Gulshan Polyols

Operator: Good day, everyone. This is the first day of Bharat Connect Conference 2026, September Edition. I welcome you all to the call of Gulshan Polyols Ltd. Today, from the management, we have Aditi Pasari, Joint Managing Director. Before I hand over the call to the management, I will lay out the flow of the event. We will start with the opening remarks by the management, and then we will move to the Q&A round. Participants who would like to ask questions can raise their hands or put their questions in the chat box. First, we will take questions from the participants who have raised their hands, and then we can move to the chat box. If time permits, we will take the questions I have received from clients who are unable to participate. Please note that we will have to take the last question in the 5 minutes before the session ends. Without any further delay, I would like to hand over the call to the management. Aditi, over to you.

Aditi Pasari – Joint Managing Director: Hi, everyone. This is Aditi Pasari, Joint Managing Director of Gulshan Polyols Ltd. As most of you must be aware, Gulshan Polyols is a multi-location, multi-product company having plants across 9 locations. We are specialty manufacturers and the leading manufacturers of green ethanol and specialty chemicals such as starch and sorbitol in the country. We have a capacity of about 810 kiloliters of green ethanol. Along with that, we also produce other specialty chemicals, including sorbitol, starch, fructose, and starch derivatives.

We are also in the mineral processing segment, which includes calcium carbonate, precipitated calcium carbonate, and ground calcium carbonate. We also have a model of onsite PCC plants, where we set up a precipitated calcium carbonate plant at the site of a paper mill. This helps the paper mill reduce its costs, as PCC is a major raw material. That is the background of the company, and I am very happy to take questions from here on.

Operator: If anyone has any questions, they can raise their hands or put them in the chat box. The first question is from Pushkar Jain.

Pushkar Jain: Hi, ma'am. Could you update us on the current maize prices?

Aditi Pasari – Joint Managing Director: Current maize prices fluctuate from state to state. As you know, we are buying maize across 4 states: Madhya Pradesh, Assam, Gujarat, and Uttar Pradesh. Across these 4 states, prices are varying between 25 and 27 rupees.

Pushkar Jain: Our understanding was that in the next ESY, there will be significantly lower allocation to sugar-based ethanol. Therefore, maize-based ethanol would have a tailwind. What is your view on that? Are we procuring maize currently, or probably in the next season, in anticipation of higher demand in the next ESY? What is your view on this?

Aditi Pasari – Joint Managing Director: Yes, that is definitely the anticipation: grain distillers will receive a better allocation compared with last year, which means there could be more pressure on grain demand. However, we have received assurance from the government regarding FCI rice for 40%. This may even go up to 50%; we are still waiting and watching. That assurance is very much there.

Grain prices are always fluctuating. In the off-season and during the season, we have bought at 19-20 rupees as well. The fluctuation is very high. It is possible that there could be some pressure

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on maize prices going forward. However, as long as we have the support of FCI and the government, at least the ethanol industry, with the current selling prices, will remain at comfortable levels.

Pushkar Jain: At current levels, such as 24-25, would we be making approximately 2 rupees per liter of EBITDA?

Aditi Pasari – Joint Managing Director: It is not 2 rupees; it is more than that. It is about 7-8 rupees.

Pushkar Jain: EBITDA of 7-8 rupees at 24?

Aditi Pasari – Joint Managing Director: Yes.

Pushkar Jain: Is there any inventory policy whereby, in anticipation of a price rise and higher demand in the next ESY, we are stocking up?

Aditi Pasari – Joint Managing Director: Stocking up is possible only to a certain extent because we are processing very high volumes of grain every day. In our Madhya Pradesh plant, we are processing 1,000 tons a day, and in the Assam plant, we are processing 500 tons a day. Therefore, stocking is possible only for a maximum of 45-50 days.

We have done that much, of course. We bought during the season, and we also plan to buy in the next crop. We have made arrangements to stock as far as possible. This definitely mitigates or averages out the prices for us. We will do as much as possible, but stocking beyond 45-50 days is not possible because our volumes are very high.

