?

Makarand Madhukar Tilloo Correct. Some additional -- new plant you got.

Rupark Sarswat So let me clarify, if that helps you. Right now, we are in the process of putting two grain based ethanol units. One of them in 110 KLPD in Gorakhpur, another one 180 KLPD in Kashipur, which I said is going to get commissioned over the next couple of months. Over and above that we are in the process of evaluating whether it makes sense for investing more in this area. Once we've done our evaluation, made up our mind, we shall communicate that as well.

Makarand Madhukar Tilloo Okay. Now, now the other point, what is the status of Shakumbari Sugar?

Anand Singhal Means -- the status -- what you want to know about the status of Shakumbari Sugar?

Makarand Madhukar Tilloo Status meaning, last time it was said you plan to disinvest and get the proceeds out of that.

Anand Singhal Yes, we are still in the same process. And we'll let you know once it is through.

Makarand Madhukar Tilloo Okay. And there is INR124 crore increase in power and fuel cost. So how do we plan to reduce the same?

Anand Singhal Actually, what is happening, the power and fuel cost is having the coal maximum. Although the quantity consumption of the coal has not gone up, but the prices has gone up from say about INR6,000 tone to INR 15,000 tons. So once it is through because we are having no other option, but to take coal as a fuel. We tried rice husk and of course operating generators, but somehow the power cost has not come down to the previous year level. So we expect coal prices, or we start getting the coal from NCL or CCL. Then only the power and fuel cost will come down. Otherwise we have no other option, but to live this kind of cost.

Makarand Madhukar Tilloo Okay. And only one request sir, digital presence of our Company needs to be a sharpened. Can we do the same?

Rupark Sarswat Yes. I cannot disagree with you at all. We need to improve the quality of our digital presence. We are working on it and very soon you will see significant improvement in our website. And some of the other things that we are doing.

Makarand Madhukar Tilloo Yes. Because our Company is so much your product, and its presence will be very helpful. Just, Shakumbari point was that in the note it was written that during the year company has sold 242.5 lakhs equity share and something note was given over here. So what is that?

Anand Singhal Actually, India Glycols has disposed of say about 49% holding of Shakumbari Sugar, which is having a nill value or negative value at INR0.05 to one company just to get some benefit out of the income tax, as well as to get some funds out of these shares..

Makarand Madhukar Tilloo Okay. The holding is with company, correct?

Ankur Jain India Glycols remains the Holding Company of Shakumbari. Over 51% is still held by India Glycols as a Holding Company. See this entire offload will help India Glycol to find more suitable investor in a time to come and transfer the liability along with the equity part. Shakumbari’s net value -- or the equity value is negative. So that is why this transaction is done at INR0.05.

Moderator We will attempt to take the question from the line of Mr. Saket Kapoor again.

Saket Kapoor Sir, firstly, as it is seen that on a quarter-on-quarter basis, there has been a margin improvement in the specialty and the performance chemical segment. So is this the sustainable margin or the factors that have contributed to the same? I was late to the call. So if you could -- for the sake of repetition, kindly explain once again. And on the distillery expansion update also. We were earlier looking for June for the commissioning of the two distilleries. What’s the update on the same?

Rupark Sarswat In this environment, Saket it's difficult to predict what happens to a margin where freight costs are up 10 times, energy costs are 3 times, ethanol cost is up 60% to 70%. But having said that, if you look at these scenarios and I would imagine that going forward, these challenges will not continue to become more difficult. At some point in time they will have to be more reasonable than where they are. If that holds true and the fact that there is a greater push and demand for sustainable products, that is as far as the operating environment is concerned. And we continue to look at opportunities to invest in and supply R&D based, knowledge based value added chemicals. I assume we would expect that our margins in the Bio-based Speciality Performance Chemicals business over a period of time should continue to improve if not be sustained. That's what we are here for.

Saket Kapoor Yes. So my question was only premise that the effect of higher energy prices, coal and ethanol, and are already factored in the March quarter. There's a substantial portion of this and the numbers are better than what the December quarter were. So that was my reason whether we can -- whether depending upon the current inflation environment, the margins for the March quarter, can we look as a base or not? That was my point.

