

De-merger is expected to unlock value.

CMP: INR 1,327

Rating: BUY

Target Price: INR 2,342

Stock Info

BSE	500201
NSE	INDIAGLYCO
Bloomberg	IGLY:IN
Reuters	IGLY.NS
Sector	Chemicals
Face Value (INR cr)	10
Equity Capital (INR cr)	31
Mkt Cap (INR cr)	4,108
52w H/L (INR)	1,549 / 679
Avg Yearly Volume (in 000')	211.2

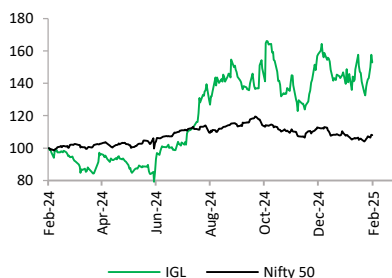
Shareholding Pattern %

(As on Dec 2024)

Promoters	61.02
DII	2.00
FII	2.44
Public & Others	34.54

Stock Performance (%)	3m	6m	12m
IGL	8.8	17.8	52.9
NIFTY	-2.1	-1.5	8.1

IGL vs Nifty



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India Glycols Ltd reported numbers, Q3FY25 revenue stood at INR 975cr (+7.8% YoY/+1.5% QoQ); below our estimates of INR 986cr. Gross Profit stood at INR 353cr (+23.2% YoY/+5% QoQ); above our estimates of INR 347cr. Gross margins improved by 452 bps YoY (+122 bps QoQ) to 36.2% vs 31.7% in Q3FY24. The margin contraction mainly because of the raw material cost decrease in terms of sales. The raw material cost in terms of sales stood at 63.8% vs 68.3% in Q3FY24. EBITDA stood at INR 124cr (+20.9% YoY/+6.8% QoQ); above our estimates of INR 122cr. EBITDA margin improved by 137 bps YoY (+64 bps QoQ) to 12.7% vs 11.3% in Q3FY24. PAT stood at INR 57cr (+36.5% YoY/+14.3% QoQ); above our estimates of INR 49cr. PAT margin improved by 122 bps YoY (+65 bps QoQ) to 5.8% vs 4.6% in Q3FY24.

Key Highlights

De-merger of businesses would unlock the value: India Glycols is doing a de-merger and the entire business will be demerged into 3 separate entities named; India Glycols Ltd, IGL Spirits Ltd, and Ennature Biopharma Ltd. The de-merger will be effective from 1st Apr 2026 onwards. Post restructuring, the IGL Spirits business accounts for Potable Spirits (Country liquor and IMFL); India Glycols business accounts for Chemicals (Glycols, Bio Glycols and New Specialty Products) and Industrial Gases Business; Ennature Biopharma accounts for the Biopharma business and Biopolymer business. We believe, the de-merger would lead to independent growth for each business and unlock value going forward.

Strong growth with margin expansion in Potable Spirits: Potable Spirits revenue stood at INR 328cr (+34.3% YoY/+21% QoQ); EBIT Stood at INR 73cr (+76.8% YoY/+31.5% QoQ). EBIT margin improved by 536 bps YoY (+179 bps QoQ) to 22.3% vs 17% in Q3FY24. Amazing Vodka become the top 3 brand in key markets like UP, Delhi, and Rajasthan. The company has a partnership with Amrut Distilleries. MaQintosh whiskey is premium whiskey in partnership with Amrut Distilleries. MaQintosh's Black price is INR 1,100 in Delhi under the premium segment and MaQintosh's White price is INR 850 in Delhi under the Mid-premium segment. The company is expanding its presence into canteens, paramilitary, and premium retail stores.

BSPC remains challenging and focused on value-added business: Bio-based specialties and performance chemicals revenue stood at INR 325cr (-27.9% YoY/-11.9% QoQ); EBIT Stood at INR 28cr (-3.6% YoY/-8.1% QoQ). EBIT margin improved by 213 bps YoY (+35 bps QoQ) to 8.5% vs 6.3% in Q3FY24. The glycols business recovered from previous declines and shifted to premium and greener products. The company is exploring bio-based amines and green hydrogen-based chemicals.

Strong growth in Bio-fuels and margins remain under pressure: Bio-fuel revenue stood at INR 272cr (+71.8% YoY/+4.6% QoQ); EBIT Stood at INR 9cr (-4.1% YoY/-33.3% QoQ). EBIT margin contracted by 258 bps YoY (-185 bps QoQ) to 3.3% vs 5.8% in Q3FY24. Ethanol prices are controlled by Govt, but raw material prices fluctuate. The grain-based ethanol prices peaked from INR 17-18/kg to INR 27-28/kg led to margin impact and are expected to reduce due to increased FCI rice supply.

