



GULSHAN
POLYOLS LIMITED

Expanding Potential

22nd Year | 2021-2022 | ANNUAL REPORT

Har Ghar
Tiranga

Har Ghar
पौधा



Company has kicked off the 'Har Ghar Tiranga' campaign under the aegis of Azadi Ka Amrit Mahotsav and distributed National Flags and saplings to encourage people to hoist the 'Tiranga' and plant a sapling at home to mark the 75th anniversary of India's Independence.

Chairman's Statement



Dr. Chandra Kumar Jain
Chairman & Managing Director

Dear and Esteemed Fellow Shareowners,

It is our privilege to write to you and present this Integrated Annual Report for FY 2021-22. I hope this letter finds you safe and in good health. Amid the extraordinary conditions in which we had to operate, FY 2021-22 was undoubtedly transformative year for all of us. The excellent results we achieved are an indication to the growth potential of our markets, our focus on customer experience, and, most importantly, the dedication and commitment of our people.

From the very inception, we at Gulshan have believed that a corporate is much more than an economic unit generating wealth. Indeed, it is an integral part of the social system catering to human and societal needs and aspirations.

The last couple of years have seen unprecedented challenges in the form of the pandemic, geopolitical flareups and overall a very volatile macro environment with wide-ranging impact on people, economies and businesses. Amid this tumultuous phase, society continued to look up to businesses to help build a sustainable, equitable and fair future. We, as an organisation have used this period to strengthen our capabilities, build innovative thinking and agility, and enhance our focus on efficiencies; all in the interest of creating a growth company.

This mindset has helped your Company delivering strong overall performance for this fiscal across all metrics and kept us firmly on track to achieving our vision.

Let me go through on financial numbers; the Company reported a record performance in FY 2021-22, and registered its highest-ever Revenue, EBITDA, PAT. On y-o-y basis, revenue grown by 43.69% and recorded a stellar growth of 37.24 % in PAT and 14.37% in EBITDA, Expenditure on account of capital assets grew by 34.66% and Debt Equity ratio has increased marginally to 0.17x in FY22 compared to nil in FY21 owing to financing of capex via leverage for supporting expansion plans. This improvement was the result of the Company's commitment to increase exports, strengthen operating efficiency, moderate working capital outlay, sustained distillery operations and strengthen value for all stakeholders. Our Company has been successfully sustainable in profit-making and focused on enhanced stakeholders' value. Employees wellbeing is of paramount importance to us and we have had multiple interventions in this regard including facilitating vaccination and booster dosages for them and their dependents. We will continue to invest in our employees to remain a preferred employer-of-choice and seamlessly fulfill our customers' demand and stakeholders' values.



Encouragingly, despite the impact, your company is witnessing a significant revival in demand constantly. Consumption across markets continued to strengthen on a month-on-month basis during the course of the year. In sync with revival in demand, we increased production in a staggered manner across our production facilities. We worked diligently by assuring employees' safety while continuing to serve our customers by running our operations successfully.

Certainly, I feel elated to say that your Company has marked impeccable growth, quarter on quarter and achieved many admirable wins and milestones through out the year during FY 2021-22 and make best efforts to continue to do so in years to come. However, the Company has achieved its near vision and its highest ever yearly revenue and have graduated to +INR 1000 Crore's revenue which is due to constant conviction and trust of all Stakeholders in the Company.

We could not have attained this success without our outstanding people. We are firmly committed to prioritizing their health and safety, providing a superior workforce experience and maintaining high levels of employees satisfaction.

"I shall say that your Company is achieving all its planned milestones one by one due to our focus strategies and dedication of our management, employees and the trust of our customers. We have grown and growing ahead at the fastest pace ever in a decade, constantly."

Next Vision of your Company is to generate **"2X Revenue in 2 Years."** In this regard, we crave for support of our employees, bankers, customers, suppliers and other stakeholders in achieving this.

Achieve, Expand, Innovate, Evolve.

Your Company's stellar performance and robust growth outlook continue to demonstrate our strategic focus on recording more volumes and minimizing operational cost. As we are witnessing strong market opportunities in our Grain and Ethanol (Bio-Fuel)/ Distillery Segment, our sustained investments in expanding capabilities including our determination and strategies, positioned us to continue snowballing and gain market share and emerge us as a growing Company with the increasing market share.

I feel overjoyed to state that Environment Clearance along with CO GEN Power Plant for 500KLPD in Bargaon, Chhindwara, Madhya Pradesh and 250KLPD in Goalpara, Assam has also been granted to your Company for the Grain Based distilleries projects for Ethanol Blended Petrol.

