



Gulshan Polyols Limited
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Expanding Potential

Revenue from Operations reported at **Rs. 29,222.67 Lakhs in Q4 FY22** and **Rs. 1,10,072.64 Lakhs for FY22**

EBITDA stands at **Rs. 2,600.41 Lakhs in Q4 FY22** and **Rs. 15,216.52 Lakhs for FY22**

PAT at **Rs. 1,166.83 Lakhs in Q4 FY22** and **Rs. 8,524.89 Lakhs for FY22**

Q4 FY22 & FY22 – Earnings Update

New Delhi, 25th May 2022: Gulshan Polyols Limited ("Gulshan") is a multi-location and multi-product manufacturing company with global presence in 35+ countries, across 3 continents. Gulshan in its board meeting held on 20th May 2022 has inter-alia considered and approved the Audited Financial Results of the Company for the Fourth Quarter and Year ended 31st March 2022 as one of its agenda.

FINANCIAL SNAPSHOT FOR FINANCIAL YEAR ENDED 31ST MARCH 2022

•EBITDA UP BY 14.37%
ON A YoY BASIS

•ACHIEVED HIGHEST
EVER YEARLY SALES AND
HAVE GRADUATED TO
•INR 1000 CR+ REVENUE
COMPANY

•PAT UP BY 37.24% ON A
YoY BASIS

•CASH FLOW FROM
OPERATIONS STANDS AT
Rs. 6,439.77 LAKHS

•ROE 15.92% AND ROCE
20.60%

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Financial Statement Highlights for FY22 v/s FY21

Particulars (Rs. Lakhs)	FY22	FY21	YoY %
Revenue from Operations	1,10,072.64	76,603.44	43.69%
Other Income	204.75	260.98	
Total Revenue	1,10,277.39	76,864.42	43.47%
Total Expenses excluding Depreciation, Amortization & Finance Cost	95,060.87	63,560.28	
EBITDA*	15,216.52	13,304.14	14.37%
EBITDA Margin (%)	13.80%	17.31%	
Depreciation & Amortization	3,240.90	3,257.01	
Finance Cost	495.97	679.31	
PBT before Exceptional Item	11,479.65	9,367.82	22.54%
Exceptional Items	-	-	
PBT	11,479.65	9,367.82	22.54%
Current Tax	3,079.67	1,843.89	
MAT Credit Available	-	1,305.68	
Deferred Tax	(124.91)	6.59	
Total Tax Expenses	2,954.76	3,156.16	
PAT	8,524.89	6,211.66	37.24%
Other comprehensive (profit) / loss	(5.84)	(66.95)	
Net PAT	8,530.73	6,278.61	35.87%
PAT Margin %	7.74%	8.11%	
Diluted EPS	16.40	12.53	30.89%

*EBITDA includes other income

Financial Performance Comparison – FY22 v/s FY21

- Revenue from Operations recorded a **growth by 43.69%** from **Rs. 76,603.44 Lakhs in FY21 to Rs. 1,10,072.64 Lakhs in FY22** largely on account of superior performance in the Grain Processing and Ethanol/distillery segment.
- The **EBITDA has grown by 14.37%** from **Rs. 13,304.14 Lakhs in FY21 to Rs. 15,216.52 Lakhs in FY22** due to increased scale of operations.
- Net profit stood at **Rs. 8,524.89 Lakhs in FY22, compared to Rs. 6,211.66 Lakhs in FY21 recording a growth of 37.24%**

Financial Statement Highlights for Q4 FY22 v/s Q4 FY21

Particulars (Rs. Lakhs)	Q4 FY22	Q4 FY21	YoY %
Revenue from Operations	29,222.67	22,734.54	28.54%
Other Income	110.22	204.38	
Total Revenue	29,332.89	22,938.92	27.87%
Total Expenses excluding Depreciation, Amortization & Finance Cost	26,732.48	18,474.84	
EBITDA*	2,600.41	4,464.08	-41.75%
EBITDA Margin (%)	8.87%	19.46%	
Depreciation & Amortization	848.39	863.56	
Finance Cost	137.53	196.47	
PBT before Exceptional Item	1,614.48	3,404.04	-52.57%
Exceptional Items	-	-	
PBT	1,614.48	3,404.04	-52.57%
Current Tax	484.08	801.90	
MAT Credit Available	-	471.79	
Deferred Tax	(36.42)	9.87	
Total Tax Expenses	447.66	1,283.56	
PAT	1,166.82	2,120.49	-44.97%
Other comprehensive profit / loss	(18.45)	(66.95)	
Net PAT	1,185.27	2,187.44	-45.81%
PAT Margin %	3.99%	9.33%	
Diluted EPS	2.24	4.28	

