



Gulshan Polyols Limited
CIN: L24231UP2000PLC034918
Corporate Office: G-81, Preet Vihar,
Delhi-110092, India
Phone : +91 11 49999200
Fax : +91 11 49999202
E-mail : cs@gulshanindia.com
Website: www.gulshanindia.com

GPL\SEC\14\2025-26

May 27, 2025

To,
BSE Limited
Department of Corporate Service,
Floor 25, P. J. Towers,
Dalal Street, Mumbai
Maharashtra- 400 001

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, Bandra Kurla Complex,
Bandra (E), Mumbai
Maharashtra-400 051

Scrip Code: 532457

Symbol: GULPOLY

Subject: Transcript of Analyst/Investor call held on May 22, 2025 for the Quarter and year ended 31st March 2025.

Dear Sir/Ma'am,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulation") read with Schedule III thereof, as amended, enclosed herewith Transcript of Analyst/Investor call for the quarter and year ended 31st March 2025 held on May 22, 2025 at 11:00 A.M by Gulshan Polyols Limited (the "Company").

The said Transcript is also available on the website of the Company:

<https://www.gulshanindia.com/transcript-of-calls.html>

This is for your information and record.

Thanking you,
Yours faithfully

For GULSHAN POLYOLS LIMITED

Preeti Singhal
Company Secretary & Compliance Officer

Encl.: As below



“Gulshan Polyols Limited
Q4 FY '25 Earnings Conference Call”

May 22, 2025

**MANAGEMENT: MS. ADITI PASARI – JOINT MANAGING DIRECTOR –
GULSHAN POLYOLS LIMITED
MR. RAJIV GUPTA – CHIEF FINANCIAL OFFICER –
GULSHAN POLYOLS LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to Gulshan Polyols Limited Q4 and FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Ms. Aditi Pasari, Joint Managing Director. Thank you and over to you, ma'am.

Aditi Pasari:

Good morning, everyone. Welcome to the call and thank you for joining us today. Gulshan Polyols is one of the largest producers of green ethanol and specialty chemicals in the country, having nine plants pan India.

Today I would like to start with a brief of the financial highlights of year-on-year. So from last year, our revenue grew by 47% to Rs.2020 crores, driven primarily by increased capacities within the ethanol segment. The EBITDA rose 64% to Rs.100 crores, despite being partially impacted by underperformance in the grain segment. The PAT increased 39% to Rs.25 crores, creating revenue growth due to full depreciation of newly commissioned capacities within the current financial year.

I would also like to add that the 500 KLPD Madhya Pradesh plant is eligible for an additional incentive of Rs.1.5 per liter, which is affected from the state of commissioning, which is for July 2023, and they have already got the approval from the government. So we are hopeful that we should be receiving incentives soon. These incentives are not yet reflected in the current financials.

I would also like to add that on our 250 KLPD Assam plant, we have received an additional incentive of Rs.2 per liter, starting 18th of May 2025, which is the date of MOU signing. This is over and above the other state incentives under the EPA scheme of 2021.

Other segmental highlights I would like to add, that we have seen a record performance in the ethanol segment, which is driven by successful capacity utilization, and sales were about Rs.14 crores liter of ethanol, which was about -- which almost led to an increase of more than 100% year-on-year. We expect to continue to ramp up the capacities and increase sales volume, as we are still far from the optimal levels, while expanding the profitability of the segment.

Grain segment was impacted by geopolitical disruptions and global realignments. We have three divisions under grain segment, sorbitol, starch, and fructose. Fructose and sorbitol are currently back to profitability, while starch is the problem point. Currently, we have began a process of production upgradation to innovation to address the problem with starch division. Our mineral segment delivers stable performance with consistent operations. We expect to do well going ahead.

Now I would like to open the forum to address any questions or queries on the company.

Moderator: Thank you very much, ma'am. We have a first question from the line of Deepak Ajmera from IGE India. Please go ahead.

Deepak Ajmera: Yes. So, what has been the primary reason for losses into starch?

Aditi Pasari: So, starch, we are being hit by overcapacities in the country. So, you see, pre-COVID, China could not, had stopped exporting starch to the other countries, which has just, which gave India a huge opportunity to expand its capacities and export to the world. Almost 1 lakh tons of starch is being exported out of the country.

And just recently, China has again started exporting starch to the world, which has led to competition for the Indian starch industry and un-competitiveness, because the maize price in India is higher than the rest of the world. So, that's why, because of uncompetitive pricing, now the entire production of, which was being initially exported, is being dumped into the domestic market, which is leading to overcapacities built up. So, and hence, we are unable to get the desired selling price for starch.

Deepak Ajmera: What is the course of action which we are taking to improve the margin?