Outlook & Valuation: India Glycols is restructuring and de-merging into 3 businesses separately and will be effective from 1st Apr 2026. The de-merger of business would lead to independent growth for each business and unlock value going forward. The major growth is from Potable Spirits and Bio-fuels will be consolidated under IGL Spirits which accounts for more than 75% of revenue. The Gorakhpur facility expansion from 110 KLPD (Dec-24) to 290 KLPD is expected to be complete by Q4FY25E. Bio-fuel revenue share stood at 27.8% in Q3FY25 and the 20% ethanol blending target by the government will be a potential opportunity for the company. Potable Spirits witnessing traction backed by country liquor, IMFL, and Para-military business. The partnership with Amrut will provide additional business opportunities. Ennature Biopharma margins remain under pressure due to prices and the company is focused on value-added products. Capex in grain-based distilleries, new specialties, setting up new R&D centers, new product launches, government initiatives for biofuels and ethanol blending program, and future scope of carbon smart products are expected to drive the business going forward. At the CMP of INR 1,327 per share, we maintain our "BUY" rating at a TP of INR 2,342 per share; based on SOTP; an upside of 76.5%.

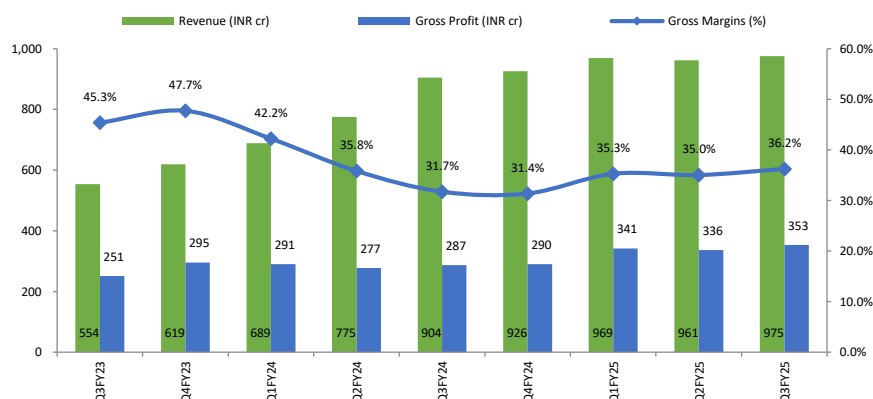
Q3FY25 Results

Income statement summary

Particular (INR cr)	Q3FY24	Q2FY25	Q3FY25	YoY (%)	QoQ (%)
Revenue	904	961	975	7.8%	1.5%
Net Raw Materials	618	625	622	0.7%	-0.4%
Gross Profit	287	336	353	23.2%	5.0%
Gross Margin (%)	31.7%	35.0%	36.2%	+452 bps	+122 bps
Power & Fuel	79	92	105	33.0%	13.5%
Employee Cost	27	30	31	13.7%	3.0%
Other Expenses	78	98	94	19.7%	-4.6%
EBITDA	102	116	124	20.9%	6.8%
EBITDA Margin (%)	11.3%	12.0%	12.7%	+137 bps	+64 bps
Depreciation	26	28	27		
Interest expense	31	40	44		
Other income	5	4	6		
Share of profits associate & JV	5	11	13		
Profit before tax	54	63	71	32.5%	12.5%
Taxes	12	14	15		
PAT	42	50	57	36.5%	14.3%
PAT Margin (%)	4.6%	5.2%	5.8%	+122 bps	+65 bps
Other Comprehensive income	1	(0)	(0)		
Total Comprehensive income	42	50	56	33.8%	13.6%
EPS (INR)	13.4	16.1	18.3		

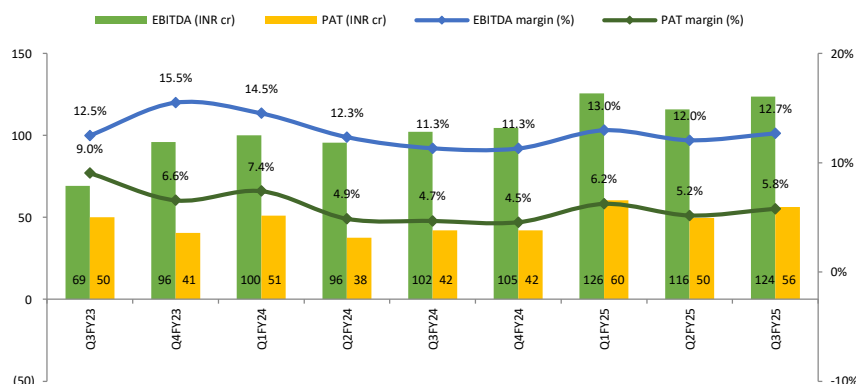
Source: Company Reports, Arianth Capital Research

Exhibit 1: Gross margins improved by 452 bps YoY (+122 bps QoQ) to 36.2% in Q3FY25 due to lower raw material costs.