*EBITDA includes other income

Financial Performance Comparison – Q4 FY22 v/s Q4 FY21

- Revenue from Operations has grown from Rs. 22,734.54 Lakhs in Q4 FY21 to Rs. 29,222.67 Lakhs in Q4 FY22 by 28.54%
- The EBITDA has degrown by 41.75% from Rs. 4,464.08 Lakhs in Q4 FY21 to Rs. 2,600.41 Lakhs in Q4 FY22 due to the challenges of increased fuel (coal) and input raw material costs.
- Net profit stood at Rs. 1,166.83 Lakhs in Q4 FY22, compared to Rs. 2,120.49 Lakhs in Q4 FY21.
- PAT margins have degrown to 4% in Q4 FY22 from 9.33% in Q4 FY21.

CASH FLOW & BALANCE SHEET ANALYSIS

Particulars (Rs. Lakhs)	FY22	FY21
Net Cash Generation from operation	6,439.77	9,750.74
Net Cash Generated/ (Used in) investing activity	(13,988.99)	(468.60)
Net Cash Generated/ (Used) from Financing activity	17,006.57	(7,721.17)
Net Increase in Cash and Cash Equivalentents	9,457.36	1,560.98

Particulars (Rs. Lakhs)	FY22	FY21	Particulars (Rs. Lakhs)	FY22	FY21
Assets			Liabilities		
Non-Current Assets	38,135.29	26,272.43	Shareholders Fund	53,538.99	37,648.30
Property, plant & equipment, CWIP and Intangible Assets	32,851.05	24,395.79	Equity Share Capital	519.75	495.59
Investments & Investment Property	2,858.82	364.86	Other Equity	53,019.23	37,152.70
Other Financials assets	1,039.38	1,303.71	Non-Current Liabilities	6,518.23	2,627.65
Other Non-Current Assets	1,386.04	208.07	Borrowings	4,731.22	1,053.00
Current Assets	42,273.85	24,435.08	Other Non-Current Liabilities and DTL	1,787.01	1,574.65
Inventories	10,789.87	9,045.07	Current Liabilities	20,351.91	10,431.56
Trade Receivables	11,962.07	9,838.15	Borrowings	6,464.37	-
Cash, Bank and Cash Equivalents	12,308.07	1,993.05	Trade Payables	5,780.17	5,630.78
Other Current Assets	7,213.84	3,558.81	Other Current liabilities	8,107.37	4,800.78
TOTAL ASSETS	80,409.14	50,707.51	TOTAL LIABILITIES	80,409.14	50,707.51

Financial Performance Comparison – FY22 v/s FY21

- Total Fixed Asset **grew by 34.66%** from Rs. 24,395.79 Lakhs in FY21 to Rs. 32,851.05 Lakhs in FY22.
- Current Asset stood at **Rs. 42,273.85 Lakhs** in FY22, compared to **Rs. 24,435.08 Lakhs** in FY21
- Long term borrowings stood at **Rs. 4,731.22 Lakhs** in FY22, compared to **Rs. 1,053.00 Lakhs** in FY21.
- Debt Equity ratio has **increased marginally**, to 0.21x in FY22 compared to nil in FY21 **owing to financing of capex via leverage**.
- Cash flow from operations stands at **Rs. 6,439.77 Lakhs** for FY22 compared to **Rs. 9,750.74 Lakhs**.

Segment-wise Comparison

Particulars (Rs. Lakhs)	Revenue		Profits	
	Q4 FY22	Q4 FY21	Q4 FY22	Q4 FY21
Grain Processing	21,265.54	15,651.66	1,191.78	2,459.46
Ethanol(Bio-Fuel)/Distillery	5,251.17	4,625.12	167.88	676.50
Mineral Processing	2,705.95	2,457.76	379.99	380.80
Unallocated	-	-	12.37	83.77
TOTAL	29,222.67	22,734.54	1,752.02	3,600.53

Particulars (Rs. Lakhs)	Revenue		Profits	
	FY22	FY21	FY22	FY21
Grain Processing	80,915.33	54,080.63	8,140.83	6,631.03
Ethanol & Distillery	19,729.30	13,269.60	2,453.27	1,579.25
Mineral Processing	9,409.62	9,237.46	1,278.55	1,729.13
Unallocated	18.38	15.75	102.96	107.72
TOTAL	1,10,072.64	76,603.44	11,975.61	10,047.13

Note: Profit figures are before finance costs and taxation.