Aditi Pasari: We are working on it, and we are also looking at how we can go for more value-added products in this segment. So, this is in process, and we are working towards this segment going forward. It is a problem point, and we are aware about it. And now, going forward, we are looking at seeing how we can improve.

Maybe we need to do some kind of value addition in the current product. So, and also improve our backward cost expenses. So, we are working on every level and seeing how we can improve this going forward.

Deepak Ajmera: How much time it will take to turn profitable?

- Aditi Pasari:** Well, it's really difficult to say how much time it is, because we are being hit by overcapacity and more of geopolitical issues here. So, definitely, we are seeing, we are exploring different ways of how we can curb these losses which are coming in the starch segment.
- Deepak Ajmera:** Can we temporarily shut down the current facility to reduce the losses? Is that an option or not an option?
- Aditi Pasari:** Well, of course, the option is there, but right now, we are not making any statement regarding shutdown, but we are exploring different ways of how to tackle the situation.
- Deepak Ajmera:** Got it. And what has been the primary reason for Rs.140 crore rises in inventory levels?
- Aditi Pasari:** Yes, because we have -- we were sitting on a lot of stock of ethanol in our NPNS sand plant, which was unable to be dispatched because we were not getting the indents from OMCs. There was, you know, these 3, 4 months, OMCs receive ethanol from grain as well as sugar. Therefore, there is -- they tend to have oversupply.
- So, this is a problem you will be seeing year-on-year now going forward, that we will be sitting on inventory in the end of March. Because February, March, April, these are the peak times of supply coming from sugar as well as the grain ethanol segment. We were sitting on large amount, large inventory. We were unable to dispatch because we did not get the indents from the OMCs.
- But this problem will ease out in July, August because that's when the sugar year comes to an end. And the entire focus of the OMCs is only procuring ethanol from the grain industry. So, going forward, I feel this could be a recurring issue in March end, yes.
- Deepak Ajmera:** So, is that statement correct if I say by September it will get normalized and by March it will gain again, right?
- Aditi Pasari:** Absolutely. Yes. We will have an off-peak and on-peak for this, for the dispatches. So, this will -- I see this happening year-on-year now going forward.
- Deepak Ajmera:** Got it. And what is the per litre margin we are making over ethanol right now?
- Aditi Pasari:** On average, I would say about Rs.4 to Rs.5 per litre on EBITDA level.
- Deepak Ajmera:** Can you provide it differently for rice and maize?
- Aditi Pasari:** You would like me to give the costings?
- Deepak Ajmera:** Either way, it works for me.
- Aditi Pasari:** Well, see, there is a different yield. The yield factor is different for maize as well as for rice. And even the pricing points are different for both of them. So, when I tell you about maize, I can explain the whole costing to you. It is actually quite transparent and openly spoken about.

So, when I say that maize has a consumption ratio of about 2.7, 2.6, so if maize today is available at Rs.24, so the cost of maize and ethanol is 24 into 2.6, which is about Rs.62.4. And we have additional cost of Rs.11 to Rs.12, which includes power, fuel, admin, and chemicals and other costs. So, that's how the costing is derived. And when it comes to rice, for rice the yield ratio is 2.23. The rice to ethanol ratio is 2.23. So, if rice is available at Rs.25 then we can just calculate into 2.23 and get the basic costing. There is added revenue of 6-7 Rupees a litre from byproducts contribution.

Deepak Ajmera: Got it. So, what is EBITDA per litre into rice and EBITDA per litre into maize right now?

Aditi Pasari: It all depends on the availability of rice and maize and what price is available. So, it is not really a choice we make. It depends which month we are getting rice at what price and maize at what price.

So, it is really governed by market dynamics and depending on the availability, we have to make a choice between which raw material we want to use. The EBITDA will change every month because our raw material is dynamic. It is changing every month. It is very seasonal.

So, today I am getting Rs.4 to Rs.5. It does not mean I will be getting Rs.4 to Rs.5 in an entire year. I could also be getting Rs.7 to Rs.8 or maybe I am getting RS..1. So, when I say it is an average figure, every month it is different depending on the price of the raw material.

Deepak Ajmera: With what capacity utilization we are there on ethanol?

Aditi Pasari: Currently, we are at about, I mean if I see the entire ESY tender which we have taken for both the plants, it is about 70% of the capacity. And going forward, we should be looking at touching 80% to 90% very soon in the coming year.

Deepak Ajmera: Okay. What is the volume of production into this quarter?

Aditi Pasari: In terms of liter?

Deepak Ajmera: Yes.

Aditi Pasari: Yes. So, it is about 5 crore liter per quarter.

Deepak Ajmera: 5 crore liter. Okay. We will fall back in the queue. Thank you for answering patiently.