Our primary focus during the year was towards undertaking all necessary measures to maintain and excel and expand our business operations, ensure safety of our employees, stakeholders, kept customers' mission critical systems running under very difficult circumstances and pitched in to help communities across the nation to battle the pandemic, military conflicts, global uncertainties etc. and to overall safeguard the interests of all stakeholders.

Your company is combatting the global coal crisis which has led to increase in "power and fuel cost" by 70%, and in addition to this, a significant rise in raw material prices has affected the profitability and hence the bottom line marginally in Q4FY22. Despite that, Company is continuously focusing on achieving its targets by constantly improving its sales volumes, sales price realization and optimizing cost wherever possible. A sequential growth in revenues and a consistent demand in the Grain processing and Ethanol segment, is driving growth for the Company. Continuously, rising and volatile raw material prices coupled with supply chain uncertainties, continue to pose challenges and pressures on margins. To deal with this, we are adopting dynamic costing model coupled with strategic sourcing, digitalization of processes and standardization initiatives.

Hon'ble Prime Minister Shri Narendra Modi Ji, once tweeted that Biofuels can add strength to India's growth story with benefits in cities and villages and recalled the vision of Late Hon'ble Atal Ji, during whose tenure the plan to produce ethanol from Biofuel was initiated.

Whereas, Union Budget 2022-23 gives further boost to blending through tax on unblended fuel. Hon'ble Finance minister, Smt. Nirmala Sitharaman Ji said in her Budget speech that blended fuel is a priority for government. To encourage the efforts for blending of fuel, unblended fuel shall attract an additional differential excise duty effective from 1st day of October 2022. Petrol not blended with ethanol gets costlier, which would prompt retailers, especially private oil companies, to switch to blended fuel across the country.

India's Ethanol Blending Program is aimed at reducing the country's dependence on crude oil imports, cutting carbon emissions, and boosting farmers' income. The advancement of E20 target to 2025-26 continued to build on its momentum on the back of very promising build-up of industry ecosystem. The significant gap between demand and supply continued to drive capacity creation during FY21-22. Today the ethanol blending in petrol in India has reached ~10% mark almost five months ahead of the government's plan.

Government fixes higher ethanol price derived from different sugarcane based raw materials; lowers the goods and Services tax rate to 5% from 18% on ethanol meant for blending; Center fixed 10% blending target for ethanol supply year 2021-22 and 20% blending by 2025.

Further, ethanol supplies and blending percentage have increased more than five times in last six years. While 38 crore litres of Ethanol was procured during the year 2013-14, in 2020-21 this jumped nearly eight times to 322 crore litres. One crore litre of ethanol-blended petrol can save around 20000 tons of carbon dioxide emission. Greenhouse gas emissions due to the EBP Programme were lowered by 192 lakh tons from 2014 to 2021 (up to July 2021).

Accordingly, your Company's Management is much determined and enthusiastic about future outlook of Ethanol Business.

The Company has embarked on a humungous capex plan to build two plants dedicated to the production of Ethanol for the Government's Ethanol Blending in Petroleum Program-2025, for 500KLPD plant at Bargaon, Chhindwara Madhya Pradesh and for 250 KLPD Ethanol Plant at Goalpara, Assam. Moreover, the Company is in the process of completing upgradation of capacities of the grain processing division of the units located at Muzaffarnagar, Uttar Pradesh and Bharuch, Gujarat. The Company has already entered in long term supply of 'Indigenous Denatured Anhydrous Ethanol' with quantity of 12.87 Crores Litres per annum of with OMCs for supply of ethanol from these plants after commercialization for 10 years. Further, Gulshan is in receipt of Order for GCC (Ground Calcium Carbonate) Plant and allied equipment, it will be the 10th GCC plant to be installed by Gulshan thereby providing great impetus to the growth of our mineral processing segment for FY23.

With government's increased focus on ethanol blending in petroleum we believe there is a long runway for growth. As per current statistics, ethanol blending stands at ~ 9.5% and is targeted to reach 20% by 2025-26. According to ICRA Research, India's Ethanol production has to be increased by 3 times to meet the target of 20% ethanol blending by 2025. In order to capitalize on this opportunity, the Company is augmenting its capacity to 810 KLPD from 60 KLPD currently. This shall turn the company into a formidable player with a sizeable market share in ethanol segment.