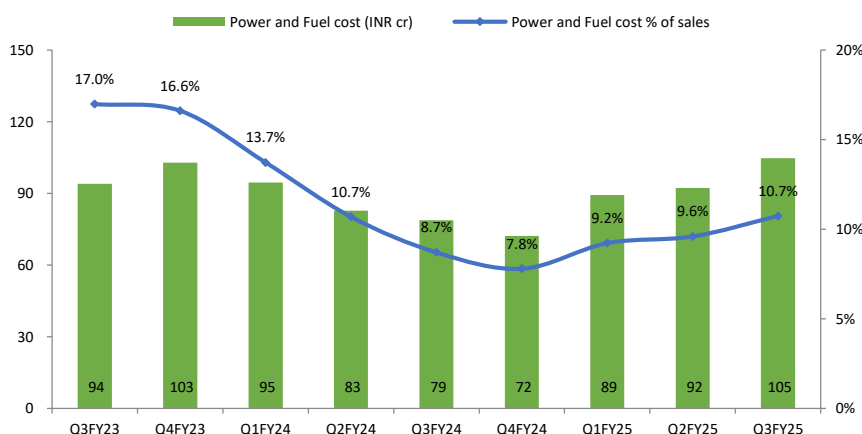
Source: Company Reports, Arianth Capital Research

Exhibit 2: EBITDA margin improved by 137 bps YoY (+64 bps QoQ) to 12.7% in Q3FY25; however power & fuel cost and other expenses remain elevated.



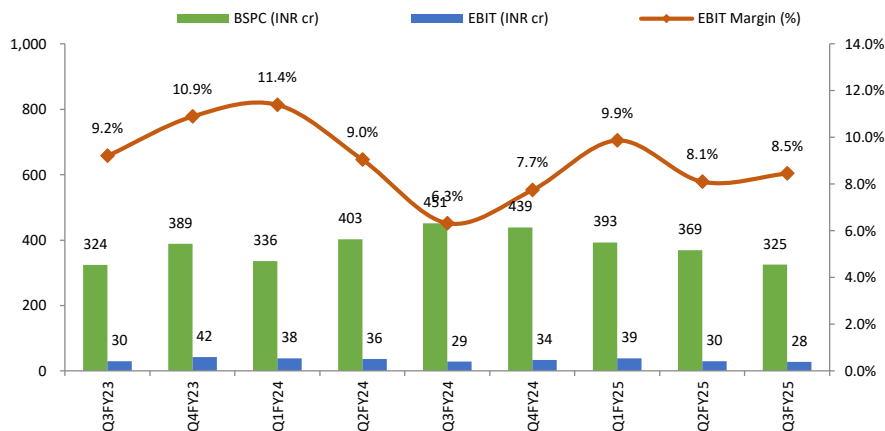
Source: Company Reports, Arianth Capital Research

Exhibit 3: Power & fuel costs elevated on YoY basis. The company signed agreement with Renew Green to procure captive wind and solar hybrid power. It will reduce power cost going forward.



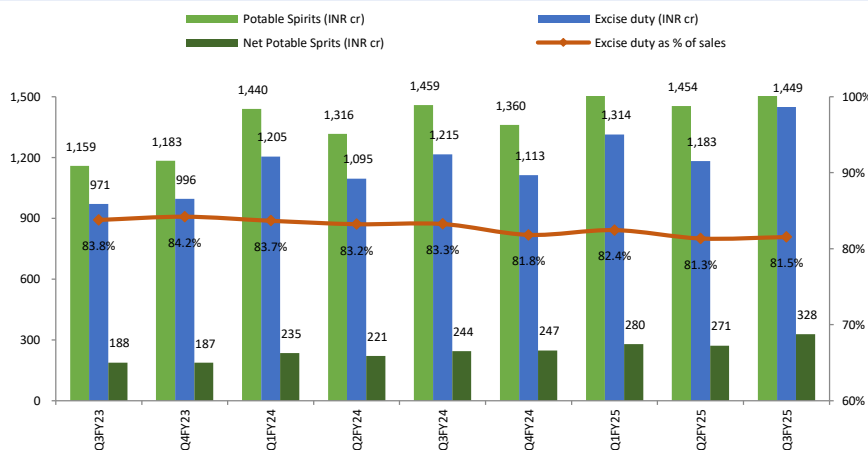
Source: Company Reports, Arianth Capital Research

Exhibit 4: EBIT margin improved by 213 bps YoY (+35 bps QoQ) to 8.5% in Q3FY25. The chemical business margin is expected to recover gradually.



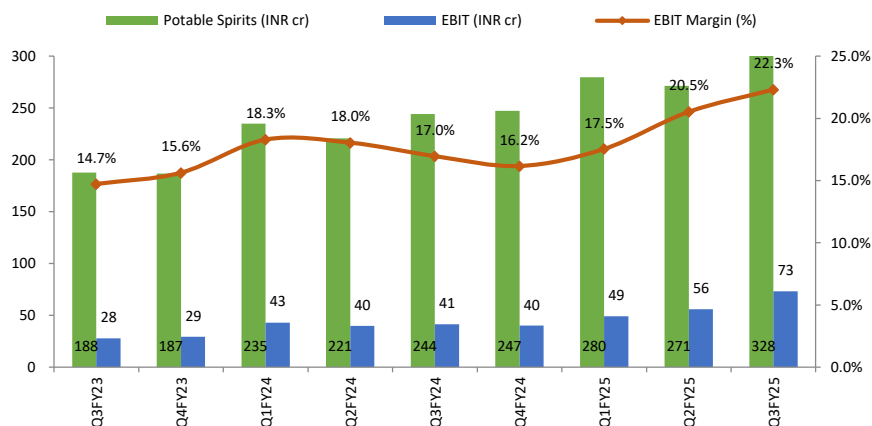
Source: Company Reports, Arianth Capital Research
BSPC - Bio-based Specialities and Performance Chemicals

Exhibit 5: Excise duty moderating gradually.