- Grain Processing segment revenue increased from **Rs. 15,651.66 Lakhs** in Q4 FY21 to **Rs. 21,265.54 Lakhs** in Q4 FY22 and **Rs. 54,080.63 Lakhs** in FY21 to **Rs. 80,915.33 Lakhs** in FY22
- Grain Processing division currently contributes to 74% of total revenue in FY22.
- Ethanol & Distillery segment revenue increased from **Rs. 4,625.12 Lakhs** in Q4 FY21 to **Rs. 5,251.17 Lakhs** in Q4 FY22 and **Rs. 13,269.60 Lakhs** in FY21 to **Rs. 19,729.30 Lakhs** in FY22
- Company is expecting major shift in revenue contribution from Ethanol & Distillery division on full operationalization of both 500 KLPD and 250 KLPD facilities from FY24 onwards.
- Mineral processing segment revenue increased from **Rs. 2,457.76 Lakhs** in Q4 FY21 to **Rs. 2,705.95 Lakhs** in Q4 FY22 and **Rs. 9,237.46 Lakhs** in FY21 to **Rs. 9,409.62 Lakhs** in FY22.
- Profit margin of Grain processing, Ethanol & Distillery and Mineral processing segments for FY22 stood at 10.06%, 12.43%, 13.59% respectively in FY22.

Commercial Updates

1. Capex Update-

Company is looking at a total capex of Rs. 45,000 Lakhs over the next 12 months, out of which Rs. 30,000 Lakhs will be required to set up the 500 KLPD Ethanol plant in the state of M.P. and Rs. 15,000 Lakhs will be required for expanding the aggregate capacities across the grain processing division.

Further, an estimated capex of Rs. 18,500 Lakhs is to be deployed for ethanol plant in Assam over next 24 months.

The Company plans to finance this Capex through a loan of Rs. 17,000 Lakhs from HSBC Bank for the Ethanol facility in M.P, proceeds of the Qualified Institutions Placement ("QIP") and internal accruals.

- **Building Capacities for the Ethanol Segment.**

The Company has embarked on a humungous capex plan to build two plants dedicated to the production of Ethanol for the Government's *Ethanol Blending in Petroleum Programme- 2025*. The sites are located at two locations viz.

- **500KLPD plant at Boregaon, Madhya Pradesh** - The Company is planning to complete commissioning of the plant located at Madhya Pradesh and commencing operations by the end of January 2023. The Company has already placed orders for plant and machinery worth Rs. 18,000 Lakhs out of which approximately Rs. 13,000 Lakhs has already been spent by the company to set up the 500 KLPD Ethanol plant in M. P. Balance investment will be completed by October 2022.
- **250 KLPD Ethanol Plant at Goalpara, Assam**- Company has started land and site developmental work at its Goalpara site at Assam for setting up a 250 KLPD Ethanol plant to take care of its next leg of growth.

The company is pleased to inform that the program is progressing well on its planned pace.

- **Grain Processing Division**

The Company is in the process of completing upgradation of capacities of the grain processing division of the units located at Muzaffarnagar, Uttar Pradesh and Bharuch, Gujarat. The planned Capex for this project is ~ Rs. 15,000 Lakhs, out of which the company has deployed ~ Rs. 6,000 Lakhs already towards upgradation of the power plant and existing capabilities. The company expects ~ 20% increase in total combined capacities of the plants. The upgraded capacities will be utilized towards the production of Sorbitol 70% Solution and Starch Derivatives like Dextrose Monohydrate & Maltodextrin Powder.

