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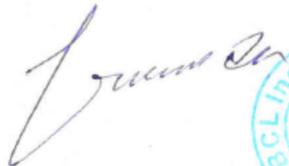
TO CORPORATE RELATIONSHIP DEPARTMENT BSE LIMITED . FLOOR 25, FERZE JEEJEEBOY TOWERS, DALAL STREET , MUMBAI- 400001 (PH: 022- 22721233-34 FAX:22722082, 22722037	TO THE MANAGER, NATIONAL STOCK EXCHANGE OF INDIA LTD., EXCHANGE PLAZA, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI – 400051
BSE Code: 524332	NSE SCRIP CODE: BCLIND

REG: Transcript of Earnings Conference Call for Unaudited Financial Results for the first Quarter ended 30th June, 2022**DEAR SIR,**

This is further to our intimation regarding Conference Call for Analysts/Investors with respect to the Unaudited Financial Results of the Company for the Quarter ended 30th June, 2022.

The transcript of the conference call held on 16.08.2022 with investors/analysts to discuss the financial performance of the Company for abovesaid period is enclosed herewith .

Thanking You,
Yours faithfully,

For BCL Industries Limited

Gurinder Makkar
Company Secretary & Compliance Officer
M. NO. F5124



“BCL Industries Limited
Q1 FY2023 Earnings Conference Call”

August 16, 2022



**MANAGEMENT: MR. KUSHAL MITTAL – JOINT MANAGING DIRECTOR -
BCL INDUSTRIES LIMITED**

**ANALYST: MR. PRASHANT SHARMA - QUANTUM SECURITIES
PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the BCL Industries Limited Q1 FY2023 Earnings Conference Call hosted by Quantum Securities Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prashant Sharma from Quantum Securities Private Limited. Thank you and over to you Sir!

Prashant Sharma: Thank you Renju. On behalf of Quantum Securities we welcome you all to Q1 FY2023 results Conference Call of BCL Industries Limited. We thank the management for giving us the opportunity to host this call. The management is represented by Mr. Kushal Mittal – Joint MD. I now hand over the call to Mr. Kushal Mittal. Over to you Sir!

Kushal Mittal: Good afternoon everyone and thank you Mr. Sharma for the introduction. We would like to extend warm welcome to everyone attending the earnings call to discuss the first quarter of the fiscal year 2022-2023. I hope you and your family are all safe and healthy.

Let me start off by taking you through the key financial highlights for the first quarter. The total income for the quarter was at Rs.378 Crores which is declined about 16% year-on-year, EBITDA for the quarter was at Rs.32 Crores, which is a 14% increase year-on-year, EBITDA margins for the quarter were at 8.36%, 221 basis increase year-on-year, net profit was at Rs.18 Crores, an increase of about 5% year-on-year and PAT margins were reported at 4.68% which is increased about 95 bps year-on-year.

Coming on to the operational highlights of the first quarter of financial year. I would like to start with the distillery segment, the revenues from the distillery segment for Q1 stood at approximately Rs.96 Crores which was slightly lower by 2% against the same period previous year. This is primarily because routine 10-day maintenance shutdown that the plant took. BCL Industries continues to experience very good demand for both ENA and ethanol, thanks to the company’s experience in the grain of over three decades. We are able to stabilize our EBITDA margins in the sector despite overall raw material increase that has been faced by all. The company has used its vast experience in the trade to hedge against the global grain prices as well. The company further utilized its in-house for its distillery sectors.

On the expansion first the company has obtained all necessary informations for the commencement of Svaksha Distillery and was able to commence production from July 1, 2022 at 50% capacity, but due to some initial issues at the power plant the company has had to take a shut down for about 15 to 20 days and is hoping to come into full production starting September 2022. While the production stabilized at Svaksha the company has

exceptionally obtained the orders to supply ethanol to OMCs and also to Reliance. We have also received the FCI allocation of price against supply and we have already started to supply DDGS from this unit. The supply of ethanol will start from the second half of August as we have some stock ready for us and the orders are now pending, the only thing that is pending is some special permits that are issued from Bengal government. Meanwhile the work for the expansion of 200 KLPD at Bhatinda is under full swing, the company has availed over Rs.60 Crores from Canara Bank against this project and this loan is applicable under the interest subvention scheme. To hedge against rising fuel costs the company is setting up a boiler fired by paddy straw in this unit which will help the company in diversifying its fuel needs as paddy straw is one of the toughest biomass to utilize and hence very few buyers are there in the market. The boiler qualifies for state government scheme in which SGST on the capex of the boiler will be refunded to the company; the capex on this boiler is around Rs.40 Crores.