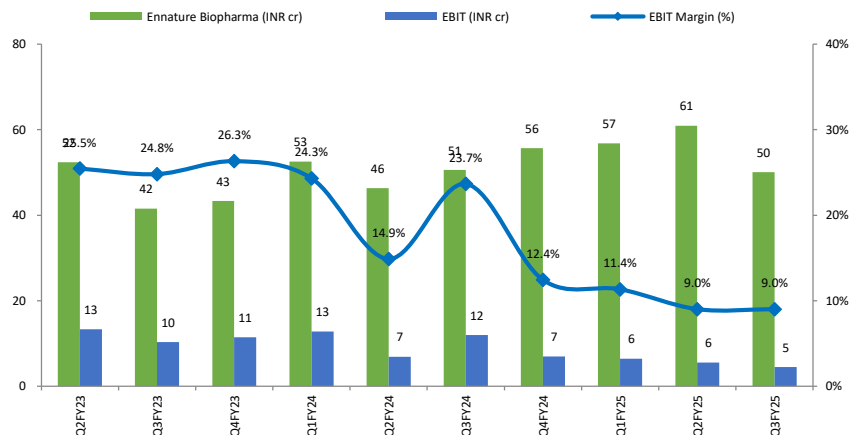
Source: Company Reports, Arianth Capital Research

Exhibit 6: EBIT margin improved by 536 bps YoY (+179 bps QoQ) to 22.3% in Q3FY25. In-house ENA production and softening of packaging materials led margin up-tick.



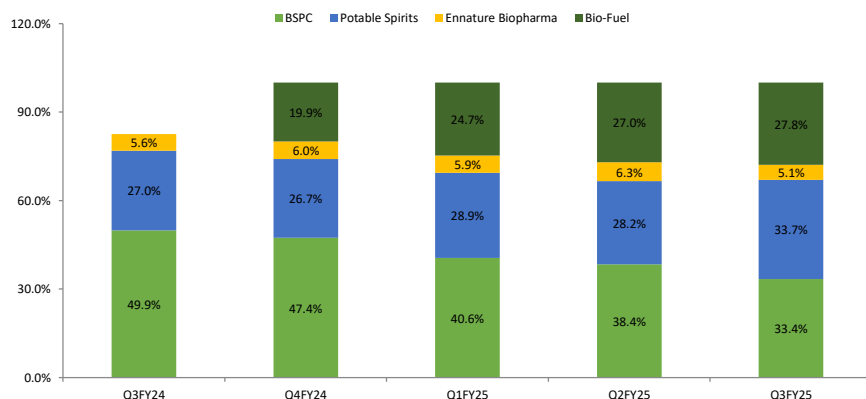
Source: Company Reports, Arihant Capital Research

Exhibit 7: EBIT margin contracted by 1465 bps YoY (flat on QoQ) to 9% in Q3FY25 due to price erosion of thiocolchicoside and nicotine.



Source: Company Reports, Arihant Capital Research

Exhibit 8: Bio-fuel revenue share is around 27.8% in Q3FY25.



Source: Company Reports, Arihant Capital Research

Q3FY25 Concall Highlights**De-merger**

- The company is doing a de-merger and the entire business will be demerged into 3 separate entities named; India Glycols Ltd, IGL Spirits Ltd, and Ennature Biopharma Ltd. The demerger will be effective from 1st Apr 2026 onwards.

Blending

- The blending has reached 14.6% till Dec-24 and govt blending program is on track for 20%.

Debt

- The debt stood at INR 1,200cr with an annual repayment of INR 240cr.

Raw materials

- Ethanol prices are controlled by Govt, but raw material prices fluctuate. The grain-based ethanol prices peaked from INR 17-18/kg to INR 27-28/kg and are expected to reduce due to increased FCI rice supply.

Potable Spirits

- Amazing Vodka become the top 3 brand in key markets like UP, Delhi, and Rajasthan.
- Zumba Limon Rum is gaining traction.
- The company has imported the best flavors from Germany for high-quality taste.
- The company's Vodka brand competes with Radico Khaitan's Magic Moments. The MNC competitors are Diageo, Pernod Ricard, and Bacardi.
- The company is the only player having a high capacity for tetra-pack for packaging country liquor.
- In potable spirits, around 60% of business is from country liquor.
- Around 7-8 out of 10 bottles are sold in the UP country liquor market.
- The company has a partnership with Amrut Distilleries. MaQintosh whiskey is premium whiskey in partnership with Amrut Distilleries. MaQintosh's Black price is INR 1,100 in Delhi under the premium segment and MaQintosh's White price is INR 850 in Delhi under the Mid-premium segment.
- The company expanding its presence into canteens, paramilitary, and premium retail stores.