Pushkar Jain: Got it. Thanks a lot, ma'am.

Operator: Next in the queue is Soham.

Soham: Hello. Am I audible?

Aditi Pasari – Joint Managing Director: Yes.

Soham: My question was regarding the borrowing increasing from 100 crores to 400 crores before coming down to 300 crores. Does the company have sufficient cash flow to comfortably service and repay the debt, or should we expect any further deleveraging from the company?

Aditi Pasari – Joint Managing Director: The company is in a very comfortable position to repay the debt. Last year, we had an EBITDA of about 230 crores, and this year also we are estimating EBITDA at 10-11% of revenue, which should give us approximately 250-260 crores of EBITDA this year as well. As far as cash flow is concerned, the company is very comfortable.

We do not plan to repay the debt early because debt is available to us at 4% under the interest subvention scheme provided by the government for the ethanol industry. It is available to us at approximately 4-4.5%, so it does not make sense to repay the debt. As far as cash flow is concerned, the company is very comfortable, and we will be almost a debt-free company by the end of this year.

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Soham: So, are we going to repay all the 300 crore debt by this year?

Aditi Pasari – Joint Managing Director: We do not wish to repay it early, as I just said. We do not wish to repay it early because debt is available to us very cheaply.

Soham: Understood. Thank you so much.

Operator: The next person is Shivam Agrawal.

Shivam Agrawal: Am I audible?

Aditi Pasari – Joint Managing Director: Yes.

Shivam Agrawal: You mentioned that at {? 24-27 ?} maize prices, we have EBITDA of 7-8 rupees on ethanol. Have our margins started to improve?

Aditi Pasari – Joint Managing Director: He asked about 24, at which point it is 7-8 rupees.

Shivam Agrawal: At 24, it is 7-8 rupees. Is that due to an increase in DDGS prices, or is it the case even without that?

Aditi Pasari – Joint Managing Director: There is better realization from DDGS prices. We are getting almost 10 rupees per liter of additional revenue from that.

Shivam Agrawal: So, at 24, we are getting 10 rupees from DDGS, basically?

Aditi Pasari – Joint Managing Director: We are getting additional revenue of almost 10 rupees per liter because of DDGS realizations.

Shivam Agrawal: Okay.

Operator: The next question is from Pratik Pandey.

Pratik Pandey: Hello?

Aditi Pasari – Joint Managing Director: Hi, Pratik.

Pratik Pandey: Good morning. You guided to {? 80-90% ?} ethanol utilization for FY27 against 85% already in Q1. With the ramp-up from 45% to 85% now largely complete, where does the volume growth come from for FY28 and beyond?

Aditi Pasari – Joint Managing Director: Our total capacity is about 26 crore liters. Right now, we are operating at about 21-22 crore liters, which is the capacity we are currently utilizing. We are working on debottlenecking the current capacity utilization and taking it to 100% over the next year.

Pratik Pandey: Okay.

Operator: There is a question in the chat box from Mayank. He is asking whether you see any possibility of a hike in ethanol prices because of high maize prices, and whether maize prices will affect the starch division.

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Aditi Pasari – Joint Managing Director: I do not see any rise in ethanol prices. I do not think the government will do that going forward. However, the government is supporting us by releasing FCI rice this year as well, which will keep all the prices in check.

Higher raw material prices always affect the grain processing segment because the raw material is the same for sorbitol and starch; we are buying maize. This definitely affects the grain processing division as well because we can pass on the increase in the market only to a certain extent. We are not able to completely pass on the increase in prices. Therefore, it will affect the starch business.

Operator: Pushkar Jain has another question.

Pushkar Jain: No, my question has been answered.

Operator: The next question is from CA Shaishav Vora. Hello? Shaishav Vora?

CA Shaishav Vora: Hello. Can you hear me?

Aditi Pasari – Joint Managing Director: Yes, I can hear you, Mr. Shaishav.