With regards to the edible oil segment, the revenues of the edible oil segment for Q1 were approximately Rs.260 Crores and the company has been focusing on procurement of mustard seeds for the production of mustard oil due to a good mustard crop, which increased the overall segment production utilization, this is also evident in the increased EBITDA margin of the sector. The company has also seen a slight dip in the demand because of high volatility in edible oil prices globally and the government curbing on inflation, so in this situation there is a low demand when production is very high, but the company expects this to settle in the coming quarters.

Lastly in the real estate segment, the company recorded revenue of Rs.1.4 Crores, in an attempt to reduce the financial burden we will continue to utilize the real estate to liquidate debt which is visible in the earlier results. Thank you. I would now like to open the floor for questions.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Abhishek Maheshwari from SkyRidge Wealth Management. Please go ahead.

Abhishek Maheshwari: Thank you for the opportunity. Congratulations on the good margins, but the revenue depreciation that we saw this quarter I think quarter-on-quarter consecutively 33% decline in edible oil can you explain how much of margin effect?

Kushal Mittal: Yes, in our industry we never tend to compare quarter-on-quarter results because these are cyclical industries and it is always more accurate to compare year-on-year results and we have said this previously continue to say this again and in the edible oil industry what has happened is the government has started curbing on inflation and edible oil sector is one they

are targeting to bring the prices down and there has been a very high volatility globally in terms of the edible oil prices and when there is such high volatility the people are expecting that the prices might reduce a bit then there is no distributor or retailer who would want to stock anything so that is why there is a low demand which was evident in our commentary previously also that we were saying that we expect little bit this quarter and secondly the summer months always there is low demand so there have been two factors and we do not want to sell our product at a loss so that is why naturally there was a decrease in the revenue from the sector and we have surpassed our EBITDA margins what we were saying in the past we surpassed that and this is only because now there is more edible oil seeds available in the market for us to crush and process and as explained because we are fully vertically integrated it is always more profitable for us to buy indigenous edible oil seeds and then process them in the oil mill or solvent unit or refinery instead of importing more and more oil and just refining it and selling it.

Abhishek Maheshwari: We are very happy with the margins I am not disputing that but even year-on-year basis there was a considerable decline in both distillery and edible oil revenues?

Kushal Mittal: Distillery the decline is very minimal and there are couple of reasons that I explained there was a 10-day shutdown which is a maintenance shutdown, overall throughout the year our capacity utilization will still be 100% and you would not see any hindrance there and also there was another thing was this quarter we saw DDGS prices being very low, so in those days the company tends to stock up on DDGS instead of selling it because the price is cyclical and we prefer to sell it once the price increases which is it is starting to, so that was another factor. Distillery I would not really consider it because throughout the year we will achieve 100% capacity utilization but in the edible oil sector there has been lower demand in the market in general and that is not just for us I think every company you look at in the sector they will have the same story, but we expect this demand to increase.

Abhishek Maheshwari: Okay, has that picked up over the last month of this current Q2?

Kushal Mittal: Slowly.

Abhishek Maheshwari: Thank you. I will get back to the queue.

Moderator: Thank you. Next question comes from the line of Nitin Awasthi from Incred Equities. Please go ahead.

Nitin Awasthi: Sir, could you please specify the ENA rates during the quarter, I want the ENA rates and DDGS rates and broken rice rates?

Kushal Mittal: ENA and DDGS rates during the quarter?

Nitin Awasthi: Yes.

Kushal Mittal: ENA rates during last quarter were around Rs.57 to Rs.58 and the broken rice rates were around Rs.18 to Rs.19 and DDGS there is a little difference than what the market sells, so ours was around Rs.24 so in that scenario we decided not to sell anything.

Nitin Awasthi: Got it Sir. In the presentation one of the notes you mentioned was that you have sold ethanol to Reliance so how is the pricing with Reliance when it comes to ethanol how is that decided?