Q3FY25 Concall Highlights**Ennature Biopharma**

- Ennature Biopharma margins remain under pressure due to increased competition in nicotine and thiocolchicoside.

Industry

- IMFL industry is projected USD 56bn and is expected to double by 2034.
- The premium segment is expected to grow at a CAGR of 20% going forward.

Chemicals

- The glycols business recovered from previous declines and shifted to premium and greener products.
- The company is exploring bio-based amines and green hydrogen-based chemicals.

Capacity

- Gorakhpur distillery facility is expected to be complete by Mar-25.

Other highlights

- The company got certification from the US FDA and expanded into European and North America markets for better margins.
- The company aims to build brand value through direct marketing and partnerships for branded Nutraceuticals. The company has reduced its dependence on commodity-based ingredients.

Financial Statements

Income statement summary

Y/e 31 Mar (INR cr)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Revenue	2,735	2,317	2,868	2,651	3,294	3,942	4,625	5,504
Net Raw Materials	1,846	1,499	1,921	1,582	2,149	2,536	2,965	3,517
Power & Fuel	250	214	332	417	328	388	449	528
Employee Cost	93	83	89	89	103	125	143	171
Other Expenses	267	253	444	267	311	387	463	550
EBITDA	279	268	81	296	402	505	606	737
EBITDA Margin (%)	10.2%	11.6%	2.8%	11.1%	12.2%	12.8%	13.1%	13.4%
Depreciation	(78)	(80)	(80)	(94)	(101)	(111)	(113)	(116)
Interest expense	(97)	(83)	(70)	(100)	(121)	(165)	(149)	(130)
Other income	9	15	22	24	26	18	19	22
Exceptional Items	-	-	221	28	-	-	-	-
Share of profits associate & JV	(0)	1	21	11	17	40	34	38
Profit before tax	113	120	195	165	223	288	397	551
Taxes	(38)	(11)	(39)	(24)	(50)	(62)	(100)	(138)
PAT	75	109	156	141	173	226	297	413
PAT from discontinued operations	40	22	10	-	-	-	-	-
PAT	115	132	166	141	173	226	297	413
PAT Margin (%)	4.2%	5.7%	5.8%	5.3%	5.3%	5.7%	6.4%	7.5%
Other Comprehensive income	(1)	3	(0)	0	(0)	-	-	-
Net profit	113	135	166	141	173	226	297	413
EPS (INR)	36.6	43.5	53.5	45.7	55.8	72.8	96.0	133.4

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR cr)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	31	31	31	31	31	31	31	31
Reserves	1,003	1,138	1,761	1,870	2,020	2,214	2,470	2,825
Net worth	1,034	1,169	1,792	1,901	2,051	2,245	2,501	2,856
Minority Interest	-	-	(19)	-	-	-	-	-
Provisions	14	9	8	7	8	5	6	8
Debt	1,335	1,444	1,367	1,479	1,763	1,453	1,298	1,178
Other non-current liabilities	613	619	527	475	401	710	809	936
Total Liabilities	2,996	3,241	3,675	3,863	4,223	4,413	4,614	4,977
Fixed assets	2,201	2,171	2,303	2,690	3,171	3,324	3,393	3,392
Capital Work In Progress	172	126	243	125	84	82	85	88
Other Intangible assets	2	2	2	2	2	2	2	2
Investments	83	83	456	370	384	473	463	550
Other non current assets	33	27	19	25	31	35	42	50
Net working capital	354	684	362	368	286	282	456	721
Inventories	682	610	693	754	1,106	1,042	1,202	1,397
Sundry debtors	569	362	399	430	384	486	532	603
Loans & Advances	26	26	26	0	1	39	46	55
Other current assets	167	564	201	179	189	270	279	302
Sundry creditors	(722)	(581)	(642)	(752)	(1,099)	(1,083)	(1,233)	(1,306)
Other current liabilities & Prov	(369)	(297)	(314)	(244)	(295)	(473)	(370)	(330)
Cash	92	98	102	113	138	136	91	81
Other Financial Assets	60	51	188	170	127	79	83	94
Total Assets	2,996	3,241	3,675	3,863	4,223	4,413	4,614	4,977

Source: Company Reports, Arihant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR cr)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	113	120	195	165	223	288	397	551
Depreciation	78	80	80	94	101	111	113	116
Tax paid	(38)	(11)	(39)	(24)	(50)	(62)	(100)	(138)
Working capital Δ	(41)	(330)	322	(6)	81	4	(174)	(265)
Operating cashflow	111	(141)	558	229	355	340	236	264
Capital expenditure	(148)	(4)	(330)	(362)	(541)	(262)	(185)	(118)
Free cash flow	(37)	(145)	228	(133)	(186)	79	51	147
Equity raised	41	26	486	(8)	(0)	(0)	(0)	0
Investments	(3)	0	(374)	86	(14)	(89)	10	(88)
Others	(20)	14	(128)	12	37	44	(11)	(18)
Debt financing/disposal	81	110	(97)	131	284	(310)	(155)	(120)
Dividends paid	(44)	(0)	(18)	(23)	(23)	(32)	(42)	(58)
Other items	(40)	1	(93)	(53)	(74)	306	101	127
Net Δ in cash	(24)	6	4	12	25	(2)	(45)	(10)
Opening Cash Flow	116	92	98	102	113	138	136	91
Closing Cash Flow	92	98	102	113	138	136	91	81