Rupark Sarswat I think as of now that's a fair assumption. That's a fair assumption. We also had some headwind. It's not that everything was tailwind. If you see my operation environment slide, I talked about three big challenges and I also talked about opportunities. For example, we were able to sustain, retain, increase our presence in Bio-MEG. We got some new business in value added chemicals and for some of our green solvents, which were competing with butyle based solvent throughout the world, the butyle prices are higher. So we were in a position to get business and also improve our margins. So we also had some headwind. But your point about whether March is a fair representation of margins in the current environment and going forward, I think while nobody can predict everything it's a fair result.

Saket Kapoor And on the distillery expansion update, sir?

Rupark Sarswat So maybe – Saket, we spoke about it. However, the update is that both our distilleries are nearing completion and in the next couple of months or in the coming quarter, we would be commissioning them.

Saket Kapoor Okay. And the raw material feed, both are grain based?

Rupark Sarswat Yes. They technically can be dual fed. So technically we can molasses as well as grain. And grain of different kinds in futures. Right now nobody's talking about other grains. There could be corn, there could be -- I see longer term, maize could be a very interesting crop for India because rice, one is very, very water thirsty, and maize grows in much more rugged climate conditions. So yes, it is -- we are in that sense, a little future ready. We might be able to transform some of them into two based as well maybe from medium to long term.

Saket Kapoor Post the exit of the March quarter, how is the traction in the business environment for us, especially for our Performance Chemical and also for the Potable Spirit segment, if you could throw some more light on the same. And also, how is the product pipeline looking for the Biopharma segment. The performance have been muted if I may use the term, for the last financial year. So taking into account our engagement with the customers how are you finding this biopharma segment to perform going ahead?

Manish Pant So Saket, Manish this side. So first, I am taking your question with respect to the Biopharma and chemical, Rupark would advise on this. For Biopharma section, in this first quarter, we are expecting a growth as compared to the previous quarter and all same quarter last year is the around 30% - 40% more than the same quarter last year. And the previous quarter. Because as Rupark told in his presentation with respect to this the growth in the nicotine segment and less dependability on the Thiocolchicoside. So right now, because of this scenario, the nicotine is being -- the sale has been pushed for the nicotine. And we are expecting a growth around 30% or more.

Sanjeev Gurwara Yes. Regarding this specialty chemicals and Bio-MEG business, I think Bio-MEG would see traction and because the customer base, which we have -- I mentioned earlier, have increased. I think those are taking shapes now. And hopefully, we can sustain the business or improve it by another 10% to 20% in the coming times. So that's -- efforts are being made. But as already pointed out, I think Rupark ji also mentioned the costs, which are there, especially the energy costs and the IP freight costs, I think these are having some sort of an impact. And things would stabilize. So we have to, I think, keep in mind these developments also. So I think overall, if I see it can lead to only a slight increase of 10% to 20% in the coming time, the business in Bio-MEG. And in the space of solvents, bio solvents, I think this is -- that as a domestic market and the export markets, domestic markets would do well because there's a festival season ahead and people and the paint companies, they prepared for it. So it should be better. And exports, apart from China, because that is a market, which is at a very low at the moment, the other regions, which we do is Southeast Asia and Middle East should be looking good.

Deepak Satya

I'll take your question for the liquor side of it. So the thing is, in this current financial year, we are planning to improve our width of distribution. By width of distribution, I mean, expanding our presence across the retail outlet in the states that we are operating right now. Right now in vodka segment, we hold a market, share 5%, which we aim to take it to double down to 15%, by the end of here. This is kind of a target we are taking in. And also in Whiskey segment, we are also trying to improve our market share in a similar range itself. In Uttarakhand, we have carried out below the line advertising campaigns because of the government regulations, which has resulted in a -- kind of like a shop uptake of our brands across Whiskey and Vodka segments. And we are keeping a very close watch on the Delhi market because of the regulations which are there because of the excise and the litigation between the licensees and the government of Delhi. And we are also like exploring our options of marketing campaigns in the states that we plan to enter. So I can't delve much into the details about the kind of an outlook that we are portraying for Q1, but yes, we do have a very aggressive plan to do double down the numbers that we are doing right now.