Kushal Mittal: The pricing with Reliance has been done which is the same as the OMCs and just two differences that we have done with them, so the OMCs have passed on a relief amount which we have to bill them quarterly now, so that is a relief amount of Rs.2.37 per liter but with Reliance we bill them at the time of dispatch and the payment terms with OMC is a 21-day credit, with Reliance is 15-day credit.

Nitin Awasthi: Got it sir. Lastly what was the power issue in the Bengal plant because of which there is a delay?

Kushal Mittal: It has been a power plant issue with the steam line designing which we had some difficulties which is causing vibration in the turbine so we are working on fixing it and we expect the production to commence in September.

Nitin Awasthi: Thank you. That is all from my side.

Kushal Mittal: Just to clarify on the last question NitinJi the average rate of ENA for Q1 was exactly at Rs.58.8 so closer to Rs.59.

Moderator: Thank you. The next question comes from the line of Dhiraj Jain an Individual Investor. Please go ahead.

Dhiraj Jain: Thank you for the opportunity. Did I hear correctly that some approval is still pending from the Bengal government for the distillery?

Kushal Mittal: I am sorry, I will clarify that, all licenses are in place but in Bengal there is still an outdated system that once we receive the purchase orders from the OMCs it is a small procedure where the purchase orders are also forwarded to the state excise and that goes to a chain of command where they sign it that you can dispatch this, dispatch this, so they give them a tanker wise purchase orders and the state government gives us its NOC tanker wise to dispatch it which is regular in nature but for the first time we are learning the process also but once first NOC comes then it would all be regular there is no clearances pending in

terms of licenses whether that is environmental, fire, boiler, excise, all that is clear it is just a small procedure that has to happen in the state of Bengal.

Dhiraj Jain: Okay, thanks for that. If I understood correctly you started the Bengal distillery at 50% capacity utilization and then after a few days you encountered some issues right and then because of that you had to kind of shutdown and then work on rectifying the issue, so right now there is no production happening at that distillery and then we intend to start only in September?

Kushal Mittal: As we speak there is no production happening, we stopped the plant about a week ago and we are still working on the issue. Some issues are normal in the initial stage but this has been an issue that is so long and we are working on resolving it as soon as possible, but at the same time we have some stocks available of ethanol which we should start dispatching this week.

Dhiraj Jain: Okay and by when do you envisage that we would be able to hit 100% capacity utilization for this plant?

Kushal Mittal: We are trying within the next 10 days but to be conservative I will say the first week of September.

Dhiraj Jain: Okay, it would be 100% hopefully, right?

Kushal Mittal: Yes.

Dhiraj Jain: Okay and what is the status of the Bhatinda plant when do you intend to start I believe it is on track, right?

Kushal Mittal: The work is on track as we speak and we are hoping by December of this year.

Dhiraj Jain: Okay, thank you. Thanks for the opportunity and best of luck.

Moderator: Thank you. The next question comes from the line of Abhishek Maheshwari from SkyRidge Wealth Management. Please go ahead.

Abhishek Maheshwari: Thank you again for the followup. My question was actually answered by the previous participant, but I have a followup on that, so when you bid for ethanol tenders do you already have the economics of it in place or once you do get an order is when you place for the grain supply and everything, just want to understand what is the predictability in performance of the distilleries?

Kushal Mittal: It is a good question and to answer it first to understand that there are two types of ethanol that I can supply as a grain-based supplier. One is ethanol that is derived from damaged food grains, that I will put in a yearly tender and there is no way right now that I can buy damaged rice in yearly contract that is done on, there are different contracts, some are seven days, some are months, some are fifteen days, some are two days so that is all calculated by us we have a team that sits down and we forecast the price of grains throughout the year and that is how we do in a discussion on how much ethanol to supply under the damaged food grain seeds and same with the fuel, fuel also is done there are different contracts for different times although in Bengal we have done a yearly contract for husk but still there has been exponential increase in prices which were not expected by anyone to be honest, we have seen that the supplier also runs into troubles and he is asking for cost escalation which is justified, so we might have to revise that as well, but there is also another ethanol that is the ethanol that is from surplus food grain, so that has a fixed grade, you buy a grain from FCI Rs.20 a kg, you buy a rice from FCI Rs.20 a kg and there is a fixed amount for ethanol, the only big variable in that is the fuel price that is the major difference and this year we have seen an unforeseen rise in the prices of damaged food grains and husk and other types of fuel as well, so keeping that in mind the government has given us a relief which we will be able to bill them in every quarter and also they have allowed us to if we wish to change our supply from damaged food grains to surplus rice ethanol they allowed us to do so, for example we have shifted some of our damaged food grain quantity from to surplus in Bhatinda and 90% of our supply in Kharagpur will be again surplus food grains against which we already have the necessary orders in place.