Source: Company Reports, Arianth Capital Research

Ratio analysis

Y/e 31 Mar	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Growth matrix (%)								
Revenue growth	-18.5%	-15.3%	23.8%	-7.6%	24.3%	19.7%	17.3%	19.0%
Op profit growth	-33.1%	-3.9%	-69.6%	263.3%	36.1%	25.5%	20.0%	21.7%
Net profit growth	-13.5%	14.8%	26.1%	-15.0%	22.7%	30.4%	31.8%	39.0%
Profitability ratios (%)								
OPM	10.2%	11.6%	2.8%	11.1%	12.2%	12.8%	13.1%	13.4%
Net profit margin	4.2%	5.7%	5.8%	5.3%	5.3%	5.7%	6.4%	7.5%
RoCE	6.1%	7.4%	0.6%	5.9%	8.6%	10.2%	12.3%	0.0%
RoNW	7.5%	9.9%	10.5%	7.6%	10.5%	12.5%	15.4%	0.0%
RoA	2.5%	3.4%	4.2%	3.7%	5.1%	6.4%	8.3%	0.0%
Per share ratios (INR)								
EPS	36.6	43.5	53.5	45.7	55.8	72.8	96.0	133.4
Dividend per share	14.3	0.1	5.9	7.4	7.4	10.2	13.4	18.7
Cash EPS	49.2	61.1	76.2	75.9	88.4	108.6	132.5	170.9
Book value per share	333.9	377.4	578.8	614.2	662.5	725.1	807.7	922.4
Valuation ratios (x)								
P/E	36.3	30.5	24.8	29.0	23.8	18.2	13.8	9.9
P/CEPS	27.0	21.7	17.4	17.5	15.0	12.2	10.0	7.8
P/B	4.0	3.5	2.3	2.2	2.0	1.8	1.6	1.4
EV/EBITDA	18.9	20.0	60.4	17.3	13.3	9.8	8.0	6.3
Payout (%)								
Dividend payout	59.2%	0.4%	11.8%	16.3%	13.3%	14.0%	14.0%	14.0%
Tax payout	33.6%	9.4%	20.2%	14.5%	22.5%	21.6%	25.1%	25.1%
Liquidity ratios								
Debtor days	59	73	48	57	45	40	40	38
Inventory days	131	157	124	167	158	155	138	135
Creditor days	109	116	80	108	117	116	105	97
WC Days	82	115	92	116	86	79	73	75
Leverage ratios (x)								
Interest coverage	2.1	2.3	0.0	2.0	2.5	2.4	3.3	4.8
Net debt / equity	1.2	1.2	0.7	0.7	0.8	0.6	0.5	0.4
Net debt / op. profit	4.5	5.0	15.6	4.6	4.0	2.6	2.0	1.5

Source: Company Reports, Arianth Capital Research

Outlook & Valuation: India Glycols is restructuring and de-merging into 3 businesses separately and will be effective from 1st Apr 2026. The de-merger of business would lead to independent growth for each business and unlock value going forward. The major growth is from Potable Spirits and Bio-fuels will be consolidated under IGL Spirits which accounts for more than 75% of revenue. The Gorakhpur facility expansion from 110 KLPD (Dec-24) to 290 KLPD is expected to be complete by Q4FY25E. Bio-fuel revenue share stood at 27.8% in Q3FY25 and the 20% ethanol blending target by the government will be a potential opportunity for the company. Potable Spirits witnessing traction backed by country liquor, IMFL, and Para-military business. The partnership with Amrut will provide additional business opportunities. Ennature Biopharma margins remain under pressure due to prices and the company is focused on value-added products. Capex in grain-based distilleries, new specialties, setting up new R&D centers, new product launches, government initiatives for biofuels and ethanol blending program, and future scope of carbon smart products are expected to drive the business going forward. At the CMP of INR 1,327 per share, we maintain our “BUY” rating at a TP of INR 2,342 per share; based on SOTP; an upside of 76.5%.

IGL FY27E based implied valuation	IGL Spirits	India Glycols	Ennature Biopharma	
FY27E EBITDA (INR cr)	481	219	38	
EV/EBITDA (x)	15.0x	5.0x	1.0x	
EV (INR cr)	7,215	1,093	38	8,346
Net Debt/(cash) (INR cr) - FY27E end				1,097
Market Cap (INR cr)				7,250
Share outstanding (cr)				3
Value per share (INR) - FY27E				2,342
CMP (INR)				1,327
Upside/Downside (%)				76.5%

Source: Company reports, Arianth Capital Research

Story in Charts

Exhibit 9: Steady growth Potable spirits and traction in Biofuels will drive the growth going forward.