CA Shaishav Vora: Good afternoon, ma'am. With respect to the orders that you receive from the OMCs, what is the probability that we will continue to receive orders from them? If we do not receive orders from them, what alternative options do we have?

Aditi Pasari – Joint Managing Director: We are one of the few companies that have signed a long-term offtake agreement with the government, which is valid until 2031. We are also one of the first companies to have signed the EOI 1 contract, which says that we will be given priority allocation. This keeps us in a very comfortable position as far as order booking is concerned.

We already have a long-term offtake agreement for 50% of our capacity. For the remaining 50%, there is priority allocation, which we receive from the government each year. This keeps us in a very secure position as far as the order book is concerned. Procuring orders up to our design capacity is not a challenge for our company.

CA Shaishav Vora: That is great to hear, ma'am. Regarding FCI rice supplies, my concern is whether they will always be available to us in the quantities we need. If we do not receive FCI rice supplies, what alternatives do we have, both in terms of supplies and alternate feedstock?

Aditi Pasari – Joint Managing Director: For the next ESY, the ethanol supply year, which starts in November, the government has already assured us of the availability of FCI rice. I am quite confident about that. The government is holding FCI rice stocks close to {? 400 million tonnes ?} and is facing warehousing issues.

We are quite confident that over the next couple of years, the government will continue to provide FCI rice to the ethanol industry. This year has already been assured, and I am also quite confident that it will continue next year because there is no better buyer for FCI rice than the ethanol industry from the government's perspective. We pay in advance, lift the stocks overnight, and convert them into ethanol.

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In the meanwhile, maize cultivation in the country has already increased, and per-hectare cultivation is rising very rapidly. I am sure that in a couple of years, this will also come at par with the demand for maize from the ethanol industry.

CA Shaishav Vora: My last question, ma'am, is regarding the Assam plant. What is the utilization [inaudible] today?

Aditi Pasari – Joint Managing Director: It is approximately {? 80-85% ?}.

CA Shaishav Vora: What is the EBITDA per liter from Assam compared with Madhya Pradesh? Is it the same, or is there a variation?

Aditi Pasari – Joint Managing Director: There is a variation. The raw material cost in Assam is higher compared with Madhya Pradesh. Madhya Pradesh is the raw material belt, so Madhya Pradesh definitely has better realizations compared with the Assam plant.

CA Shaishav Vora: Thank you, ma'am. Thank you for all the answers.

Operator: Our next person is Rajesh Dubey.

Rajesh Dubey: Can you hear me?

Aditi Pasari – Joint Managing Director: Yes.

Rajesh Dubey: Hello?

Aditi Pasari – Joint Managing Director: Yes, I can hear you.

Rajesh Dubey: Good afternoon, Aditi. My question is that management has highlighted specialty and import-substitute chemicals as the next growth phase for FY28. Given the government's broader push to localize imported chemical products, which specific product category does Gulshan believe it can realistically address? My second question is, what capabilities would be required to compete with these established global suppliers?

Aditi Pasari – Joint Managing Director: Rajesh, can you please repeat your first question? I did not understand it.

Rajesh Dubey: Management has highlighted specialty and import-substitute chemicals as the next growth phase, and the government is pushing to localize imported chemical products. What category does Gulshan believe it can realistically address?

Aditi Pasari – Joint Managing Director: Our current basket, which includes sorbitol and fructose, consists of specialty chemicals, and these were all import substitutes. Over time, production of these products has increased in the country. Therefore, we are looking at adding more products along the lines of sorbitol and fructose.

We are evaluating which product would be appropriate for the company within our current basket, which is primarily based on grain processing. We have bought land in Madhya Pradesh, which is also a grain belt. We plan to do something along these lines, possibly in the food ingredients or food

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processing segment, involving something that is already being imported into the country but is not yet being manufactured here.

Rajesh Dubey: Thank you, Aditi. That is all.

Operator: The next person is Milandeep Jain.