Abhishek Maheshwari: Okay. Thank you very much for the detailed answer. Sir, one question regarding edible oils, I can see that there has been a considerable price deterioration in edible oils, but are the volumes intact, you have said that the demand is a little less, but what can we do to keep the volumes intact at least and set our EPS based on margin improvement?

Kushal Mittal: The margins cannot improve from here to be honest.

Abhishek Maheshwari: Okay, I get it but regarding volume Sir?

Kushal Mittal: Volumes is improving as we speak but it is not what we saw in Q3 or Q4 of last year we are frank about it, but as during monsoon when the volume increases naturally and there is nothing I can do that is out of the way to increase my volume. The demand factor is there and that has been experienced by everyone not just me, so it is nothing that I am doing wrong that my product is selling less in the market, it is with all the other suppliers also.

Abhishek Maheshwari: Okay. Thank you very much for that.

- Moderator:** Thank you. The next question comes from the line of Karthikeyan from Suyash Advisors. Please go ahead.
- Karthikeyan:** I was asking you what is the arrangement in place for paddy straw?
- Kushal Mittal:** For straw we have about 15 days in which I have to procure the entire paddy straw for the entire year because when there is harvesting a farmer now has a choice between either burning it and causing pollution or hiring balers and making bales of it and selling it to people like us, so that is a 15-day period in which I have to procure for the entire year and my forecast is that I would need about 120000 tons of paddy straw for the coming year out of which about 70000 ton I have already done a contract with a supplier who would supply me 70000 ton and the rest we have a team in place who will start procuring once the harvest season is there.
- Karthikeyan:** What capacity are these boilers could be 30 tons?
- Kushal Mittal:** Mine is 60 ton boiler.
- Karthikeyan:** If I may ask you what would be the per ton consumption?
- Kushal Mittal:** The fuel consumption?
- Karthikeyan:** Yes.
- Kushal Mittal:** Fuel consumption for this could be around 350 tons per day.
- Karthikeyan:** This would be consumed in repeated format?
- Kushal Mittal:** Yes, it will be in bales but the bales are of different sizes there are 25 kgs, 100, 200 kgs and these bales will be cut and then it will be fed into the boiler.
- Karthikeyan:** Okay, directly it is dried and fed into the boiler?
- Kushal Mittal:** Yes, directly into the boiler.
- Karthikeyan:** Right, interesting and second is on fuel security for your ethanol, so going ahead what should be the mix between broken grain and FTI or other sources?
- Kushal Mittal:** Currently in Bhatinda we are about 50:50 at surplus and damage and looking at the current market trend next year we will be aiming for about 80% from surplus food grain because so much food grain has been exported out of India and lot of broken rice has been exported to

China and Bangladesh, so there is a short supply in the market when it comes to damaged food grains and keeping that in mind we will ship more of a quantity towards surplus rice.

Karthikeyan: Right and you are not seeing any sign of stress in terms of pricing for the surplus grain part?

Kushal Mittal: The grain prices are increasing as I speak and we are working on how to battle it, so I would not say it is a very easy situation but we are managing it well.

Karthikeyan: Sure. Thank you so much for answering and best of luck.

Moderator: Thank you. The next question comes from the line of Utkarsh Somaiya an individual Investor. Please go ahead.

Utkarsh Somaiya: Thank you for the opportunity. You had earlier guided for Rs.1000 Cores revenue for the current year for the distillery segment and Rs.1500 Crores topline for the edible oil segment do you still maintain that margin?

Kushal Mittal: In my distillery segment it might reduce a little because Svaksha has been delayed by a couple of months due to the international issues which we were not expecting since the plant has been designed in a way that we are not expecting these issues, but if Bhatinda unit is to start in December then we should reach around Rs.800, Rs.900 Cores from distillery and we are aiming for that still. For edible oils that depends on how much further the prices were to decrease or where they will stabilize and that is tough for me to say at the moment but around still we should aim for more than Rs.1200 at least.