Being a Chairman on the Board of Gulshan Polyols Limited, let me assure you that despite myriad challenges, your company is focused on maintaining effervescent growth and delivering value to its stakeholders. Gulshan has prodigious potential to grow and is constantly scouting for opportunities arising out of **'Make in India and "Aatma-Nirbhar Bharat" Ethanol Blending Petroleum Program'** calls given and initiatives taken by Hon'ble. Prime Minister of India.

Moreover, the Company has kicked off the process of expanding its Grain based Ethanol Manufacturing Facility at its existing site at Chhindwara, Madhya Pradesh. Orders for Major Plant and Machinery have already been placed and construction activity is going on.

We expect our distillery segment to be our main pillar of growth with sustainable medium to long term value accretion. As we look forward, we are excited about the new opportunities created by our robust capital structure, growth investments, digital transformation, and commitment to continue leading our industry in the global transition to a low carbon, green and circular economy.

Dividend

We manage our business efficiently to give advantage to all our shareholders. A key component of delivering value to our shareholders and winning their confidence is the steady return of capital. GPL is a constant dividend payee company who always kept the trust of their shareholders reposed into the working of the Company, by paying the dividend since inception of the company. The Company's Board of Directors in the tune of progressive Dividend Policy, had declared and paid an interim dividend @ 100% in November, 2021 and further recommended the Final Dividend @100% and be declared in the ensuing 22nd Annual General Meeting of the Company on the paid up equity share capital of the company. Together with interim dividend, the total dividend for the year is @ 200% per share.

Company's Overall Performance:

During the financial year ended March 31, 2022, Revenue from operations increases to ₹ 1100.72 crores from ₹ 766.03 crores in the previous year. Net Profit at ₹ 85.24 Crores as compared to ₹ 62.11 Crores in the previous year, which is a healthy growth with upturn of 37.24 % .

We have managed to achieve good growth across all the three segments during FY22. On Y-o-Y basis for a period of 12 months our EBITDA Margins have contracted owing to headwinds on account of power costs (coal), lime stone and raw material prices.

In each of the segment we witnessed EBITDA growth (Y-O-Y) owing to improved sales volume and better sales realization, which has allowed us to deliver healthy results.

Some of the key challenges faced by us, especially during the second half of FY22, were the rising prices of coal and escalated cost of our key inputs namely, Grains (Rice & Maize). The global coal crisis has led to an increase in our power cost which is sourced mainly from our captive power plants. Fueled by the Russian - Ukrainian crisis, the prices of maize & rice on a global level have surged as the export demand for these products has increased. Consequently, this has led to an increase of our COGS. Even though certain costs were passed on, we witnessed some stress on our EBITDA margins on a quarterly basis. Despite the macro-economic challenges, we were able to achieve a historic milestone and crossed the coveted INR 1000 Crores' revenue mark owing to our strong product line, increasing market share and product diversification. Going forward, we are confident that we can sustain and further improve our operating margins owing to our superior product quality, operational efficiencies and capacity upgradation in our Ethanol & Grain Processing segments.

Your Company is also committed to its social responsibility agenda and contributes meaningfully to the communities that it operates in. Your Company continues to focus in the areas of Community Welfare, Education, Health & Hygiene, Rural development to enhance the livelihoods of people in its operating communities. These initiatives, along with several others, reaffirm our belief that addressing societal needs and business growth go hand-in-hand. In this regard, we are happy to announce that Company is focusing on women empowerment and education and an **Ashayain** initiative is being taken up and started this year only for celebrating the occasion of **75th Azadi ka Amrit Mahotsav**.

On behalf of the Board of Gulshan Polyols Limited, I would like to take this opportunity to acknowledge and thank our bankers, investors and vendors for their trust and support. I am deeply thankful to the continued support of our esteemed consumers, business associates, suppliers and legal authorities for their loyalty and trust in all our activities. I would like to express my sincere gratitude to all the members of our board for their continued insights and invaluable guidance and to employees for their continuous efforts as we explore new opportunities and move ahead with confidence. Most importantly, also my sincere appreciation to all the shareholders for the trust reposed by them in the Management of the Company and also for continued support in our journey to create long-term value. My dedicated squad and I remain confident to continue to lead **GULSHAN** to its next leg of growth.

Jai Hind!!



