Management Discussion

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
So a very good afternoon to everybody for joining on this call. All of you are also, uh, in a way, we have the unique privilege to do the first investor call in the name of a new India Glycols Limited, which is focused on chemicals. And you are therefore also present in the first investor meeting, which is, which is very good. And I will take you through, uh, the results of this quarter, what we've done so far, broad highlights And since it is the first call after the demerger, we will also very briefly talk about the new structure and a little bit about the company.

Not too much because a lot of you already understand. Anandji will take you through the financials and then we will take some questions. And I will also give, you know, give you some input on the businesses, the overview, the operating environment, etc. So as you would have seen the results, you know, we've had a strong growth momentum. So Q2 FY27 for revenue has grown by 30% year on year to Rs 358 crores, whereas for H1 the revenue increased 26% to Rs 713 crores. The margin growth or the had also been good.

So EBITDA grew 26% year on year to Rs 52 crores. Sorry, there was a- somebody was telling me that the voice is not loud enough, so we were repositioning the mic. And 25% to Rs 113 crores in H1 FY27. Now I will explain a little bit about what our broad classification of 2 reporting segments is. So our classification of reporting segments is bio-based specialty materials, and then we have sustainable performance chemicals. I will explain also to you later on the rationale as to why we have classified some businesses in this.

But before coming to that, so specialty materials largely which is driven by glycols and glycol ethers, has led the growth. For H1 revenue increased by 43% year on year to Rs 382 crores. EBITDA is up 15% to Rs 62 crores. For Performance Chemicals, Q2 revenue grew 36% to Rs 167 crores and H1 revenue grew 29% to Rs 313 crores while EBITDA increased 49% 24 crores in Q2 and 40% to 51 crores in H1. So margins expanded 13% to 14% in Q2 and from 15% to 16.3% in H1. In the- broadly, we've had an improvement in mixed, in bio-based specialty materials, where revenue increased from 55% to 52%, supporting the shift towards a more specialty-led portfolio.

Now, uh, in terms of how we see the company going forward, I have spoken about it before. We would expect, as also was stated earlier, a lot of my statements would be directional, and I am not going to make any prediction on outlook and numbers, even if we do speak about some numbers. The specialty materials will- is expected to deliver steady growth. It has been a consistent business for us for the near term as well as for the longer term in the foreseeable future. For, for the near term to midterm as well as the long term, performance chemicals will be an important pillar to drive growth, which is also happening this year.

We will continue to see it this year as well as in the years to come. And by and large, uh, you know, our pipeline in that area is quite robust. We are also working on novel products and technologies, which is expected to drive significant growth in the mid to longer term. In both the areas that I've spoken about, the new product pipeline, business development, as well as working with diverse strategic partners, is, is something which is quite robust and something that I'm satisfied and confident with.

Now, as you know, the demerger has been completed. So there are 2 businesses- 3 businesses which have been listed now. One is Ideal Spirits Limited. To refresh your memories, of course, Ideal Spirits Limited has portable spirits, which includes IMFL as well as country liquor, but it also now has

the biofuels business as ethanol. The whole idea was to, to leverage the synergy in ethanol. Which can be manufactured together and which can service both the portable spirits business as well as the biofuels business.

Ennature biopharma business continues to be the business which had APIs as well as nutraceuticals as well as some branded products, but now it also has what was called the guar gum or the biopolymers business, which was generally spoken to along with the chemicals business. The rationale there is that biopolymers from a feedstock perspective is agro-feedstock based, and also there are several front-end synergies whilst it caters to oil and gas, etc. But also there is significant opportunity in biopolymer in the soluble fiber area, for example.

So there is synergy in nutraceuticals. So that is reported there. So as the India Glycols Limited or the chemicals business is concerned, it now has 3 2 big heads which we will be reporting in. Within them, I will tell you what all is there. So one is what we call bio-based specialty materials. You know, you will say that both names look similar, so I will tell you they are not. Why we call them specialty materials and the other one performance chemicals? Now, glycols and glycol ethers are materials which are sold on the basis of specifications, right?

And these are specialty because they are unique, they are differentiated, they are bio-based. As I said, we are perhaps only amongst a couple of people who make these products which are bio-based. And they also, especially glycols, command a significant premium. And of course they are bio-based. And as we start to manufacture more products in future which may be from, say, carbon-smart feedstocks, so we'll probably graduate it from calling this bio-based to sustainable specialty materials. As far as performance chemicals is concerned, it has 2 big heads.

One, it has the ethylene oxide we supply to, uh, the Clarion joint venture, and I will tell you why it has been put along with performance chemicals. And second, it has a new portfolio of new specialty chemicals that we are building, and that portfolio is doing very well and that is growing. The reason ethylene oxide is also with performance chemicals is because that is exactly where it goes. It goes into personal care products, it goes into textile products, crop care products, coatings products, lubricant products, which are specialty chemicals.