Utkarsh Somaiya: Okay, and your PAT margins were around 4.3% last year and we have seen that improved this year so how will you think the year will end in terms of PAT margins?

Kushal Mittal: That is tough for me to say because the markets in both edible oil and damaged food grain or fuel is extremely volatile we have not seen anything like this in the past, so it is really tough for me to say but what I can say right now is as more and more edible oil seeds are available for us we expect good EBITDA margins from our edible oil sector.

Utkarsh Somaiya: So far Q1 has been very good, so do not we expect similar or better margins throughout the three quarters given that even if power cost has come down?

Kushal Mittal: I do not know who are saying power costs are coming down I have lot of contact power costs are still increasing throughout the nation but we just try to sustain these margins.

Utkarsh Somaiya: Okay, and what is your current gross net debt and what will it be at the end of the year?

- Kushal Mittal:** As of today is about Rs.180 Crores in working capital in BCL and now we have availed Rs.70 Crores in Svaksha which is both working capital and term loan and about Rs.60 Crores in Bhatinda so that is about Rs.310 Crores and we expect by the year end this should be around Rs.350 Crores.
- Utkarsh Somaiya:** Okay and of this how much is term loan?
- Kushal Mittal:** Rs.170 Crores.
- Utkarsh Somaiya:** Okay do we expect any of the working capital to reduce by the year end or thereafter or it will remain the same?
- Kushal Mittal:** Not for this year.
- Utkarsh Somaiya:** Okay. Thank you and best of luck.
- Moderator:** Thank you. The next question comes from the line of Dipesh Sancheti from Manya Finance. Please go ahead.
- Dipesh Sancheti:** Is there is any increase in broken grain prices?
- Kushal Mittal:** Yes, broken grain prices have increased and are increasing they are in the increasing trend.
- Dipesh Sancheti:** How much if you can quantify by percentage?
- Kushal Mittal:** At the start of the last Q1 I was buying grain at Rs.17 to Rs.18 and today I am buying that grain from Rs.21 to Rs.22.
- Dipesh Sancheti:** Okay, we plan to make the additional grain which we get from that only we will be doing, right as you mentioned in the previous question that 80% and 20%?
- Kushal Mittal:** That was a new ethanol yield that I would be aiming for 80% of my ethanol to be supplied against the surplus food grain scheme that is for the new sugar yield but even we have our own rice mills so we bought about 30000 tons of paddy in a tender in the state of MP so that we can keep supplying rice to our distilleries at a reasonable rate because paddy is old and not many millers will pick it up because the quality is not good but we as a distiller do not care about the quality of the rice as much, so we do things like that to mitigate the risk and for that reasons going off to last question I do not foresee my working capital coming down this year because to participate in a tender like this I have to pay cash for 30000 tone of paddy which is a decent amount over Rs.30 Crores but it helps our margins, so we have to

participate in no competitor work like this, so we keep finding opportunities to help reduce our raw material cost but the rise in the raw material cost is an issue.

- Dipesh Sancheti:** Okay, and regarding the paddy straw question, the total cost of purchasing is Rs.30 Crores?
- Kushal Mittal:** Total cost of?
- Dipesh Sancheti:** Purchasing the paddy stock from farmers for entire year would be Rs.30 Crores that is what you saying Sir?
- Kushal Mittal:** I never said that.
- Dipesh Sancheti:** You just mentioned that Rs.30 Crores figure that is why?
- Kushal Mittal:** I have said Rs.40 Crores is the capex for the power plant and that will give..
- Dipesh Sancheti:** According to you how much that be paddy if you are trying for the entire year?
- Kushal Mittal:** It should be around Rs.27 Crores.
- Dipesh Sancheti:** That will be accounted in this quarter itself, in the coming quarter which means we will be buying right now?
- Kushal Mittal:** This will be in the month of October-November.
- Dipesh Sancheti:** Okay, has this Svaksha Distillery started or it is still under shutdown?
- Kushal Mittal:** We were able to start the plant at 50% capacity utilization and we were able to produce ethanol and DDGS from it but there has been some issues in the power plant, so we had to take a shutdown and we are working on resolving these issues and we are hoping and working towards coming into full capacity utilization by start of September.
- Dipesh Sancheti:** As of today it is still under shutdown. It is you mentioned the 15 to 20 days shutdown from July 1, 2022, so we are sitting in August that is why I wanted to ask?
- Kushal Mittal:** It has been shutdown now, that worked through most of July.
- Dipesh Sancheti:** So, early in August we are having this shut down for maintenance of this power plant?
- Kushal Mittal:** I would not say maintenance there have been some other issues so we are working on that.
- Dipesh Sancheti:** Okay, you think this resolution will be found by September?