Dr. Chandra Kumar Jain
Chairman & Managing Director
DIN: 00062221

Financial

Financial

Total
Income

**₹1103
crore**

EBITDA

**₹152
crore**

EBITDA
Margins

13.8%

Operational

44%

growth in Revenue
from Operations
y-o-y

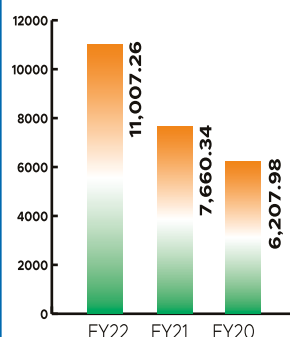
49%

growth in Ethanol
(Biofuel) and
Distillery
y-o-y

**Cost
Optimisation**
led EBITDA
margin expansion
y-o-y

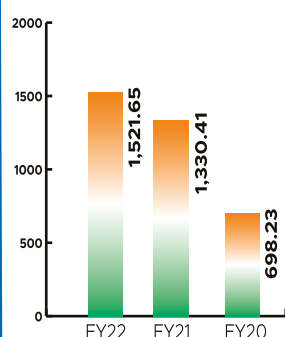
Revenue from Operations

INR Mn

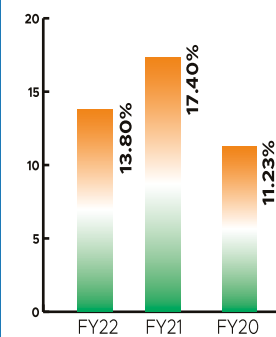


EBITDA

INR Mn

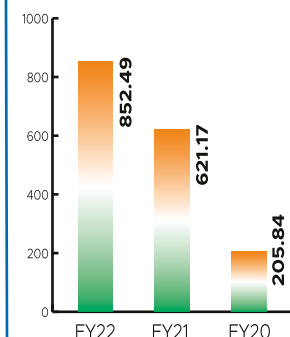


EBITDA Margin



PAT

INR Mn



Snapshot

Performance

PAT

**₹85
crore**

PAT
Margins

7.7%

EPS
(per share)

₹16.40

Highlights

27%

reduction in
finance cost
y-o-y

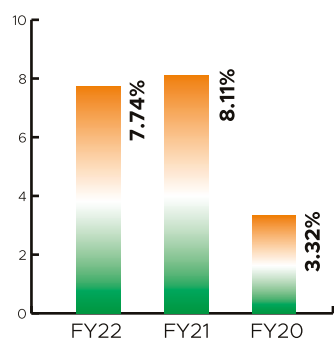
36 bps

reduction in PAT
margins
y-o-y

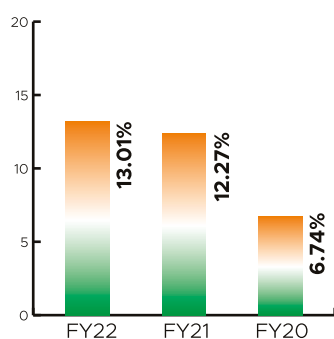
31%

growth in EPS
y-o-y

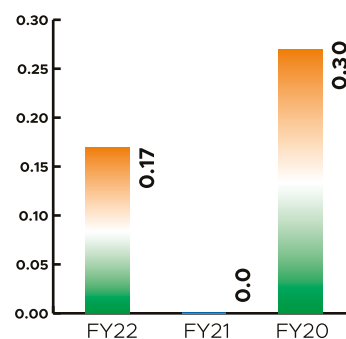
PAT Margin



ROE



Debt/Equity Ratio



(minor differences due to rounding off)

Board of Directors



Dr. Chander Kumar Jain
*Chairman & Managing Director,
Gulshan Polyols Limited*

Gulshan Polyols Limited is promoted by Dr. Jain. He is a Sugar Technologist and has been awarded with Doctorate Degree in Chemistry. Dr. Jain is an industrialist of repute with more than five decades of rich and varied experience in the chemical and sugar industry.



Ms. Arushi Jain
Joint Managing Director

Ms. Jain holds a degree of Master of Science from City University of New York, USA. She is having more than two decades of core experience in matter related to Operations, Marketing and Production.



Ms. Aditi Pasari
Joint Managing Director

Ms. Pasari holds a degree of Master of Business Administration from University of Wales, UK. She is having more than two decades of core experience in matter related to Finance, Stakeholders Relations and Operations etc.



Mr. Ashwani K. Vats
Whole Time Director & CEO

Mr. Vats is graduated with P.G. Diploma in Marketing and Management. He has vast experience in the calcium carbonate industry and has been associated with the Company for over decades.



Mr. Akhilesh Kumar Maheshwari
Director

Mr. Maheshwari is a qualified Chartered Accountant from ICAI, Company Secretary from ICSI and an Insolvency Professional from IBBI. He is having more than three decades of experience in various industries like Banking, Electronics, Iron & Steel, Chemicals and Infrastructure etc.