And therefore the drivers for this are the drivers for performance chemicals. And as far as our new performance chemicals portfolio is concerned, it will include a whole host of materials, surfactants, amines, etc., which I will speak subsequently. Gases, as I said, is a business very closely linked to manufacture of monoethylene glycol because that is a raw material material. So, and it's a small business, depends on, you know, uh, how much of glycols we are making. So we consume in-house and rest we sell.

So we thought logically it is better to cover it under that profit center together. So while we will continue to talk about the dynamics separately, that is how it will be. In terms of, you know, uh, we would, we would like to focus much more. We think that the future for performance chemicals and green chemicals is bright. Obviously, no bright future comes without challenges, so we will have to do many things which will include building innovation, innovative products, introducing new functionalities, building on sustainability credentials, and more importantly, something that we are focusing on is building strong partnerships and working for various end markets.

So we do have a pure-play focus, and we are amongst very few people who have a competence chain like this. So we manufacture the building blocks, and we are in a sense unique there, which is ethylene oxide, MEG, etc., uh, starting, you know, obviously from ethanol. And then we go on to make several derivatives of them, some of which are semi-commodity, commodity, etc. And then we

also make specialty chemicals. Now the specialty chemicals bit is important because From our perspective, it is not about manufacturing the chemical.

It is about delivering an effect in various performance areas. And we think we, we've got a strength across this value chain which makes us kind of unique and something that we would like to leverage. Along with that, you know, my slide talks about deep process know-how, global diversified reach, etc. But the broader thing is this allows us to position ourselves as good partners to people who are end consumers, for example, personal care companies or crop care companies, etc., but also equally importantly to other people to whom we can be very good partners.

They could be technology companies introducing green products, they could be B2C companies or performance or specialty companies like the BASFs, Dowells, etc., of the world where we can bring certain unique strengths in manufacturing green chemistry, etc. And you know, to become very important partners of theirs. So that is the broad philosophy for IGL Chemicals to go forward. And I have explained to you therefore bio-based specialty materials which will comprise glycols- monoethylene glycol, diethylene glycol, triethylene glycol- which will comprise glycol ethers, glycol ether acetates, going for various end applications right from packaging, textile, automotive, insulation, oil and gas, paints and coatings, printing inks, perfumery, electronics, etc.

There are some new segments that we may like to explore here. And then of course performance chemicals, which would be a wide range of chemistry platforms which I will talk about in a bit and not spend more time on this slide. And other than that, what is also a part of this business in a sense is the joint venture with Clarion. So this- now the joint venture with Clarion is of Ideal. We supply ethylene oxide to them. They make a wide range of performance and specialty chemicals which to sell to various customers in India and abroad.

Obviously, we don't compete in the segment. Ideal also makes products with you, but we have a- we have an agreement of where we will collaborate and where we will compete. So the end markets that we will cater to are quite diverse, as I mentioned. Uh, so right from packaging textiles, oil and gas, coatings, personal care, agro, pharma, electronics, food and beverage, construction polymers. Why is it important? Because if you look at all these end markets, for not only are they growing, all of them growing in the world, but particularly in a growing economy like India, they generally grow higher than GDP rates.

And so from an end market perspective, we are in areas which are growth areas, not only for the chemical industry but particularly for India. And many of our platforms cater to many of these areas, whether it is glycols, glycol ethers, performance chemicals, or if I, if I may say so, an extension of us which is a joint venture, etc. Whilst, uh, something that we probably never talked about in investor calls, uh, we are logistically advantaged, and I want to highlight it because contrary to what people might sometimes feel that we have factories in, you know, far away, like Uttarakhand, especially if you're thinking of us sitting in Mumbai where Lonavala is the favorite hill station.

So it may feel like it is far away, but, you know, we have direct rail connectivity to our site, which is very interesting because if you have a site which is 200, 300, or 400 kilometers, say, within Gujarat or Maharashtra, Compared to that, a rail connectivity to the site with an on-site ICD makes the logistics safer, convenient, as well as cost-effective. So particularly for exports or imports, if you see, we can access almost any significant port in the country, but, you know, the important ones on the western border for sure.

Now I have also put in a slide which is part of our introductory slide that, you know, we, we can look at various ways in which we source carbon, either biocarbon or subsequently circular feedstock. As

you know, we have some work that we do with captured carbon, though it is not very significant in terms of business volumes. There are various foundational routes that we have, but we have significant strength in various derivatization platforms from ethoxylation, propoxylation, epoxidation, phosphation, esters, etc.