- Kushal Mittal:** Yes, the resolution has been found it is just implementing it on ground which is taking a bit of time.
- Dipesh Sancheti:** Great, and will the FCI allocation in future and also from our mills, will it be enough for our distillery, so all our distilleries in the expanded format to work?
- Kushal Mittal:** No, we still have to buy broken rice and damaged food grains from the open market because surplus rice that we buy from FCI can only be used towards producing ethanol and we still wish to have 50% of our capacity dedicated towards ENA because it is the more profitable business at the moment, so we still need to procure the broken rice from the open market and we do not see these prices cooling until the new crops, so until October-November we see prices of broken rice to be high and then on surveying the crop, seeing what broken would be there we will be able to make a better guess on what the prices will be next year.
- Dipesh Sancheti:** I was just coming to the ENA realization.
- Kushal Mittal:** Also as we speak the government is considering the rise in food grain prices and they are going to come with more export curbs, today they were talking about wheat and stuff like that will help in stabilizing food grain prices in the market.
- Dipesh Sancheti:** Right because I just read in the news today it was all over the news that since there is a low rainfall that there is chances of all the rice companies saying that the yield might be less?
- Kushal Mittal:** The rainfall in northern part has been good, in east India there has been some areas with low rainfall which could effect the yield it is too early to say at the moment.
- Dipesh Sancheti:** But under no circumstances our distillery will be having any shortage of raw material, they should be working in 100% capacity without any surge?
- Kushal Mittal:** It might just work 100% capacity.
- Dipesh Sancheti:** Okay, there would not be any dearth of produce?
- Kushal Sancheti:** No.
- Dipesh Sancheti:** Perfect. Now, ENA realization was better can you just quantify because since ethanol also the government was giving Rs.2 extra till September 2022 I believe then with that the ENA realizations are still better than that?
- Kushal Mittal:** Yes, that is until the end of the sugar year that Rs.2.33 that they have given is until the end of the sugar year and the new rate will be coming out after that, but still yes ENA

realizations are still better as currently in Punjab the ENA rate is from Rs.60 to Rs.61 per liter.

Dipesh Sancheti: In west Bengal?

Kushal Mittal: In Bengal it is still around Rs.59 to Rs.60.

Dipesh Sancheti: Now you already said about the debt part I just wanted to know what is the interest rate?

Kushal Mittal: On working capital the interest rate is 7.35% which is about Rs.180 Crores was the total I had mentioned. The Rs.120 Crores of term loan in Bhatinda the interest rate from bank is 8% but that is under the interest subvention scheme so the applicable interest rate to the company will be 4% and the Rs.70 Crores loan which includes working capital and term loan at Svaksha Distillery the interest rate is at 8%.

Dipesh Sancheti: This subvention of 4% is for how many years?

Kushal Mittal: It is for six years.

Dipesh Sancheti: Great and if there is any other further since we will be having a boiler also for the paddy straw that Rs.40 Crores also we will be taking under subvention?

Kushal Mittal: That is included in the total project cost. Against the total project cost we will be taking a loan of Rs.120 Crores which is fully under the subvention scheme.

Dipesh Sancheti: Okay, there is no additional?

Kushal Mittal: The Rs.40 Crores that I am spending on the boiler approximately the SGST portion not that capex will be refunded to me by the Punjab government.

Dipesh Sancheti: Okay, and that is 9%?

Kushal Mittal: 9%.

Dipesh Sancheti: Okay, great and now coming on to the edible oil is there any MSP on mustard seeds?

Kushal Mittal: Yes, there is an MSP on mustard seeds.

Dipesh Sancheti: How much is that?

Kushal Mittal: Rs.48 and currently the price of mustard seed in the market is around Rs.66.