2. Qualified Institutions Placement ~ Rs. 7,900 Lakhs

- On March 24 2022, the Board of Directors of Gulshan Polyols Limited has approved the allotment of **24,16,000** Equity shares to eligible Qualified Institutional Buyers at the issue price of Rs. 326.48 per Equity Share (including a premium of Rs. 325.48 to the face value of Rs. 1 per Equity Share) which is at a discount of 5 % (i.e., Rs. 17.18 per Equity Share), to the Floor Price of **Rs. 343.66** aggregating to **Rs. 78,87,75,680** (Rupees Seventy Eight Crore Eighty Seven Lakhs Seventy Five Thousand Six Hundred Eighty Only) pursuant to the issue.
- The issue is backed by long term marquee investors. **The funds would be primarily deployed towards the Capex Programme of the company, working capital requirements and any other related purpose(s) as per the offer document.**

- Pursuant to the allotment of Equity Shares in the QIP, the paid – up equity share capital of the Company stands increased to Rs. 4,93,33,020 comprising of 4,93,33,020 equity shares of face value of Rs. 1 each as on 31st March 2022.

3. Scheme of Arrangement

The Scheme of Amalgamation of Gulshan Holdings Private Limited (“**Transferor Company No. 1**”) and East Delhi Importers & Exporters Private Limited (“**Transferor Company No. 2**”) (collectively referred to as “**Transferor Companies**”) with Gulshan Polyols Limited (“**Transferee Company**”) and their respective shareholders and creditors, approved by the Hon’ble National Company Law Tribunal, Allahabad Bench (“**NCLT**”) vide its order dated 9th March 2022 which became effective on 30th March 2022.

Pursuant to the Scheme, the Company has issued and allotted 2,99,82,536 to the shareholders of the Transferor Company 1 and Transferor Company 2, whose names appear in the register of members as on record date, 14th April 2022. Consequently, 2,73,40,067 equity shares of the Transferee Company held by the Transferor Company 1 and Transferor Company 2 has been cancelled and extinguished. Accordingly, the paid – up equity share capital of the Company stands increased to Rs. 5,19,75,489 comprising of 5,19,75,489 equity shares of face value of Rs. 1 each. The Listing approval for the same is awaited.

This arrangement was carried out with a motive of simplified corporate structure, streamlining the shareholding structure of the company, reducing compliance burden, improved operational efficiency, cost saving etc. There is no change in the business and operations of the company (Transferee Company) due to the same.

4. Receipt of Order for GCC (Ground Calcium Carbonate) Plant and allied equipment

The Company has received an order for supplying Ground Calcium Carbonate ("GCC"), GCC coating plant including its spare parts, vibrator separating machine and GCC Coated machine to Meghna Pulp & Paper Mills. The order value is ~ USD 27.80 Lakhs. This will be the 10th GCC plant to be installed by Gulshan thereby providing great impetus to the growth of our mineral processing segment for FY23.

Management Comments

Commenting on the performance of FY22, Dr. Chandra Kumar Jain, Chairman and Managing Director, Gulshan Polyols Ltd. Said “We are happy to share with you our financial and business performance for Q4 FY22 and FY22, revenue from operations stood at Rs. 29,222.67 Lakhs and 1,10,072.64 Lakhs respectively – with a growth of 28.54% on quarterly basis and healthy growth of 43.69% annually, predominantly driven by our grain processing division which recorded a growth of 50% over FY21. We have managed to achieve good growth across all the three segments during FY22. On YoY basis for a period of 12 months our EBIDTA Margins have contracted owing to headwinds on account of power

costs (coal) and raw material prices. In each of the segment we witnessed EBITDA growth (YOY) owing to improved sales volume and better sales realization, which has allowed us to deliver healthy results.

Some of the key challenges faced by us, especially during the second half of FY22, were the rising prices of coal and escalated cost of our key inputs namely, Grains (Rice & Maize). The global coal crisis has led to an increase in our power cost which is sourced mainly from our captive power plants. Fueled by the Russian - Ukrainian crisis, the prices of maize & rice on a global level have surged as the export demand for these products has increased. Consequently, this has led to an increase of our COGS. Even though certain costs were passed on, we witnessed some stress on our EBITDA margins on a quarterly basis. Despite the macro-economic challenges, we were able to achieve a historic milestone and crossed the coveted INR 10 Bn revenue mark owing to our strong product line, increasing market share and product diversification. Going forward, we are confident that we can sustain and further improve our operating margins owing to our superior product quality, operational efficiencies and capacity upgradation in our Ethanol & Grain Processing segments.