You- there is a slide that I have put in. And we work on surface and interface emulsification, demulsification, dispersion, etc., which, which do various things to various processes, right from rheology modification to gelling and cross-linking, friction modification, etc. And these find applications in various end markets that we've talked about. So our journey, apart from sustainable materials and producing them cost-effectively and of high quality, is to move to differentiated products. More importantly, to understand the application end-to-end, provide solutions, and more importantly, to earn the confidence of our partners to do collaborative projects where it is not about the transaction, and even preferably become strategic partners based on strength of our company and their- and I'm happy to say that in many of our areas in our pipeline, many of our projects are collaborative projects or strategic partnerships.

Now, uh, so that was, uh, how the company looks like in a slightly more focused manner after the demerger. Talking about- coming to key financial highlights for Q2 and H1 '27. So revenue from operation in Q1- Q2 went up from 276 to 358, which is up 30%. In H1, 568 to 713, which is up 26%. EBITDA from 42 to 52 in Q2, which is up 26%. And, uh, you know, 90 to 113 in H1, which is up 25%, and a slight improvement in the EBITDA percent margins. So you see that the business performance has been robust, which we are happy with, but we also know there are lots of things which we need to do to continue to not only grow our business but also improve the profitability.

In terms of the specialty materials business, The highlights, as I mentioned, are glycols and glycol ethers. So glycol margins were under pressure, interestingly, you know, because a number of the glycols that we sell to niche customers are exported, and their actual prices are linked to prices of US-based imported ethanol. So while the crude prices went up and people thought MEG was in short supply and people will make more money in MEG, our prices- our margins were actually under pressure because prices prices were linked to ethanol, and at the same time many of our costs went up.

But I would only call it a, you know, spot issue. As far as strategically the longer-term business is concerned, it is fine and it will continue to deliver steady growth. What it also did was provide us a small opportunity to sell some glycols in the domestic market. That was very small because we don't make much money there. You know, as you know, crude-based MEG is of a much lower cost, but because MEG prices went up with the volatility in crude, we were able to sell something. For glycol ethers and acetates, it was, uh, some, uh, some tailwind.

So because crude-based prices went up, so imports of glycol ethers into India became more expensive- not only glycol ethers but other alternatives like butylene and propylene ethers. So we were able to sell much more volumes within India. We, we export a small volume but not too much. So that was as far as the specialty materials business is concerned. For performance chemicals, if you see sustainable and performance chemicals, our revenue for Q2 was up from 123 to 167, which is up 36%. EBITDA in Q2 was 16, and in FY27- sorry, FY26 was 16, FY27 was 24, so up 49%.

And there was some improvement in the EBITDA margin. So in terms of our performance chemical, we've had- I will talk about the macro environment and the operating environment a little bit. Our performance chemicals, or the new performance chemicals, had actually significant headwinds. Uh, those significant headwinds were our oil and gas business, particularly where we sell materials and

export materials to the Middle East and other countries, suffered quite badly. Some of our raw materials like propylene oxide prices went up very high, which makes some of our products unviable, and, uh, you know, the volumes reduced.

But we also had certain, certain opportunities which came up. So all in all, actually, our performance chemicals business has grown very, very well in terms of the top line. Uh, you know, nearly- we, we may be nearly tripling our new chemicals business in terms of top line this year with a, with a healthy growth in overall margins as well. But percent margins have suffered. So there is a slide which talks about H1, but I think more or less, uh, covered. And, uh, so I will talk a little bit about the operating environment, and I have, for your reference, I have a slide there.

So what I've done is I've looked at the impact of war, short Gulf supply, rise of costs, etc. So the impact on war essentially for us was 2. One is the sharp volatility in crude prices and also supply disruptions from the Middle East. Which affected us for manufacturing some of our products, but which also created some opportunity for some of our products like glycol ethers. And I explained to you why whilst the crude prices were going up, our bioglycols margins shrank because of the correlation that we have and our contracts are based on bio-based ethanol.

So all in all, we had a slightly, you know, we had a somewhat negative impact on glycols, a positive impact on glycol ethers and acetates. And performance chemicals had a headwind, but, uh, reasonably happy to share that despite the headwind, uh, the separate performance chemicals business actually in terms of top line is doing quite well. So let me take a breather now to hand it over to Mr. Singhal, our CFO, to take you through the results and financials.

Anand Singhal - Chief Financial Officer, India Glycols Ltd
Thank you, sir. So now about the Q2, uh, just to, just to tell you that since the last year this company was on the consolidated entity, so results are not comparable. So I am comparing my results only Q2 versus Q1. So revenue from operations, or I will- revenue from operations in Q2 was Rs 362 crores against Rs 357 crores. The EBITDA in Q2 is Rs 39 crores vis-à-vis Q1 Rs 40 crores. The EBITDA has reduced slightly because of the increase in the cost in the power, fuel, and some other expenses. The EBITDA margin in the current quarter means Q2 is 10.8% vis-à-vis 11.2% in Q1.