Aditi Pasari: Thank you.

Moderator: Thank you. We have our next question from the line of Bala Murli from Oman Investment advisors. Please go ahead.

Bala Murli: Yes. Sorry, I missed that opening remarks. Could you please throw some light on the current relation of the maize and how we are running the plant? Either what kind of percentage is from maize or what is the percentage of FCI rice?

- Aditi Pasari:** Major production is coming from maize in both our plants. We have major allocation from maize. So, almost if I see collectively, it is about 65% to 70% is maize and about 10% to 15% FCI rice and balance is the DFG.
- Bala Murli:** Okay. So, we are expecting this FCI rice. Actually, in the previous conference call, you told that we will receive the FCI rice. So, we are going to use it in a good quantity. But why we are limited to this 10% to 15% only? The maize price is missing. Can you please...
- Aditi Pasari:** Yes. Actually, FCI has started this. Yes. Sorry. Sorry. Yes. So, FCI has started allocating, has started giving rice to the [ethanol 13:23] industry and they started from the month of March. So, currently, FCI is giving us rice at 22.50x go down. So, it is, to us, the cost of FCI rice is about 23 to 23.50.
- But we still have not got the correct selling price for FCI rice. It is, they have not corrected beyond 58.50, which was the price when the FCI rice is available to us at Rs.20. So, this whole difference of Rs.2.5, whose net impact per litre of ethanol is almost Rs.5.5, has yet not been corrected by the government, which we are working towards them.
- So, however, but this has definitely eased off the pressure on raw material, which was created. Because even if 10%, 10% to 15% of the ethanol industry starts buying FCI rice, it definitely has eased off the pressure of the raw material. That's why we have limited to almost this much. Until this price correction comes through, then we will be able to increase this further.
- Bala Murli:** Okay. And that maize, the average price of purchase, can you please share that one? What is the...
- Aditi Pasari:** I am sorry. I didn't, I did not understand. Can you repeat?
- Bala Murli:** No, maize, maize purchase price. What is the average purchasing price of maize per kg?
- Aditi Pasari:** Average purchasing price? I mean, if I talk about the whole year?
- Bala Murli:** No, but...
- Aditi Pasari:** See, again, I just, I just said. Okay. Recently, it's about, in Assam, we are getting for about Rs.23, and in Madhya Pradesh, for about Rs.23.50.
- Bala Murli:** Okay. Okay. And, but, what is limiting us to increase the capacity utilization? So, the MP plant is running at 70%-60% since a long time. Usually, when you come to, or when you see the competitors, they are ramping up quickly within 1 or 2 months of the commercialization of the production. So, what lagging here to increase the capacity utilization? So, could you please throw some light on this.
- Aditi Pasari:** Oh well, it is usual, feeding issues which a plant goes through, and the capacity, the plant is very much capable of producing 100%, but to achieve 100% day on day is yet not being a possibility. We have a -- we do have breakdowns, we do have malfunctions.

So, because of which, you know, we are missing out on some 100% working days, or 100% running days of the plant. But, yes, going forward, we are working towards improving the efficiency and correcting the processes.

Bala Murli: Okay. So, it is on the benefits from your state government and the PLI. So, whether in the FY '25, have you accounted anything in our numbers, or it will reflect in the FY '26 only? If it is reflected in FY '26, what could be the approximate benefits you will receive from the both plants, for both plants?

Aditi Pasari: It will reflect only after it has been received. We will not be taking any provisions until we have received these incentives from the government.

Bala Murli: So, what could be the amount, the average amount expected in a per year, from the both governments, so Assam and MP and PLI benefits, everything? On a consolidated basis, how much we can expect?

Aditi Pasari: Yes, on Madhya Pradesh, it's about Rs.1.5 per litre. So, if I say that we are producing about 12 crore litre in a year, so that will be about Rs.18 crores per year, will be the incentive, which we should receive from the government year-on-year, for 7 years. And for Assam, we have got a PLI of Rs.2, in addition to some other incentives, state incentives and central incentives, which altogether account for about Rs.3 a litre.

So, on average, if we are producing about 6 crore litre in a year, then we should be looking at about Rs.12 crores from there as well.

Bala Murli: So, overall, approximately you can say, and I think recently you announced a few more benefits from the Madhya Pradesh government, so on an average, you can say around Rs.40 crores you can expect from these benefits, right?

Aditi Pasari: Then we do expect, but everything takes time, it has been taking time, it's not so easy to get these incentives from the government. It is a slow procedure. But yes, we have recently got the approval for our claim from MP government, so we are hopeful we should receive this soon, in this financial year for sure.