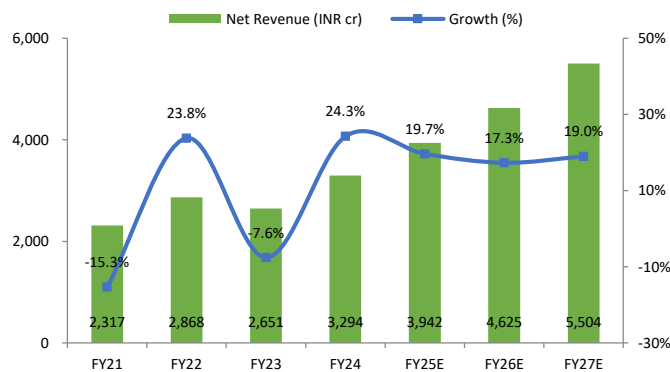


Exhibit 10: The capex for grain based ethanol plant would reduce raw material costs and improve gross margin levels.

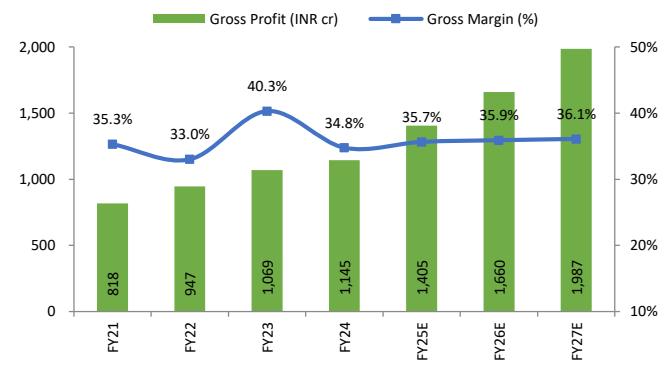


Exhibit 11: The captive wind and solar hybrid power will reduce costs going forward.

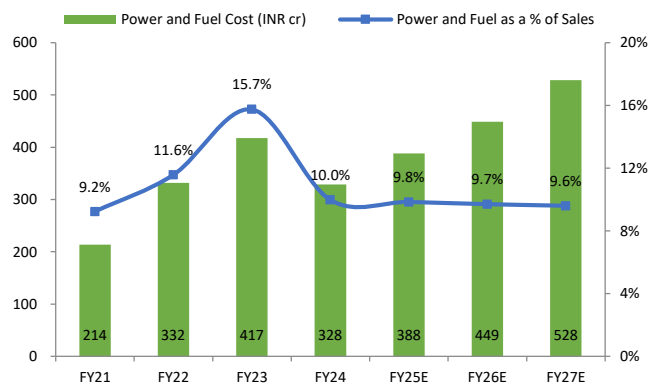


Exhibit 12: Growth in EBITDA & PAT levels.

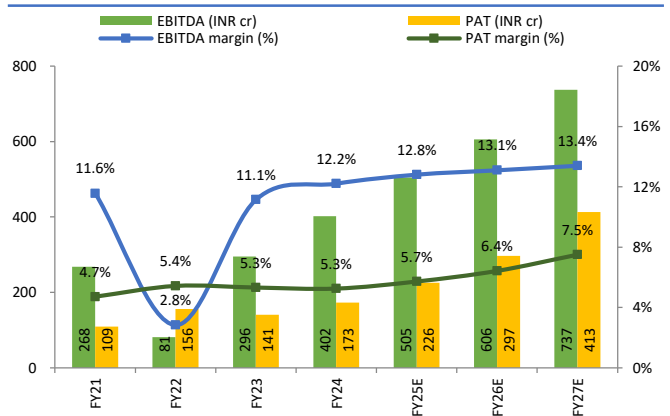


Exhibit 13: Working capital days to be improve

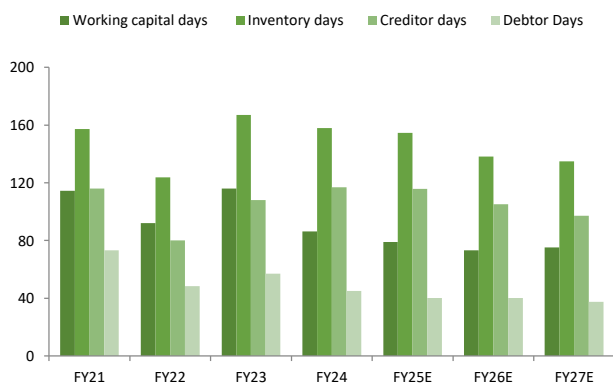


Exhibit 14: Cash flows to be improve



Source: Company Reports, Arianth Capital Research

Story in Charts

Exhibit 15: Return ratios to be improve.