PBT is Rs 28 crores vis-à-vis Rs 37 crores. The difference is only because of The, the share of the JV which has reduced to Rs 13 crores vis-à-vis Rs 21 in Q1, and PAT is Rs 24 crores vis-à-vis Rs 33 crores in Q1. Relating to H1, the H1 '27 was Rs 720-750 crores, the revenue from operations vis-à-vis Rs 2,133 crores in H1 last year, which of course is not comparable. And the EBITDA margin in H1 is 11%, which is more or less in line with the Q1 and Q2. The PAT is Rs 56 crores. Its PAT margin is 7.8%, showing an EPS of Rs 8.40 per share.

So this is what is the H1, and this is what is the results from my side.

Operator
Should we start the Q&A session, sir?

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Yeah, there is, uh, you know, uh, though we- since we had, uh, put this up, uh, in, uh, in the- on the website as well as we have discussed in some investor calls, you know, uh In terms of directionally, we see that there are 3 broad drivers for this business. One is sustainable specialty materials, which we think is regular, uh, is a regular business. We will continue to work on improving our cost position, differentiating our products, looking at new markets and new applications. Then there is

sustainable and performance chemicals, which is, as I mentioned, will be the growth engine from now onwards to the middle term to even the longer term.

Which includes a wide range of materials from surfactants, esters, quaternaries, polyglycerols, carbon smart materials, amines across a number of application areas which I mentioned before. So this is a business which we are in the process of scaling up where we have a strong new product business and development pipeline which I'm quite confident about. And then we have a significant role to play on several new technologies that we are working on which includes captured carbon utilization of CO2, novel catalysis and new biotechnology-based chemicals.

And I am talking about projects that either are ongoing in the lab or we are working in the pilot plant, and we have global collaborations which we are working on. These are across multiple areas. Obviously, these are a little distant. There is, there is a level of, you know, technology readiness level, as you say, involved in these projects, which is TRL. But I am fairly confident of the direction and potential. And based on this, you know, we, we have taken an aspiration, uh, that in, uh, you know, compared to the year which is already gone, which is last financial year, we would scale up to becoming 10 times in sales and 10 years in, uh, EBITDA in 10 years' time.

Uh, as I mentioned, uh, the, the fundamentals are in place in terms of the market and the technologies that we are working on, and all of this needs doing. But to give ourselves, you know, a little bit conviction, not so much as to give a projection, uh, this was the case. And we are aiming for about Rs 2,000 crores revenue and about Rs 400 crores EBITDA in, in the next 4 to 5 years. Since I put that slide this time, I thought I'll also talk about it. So, uh, so that's all from my side, and over to you.

Questions & Answers

Operator
Thank you very much, sir. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and 1 on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and 2. Participants are requested to use handset while asking a question. Ladies and gentlemen, we'll wait for a moment while the question queue assembles. First question is from the line of Balasubramanian from Arian Capital. Please go ahead.

Balasubramanian - Analyst, Arian Capital
Good evening, sir. Thank you so much for the opportunity. Sir, you have mentioned in H1 FY27 sustainable and performance chemicals margins have been improved, but if you look at page number 20, But if you look at the same thing, next page, uh, complete one, I think, uh, mentioned about operating environment, uh, headwind is high especially for performance chemicals. So how do you understand, uh, how do you understand, uh, whether it is related to sustainable and performance chemicals, whether it will impact in H2O on the margin side?

And if you could clarify, under biobased or specialty materials, almost 405 basis point impact is there.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
So what you're saying is that as far as performance chemicals is concerned, you seem to be showing good growth, then why are you saying headwinds are high? Is that your question?

Balasubramanian - Analyst, Arian Capital
Yes, sir.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Okay, so, uh, see, there is- sometimes you do well even in a bad operating environment also, no? So I'll tell you what it means. What it means is that we have, for example, a business which is in, uh, oil and gas, which is in crop care, which is in, uh, you know, personal care, etc., where we are putting up new capacities. So we have been able to get the business, and some business we also did to get the top line, you know,

Satyajit Jain - Analyst, Desvelado Advisory
Because we were

Anand Singhal - Chief Financial Officer, India Glycols Ltd
We

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Were wanting to fill our assets. So

Satyajit Jain - Analyst, Desvelado Advisory
We've done good

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
On the top line,

Satyajit Jain - Analyst, Desvelado Advisory
And we expect that

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Our top line growth will be 2.5 to 3 times maybe. But if you look at our percentage margins, they came down. And some of our fundamental businesses, which were, for example, in the oil and gas sector, which we wanted to do quite well- we- and some of our materials, which used materials like propylene oxide- you see, I've also mentioned propylene oxide, lauryl alcohol, phenol, etc. The cost became very high. So it is, it is correct that in the performance chemicals business- and here I am not talking about necessarily ethylene oxide to the joint venture, I am talking about the new performance chemicals that we have introduced- our operating environment in that sense was difficult.