Bala Murli: Yes, and other segments, you see that other segments are posting losses, so it is very commoditized business, there is a lot of up and downs. So, do you have any plans to discontinue those businesses, or make it ethanol a primary business, or separate those businesses, and what kind of top line and bottom line you are expecting for FY '26?

Aditi Pasari: So, grain, ethanol, grain segment has been our legacy business, our core business for more than 25 years. now. However, yes, last 2 years. have been very challenging for that segment, and it is mainly the starch business, which is being the pain point for the company right now. The sorbitol and fructose business are still in profit, but it is the starch business which is pulling it down.

I mentioned earlier in the call as well, it is mostly due to overcapacities which have been built up in the country, and some export of starch from China, which has started in the past, in last few months, which has again hit the Indian market, and a lot of overcapacities which were meant, designed for exports, are being dumped into the Indian market. Hence, we are not getting the desired selling price of starch, and hence we are incurring these losses.

But of course, we are aware of this pain point, and we are looking at options, whether we go towards more high value added starch, we make some modifications in the current product, or, so we are working on it, yes. We are working very actively on it, it is a pain point.

Bala Murli: Yes, and any guidance on this revenue and margins perspective for FY '26?

Aditi Pasari: From the grain segment as a whole, we hope to continue our existing revenue. The revenue should be stable as it was in the current year.

Bala Murli: So, we may expect a little bit incremental revenue. Then we are not expecting any capacity to improve from here onwards, because we are expecting around 1850 something from the ethanol sale itself...

Aditi Pasari: Correct.

Bala Murli: When we are planning that commission. So now, we are also around I think 2100 only. I think there is some more room is available for improvement. And what kind of margins you are looking at in this year? So, last year we had a lot of up and downs due to raw material inflation, and maize price also.

So now, I think the prices are a little bit cooled off, and also FCI rice is available. So, we are expecting the ethanol price to also get revised. So, what kind of margins we can expect in this year?

Aditi Pasari: Definitely, last year was a very challenging year for the industry as a whole, including the company, because there was a lot of pressure on the raw material. And it was a lot of effort with the government that we had to request them to release some portion of FCI rice to ease off the pressure on the industry, which has happened now in the last couple of months. The FCI rice have got released only in the month of March to the ethanol industry.

So, yes, definitely some ease off is already showing in our current quarter. So, well, if I talk about the ethanol industry, I am seeing that we should be looking at EBITDA of about 9% to 10% going forward in this year.

Bala Murli: Okay, good. That is that. And lastly, I am very much thankful to your father for representing this entire ethanol industry with the government and getting this FCI rice sanctioned. So, going forward also, we are looking for his active participation and involvement in the industry to get some better benefits to the industry from the government. Thanks a lot. Convey my regards to him? Thank you.

- Aditi Pasari:** Yes, I will. Dr. Jain has worked tirelessly day and night. He has been liaising with the government to benefit the company as well as the industry and to get some relief. So, he has been totally dedicated to this job, yes.
- Bala Murli:** Yes, yes. Thank you very much. That is all from my side.
- Aditi Pasari:** Yes..
- Moderator:** Thank you. We have our next question from the line of Sanjay Maniyal from DAM Capital. Please go ahead.
- Sanjay Maniyal:** Hello, ma'am. I have a few questions regarding the total volumes, what we can do in FY '26, specifically from maize and rice, ethanol, if you can sort of elaborate that.
- Aditi Pasari:** Well, it is very difficult to say. But anyways, FY '26 also gets covered in the ESY '25, '26, which already is published in public domain. So, where we have taken like an average allocation, if I say, between both the plants, about maize is about 65%. And we have taken about 10% FCI and balance from DFG. So, almost 6 months of the FY '26 has already been covered in ESY '25, '26.
- So, and balance here, when we come to October, we will see how the market dynamics are, you know, how it is turning out, how the FCI is turning out, how maize prices are turning out. So, depending on all these, we will be giving in a fresh tender in the month of October for the balance of this year.
- Sanjay Maniyal:** But we have...
- Aditi Pasari:** It all depends on the price of the raw material, availability of the raw material. So, it is very, very dynamic.
- Sanjay Maniyal:** Yes, but we have the capacity, I believe, to serve almost Rs.25-Rs.26 crores if I'm not...
- Aditi Pasari:** Yes, that's right. That's -- we do have. Yes.
- Sanjay Maniyal:** Okay, okay. So, what I heard it between that there were maize prices in Bihar specifically have been approximately Rs.22 or low. So, is it possible for us to procure from Bihar or means we will only be procuring in MP where which...
- Aditi Pasari:** No, no. You are absolutely correct. When they say Bihar is Rs.22, that's the mandi price at Rs.22.
- Sanjay Maniyal:** Okay.
- Aditi Pasari:** So, deliver to our plant will be plus, plus, plus.
- Sanjay Maniyal:** Okay. Okay.