Milandeep Jain: Thanks for the opportunity, ma'am. Am I audible?

Operator: Milan, could you please repeat your question? You were not audible.

Milandeep Jain: My first question is: of the 21-22 crore liters guided for FY27, how much is covered by the 13 crore liters under our long-term OMC agreements, compared with the spot tenders?

Aditi Pasari – Joint Managing Director: Milan, can you please repeat your question? You were on mute for some time, so I think we missed you.

Milandeep Jain: Of the 21-22 crore liters guided for FY27, I want to understand how much is covered by the 13 crore liters under the long-term OMC agreements compared with the spot tenders we are pursuing.

Aditi Pasari – Joint Managing Director: Out of 22 crore liters, {? 13.5 ?} is under the long-term offtake agreement, and the balance is from outside tenders. The main tender comes out only once a year, at the beginning of the year. We hope to receive the maximum quantity in the first tender, and we will fill any gap because the government keeps coming out with additional tenders. We will fill the gap during the year.

Milandeep Jain: My second question is: if we exclude the DDGS windfalls and state incentives, what is the underlying EBITDA per liter at maize prices of 22 rupees per kilogram and FCI rice at the current issue price?

Aditi Pasari – Joint Managing Director: If we remove the DDGS contribution?

Milandeep Jain: Yes.

Aditi Pasari – Joint Managing Director: It is a straightforward calculation. I can give you the costings for each separately, but we work on a consolidated basis because 40% has to go through FCI rice. At the current level, on a consolidated basis, we are able to achieve EBITDA of about {? 9-10 rupees ?} per liter.

Rice conversion is about 2.1, and maize conversion is about 2.6. We have added a conversion cost of about 10 rupees per liter. You can put those numbers together, although everything depends on maize prices, which fluctuate daily. On a consolidated basis, {? 9-10 rupees ?} per liter is what we are able to achieve even at present.

Milandeep Jain: My last question is regarding the fact that there have been approximately 3 company secretaries in the past 15 months. Could you give us some insight into why that has happened?

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Aditi Pasari – Joint Managing Director: I do not know, so I am not able to answer that question. This department has been somewhat unstable, and we have been experiencing changes. I just hope that Ritika stays on now.

Milandeep Jain: That is all, ma'am. Thank you so much.

Operator: The next question is from Shubham Jain.

Shubham Jain: Hello?

Aditi Pasari – Joint Managing Director: Hello, Shubham.

Shubham Jain: I have 2-3 questions. The first question is regarding the input cost volatility we have seen after your Q1 results. You also said that while Q1 results were extremely strong, for the full year you have guided to EBITDA margins of 10-11%. What kind of margins should we expect in the subsequent quarters, such as Q2 or Q3, because of the variation in input costs?

Aditi Pasari – Joint Managing Director: I cannot provide guidance quarter by quarter, but I have been saying on a consolidated basis that by year-end we should achieve the guidance we have provided. Q1 was very good. We achieved 14% EBITDA, but that was an exceptional quarter. Many things were in our favor; all input costs were favorable, and DDGS prices were favorable.

That is not sustainable. Therefore, despite having very strong Q1 numbers, we have continued to guide to EBITDA levels of 10-11%. Q2 may be slightly weak because of the sharp rise in input prices, but we should recover in Q3 and Q4, and on a consolidated basis we should meet our guidance.

Shubham Jain: My second question is whether there are any fixed timelines for the capex on the specialty chemical plant that you have been discussing with investors. By when can we see commissioning or anything along those lines?

Aditi Pasari – Joint Managing Director: We are still in the process of finalizing the products and the project. As soon as we do that, we will inform the investors.

Shubham Jain: Is it safe to assume that at least until FY28, whatever growth triggers there are will come only from the existing product lines?

Aditi Pasari – Joint Managing Director: Yes, absolutely.

Shubham Jain: Thank you, ma'am.

Operator: The next question is from Soham.

Soham: Am I audible?