You know, we, we actually lost, or we- several businesses slowed down and our profitability came down. But because we were scaling up the business, we did go after volumes And we did do business at margins which were relatively lower. So as the correction happens going forward, what you may see- what I would expect to see is I would see a toning down in terms of top-line growth, but I would expect an enrichment of the margins. So a number of these measures I would call to deal with this year were also tactical.

Balasubramanian - Analyst, Arian Capital
Okay, sir. After my next question, uh, if you look at, uh, uh, our major ethanol supply now, it's, uh, uh, the backward integration of ethanol, it sits with IGL Spritz. And if you look at India Glycols in chemical business, earlier we used to import especially for chemical side. So how do you look at, uh,

in coming years whether we continue to import or is there any arrangement to, uh, like source from IGL spreads?

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Okay, so you know, while these businesses are, uh, independently run at arm's length, but they- we also recognize that there are synergies for all 3 businesses. The first synergy is the fact that we share a site and significant manufacturing infrastructure. The plants are definitely classified under Ideal Spirits now, which means that on one hand you may say that we are dependent as far as domestic supplies are concerned on our sister company, which is Ideal Spirits. On the other hand, you may say that across the border they have a steady demand for their products.

So this is something which is mutually beneficial. Now, as far as the choice of buying is concerned, the choice of doing the appropriate buying for this business is for- with ideal chemicals, which means that if manufactured ethanol is more expensive and imported ethanol is cheaper, I can definitely buy, and I will continue to buy imported ethanol. That is one part. The second thing is, supposing Ethanol costs, you know, become high in the- you know, become lower in the Indian market because of excess capacity.

And there are 2 possibilities. The portable spirit business supplies ethanol to biofuels as well as portable spirits. I have a choice of sourcing it from the source which gives it to me in the best possible price. So as far as, you know, uh, the risk to the business is concerned, it introduces no additional risk. In fact, there is right now significant ethanol supply in the country. It continues to allow me to source from multiple places. But if we have to source from within India, the best place is to source it across the pipeline and not ship it across trucks, which is cost effective and value creating both for Ideal Spirits as well as for Ideal Chemicals.

Balasubramanian - Analyst, Arian Capital
Sir, my last question, nearly 45 percent of sales coming through exports, so if could explain is that any impact related to freight and approval teams, and secondly how do you look at the mix change over the next three to five years in terms of exports? And what is the margin difference between domestic and export sales?

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
So you are talking about the impact on exports because of rate increases?

Balasubramanian - Analyst, Arian Capital
Yes, right.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
So freight has had, as you see, if you look at my, you know, operating environment side as well. Trade has had both kinds of impacts, you know, an adverse impact for materials that we export. Now, as far as glycols are concerned, you know, these prices is something that the customer pays and it builds it up. But what it does is it increases the cost to customers. And when it increases the cost to customer, the customer's ability to switch more to our products comes down, while it does not- it gets built up in the price.

The second thing is where we are to seek new orders in exports, particularly where freight went up very high, there we struggled to supply. There was also a small positive impact. The small positive impact was that if there were materials being supplied into India, say from Middle East or

somewhere, for which we had alternatives like glycol ethers, so domestically it became better for us. Now, uh, you've asked me a very interesting question I wish I could answer, which is how does it look for the next 4 to 5 years?

Every day morning when I look at, you know, the television, the world seems to have changed. That is how volatile it is, especially given our friend Mr. Trump. So it is very difficult to predict for 4 to 5 years. But I'll tell you the way to look at it in a more serious way is that, look, these kind of cyclical issues will come from time to time, and sometimes it will appear that you are unable to do business. You remember when China shut down during Beijing Olympics and many raw materials became a crisis, or when COVID happened, or so many other things.

You know, sometimes they feel that the world has become very buka, and I kind of, uh, does not necessarily agree with it. Remember the last 1,000 years in India. I think we live in some of the most stable times. So coming to that, I think this volatility will continue. We are not in the business of creating opportunities out of spot opportunities. Some of them may be there, they are tactical issues. Fundamentally, let us look at how I see the next 4 to 5 years from the chemical industry's perspective.