Aditi Pasari: Yes.

Sanjay Maniyal: But then what is the landed price in MP? You mentioned 23.5.

Aditi Pasari: Yes. So, that is 23.5. Bihar is not viable for MP right now. The cost will be not less than Rs.2, Rs.2.5 on top. So, right now we are buying from MP and Maharashtra only. That is more viable for the MP plant.

Sanjay Maniyal: Okay.

Aditi Pasari: This is the current situation. Again, I see every day the situation is different. So, today I am talking of today.

Sanjay Maniyal: But you have some sense ...

Aditi Pasari: And for Assam plant right now, Assam has its own crop which comes for 3 months, April, May, June. So, we are buying the local Assam crop right now.

Sanjay Maniyal: Okay, okay. But you have some sense about the overall production in the country is what I understand is broadly 40 million tons for maize. So, is it -- are we seeing a direction where, you know, the supply of maize will be increasing next year as well and probably the price will remain at a lower end?

Aditi Pasari: You know, 100% there will be increase in maize cultivation because a lot of focus is happening in that area from the government, from the export industry and also from the feed companies. They are actually all working hand in hand, you know. We are doing workshops and seminars and educating the farmers and also distributing free seeds in areas around our own factories.

Like in Assam and MP, we have conducted so many workshops with the farmers along with IIMR which is Indian Institute of Maize Research and Corteva which is a seed company. We have conducted so many workshops to encourage the farmers educate the farmers and there is a big jump in maize cultivation already. So, the whole scenario of maize is going to turn around in the next 2 years. So, we are very, very positive on this.

And, you know, another thing I would like to add, like when we started, when we were putting up our plant 2, 3 years back and we had gone to the market for a fundraise. So, you know, the first question all the investors would ask us is that, you know, where is the grain in the country? Like how will you get so much grain?

And very fortunately to our delight, I would love to add that India achieved 18.5% blending from its own grain. No plant ever shut down because of non-availability of grain. That is different. We bought grain at a high price, but our plants never shut down because of non-availability of grain. And it is a delight that what our country is capable of.

The amount of grain we have required to achieve this kind of blending target was unimaginable. So, yes, I am very delighted actually with the whole agro scape of the country and the capability and potential of the country. So, going forward, it is just going to get better.

Sanjay Maniyal: Okay, okay. Also, if you can just elaborate some bit on the power cost. So, you mentioned Rs.11, Rs.12 is what it spends or conversion cost. So, if you can just distinguish between the power and the other conversion cost.

Aditi Pasari: Well, I will just give you briefly about power. It's about Rs.6. I am talking as an industry average. Rs.5, Rs.6 is power. Then we have chemicals, which is Rs.2. We have admin salary about Rs.2. And other expenses would be another Rs.1, Rs.2.

Sanjay Maniyal: Okay. Okay. One more thing on the DDGS. So, if you can just elaborate something about the economics of DDGS. How the -- what is the extraction input-output from, say, 1 kg of maize or if it is different from rice? And what is the generally price? Means, at this point of time, it is hovering around what price? And is it really very fluctuating over the year?

Aditi Pasari: Well, it is not fluctuating. Since 6 months, there has been stability in the price. But, well, the prices have definitely stabilized at a very, very low level, which is very unfortunate. Today, rice DDGS is selling at about Rs.17, Rs.18, which 2 years back, was at Rs.30, Rs.32. And maize DDGS is selling at about Rs.15 a kg, you know.

So, they have kind of consolidated at these rates. You know, we are seeing these rates prevailing for almost 6 months, last 6 months. So, which are very low. Consolidation has happened. But, yes, unfortunately, consolidation has happened at very low rates. And if I talk about their yields, on 1 kg of rice, we get about 17% of DDGS. And 1 kg of maize, we get about 25% of DDGS.

Sanjay Maniyal: Okay.

Aditi Pasari: Yes.

Sanjay Maniyal: And I think you are holding very large amount of inventory. So, can we say that is it because in the season you procured maize and then probably you will utilize it for next 2 quarters? Or you have sufficient amount of maize or sort of raw material for next 2 quarters. So, price won't fluctuate?

Aditi Pasari: No. Actually, this is -- yes. Sorry. Actually, cement is also a lot to do with the finished goods. So, in the month of March, we were holding large volumes of ethanol in our empty plants, in our sand plants, because we were not getting the dispatch schedules from OMCs, the indents from OMCs.

And I also explained this earlier in this call, like this could be a year-on-year phenomena because these 3-4 months, February, March, April, May, these 4 months are the peak season for OMCs to receive ethanol from grain industry as well as sugar industry. So, there tends to be a lot of chewing up. So, indents tend to slow down.