Operator: Yes, you are audible.

Soham: What were the key factors behind the sharp decline in operating profit margin from 14% in FY22 to 7% in FY23, which fell to approximately 5% in FY25? What specifically went wrong during that period?

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Aditi Pasari – Joint Managing Director: That was the period when we undertook major capex of about 500 crores in the ethanol segment. We set up 2 large plants, one in Madhya Pradesh and one in Assam. It was a new venture and a new industry, and significant pressure was created on raw materials. The raw material was common to both our existing business and the new ethanol business.

A large number of ethanol plants came up in the country. Demand for raw materials increased very sharply, because of which prices increased and there was an impact on the bottom line. Whenever something new is established, there is initially an impact or a shock on the company in the form of input costs, high depreciation, and high finance costs. There were multiple reasons.

Now it has been 3 years since we entered this field, and most of these factors have settled down. Over the last few quarters, we have started seeing an upward movement, and we are back to our old numbers.

Soham: Given the past volatility, does management expect margins to remain stable going forward, or should we expect further volatility?

Aditi Pasari – Joint Managing Director: When I provide guidance of 10–11% EBITDA, we are being quite conservative. We believe that this should be a sustainable margin for this year and also going forward in the coming years.

Soham: We have debt costs at 4%. Do you think that is sustainable? For how many years will that cost remain sustainable?

Aditi Pasari – Joint Managing Director: We have received an interest subvention under a government scheme, under which we receive a 50% rebate on the interest cost of the term loan. The term loan is available to us at approximately 8.5%, and because of the interest subvention, the net cost is 4–4.5%.

We have signed a contract with the government, and we regularly receive the interest subvention rebate. Therefore, it is very much sustainable.

Operator: Soham, do you have any more questions?

Soham: Just one more question. With margins improving, is management planning to shift further toward any value-added products to sustain and improve margins?

Aditi Pasari – Joint Managing Director: Yes, we are evaluating various projects and products in the specialty chemical space. We are looking at a mega project. We are evaluating different products and different projects, but we have not yet narrowed it down to any one product.

As soon as we do that, we will inform the market. We are in the process of determining our next phase of expansion.

Soham: Thank you so much, ma'am.

Operator: Pushkar has another question.

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Pushkar Jain: I have a few questions about FCI rice. There has been an upward revision in FCI prices as well, I believe. What is the mechanism? When does the government decide that it needs to increase the FCI price? I assume payment is made in cash immediately.

Secondly, if a warehouse in Madhya Pradesh does not have the required stock, do we have to bear incremental freight costs to wherever the warehouse is located? I wanted to understand the overall dynamics of FCI rice.

Aditi Pasari – Joint Managing Director: Yes, that is correct. If a warehouse allotted to us is far from our plant, we have to bear the freight cost. That cost is charged to us. However, the government has been very considerate and tends to allot the depot closest to the ethanol plants, so that the freight burden is limited.

Pushkar Jain: When does the government decide to change the rates, whether through an upward or downward revision? What is the basis, and at what price would it no longer make sense for us to receive that allocation?

Aditi Pasari – Joint Managing Director: It is not a question of whether it makes sense. It is compulsory to buy FCI rice and produce ethanol. Last year, 40% was made compulsory. The government revised the price by 70 paise a year ago, but it subsequently also increased the price of ethanol.

The pricing is based on a formula. When the government increases the price of FCI rice, it subsequently provides formula-based pricing for ethanol as well. As long as it continues to do that, we are comfortable. FCI rice ethanol does not have that level of margin, but because of that, the prices of the balance raw materials remain under control. The remaining 60% gives us good margins, and on a consolidated basis we are therefore able to operate at comfortable margins.

Pushkar Jain: What is the current pricing of FCI rice, and what EBITDA would we be making on it?

Aditi Pasari – Joint Managing Director: Currently, it is {? 23.2 ?}.

Pushkar Jain: What EBITDA per liter would we be making on that?