India is a growing market, fast-growing market, and will continue to remain a fast-growing market for the next 10 years. You agree, I agree. And when there is increase in income, the first thing that people spend is on discretionary spend. You know, you've all got your rations taken care of, so people will spend more on personal care, people will spend more on textiles, people will spend more on painting their houses, pharmaceuticals, etc., etc. And that is why when I said in terms of our end market, we grow faster than the GDP.

There is a second element- we are supplying materials to good end markets. Which will, which will be growth drivers. Of course, it depends on us so that we are able to innovate well and so on and so forth and service our customers well. And the third thing is that our innovation and our service of our customers will come from how good we are at spotting opportunities and delivering value to customers. For us, it comes from 2 or 3 things. I mentioned them before. It comes from our ability to deliver outstanding products, new functionalities which we think we are good at.

To, you know, leverage our sustainability credentials. And we are very eagerly looking at the next generation sustainable or performance chemicals as well. And third, so as to be able to deliver value not only within the country but outside, don't try and do everything yourself. Be a great partner with many people. I think if we continue to get these things right and have the organization culture to get that right, that is what I will continue to focus on. You know, sometimes the pitch will be spinning more, sometimes it will be bouncing more.

All that will be continued, but that is within my hands. And given that, you know, freight will come up, freight will go down, I can't predict that, uh, but the more business is built on fundamentals, I think we will continue to find a place to grow our business profitably.

Balasubramanian - Analyst, Arian Capital
Got it. So if you could mention about our capital allocation strategy and how we are going to deal with the

Anand Singhal - Chief Financial Officer, India Glycols Ltd
Regarding the debt which has been allocated to India Glycols, the total long-term debt allocated to India Glycols is Rs 450 crores, and which is repayable every year is about Rs 125 crores. So this is the long-term debt which we are having, and hopefully We will be trying to, to reduce the debt,

long-term debt, as, as early as possible. Relating to the working capital limits, yes, we have allocated the working capital limits out of the total limits which company was having. So now the India Glycol will be having about a working capital CC limit of 300 crores and some non-fund-based limit for the bank guarantees and the LCs.

So that as such, that is not much in the company and has reduced.

Balasubramanian - Analyst, Arian Capital
In the capital allocation side, sir.

Operator
Sorry to interrupt, Mr. Balasubramanian. May we please request you to rejoin the queue, sir, for the follow-up question?

Balasubramanian - Analyst, Arian Capital
Yeah, thank you.

Operator
Next question is from the line of Saket Kapoor from Kapoor and Co. Please go ahead.

Saket Kapoor - Analyst, Kapoor and Co
Yeah. hello

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
[Foreign Speech]

Saket Kapoor - Analyst, Kapoor and Co
[Foreign Speech] sir how are you people doing?

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
We are all doing well, hope you are doing well, as well, thank

Saket Kapoor - Analyst, Kapoor and Co
You sir, yes sir, God grace sir [Foreign Speech] sir, firstly if you could give the volume growth quarter 3 crores. Otherwise, the profitability would have taken a hit had being a simple, uh, similar employee expenses.

Balasubramanian - Analyst, Arian Capital
So

Saket Kapoor - Analyst, Kapoor and Co
Just can you throw some light on the same?

Anand Singhal - Chief Financial Officer, India Glycols Ltd
Relating to the employee cost which, Saketji, you have raised, actually what has happened is the cost has come down because of the, the reduction in the salary of the chairman which will be allocated into companies. So accordingly, the commission has also reduced. So earlier we were doing more allocation and rest of the employee cost is continuing to be the same.

Saket Kapoor - Analyst, Kapoor and Co
Okay, so this, this number of 17 crore is now the a number which will take on a quarterly basis.

Anand Singhal - Chief Financial Officer, India Glycols Ltd
17 and 17.5. And first quarter, uh, there is some variable salary payment also which is based on the performance. So I hope that this will continue as it is, 17 to 17.5 crores.

Saket Kapoor - Analyst, Kapoor and Co
Okay. And on the volume growth factor,

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Yeah, so you were talking about volume over the previous quarter, right?

Saket Kapoor - Analyst, Kapoor and Co
Sir yes sir quarter on quarter how have the volume [Foreign Speech] behave? what kind of volume growth have been actually the case? so

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Broadly speaking our volume growth over [Foreign Speech] same quarter last year is roughly about 10 percent The volume growth is roughly about 3%. Value growth is higher.

Saket Kapoor - Analyst, Kapoor and Co
Last point I missed. Last point I missed. Come again.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
So I said the volume growth compared to previous quarter is 3% on an overall basis, and value growth is higher than that, is about 9%, I think.

Saket Kapoor - Analyst, Kapoor and Co
Right, correct. And so now taking into account, uh, I think so the aspirational targets, uh, and stuff which we have mentioned in the presentation, our, uh, capital work in progress closing balance is I think so at 114 crore. So, uh, and how is the NSU going to perform? If you could give us now what has been the contribution for the first half. And I think this is a performance chemical, and NSU are the same nomenclature, sir, or are they different?