But after June, their entire focus is only on the grain because only grain is able to supply ethanol to them post these 4 months. So, we could expect that this could happen year-on-year. We could be sitting on inventories now going forward in this time.

Sanjay Maniyal: Okay. I'm just worried about the fact that post June, if you will be procuring maize, then you might just procure at a higher price because the season is off. Am I right over here?

Aditi Pasari: No, no. See, again, it changes for every plant. Like April, May, June, right now, it is season time for Assam. So, we are procuring raw material. We are sitting on stocks. But for MP, it is the Kharif, which is in October, November. So, we will be procuring that time.

Sanjay Maniyal: Okay, okay. And just one last question on the subsidy part. So, from when you will start receiving the money in MP and Assam, if you have some sense on that?

Aditi Pasari: Well, recently, we have got a notification that our PLI claim on the MP plant hasn't been acknowledged by the government. So, we are hoping that very soon, we should be getting some amount or maybe a substantial amount actually on the MP plant. And also, we are also expecting to get additional incentives from the NEIDS policy very soon in the next 2 to 3 months. So, I think these two incentives should be coming our way very soon.

Sanjay Maniyal: Okay. Perfect. Perfect. I think that's it. Yes, maybe if I can just lastly ask about the grain processing, which you have a loss in that business, that segment. Is it going to take longer time to sort of recover? Are we really -- do we have some visibility that we'll go back to the previous historic margin levels, or it will take some time to sort of recover from that?

Aditi Pasari: No, we will have to do some kind of, you know, change in the product portfolio on the grain segment. So, you know, these are all old products and, you know, we are seeing that they are coming towards the end of their product cycle in terms of profitability because over capacity which have got built up in the country. So, now, going forward, the focus will shift on the grain segment for us, for us as a company.

And we will be, you know, revamping the products, maybe introducing some more high value added products or modifying the current products to get us better realization because current products are really getting hit by over capacity in the country. So, now the focus is going to be on the grain segment in this coming times.

Sanjay Maniyal: Okay, perfect. Thank you. Thank you very much for all the answers.

Moderator: Thank you. We have our next question from the line of Harsh Mehta from Perpetual Capital Advisors. Please go ahead.

Harsh Mehta: Hi. So, congratulations on the great set of numbers. I just wanted to understand how are the prices of the derivatives like sorbitol, etcetera, and etcetera. derived from maize?

Aditi Pasari: Well, for these, we do not have a clear pricing formula like the way we have for ethanol.

Harsh Mehta: Ethanol, yes.

Aditi Pasari: Yes, it is not as clear and transparent as that. But if I will just tell you the basic yields for sorbitol, it's about 1.3 kgs of maize is required to produce a liter of sorbitol and for starch it is about 1.6. The raw material to finished product ratio is about 1.6 for starch and 1.3 for sorbitol.

Harsh Mehta: Right. Okay. And what are the margin difference when you are manufacturing, say, starch and sorbitol? What are the EBITDA margins for starch and sorbitol?

Aditi Pasari: Well, we like to give our margins as consolidated margins, not product-wise. So I would like to stick to the consolidated margins in this segment. But anyway, so last couple of, you heard last few quarters of course, these margins have been hit.

If you see the discrepancy, this is a legacy business. Sorbitol was our revenue spinner as well as a profitability spinner for the company. But yes, in last couple of years this segment has got hit by overcapacities in the country and the margins have been hit.

At one time, we have enjoyed 17%-18% EBITDA margins also on this segment. But unfortunately, now it is being hit. And as I said, that yes, we would be requiring to churn this segment by adding more high-value-added products or maybe reducing production of some loss-making products, yes.

Harsh Mehta: I just wanted to understand if the main reason behind the loss in EBITDA margin is rise in prices of maize or is there an increase in competition also which has led to the drop in margins?

Aditi Pasari: See, it is both actually. Even the maize price, which is at average of Rs.24, Rs.25 per kg if I see the whole year average. So, if I talk about starch, so at that price, at a price of Rs.25 for maize, the starch will be priced at Rs.40 per kg, which currently we are not getting more than Rs.32 per kg. So, there is a huge difference in the cost over there. And secondly, because of over-capacities in the country, we are unable to push this price to a desired price.

And also secondly, because of exports in China, which has recently opened up for starch, there is only so much pushing that can happen because after a certain price, it is getting unviable. It is not getting exported. And today, the price of maize is highest in India as compared to any part of the world. Maize is the most expensive in India. That's why exports are getting unviable.

Harsh Mehta: Okay. I just wanted to understand, so do you guys export to the foreign markets or not?

Aditi Pasari: We export sorbitol.