Aditi Pasari – Joint Managing Director: About {? 7-8 rupees ?}.

Pushkar Jain: The same?

Aditi Pasari – Joint Managing Director: Yes, it is similar.

Aditi Pasari – Joint Managing Director: When maize is cheaper, we have achieved much higher EBITDA levels, so that got [inaudible].

Pushkar Jain: This is the compulsory 40%. Do you see a risk of a drastic increase in FCI rice prices without a corresponding increase in ethanol prices? That was my question.

Aditi Pasari – Joint Managing Director: No, that will not happen because the pricing is formula-based.

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Pushkar Jain: Thank you very much, ma'am.

Operator: The next question is from Pratik Pandey.

Pratik Pandey: I had another question. What is the typical lag between a movement in maize prices and its impact on your P&L?

Aditi Pasari – Joint Managing Director: About 30–40 days, because we always carry some inventory. When we start buying maize, the cost tends to get averaged out. I would say approximately 45 days.

Pratik Pandey: Thank you.

Operator: There are some questions in the chat box. One person is asking whether you see maize prices softening after the Kharif harvest.

Aditi Pasari – Joint Managing Director: Definitely. The new Rabi crop will arrive at the end of October or in November. Prices will definitely soften after that. This is an annual phenomenon; it happens every year. In Q2, raw material prices are always at their highest, at the peak, and by Q3 they start softening. It happens every year, and prices will definitely soften.

Operator: If maize prices have risen by 20–30%, what has been the corresponding increase in starch and derivative prices?

Aditi Pasari – Joint Managing Director: It has been approximately 20–25%, not 30%. We are not able to pass it on entirely, but we are marginally able to pass on part of the increase through higher selling prices.

Operator: With the major capex cycle largely behind us, how should we think about the ramp-up of the recently added capacities over the next 12–18 months? What would be the normalized utilization level across the ethanol and grain processing businesses?

Aditi Pasari – Joint Managing Director: Recently added capacity of what?

Operator: There is a question in the chat box.

Aditi Pasari – Joint Managing Director: Let me read it. Could you please read it again?

Operator: With the major capex cycle largely behind us, how should we think about the ramp-up of the recently added capacities over the next 12–18 months? What will be the normalized utilization level across the ethanol and grain processing businesses?

Aditi Pasari – Joint Managing Director: Currently, utilization across ethanol is approximately 80%, and we are trying to debottleneck and determine how we can take the current utilization to 100%. We are already working on this in the ethanol segment. In the grain processing segment, we are operating at approximately 90% capacity utilization.

Operator: There is another question from Rajesh. If ethanol blending remains capped at 20% for the foreseeable future, what do you see as the next meaningful growth engine for Gulshan? Would it be

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higher utilization in ethanol, specialty starch and sweeteners, mineral chemicals, or new applications such as biofuels beyond petrol blending?

Aditi Pasari – Joint Managing Director: With the current infrastructure, we can achieve maximum revenue of about 3,000 crores. That is the maximum revenue we can achieve with the current infrastructure. For any next leg of growth, we will need to undertake additional capex. We are currently evaluating projects and products to take forward for the next leg of growth.

Operator: Hearth Pradhan wants to ask a question.

Hearth Pradhan: Hello, am I audible?

Aditi Pasari – Joint Managing Director: Yes.

Hearth Pradhan: Thank you for the great presentation and for the opportunity. I want to ask about the specialty chemical opportunity. Without getting into the specific product name, could you provide some insight into what kind of opportunity we are currently evaluating and the broad scale of this opportunity?

Aditi Pasari – Joint Managing Director: It will be in the specialty chemical space and will be an import substitute. We will be looking at a mega project with a large capex plan of at least about 400–500 crores. It will be an import substitute that is not currently being produced in the country and will be something aligned with our current portfolio.

Hearth Pradhan: Could you please provide the outlook for the starch business and the key factors that could drive its recovery?