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Combination of 2 things, right? So sustainable performance chemicals includes new performance chemicals and also materials that we sell to the joint ventures. Okay, the smaller is the performance chemicals business. And we are, in terms of volume growth, that performance chemicals business compared to same quarter of last year has grown by about- just one second- has grown by about 90%. And compared to previous quarter volume growth in that separate small division for which we do not separately now report as a, you know, detailed results is about 74%.

So we expect significant top-line growth in the new performance chemicals business this year.

Saket Kapoor - Analyst, Kapoor and Co
Okay, so, uh, so that is the NSU unit, I think. So wherein we have put some CapEx also, something of 70 crore earlier.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Saket, I am deliberately not calling it NSU because [Foreign Speech] C NSU is a physical asset new specialty unit but what we will eventually work on is new chemicals that we are introducing and the reason I am saying so is very interestingly that we are also modifying some

Saket Kapoor - Analyst, Kapoor and Co
Okay, and now, sir, on the capital work in progress, uh, this Rs 114 crore closing balance, uh, what it is attributable to and how- when are we going to capitalize? And second point, uh, Anand ji, is on the investment in the joint venture. I think so that closing balance is also up to Rs 422 crore. So on the dividend and the proceed part, uh, Can you just reiterate when are we going to receive the balance amount? And this 422 number has- why has the number gone up, sir? I'm

Anand Singhal - Chief Financial Officer, India Glycols Ltd
Not clear, but this much I can say that every year they are ready to pay the dividend. And whatever discussion we have with JB, some of the dividend they will pay in the month of December. And the final dividend will come in March. I'm not sure how much money will come in the, in the, in the shape of the dividend, but it will be around 50 to 60 crores. This is what I have got regarding this 422 crores which you are mentioning, the investment in the JV. So that I have to see and I will come back to

Saket Kapoor - Analyst, Kapoor and Co
You. Okay. partner CWIP [Foreign Speech] CWIP

Anand Singhal - Chief Financial Officer, India Glycols Ltd
[Foreign Speech]

Saket Kapoor - Analyst, Kapoor and Co
[Foreign Speech]

Anand Singhal - Chief Financial Officer, India Glycols Ltd
Sir CWIP 114 there are, say, about 14-15 capexes which is going on which Roopak [Foreign Speech] has already capexes. That is all on the completion stage. Some of the capexes which will be completed by June 27th, while most of the capexes will be completed by December, January 27th. So as soon as all the capexes are complete or completed, then certainly that will be capitalized as per the completion date.

Saket Kapoor - Analyst, Kapoor and Co
Correct. And when we look at last point is on the, again on the presentation, I think so we, we aspire to do 200 crore of EBITDA for FY 26-27 that should be our that should be a fair understanding as mentioned in

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Slide number 25 yes H2

Saket Kapoor - Analyst, Kapoor and Co
Looks H2 looks better than H1 side that is what the basic understanding Christian

Anand Singhal - Chief Financial Officer, India Glycols Ltd
Sorry? that you can decide yourself health case.

Saket Kapoor - Analyst, Kapoor and Co
Yes sir yes sir Just a second, sir. H1 EBITDA number is closer to 100 and is 80 crore, I think. Yeah, 79 is the EBITDA we have done for 80 for the first half, and 200 is what we are, uh, penciling it for the full year. That understanding is correct.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Just one thing I would like to add. When we look at the overall P&L, we- and Anand, you can correct me- I think there is a disconnect here. We also add the JV bit of JV. That's correct. [Foreign Speech]

Anand Singhal - Chief Financial Officer, India Glycols Ltd
[Foreign Speech] 80

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Crore has already come in H1 and

Anand Singhal - Chief Financial Officer, India Glycols Ltd
Rest of the 120 crore which you are mentioning here to make it 200, including KV,

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Including JB income it is 170 crore,

Anand Singhal - Chief Financial Officer, India Glycols Ltd
So 130 no including JB but I v And whatever 200 we can target, that target is including the JV.

Saket Kapoor - Analyst, Kapoor and Co
Okay, that is including the JV.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
It is very important, Saket, to understand that it is not as if we are an investor in the JV. JV is completely dependent on a unique material that we supply, which is bio-based ethylene oxide. And the only way we get to see the returns of that bio-based ethylene oxide Is through the dividend or through through the J B. Otherwise, [Foreign Speech] So in in the right rationale also the you know that is how it should be viewed.