Harsh Mehta: So, I read somewhere that if you are exporting value-added products, say like sorbitol, you can import maize duty-free or something. Is this right?

Aditi Pasari: Correct. Yes, we have done that also. We have done that in our company.

- Harsh Mehta:** So, shouldn't this have benefited, like, you compared to the other competitors. which are having the same segment?
- Aditi Pasari:** That is only possible in the case of sorbitol because only sorbitol is getting exported, which is about 25,000 tons in a year we are exporting sorbitol. So, to that tune, yes, we have imported raw materials from Ukraine, which has cost us about Rs.22.50 including delivery to our factory.
- So, it is definitely what -- we have an advantage of about Rs.1, to Rs.2 then buying from the open market. So, yes, we have taken that advantage, but that can be only limited to the amount that we are exporting, not more than that.
- Harsh Mehta:** Right. Okay. Right, okay. And the last question, what are the value-added products that you are looking at in the segment to add to the profitability and turn around this segment again?
- Aditi Pasari:** I cannot name any products because we actually have not taken approvals from the board. So, I will not be able to disclose anything, but we are working towards a few products.
- Harsh Mehta:** And are you also looking to make new products say for import substitutions and by fermenting maize and making up new products?
- Aditi Pasari:** Yes, of course, because that is our core business. That is our core competency. So, always our priority is to look, you know, identify products which are import substitutes and not being manufactured in the country yet. So, that is always our priority, and we are always looking at identifying such products and which have similar processes, which are already similar to our current products. So, definitely that is always our priority.
- Harsh Mehta:** Right. Okay. That's it from my side. Thank you so much.
- Moderator:** Thank you. We have our next question from the line of Sanjeev Damani from SKD Consulting. Please go ahead.
- Sanjeev Damani:** Ma'am, my first question is regarding the fact that on 18th you made one more announcement of certain incentives being given to us. So, it is for the additional capacity that we are putting in Assam or on the existing facility we are going to get more incentive. So, can you explain this?
- Aditi Pasari:** So, this was in continuation to the previous notification which we had given in December regarding the approval of Rs.2 PLI from the government. So, in continuation with that we had informed the stock exchange that we had signed the MOU and this whole PLI has got formalized and legalized and we had done a MOU exchange for the same. So, it is in continuation with the previous notification.
- Sanjeev Damani:** Okay. So, nothing additional we are going to get. I understand that way.
- Aditi Pasari:** Yes, yes.

Sanjeev Damani: Thank you. Second is that PLI is state-based as well as central-based also or we are getting only support of this announcement through state only? That is Assam and MP both.

Aditi Pasari: Yes, both of these are state-based policies. We are getting, we will be getting from the state.

Sanjeev Damani: We are not going to get anything as PLI from central government.

Aditi Pasari: Not in the form of PLI from the central government. No.

Sanjeev Damani: But are we getting anything as incentive for making production of ethanol from central government? Are we?

Aditi Pasari: Yes, we are getting ISS which is interest subvention that is coming from the central government. We get a 50% rebate on interest of term loan.

Sanjeev Damani: Right. That is what is known but not linked to the production. There is no separate incentive to this, right?

Aditi Pasari: No, there is not. Nothing from the central.

Sanjeev Damani: Okay. Okay. Now I am coming to one more question that we have Assam plant as well as MP plant and these two plants can run, I understand this way that based on maize as well as rice, right? So is there any change time that we have to give? Suppose we are producing today ethanol based on maize and if you are changing it to rice, so we have to stop production for some time or it is a continuous process?

Aditi Pasari: Just couple of hours.

Sanjeev Damani: That's all. Okay.

Aditi Pasari: That's all.

Sanjeev Damani: So it's not a big cost.

Aditi Pasari: It is not a big cost. No. No, no. We can change in couple of hours.

Sanjeev Damani: Okay. One request I want to make that along with the quarterly results if you can announce because you have got tenders allocated of various rates from government as we have seen in past as you announced this that you have got tenders at Rs.71, Rs.58, Rs.65. If you can quarterly report that how much quantities have been sold against that, it will give us a better insight.

And one more thing I want to ask today is how much money is still due till 31st March for the supplies already made to the OMC. So in the form of incentive what amount approximate is pending to be received in this year so that we can make an assessment of our trend in coming days? Can you kindly quantify that amount?

Aditi Pasari: For MP plant it is about Rs.20 crores...

Sanjeev Damani: Both.

Aditi Pasari: Up to 31st March. So I am going term by term.

Sanjeev Damani: Okay.

Aditi Pasari: For MP plant it is about Rs.20 crores, up to 31st March. And for Assam plant we are expecting about Rs.5 crores from the NEIDS.