Mr. Rakesh Kapoor
Director

Mr. Kapoor is post graduated diploma in Sugar Technology from National Sugar Institute, Kanpur. He is a techno-financial professional with over four decades of varied and rich experience in the Corporate Sector, Financial sector, Project Financing etc.





Ms. Archana Jain
Director

Ms. Jain is a qualified Chartered Accountant and a Law Graduate, with cross functional experience in Accounts, Finance and Indirect taxation. She has an immense experience of more than 10 years in handling Internal Audit, Forensic Audit etc. and having continuous experience in indirect taxation.



Mr. Rakesh Kumar Gupta
Director

Mr. Gupta is a practising Chartered Accountant holding the membership from the ICAI and is an Insolvency Professional from IBBI. He is having an extensive experience in Finance, Taxation and Management.

 *Executive Director*
 *Independent Director*

Corporate Overview

Board's Committees

Audit Committee

Mr. Rakesh Kumar Gupta, Chairman
Mr. Akhilesh Kumar Maheshwari, Member
Dr. Chandra Kumar Jain, Member
Ms. Archana Jain, Member

Stakeholders Relationship Committee

Mr. Akhilesh Kumar Maheshwari, Chairman
Ms. Arushi Jain, Member
Ms. Aditi Pasari, Member

Nomination, Remuneration and Compensation Committee

Mr. Akhilesh Kumar Maheshwari, Chairman
Mr. Rakesh Kumar Gupta, Member
Ms. Archana Jain, Member

Corporate Social Responsibility Committee

Ms. Archana Jain, Chairperson
Ms. Arushi Jain, Member
Ms. Aditi Pasari, Member

Risk Management Committee:

Ms. Arushi Jain, Chairperson
Mr. Akhilesh Kumar Maheshwari, Member
Mr. Ashwani Kumar Vats, Member

Auditors

Statutory Auditors

M/s. Rajeev Singal & Co., Chartered Accountants, Muzaffarnagar

Internal Auditors

M/s. Pankaj K. Goyal & Co., Chartered Accountants, Muzaffarnagar
(For Bharuch Unit)

M/s. Svaraj & Associates, Chartered Accountants, New Delhi
(For All units except Bharuch)

Secretarial Auditors

M/s. DMK Associates, Company Secretaries, Delhi

Cost Auditors

M/s. MM & Associates, Cost Accountants, Delhi

Key Managerial Personnel

Chief Financial Officer

Mr. Rajiv Gupta

Company Secretary & Compliance Officer

Ms. Asha Mittal

Listed at

BSE Limited
National Stock Exchange of India Limited

Bankers

State Bank of India
HSBC Bank

Registrar & Share Transfer Agent

Alankit Assignments Limited

Alankit House, 4E/2 Jhandewalan Extension,
New Delhi - 110055, INDIA
Ph. No: 011-42541234/ 955 Fax No: 011-42541201
E-mail: rta@alankit.com

Plant Locations

- 9th K.M., Jansath Road, Muzaffarnagar- 251001, Uttar Pradesh
- Plot no. 762, Jhagadia GIDC, Bharuch – 393130, Gujarat
- D-1, Distillery Unit, Plot No.9, 10 & 11, M.P.A.K.V.N., Borgaon-Sausar, Distt. Chhindwara-480108 Madhya Pradesh
- Village Rampur Majri, Dhaula Kuan , Distt Sirmour -173021 Himachal Pradesh
- E-21/22, RIICO Growth Centre, Phase - II, Abu Road-307026, Distt. Sirohi- Rajasthan
- Plant of Ethanol at Plot-B, Industrial Growth Centre Matia, Mornai, Goalpara, Assam-783101
- On-site plant of PCC at ITC Ltd., PSPD, Tribeni Unit, Chandrahati, Hooghly 712504, West Bengal
- On-site plant of PCC at Orient Paper Mills, PO- Amlai Paper Mill, Distt. Shadol, Madhya Pradesh-484117
- Silverton Pulp & Papers P. Ltd., 9th K.M., Bhopa Road, Muzaffarnagar- 251001, Uttar Pradesh

Registered Office

9th K.M., Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001
Tel: 0131-32958800, Fax: 0131 - 2661378
Email: cs@gulshanindia.com Website: www.gulshanindia.com
CIN: L24231UP2000PLC034918

Corporate Office

G-81, Preet Vihar, Delhi- 110092
Tel: 011-49999200, Fax: 011-49999202

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