Rupark Sarswat

So Saket, as you can see, I've got a very enthusiastic set of colleagues who are sure to drive the business well. But if I have to kind of come in and say how our business are going to do overall, I guess we would continue to, we are optimistic about existing, moderate growth this year. We believe that we've had a really tough year in terms of input cost, et cetera. And some of those headwinds are going to be milder, I suppose, and with certain other advantages like opportunities of growth in Delhi and the new specialties unit and the grain bear ethanol, we should be improving our margin as well. So take that as an overall flavor, if I may say so.

Saket Kapoor

Correct. And sir, I have two bookkeeping questions also. Firstly, about the cost of fund currently and our net debt level. Anand ji, if you could help me with that.

Anand Singhal

Cost of the fund for the Company as of now is around 8%, which we are targeting to reduce it further. Regarding the debt, yes, we have a debt of say about INR1,000 crore, on 31st March, 2022, including the working capital. And of course, planning to reduce subject two years if a new capex or a high value capex comes and we have no other option, but to raise funds, still we are targeting reduction in cost of finance as well as the net debt. That's what I can say.

Saket Kapoor

Split, can you give between INR1,000 crore working capital and long term debt?

Anand Singhal

We have about INR300 crore long term fund -- long term loan and $34 million of EPBG, which is again about INR230/240 crore and about INR300 crore working capital.

Saket Kapoor

INR300 crore working capital. And so when I look at the capital working progress, that has gone up from INR126 crore to INR243 crore. That is, I see on the distillery units, only the investment made.

Anand Singhal

The last part is the distillery because right now, if you will talk about CWIP, so then we have say about INR200 crore grain distillery, which is in process, but the grain distillery overall cost will come INR325 crore to NR350 crore. So there will be an additional increase in the capex cost by say, INR150 crore. Apart from this, we have some capex in pipeline, including a new chemical unit as well as some more capexes. So there is some capexes for which either Company will decide to raise the loan or will see whether to fund that from internal accrual.

Saket Kapoor

Correct, sir. And on the liability portion, sir, there are two line items actually about this other finance liability and the other current liability. So they are all repayable in 12 months, INR282 crore and INR289 crore?

Anand Singhal I will come back to it because I've not seen that INR282 crore to INR290 crore. So what you can do, you can send me a mail. I will give you the reply on that.

Moderator Our next question is from the line of Rohit Sinha from Sunidhi Securities.

Rohit Sinha Thank you for taking my questions sir. So some of my questions are already answered. Just few clarifications from -- one is on this Nutraceutical business. Just wanted to know that since we are guiding for 30% growth there. So is it from the existing capacity of nicotine because we are already working on few new product as well. So can you just elaborate the kind of growth we are expecting from this business with the kind of capacity going forward?

Anand Singhal Rohit, you are talking about the herbal unit, Ennature Biopharma?

Rohit Sinha Yes, yes.

Rupark Sarswat If I understand correctly, Rohit, you want to know growth in sub segment within Ennature Biopharma. And while -- I think the broader story was we had challenges in Thiocolchicoside. We maintained market share. Our strategy has been to diversify. So in the nicotine space, we've grown quite significantly. We've doubled our capacities, that will continue to grow. And I don't have the precise product category wise numbers. So if you could just write down an email, it will just make it easier for us to respond to you.

Rohit Sinha Okay, sir. Just one suggestion on this power and fuel cost. I mean, as you were talking about higher coal prices and because of which our fuel costs have increased significantly. So just considering that we are focusing on green chemistry and we are supposed to be going in line with that concept and are we focusing on something towards renewable energy procurement for our own captive consumption or looking to set up any renewable thing there?

Rupark Sarswat Yes. To answer your question, the answer is yes. First of all, we use significant amount of energy, in Uttarakhand is anyway hydro, which is green. We are working on nearly closing a contract on more green suppliers because not only from our cost point of view and business continuity perspective, for point of view of the carbon footprint of our product, it's important to us. We are working on evaluating certain options. We are close to closing a deal. As soon as that is done, we'll keep you informed.

Rohit Sinha Okay. Okay. So any I mean near term number in terms of timeline, what maybe one month, two month, or it would be maybe larger than that?

Rupark Sarswat We are talking about within the next quarter, so next couple of months.

Rohit Sinha Okay. Okay. And in the Specialty Chemical part, just wanted to understand I think this quarter we have some lower trading volume and if we adjust this number with the last year part. So can you give some sense on volume growth on the manufacturing business and if at all possible to share the realization growth also?