Sanjeev Damani: So this is the total amount which is due up to 31st March.

Aditi Pasari: Yes.

Sanjeev Damani: Not quarter wise. Not quarter wise. For whatever production we have made till from the date of commencement of the plant this Rs.25 crores is only due to us which will be coming in this month...

Aditi Pasari: Yes. Just due immediately. This is overdue actually, yes.

Sanjeev Damani: Which will be. It is overdue and due to us. And can I know that in the closing stock at what price and how much closing stock on 31st March we are carrying of ethanol and at what price we have measured it. I mean valued it.

Aditi Pasari: Yes. I would like Rajiv Gupta ji who is our CFO to intervene here. Rajiv ji do you have the break up of the valuation of the closing stock.

Sanjeev Damani: Hello. No problem. Hello ma'am.

Aditi Pasari: No, no, no. Rajiv ji can you get this break up.

Sanjeev Damani: In fact I want that if all this information is published then you know we can always get our assessment correct.

Rajiv Gupta: Hello.

Moderator: Yes Rajiv, sir. We can hear you now.

Rajiv Gupta: Yes. See if you want what kind of a -- your query is that was about the stock closing stock of ethanol, you're talking about.

Sanjeev Damani: Valuation, yes.

Rajiv Gupta: Valuation is different depending. See valuation we cannot make a valuation of closing stock or something like that. Closing stock for finished goods is valued at different prices. Because as already Aditi has said we do our production based on either through maize or either through rice.

Sanjeev Damani: Right, sir.

Rajiv Gupta: So the valuation of closing stock is average of both of them. It cannot be that we can give you as we can value that total. What is the value of the closing stock we can give it to you. But what price? It can be overall price. This quantity on the basis of a quantity. Yes.

Sanjeev Damani: So total quantity we know as on 31st March and then we have average rate to value.

Rajiv Gupta: Yes. That is the only solution. We cannot give you break up on two.

Sanjeev Damani: I just wanted to know the mechanism. So...

Rajiv Gupta: Mechanism is that only.

Sanjeev Damani: Sir, can you quantify how much closing stock we are carrying on 31st March, ethanol stock.

Rajiv Gupta: Yes. There are different. See ethanol wine for our for our Assam plant closing stock, just a second. I will tell you. I am talking about the finished stock.

Sanjeev Damani: I am talking about the finished product only. Yes sir. It can be dispatched. Not in the process.

Rajiv Gupta: Just give me because I have to check because we have a...

Sanjeev Damani: [inaudible 35:52]

Rajiv Gupta: Yes. You can do that. That is a better way of doing it. Because I have to see all my results. I have to check my results.

Sanjeev Damani: Whenever I approach. Whenever I approach for my queries, I have got answers. from you. So thank you very much. And I really wish you all the best. You are all very kind sir, that way. So all the best to all of you. And I really look forward that OMC comes forward and lifts our material faster. So that we can save on our interest cost which is very high these days. I mean we have paid almost RS..28 crores of as interest. So perhaps because of the stocking of the raw material as well as finished stock. So all the best, sir. Thank you.

Rajiv Gupta: Thank you.

Aditi Pasari: Thank you.

Moderator: Thank you. We have our next question from the line of Shaurya Punyani from Arjav Partners. Please go ahead.

Shaurya Punyani: Ma'am, you said that in your grain segment you are expecting a flat revenue year-on-year. So what about the other two segments like ethanol and minerals? What kind of growth are we expecting?

Aditi Pasari: Well going forward we have already like in this current year we have already crossed Rs.2000 crore mark. And we are of course looking forward to further ramp up our ethanol capacities.

Take it to about 80% to 90% capacity utilization. So yes putting that in place we are confident that we should be looking at about 2300 to 2400 kind of a top line going forward.

Shaurya Punyani: And what kind of margins on that are we expecting? At the current margins or we are expecting some improvement?

Aditi Pasari: Yes, again these are all forward looking statements. We of course these are our targets and we are working towards our targets. There are no promises anywhere you know. I would like to put a disclaimer there. So of course we are all working towards 100% capacity utilization.

So going forward yes we are very hopeful that there will be improvement in the ethanol segment. And as I also said earlier we are hopeful that we should be looking at about 9% to 10% EBITDA average for the whole year.

Shaurya Punyani: And what is our current capacity utilization for ethanol like on a blended basis?

Aditi Pasari: About 70%.

Shaurya Punyani: 70% it means we are targeting 80% to 90% this year right?

Aditi Pasari: Definitely, definitely we are targeting.

Shaurya Punyani: Okay, ma'am. Thank you. Thank you so much.

Moderator: Thank you. Ladies and gentlemen that would be the last question for today. And on behalf of Gulshan Polyols Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.