- Dipesh Sancheti:** What is the shelf life of these mustard seeds, I am just saying that since you are getting from farmers why do not we buy it for a longer period of time?
- Kushal Mittal:** Yes, we currently are sitting on a good amount of mustard seed stocks and that is helping our EBITDA margins because we have more indigenous oil to process and the shelf life is good with three, four years.
- Dipesh Sancheti:** So, we will be able to maintain these margins for another two, three quarters easily?
- Kushal Mittal:** We are trying, yes.
- Dipesh Sancheti:** Nice.
- Kushal Mittal:** But also we procured the mustard seed at a given rate and the prices of oil were to deteriorate too much then it is hard for us to sustain these margins but I do not see them deteriorating too much so we are trying to sustain these margins.
- Dipesh Sancheti:** I know the government has been after farm oil will that affect our oil prices also, from last quarter has that decreased or it is the same?
- Kushal Mittal:** It has decreased, the prices of oil in the market and might decrease a little further also.
- Dipesh Sancheti:** Okay, but you still expect to maintain reasonable margins?
- Kushal Mittal:** Yes because we do not indulge in too much forward buying and futures in the imported oils we buy, process, and sell, we do not want to keep that risk in our hands.
- Dipesh Sancheti:** Right, and in this quarter has there been any inventory loss or gain in the edible oil?
- Kushal Mittal:** Yes, there has been an inventory loss in the edible oil.
- Dipesh Sancheti:** Can you quantify it how much?
- Kushal Mittal:** I am not sure of the exact amount in front of me, let me get back to you.
- Dipesh Sancheti:** Okay, no problem and how much was the real estate revenues are you expecting till FY2025, how much more can we juice out from our real estate business?
- Kushal Mittal:** It should be around Rs.15 Crores maximum not more.

Dipesh Sancheti: Now asset side I just saw some that the capital work was referring to the Svaksha and Bhatinda expansion on the asset side of the balance sheet, there were capital work in progress and there was real estate, there was increase in FY2022 in the balance sheet?

Kushal Mittal: We bought some 6 acres of land in one of the colonies which was under dispute with the electricity board, the dispute has now been resolved, and the land is ours and a bit of working capital was there.

Dipesh Sancheti: Okay, so this is in Bhatinda itself, right?

Kushal Mittal: Yes, in the current establishment just joining it, this has been in dispute since the colony was built.

Dipesh Sancheti: Great, we have additional 6 acres for further expansion and this is my last question about trade receivables in FY2023 what is the nature of bad debtors?

Kushal Mittal: Bad debt in our industry is very minimal in distillery we do not have any bad debt, very minimal like Rs.50000 to a Lakh against country liquor maybe in an entire year and even in edible oil someone had asked me what move are you doing to progressively market in the edible oil sector I currently do not sell much edible oil for credit it is only done to one or two, three people who have been dealing with us for the past 10-20 years otherwise if someone comes looking for credit we do not serve them so that is why even in this bad debt is very minimal.

Dipesh Sancheti: That is great. Are we planning to get into B2C through Amazon, through Flipkart are we planning to do something like that?

Kushal Mittal: Our brand presence has increased and we have had a new team and are planning on increasing this even further and even in the distillery segment I am very pleased to say that there has been a new excise policy that has come into play under the new government and it has opened up the market for everyone and we too are now aggressively marketing our country liquor product and it is doing very well for the past one-and-a-half months, so that has given us lot of courage and encouragement and now we are also relaunching IMFL brand Vodka in the market which did very well previously but due to the excise policy we had to discontinue it, we are now bringing it back so even in the sweet segment at the Bhatinda unit where we are increasing our consumer focus.

Dipesh Sancheti: What brand if I may ask?

Kushal Mittal: We have country liquor brand, which is Asli Santra, Ranjha Sanufi we are launching a new country liquor Vodka brand and we have our IMFL Vodka brand got commercial which

was doing very well in the years 2011 to 2014-15 but after that it was discontinued due to the excise policies in the state but now we are relaunching the product.

Dipesh Sancheti: That is great, and it was mentioned that we have won an order from Reliance also for the distillery, so this is the first time we have won an order from Reliance?

Kushal Mittal: Yes, actually it is the first time we spoke to Reliance, they had been interested in procuring ethanol from Bhatinda also but since most of our quantity was already diverted towards ENA and towards the ethanol tender we would not be able to cater to the demand, but in Kharagpur they reached out to us again because they have a huge, huge requirement of ethanol for blending purposes and we have now saved some quantity for them and this will be a start of a good relationship.