Rupark Sarswat Just give a second, whether I could respond to you now or later. I can only say that our core business, which is in terms of manufacturing on a like to like basis has actually seen better growth than what you see, including the trading volumes. But I have to work on the calculation to see how much is it without that and on, but maybe you can send us an email, we'll respond.

Moderator Our next question is from the line of Marsal, an individual investor.

Marsal Yes. Hello. My question is for Mr. Anand Singhal. This is regarding – just to give you like background here, we have seen that we lost our investment in Shakumbari,. So I just want to ask that in the balance sheet, we can see that our -- this other financial assets have increased substantially. So with whom this money has been parked, like for example, non-current assets have increased from INR47 crore to

INR112 crore, a INR65 crore increase. And other financial asset under current asset increased from INR51 crore to INR188 crore, means INR137 crore. So total INR202 crore have been increased in other financial assets. So with whom it has been parked. And whether that is secured and recoverable or not?

Anand Singhal What I will suggest you, you send me the mail. I will give you the reply. Regarding the Shakumbari, you have some question?

Marsal No, no. I just meant it as a background, but what I'm saying -- it means you did not hear my question clearly. Let me repeat, Mr. Singhal. So what I'm saying, our other financial assets, both in current assets and the non current assets have increased by INR200 crore. So I want to ask that this money has been parked with whom like whether this will be recovered or we will have the same fate like what we had in Shakumbari or some some other company, for example.

Anand Singhal No, no, this is not like Shakumbari. I will suggest you to send me a mail. I will give you the reply. I'm not having the data right now. So that's why. Maybe tomorrow or day after tomorrow, I'll give you the reply or will talk to you.

Marsal Okay. Okay. And second thing about that is, means in tax expenses, why we have got current tax as, like sort of negative, like income INR54 crore. So does it mean that our tax provision for the previous quarter were not met correctly? So why it is showing such INR54 crore because deferred tax, I understand, but first time in my life, I'm seeing that in current tax, we got INR54 crore negative in this quarter.

Anand Singhal No, that is basically the advantage to the Company against the sale of shares and the write off which we have taken under exceptional items. So that is the benefit for the current year on the current tax because of these two items.

Marsal No, but what I'm saying that is, our deal has happened six, nine months before. So why this like positive has been taken in the March quarter, why it was not taken in the September or June quarter whenever our deal with this Clariant was finalized.

Anand Singhal Very difficult to say that that is to be done everything in the first quarter, or the second quarter,

Marsal I did not say like this, what I'm saying, Singhal ji, what I'm saying that when the deal was materialized, when we booked the profit in our, like in our quarterly results, so in that quarter, the corresponding, whatever the tax advantage we have worked, we should have done there, not in the last quarter when there is no transaction. Transaction has already happened three or six months before

Anand Singhal Any tax planning is for the year, not for the quarter. So whatever planning we have done, that is for the year. So although the deal has happened on 30th June, but we can always make all kind of planning in 2021-22. So that's why whatever was remaining in the Quarter 2 or Quarter 3 has been done in Quarter 4.

Marsal No, Singhal ji, Now, where is which tax rate? 22% or 30%? New tax regime or old tax regime?

Anand Singhal We are into new tax regime paying say about 25% tax.

Marsal Yes, 25.17%. And then what is this INR18 crore negative in the exceptional item in the current quarter?

Anand Singhal Exceptional item, we have taken a hit off the interest, which is receivable from Shakumbari and about INR18 crore, INR19 crore on account of the slump sale, because earlier that was under reconciliation and on 31st March, it has been reconciled. So the total hit, we have taken, say about INR39 crore that is because of those two parts.

Manish Pant And this is basically -- this is only taxation -- tax adjustment purpose only because the provision was already kept in the – for the Shakumbari -- for this Shakumbari and all, and now it is -- it has been only written off in the -- as far as the tax calculation is concerned.