Aditi Pasari – Joint Managing Director: Starch and sorbitol are old and stable businesses. They have now become fairly commoditized products, and there is excess capacity in the country. Therefore, they will continue to remain stable as far as revenue is concerned.

The bottom line saw some pressure over the past few years, but I think there is improvement on that front as well going forward. This year, we will definitely see some improvement in the bottom line for the sorbitol and starch segment.

Hearth Pradhan: I think all questions have been covered. Thank you.

Operator: Soham has another question. Perhaps we will move to the Q&A in the chat box. One participant is asking: as the company moves from an investment-led phase toward execution and cash generation, how should investors think about the sustainability and predictability of earnings from here?

Aditi Pasari – Joint Managing Director: The company has moved from the capex phase to the stabilizing phase, where we are now working on improving cash flows and revenue. We are moving toward a more cash-rich phase for the next few years. We are working on improving cash flows, revenue, and margins. That is the company's entire focus for the next 1–2 years.

Operator: Another question from Pratik: is there any debottlenecking headroom at Chhindwara or Goalpara, and would a move to higher blending or flex fuel change your capacity plans?

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Aditi Pasari – Joint Managing Director: I do not understand the question. Can you please repeat it?

Operator: I believe he means whether there is any debottlenecking headroom at Chhindwara or Goalpara, and whether a move to higher blending or flex fuel would change your capacity plans.

Aditi Pasari – Joint Managing Director: As I just said, we are currently operating at 80% capacity utilization and are debottlenecking to determine how we can take both plants to 100% capacity utilization, increasing capacity from 22 crore liters to 26 crore liters. We are working on that.

Operator: Another question from Keshav: are there any specific plans currently to set up a specialty chemical facility? By when can we see commencement of production and contribution to sales and profit?

Aditi Pasari – Joint Managing Director: It will take time. We are currently evaluating the projects. Once we complete that process, it will take at least 24 months before we see any impact on the top line.

Operator: What kind of margins are we expecting from this specialty chemical business?

Aditi Pasari – Joint Managing Director: It all depends on the product. We have not yet finalized the project.

Operator: Some specific details would be useful at this stage.

Aditi Pasari – Joint Managing Director: I have said repeatedly that it will be in the same specialty chemical space. That was the same question asked by another participant, and we have answered it.

Operator: Another question from Abhishek Shetty: what would be the expected revenue and PAT at the end of FY28, and what is the expected capex through FY30?

Aditi Pasari – Joint Managing Director: For FY28, we can perhaps expect 2,800–3,000 crores because we are trying to ramp up all the existing capacities. We will take the existing capacities to maximum utilization. PAT and EBITDA levels should be similar to what we are guiding to achieve this year.

Any capex would come later, after that. Capex for the next leg of growth should start coming in FY28 or FY29. That all depends on the project. We have not yet finalized it.

Operator: A question from Khushi: what are the bottlenecks in capacity utilization?

Aditi Pasari – Joint Managing Director: There can be various bottlenecks. They could include efficiency issues, equipment issues, or plant and machinery issues. There could be many bottlenecks across the plant.

Operator: Praveen Sharma wants to ask a question.

Praveen Sharma: Hi, am I audible?

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Aditi Pasari – Joint Managing Director: Yes.

Praveen Sharma: Given the overcapacity in ethanol that we are hearing about, is the government actually giving permission for new plants?

Aditi Pasari – Joint Managing Director: The government is giving permission for new plants, but it is not providing any assurance of a long-term offtake agreement.

Praveen Sharma: The subvention scheme and the offtake agreement have perhaps been discontinued. We may be among the fortunate ones to have received it, but not many companies have it. Is the interest subvention scheme continuing? Secondly, the government provides an expedited environmental clearance compared with ENA, where public hearings are not required. Are all these forms of support available for new plants?

Aditi Pasari – Joint Managing Director: The interest subvention scheme is no longer available. It has been closed. There has been no change in the methodology for environmental clearance. If someone is willing to set up a plant without any assurance and without interest subvention, they can still obtain environmental clearance without a public hearing.