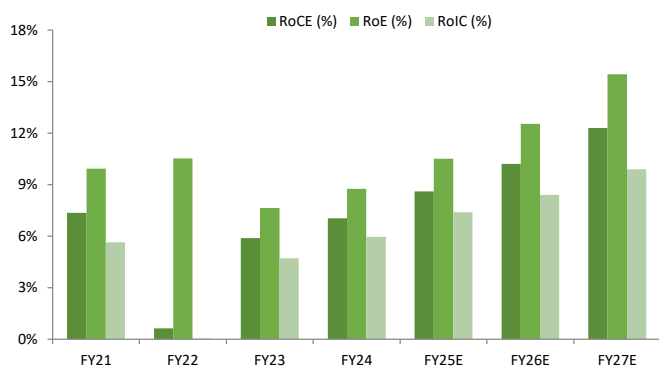


Exhibit 16: Working capital is expected to be below 15% in terms of sales going forward.

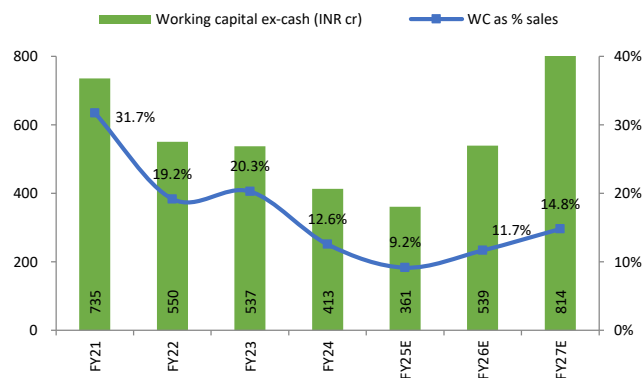


Exhibit 17: Cash conversion cycle is expected to maintain going forward.

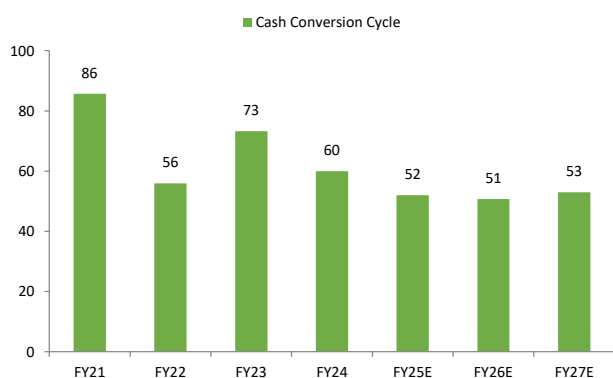


Exhibit 18: Net debt reduction is expected going forward.

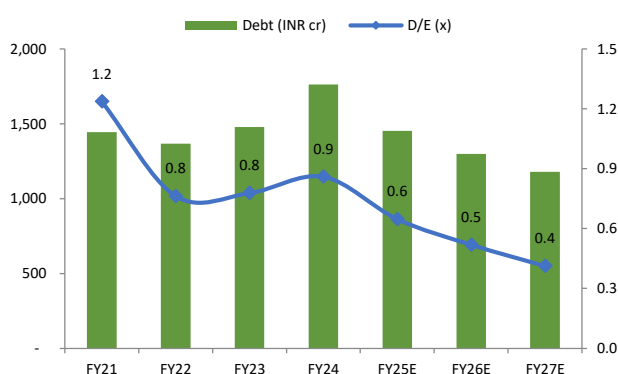


Exhibit 19: Ethanol blending and recovery in BSPPC and Potable Sprits will drive growth.

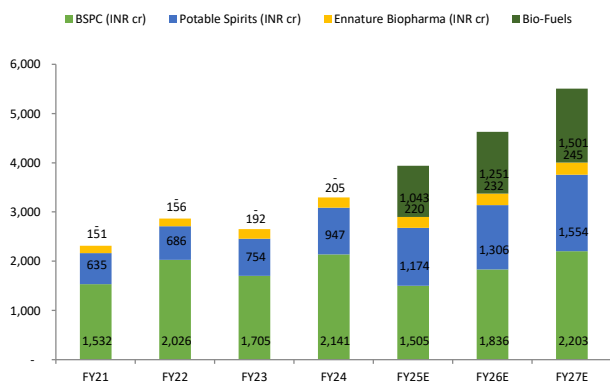
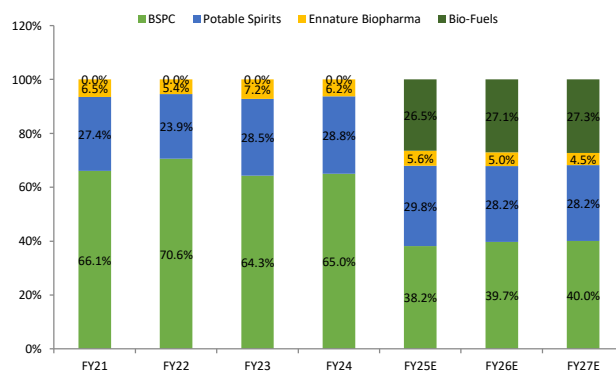


Exhibit 20: Segment wise mix



Source: Company Reports, Arihant Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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