Marsal Mr. Singhal, when you mentioned that we are doing tax planning for full year, I fully agree on this one, but let me give you a very humble suggestion here that although we are making tax planning for the full year, but at the same time, we are reporting four times in a year. So tax provision cannot be like that taken short or excess or likely, or like not likely in the previous quarter. And we take the – ultimate provision in the last quarter. This is not the right procedure, because like, when you are reporting profit, for example, September quarter, then you need to see, okay, that like whatever has already accrued till September, at least to that extent you need to provide for. If you just keep okay, that maybe in the December quarter we will earn more or we will do less, okay let's neglect provision here, this is not the right -- in this way, like our reported profit for the previous quarter was not correct. So I humbly suggest that going forward, whenever we are reporting for June, September, December quarter, till that whatever transaction has happened, the full impact of those transition must be taken in that quarter, not to be pushed to the March quarter, when -- wherein there is no Clariant deal in the March quarter. It looks really old, just like -- sorry for this bit upfront, because I can see that our profit has increased from INR32 crore to INR67 crore, which is not going to happen in the next quarter.

Anand Singhal Your suggestion is well taken, but what will happen if the deal is under reconciliation? You want me to make all kinds of adjustments in the same quarter when the reconciliation is in process…

Marsal No, no, Mr. Singhal, INR54 crore cannot be passed in the last -- cannot be deferred for the last quarter. INR54 crore is a huge amount. If INR5 crore, INR10 crore, I fully agree, no problem. But like our, this Clariant deal happened six months before, at least. So six months before the deal happened, so why it compared to INR54 crore is coming now. INR54 crore is a huge amount, which is 150% of PBT.

Rupark Sarswat Sorry, I forgot your name. This is Rupark here. There's a detailed discussion, which is more of detailed in how financial accounting is done and provisions the kept et cetera, which I well appreciate. We learn from your question. We learn from your difficult questions as well, as well as humble suggestions. My request is that you have an offline chat with Mr. Singhal. We are more than happy to indulge in that, but we'll probably move on with this conference and take that later, please. Is that a fair request?

Moderator Our last question is from the line of Sanjesh Jain.

Sanjesh Jain Three from my side. First on the ethanol side, now the petroleum based ethanol is -- in India is supplied by only one supplier and they're already running short of the capacity. And there is a huge opportunity in the ethanol derivative side. And we have rightly said that we are now investing more into the R&D side to strengthen it. Can you explain that, are we also exploring a lot of opportunity in ethanol based derivative. And also supplying ethanol to the local consumers of ethanol?

Rupark Sarswat I'll take the second question first. And if you remember, I talked about a complex metrics of how we will stay around with our ethanol input side and output side. And yes, it is so dynamic that we have actually worked on a scenario planning model, which will run on a recurring three month rolling basis on a monthly basis and decide where do we optimize the ethanol that we are producing. And yes one of the options could be to sell ethanol to various people which includes bio fuels, obviously, which includes other beverage manufactures who also buy ethanol. In fact we sell ethanol even outside of India. The beverage rate ethanol what we call as ENA.

And your first question was regarding? Sorry.

Sanjesh Jain Ethanol based derivative. And R&D into developing the product.

Rupark Sarswat Right. The obvious answer to your question is a big, yes. We have a sense in bio based ethanol and ethylene. And the ethanol that we make is of extremely high purity because unlike people who make ethanol for beverages, we make ethanol which goes through catalyst systems, extremely expensive catalyst systems, which can poison catalyst systems. So yes, we would be looking at various ethanol derivatives. You are aware of the entire ethyl chain. But yes, we want to do it by evaluating each one of them and then developing markets, not only, there are commodities in the retail market as well. So not only based on that, but more value added product, but as we set up our plant, if there are certain spot opportunities for some of the commodity ethanol based solvent, for example, we will take them. So the answer to your question is obviously yes.

Moderator Our last question, sir, is from the line of Saket Kapoor from Kapoor & Co.

Saket Kapoor Sir, I missed your expansion plan on the -- I think so the Amine chemical, how much are we planning to put on these expansion sir, and what would be the gestation period for the same?

Rupark Sarswat So, Saket, look, we have just started investing in a number of areas which are building blocks for setting up a new value added chemical business, which includes pilot plants, which includes R&D. And we are convinced of a first investment through about INR40 crore to INR50 crore of which several product categories are being looked at. Now, this is not like a polyester investment where you plan a big investment, and you jump. This is something which is iterated. So we are looking at this area, some products are already in the lab stage. We are working with our partners and one of the product categories is also specialty amine.