Praveen Sharma: Given that total consumption is approximately 1,100 crore liters compared with capacity of 1,700–1,800 crore liters per annum, there is overcapacity of 30–40%. Do we expect discussions about diverting ethanol toward industrial use or replacing LPG gas cylinders, given the Iran war and related developments? We had been hearing a lot about this.

Aditi Pasari – Joint Managing Director: The government is working on many things simultaneously because blending ethanol in LPG, diesel, and petrol is very beneficial for the government. It is working on multiple models at the same time, and it already knows that there is sufficient ethanol-making capacity available in the country. Therefore, it is definitely working on those options.

As far as we are concerned, we have a long-term offtake agreement with the government and we are a dedicated ethanol plant. We have many subsidies available to us that are available only because we are a dedicated ethanol plant. We may not be able to participate in those other opportunities, and we do not need to because our capacities are already fully utilized with ethanol for blending.

However, for many plants that have not received sufficient orders or allocations, this would be a good opportunity.

Praveen Sharma: Going forward, do you see Gulshan adding more ethanol plants or increasing capacity, or will the next wave of capex be directed toward specialty chemicals?

Aditi Pasari – Joint Managing Director: We would not like to undertake further expansion of ethanol capacity without any assurance from the government or any offtake agreements, given the uncertainty. We need to take more regulated risks.

The reason we undertook such high capacity was that we had an assurance from the government, we had the agreements, and we had many subsidies available to us. None of those advantages are

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now available to new players. Therefore, at least for us as a company, it does not make sense to venture so aggressively into this area without any assurance.

Praveen Sharma: The government is offering some incentives for 2G ethanol. Do we have any plans to enter that area?

Aditi Pasari – Joint Managing Director: 2G is not viable at present. There is no viability in 2G. Whatever is happening is government-funded; there are no private players in 2G. It is more of an R&D activity at present.

Praveen Sharma: My last question is regarding the increase in sugar prices and the next ethanol sugar year. We understand that most of the {? ether ?} sugar-based ethanol will not come on stream, and that most of the diversion will be toward sugar. Is the grain-based industry fully equipped to take over whatever the sugar-based producers were producing?

Aditi Pasari – Joint Managing Director: There is sufficient capacity in the country to produce grain ethanol, so there is no capacity-related problem. In fact, many companies did not receive sufficient allocation last year, so it is good news that the allocation will be better this year and everyone will receive their desired allocation.

We also have support from the government through FCI rice, which has already been assured to the ethanol industry. Therefore, I think we should be fine.

Praveen Sharma: Thank you.

Operator: The next question is from Khushi. Khushi, we cannot hear you. We will move to the chat box. Pravin is asking how you expect ethanol demand to increase with the introduction of flex-fuel vehicles and the use of ethanol as fuel for stoves.

Aditi Pasari – Joint Managing Director: Could you please clarify the question?

Operator: The question is not written properly. I will move to the next question. What is the expected trend in debt levels? As you said, capex is expected to ramp up after FY28. Will that be funded through an increase in debt or through internal accruals?

Aditi Pasari – Joint Managing Director: It all depends on the project size, the project, and the kind of investment we undertake. We will definitely use a mixed model of debt and internal accruals.

Operator: Another question is from Pravin: how long is the offtake agreement for Gulshan?

Aditi Pasari – Joint Managing Director: It is for 13.5 crore liters, and it is valid until 2031.

Operator: I believe there are no further questions. I would like to thank the management and the participants on behalf of Arihant Capital for taking the time to share insights about the company. If participants have any further questions, they can get in touch with the Arihant Capital team.

Aditi Pasari – Joint Managing Director: Thank you very much, Arihant, for organizing this for us. Thanks to all the investors for joining and asking your questions. I hope all the answers were satisfactory. Please feel free to get in touch with us through our company secretary department for

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any further queries. Thank you, everyone.

Operator: Thank you so much, Aditi. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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