Saket Kapoor - Analyst, Kapoor and Co
Okay, and last point is on the ethoxylate part sir. I think so availability of ethoxylates had been an issue earlier because of the geopolitical and thereby even the prices. [Foreign Speech] so how is currently the ethoxylate EO market currently placed in terms of availability and increasing?

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
So Saket availability was not the issue, more than that price was the issue, because crude prices went up and landed prices obviously g You know, some of which directly gets imported from the Middle East. I do not know in what quantities, etc. So the impact was more on price. In- for a very short time, it also gave us some advantage in the market because the differential which was generally in favor of Reliance's EO was kind of neutralized. Uh, I think right now it is not as You know, there is a differential, not very high, and it is very, very difficult to predict which way it is going.

But I think it is likely to continue at similar levels, and I don't see a big either a headwind or a tailwind happening because of this in the remaining part of the year.

Saket Kapoor - Analyst, Kapoor and Co
Correct. Sir, I joined the queue for the follow-up. Sir, when you give the presentation going ahead also, sir, if we can also provide the key RM mix, uh, in one of your slides. And I have- I might have missed it if you have mentioned. So just try to make us understand how the- what are the key- what

is the basket of RM and how have RM behaves for the quarter-end reporting. So that would give us also something. We will

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Include- we will include some commentary, though briefly. You know, we have ended up discussing most of them. Our single biggest RM is ethanol, which we discussed. And ethylene oxide. And then our RM other than that big RM is coal, which is for energy. And three other RMs I named, I named propylene oxide, lauryl alcohol, and phenol. So actually [Foreign Speech] but you know significant raw material [Foreign Speech]

Saket Kapoor - Analyst, Kapoor and Co
[Foreign Speech] sir. Thank you sir to the team. I will listen to the call. Thank you sir. I joined.

Operator
Thank you. Before we move to the next question, a reminder to the participants to ask a question, you may press star and 1. Next question is from the line of Satyajit Jain from Desvelado Advisory. Please go ahead.

Satyajit Jain - Analyst, Desvelado Advisory
Uh, good evening, am I audible?

Operator
Yes, please go ahead.

Satyajit Jain - Analyst, Desvelado Advisory
Uh, thanks for the opportunity, sir. Actually, in the August call, you had indicated an aspiration of generating over Rs 150 crore revenue from the new specialty unit in FY27, with the longer-term ambition of Rs 600 to Rs 700 crore over 4 to 5 years. So, sir, how has the unit performed in H1 FY27? Also, how much of the new product pipeline has moved into regular commercial orders?

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
So, uh, let me tell you that we are doing well as per our plan, and, uh, even as per the aspirations indicated with you know, uh, I would expect to hopefully beat what we had mentioned, both in terms of the next few years' aspirations as well as this year's aspiration. Again, uh, that is what I can tell you right now. That's what we are hoping for.

Satyajit Jain - Analyst, Desvelado Advisory
Uh, sir, if you can just give the utilization levels, like, uh, what are you targeting over the next 12 to 18 months?

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
[Foreign Speech] utilization

Satyajit Jain - Analyst, Desvelado Advisory
Sir, the new specialty unit.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
[Foreign Speech] Actually right now in the new see specialty units are not like a petrochemical plant [Foreign Speech] eighty percent ninety percent occupancy [Foreign Speech] you know what

happens is that there are multiple sets of equipment some of which depending upon requirements in certain areas sometimes get bottlenecked. For example, we are bottlenecked in certain capacities. In some cases, we develop a product, suddenly there is good demand, but we have to jack up our capacities.

Saket Kapoor - Analyst, Kapoor and Co
So I

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Think ballpark, I, I will give you- it's very difficult to give a number. I think we are very healthy, uh, we have a very healthy occupancy of our new specialty unit. In some areas, actually, we are running full. We are doing small debottlenecking investments, uh, to continue to get those volumes up. So that is how it is.

Satyajit Jain - Analyst, Desvelado Advisory
Okay, that's all from my side.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Thank you.

Operator
Thank you. Participants, to ask a question, you may press star and 1. Ladies and gentlemen, anyone who wishes to ask a question may press star and 1 on their touchtone telephone. As there are no further questions from the participants, I now hand the conference over to Mr. Rupak Saraswat for the closing comments.

Rupark Sarswat - Chief Executive Officer, India Glycols Ltd
Thank you very much, except that you were causing me some anxiety by repeatedly asking people to ask some more questions. You know, once the examination hall- you did not utilize all the time. That was on a lighter note. So no, no, I, I think it was, uh, it was a pleasure of mine to talk to you about this, uh, new business, and I hope we were able to give you some direction on how the business doing, what we are doing. And thank you for your indulgence on behalf of my team here, and have a good evening.

Thank you.

Operator
Thank you very much, sir. On behalf of India Glycols Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.