We would like to highlight the following updates with respect to our individual business segments: Our grain processing division is steadily recording an increased market share of our product offerings and increased utilization of our plant capacities. Specifically, our product, sorbitol (70%), maize starch and high fructose syrup are market leaders and continue to show robust growth.

Our Ethanol and distillery segment is running at an elevated capacity utilization of >100% owing to secular demand for ethanol as per the government's EBPP. We are also happy to share that we are on/ahead schedule in executing our capex plans for setting up of ethanol plant of 500 KLPD and 250 KLPD in Madhya Pradesh and Assam respectively. We envisage a capex of ~ Rs. 48,500 Lakhs for the two facilities of which ~ INR 30,000 Lakhs will be deployed in FY23 and the balance over next two fiscal years thereon. The Company has already entered in long term supply arrangement with OMCs for supply of ethanol from these plants after commercialization.

Our mineral processing division despite being a stable business, continues to grow owing to our expertise in providing diversified and value-added solutions and services related to Wet Ground Calcium Carbonate (WGCC), Ground Calcium Carbonate (GCC) and on-site Precipitated Calcium Carbonate (PCC).

We believe that we will be able to achieve good financial performance owing to structural industry tailwinds in the sectors that we operate. In our opinion, the industry growth for individual segments will be due to following reasons:

- Sorbitol, a key product offering, is a low-calorie sugar substitute used in many products such as candies, chewing gum, ice cream, baked goods, cosmetics, toothpaste, personal care products and pharmaceuticals. Owing to increased customer awareness, demand for low sugar and low**

calorie products and diversified applications we shall continue to witness good growth rates. High Fructose syrup is another product in which our Company is establishing its strong footprints as a major supplier backed by heavy import substitution witnessed.

- *With government's increased focus on ethanol blending in petroleum we believe there is a long runway for growth. As per current statistics, ethanol blending stands at ~ 9.5% and is targeted to reach 20% by 2025-26. According to ICRA Research, India's Ethanol production has to be increased by 3 times to meet the target of 20% ethanol blending by 2025. In order to capitalize on this opportunity, the Company is augmenting its capacity to 810 KLPD from 60 KLPD currently. This shall turn the company into a formidable player with a sizeable market share in ethanol segment.*
- *In mineral processing, our key product is calcium carbonate which is a widely used compound as an industrial filler and finds application in paints, paper, plastic, rubber and pharma industries. With growth in underlying industries, we shall continue to witness decent growth due to our capabilities and diversified offerings.*

Going ahead, our focus is to grow the EBITDA Margin by increasing contribution from higher margin products and by building cost efficiency through procurement and operational processes. Further, we will continue to broaden our product range by continually investing in value added products and R&D processes.

As we move forward in seizing the growth opportunities that lie ahead of us, we would like to thank our employees for their continuous efforts and our investors / stakeholders for their continued support and encouragement."

Management Guidance

- The management expects the revenue to **grow to Rs. 2,30,000 Lakhs** by FY24, mainly on account of commercialization of 500 KLPD ethanol plant and continued growth in other segments.
- The management expects the new Ethanol distillery to contribute ~ Rs. 15,000 – 20,000 Lakhs to the top-line in FY23.
- EBITDA margins to strengthen by 100 basis point in FY23, due to normalization of the prices of raw material prices and power costs from second half of FY23.

About Gulshan Polyols Limited

Gulshan Polyols Limited ("Gulshan") is a multi-location and multi-product manufacturing company with global presence in 35+ countries, across 3 continents. The company features three main business segments namely, Grain Processing, Ethanol Distillery & Mineral Processing. The Company is planning to expand its footprints in distillery segment and has embarked on a significant capex plan for manufacturing ethanol. By FY25 the company plans to expand its ethanol capacity to 810 KLPD from current 60 KLPD. Gulshan's product portfolio comprises of starch sugars and native starches, calcium

carbonate; agro based animal feed, alcohol business & on-site PCC plants. Gulshan is providing solution to diverse range of Industries & niche markets in core sector i.e., from toothpaste to alcohol, from sweeteners to paints, from paper to medicines, from plastics to personal care. Gulshan has an impressive clientele comprising of Colgate Palmolive, Britannia, Asian Paints. Gulshan is recognized by Government of India as Star Export House, for consistent export of products to various parts of the world and holds record for introducing on-site PCC plant as per Limca book of Records.

For further information on the Company, please visit www.gulshanindia.com

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