And it is not that there is a unique investment of -- we've not -- I cannot give you a specific single amine based capital investment right now, but hope if it grows as a business segment in future, we'll be able to share more detail. You would appreciate that we are having to start a kind of an entrepreneurial journey in new value added chemicals. So forgive me if I'm unable to provide precise details on each of the sub segment, but we know for sure that it is a good area for us to be in. It'll give us a good payback and this will set a good foundation for us over the next several years. Maybe three to eight years of building a good value added chemical business.

Saket Kapoor And sir, what has been the dividend from the Clariant JV for this financial year? What is the dividend amount we have received, if any?

Manish Pant So, Saket, till now, basically the dividend or the interest repayment from the loan, which both the companies that rest over there, is being remitted to us. And till now only one quarter interest has been received by us in this financial year and the rest of the six months' interest would be received by the June quarter -- been given right now. And this is being reinvested in the business in JV.

Saket Kapoor And sir, for this new chemical segment, will we be partnering with Clariant or it would be a solo attempt by India Glycols Limited?

Rupark Sarswat I mentioned this earlier, Saket, that the new value added chemicals that I'm talking about here is the non-compete area with respect to the JV, and something that IGL is working on separately. This is not overlapping with the JV.

Saket Kapoor Right. And last point, I missed also about the Coke part. If the intake of Bio-MEG from, I think to the Coke or Coca-Cola, I'm missing that also, that has been, or has the quantity been reduced. You were telling something to the earlier participant.

Rupark Sarswat So that has been – the Coke volume have, as I mentioned, quite significantly reduced.

Saket Kapoor Okay. And you mentioned the reason also. I missed that part also. What are we trying to -- how are we trying to replace that volume with whom, because it had a significant premium also, if I'm not wrong, depending upon the prices. We need to get a premium on the same.

Rupark Sarswat Yes, we get a premium. And Coke was one of our first customers for Bio-based MEG. Not for MEG but who gave a premium based on Bio-based MEG for manufacturing PET bottles for Coke. Now, the reason why Coke is moving away from this for the time being is the mandates on them to use recycled PET in the U.S. and other places. However, the need for sustainable materials or greener materials, there is only increasing demand and awareness, though slow and steady. As a result, we have built a number of small customers, mainly in Japan, Taiwan, which are in number areas. They are in there for polyester, therefore PET, they are for other areas. And fortunately from 80% plus business with Coke, we are now more than 80% business with the other and over 10 or 15 customers, which is a good thing, right? And we believe that our diversification and steady growth with these customers will continue.

Saket Kapoor And the margins are also similar?

Rupark Sarswat Yes. The short answer is yes.

Saket Kapoor Okay, sir. So in nutshell, if I could conclude that we have left the foundation for the growth, or if I say may use India Glycol 2.0 into account, what the company is now planning to do in terms of diversifying, derisking its business model and trying to take growth into stride along with the profitability. This is what the message is toward…

Rupark Sarswat That's my job of summarizing and you could state it much more confidently. I have to be more conservative. Thank you for interpreting as a strategy for IGL. I agree with you. You are understanding is completely right. We believe that's the way forward for IGL.

Moderator Ladies and gentlemen, that was the last question. I now hand the conference over to Management for closing comments.

Rupark Sarswat Okay. So I think Saket has done my job a little bit in terms of giving a positive outlook in terms of how we see the days ahead, but it'll only fair. We've lived in time. Look, we've not seen that for hundred years what happened in terms of COVID, then there is the war, then there is unexpected, unprecedented escalations in energy costs and so on and so forth. I would assume as a normal human being that these things are not going to stay forever. And the medium term to longer term outlook, as well as strategy should stay intact. Our focus continues to be on creating more value added products, be it through the Potable Spirits portfolio or value added chemical portfolio and so on and so forth.

With that, thank you very much for your suggestions, patiently asking your questions. Also from time to time, many of you have been encouraging to us. Greatly appreciate that, and your good wishes.

So that's all. Thank you from my side. Enjoy the monsoons. We'll see you again. Hopefully we will try and give up to expectations as well.

Management Thank you very much.

Moderator Thank you very much members of the management team and Mr. Jain. Ladies and gentlemen, on behalf of ICICI Securities that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.

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