Dipesh Sancheti: Okay, just a general question that most of the companies whether it is Global Spirits, whether it is EID Parry, everybody has reported lesser numbers for their distilleries from the last quarter including BCL, is there any particular reason because of raw material or because the realizations were already high because of the additional Rs.2.33 which was given by the government?

Kushal Mittal: This Rs.2.33 has come into play because I have to bill them quarterly and are yet to bill them since the relief was forwarded to me, so that has not been reflected in my numbers yet or any of the other company numbers and also we are experts in the food grain division we have been in the market for 30 years primarily in food grain because we started off as an oil mill and a rice miller which are competitive then we have very good gist of the market when it comes to procuring food grains and that has helped us to procure at lower rates in my competition, but sometimes we reported lower margins then you used to ask you are earning profits and they are getting more than you, I used to say every business is run differently and are still safe today, but we personally saying we have an advantage when it comes to procuring food grains.

Dipesh Sancheti: No, you have reported better margins, I can really compliment that to you and you have really been very nice to shareholders by giving us dividend and deciding not to take dividend I think that has to be really appreciated by all small investors like us. Thank you so much.

Moderator: Thank you. The next question comes from the line of Dhiraj Jain an individual Investor. Please go ahead.

Dhiraj Jain: My question is related to the six-acre land that you have got now finally after resolution of the dispute so what are your plans for that, are you planning to expand in the real estate

sector because earlier you had mentioned that you do not have any plans to venture into real estate?

Kushal Mittal: I just said old dispute settled and basic work will be done, there will be plotting only, we would not be building any group housing over there, basic amenities will be given like road, electricity, sewage and stuff and the basic plotting will be done, so not much investment is involved.

Dhiraj Jain: Okay, fine. Thank you for that update.

Moderator: Thank you. The next question comes from the line of Dipesh Sancheti from Manya Finance. Please go ahead.

Dipesh Sancheti: Again this is just a request that if we can have a concall after market hours we will get more participation from a lot more investors because this is actually the time of market so lot of investors do not come for concalls, just a request if it can happen because it is a lovely company and it would be lovely if more investors would know about this company.

Kushal Mittal: That is a good idea, we do not have any issues with it next time we keep it in mind, I will discuss with our IR team.

Dipesh Sancheti: Yes. After 3:30 if it is done or around 4 O'clock it will be great.

Kushal Mittal: No problem we will try.

Dipesh Sancheti: Thank you so much. Thank you.

Moderator: Thank you. The next question comes from the line of Prashant Sharma from Quantum. Please go ahead.

Prashant Sharma: Sir, I just want to know your plans to ramp up the production in the west Bengal plant, once it starts in September when can we expect it is running at 100% capacity?

Kushal Mittal: Once we start in September we expect it to work at 100% because a lot of the trials were done while it was working at 50% and once we start we would be aiming for 100%.

Prashant Sharma: What is your capex plan for FY2023 and FY2024?

Kushal Mittal: FY2023 our capex plan is to finish our Bhatinda expansion of 200 KLPD ethanol which has a project cost about Rs.180 Crores and 2023-2024, once the Svaksha 200 KL is stabilized and we are confident with it, we would like to start the work towards adding another 100

KL over there, we have done lot of the home work there whether that is in clearances so we expect to start that to work by December so that would be around Rs.45 to Rs.50 Crores in that expansion.

Prashant Sharma: Okay, sir this is just a general question, recently there has been a rumor that says the government's inventory of rice is going down so they might prohibit conversion of rice into ethanol, my understanding till now is that the broken rice that we take is not for human consumption, so can you please throw some light on this?

Kushal Mittal: Firstly, I have not heard of this rumor, I do not know they are still supplying us under the scheme and surplus rice is supplied to us by the government and for that we have a separate policy and then there is broken rice that we find in the market for ENA production or damaged food grain ethanol production and these are two different type of rice, the damaged food grain we buy from the market is primarily rice that is not consumed by humans, either rejection, broken, damaged, has foreign material and the rice we procure from the government under the surplus rice scheme that is PDSI that is very good quality rice. They are different raw materials.

Prashant Sharma: Okay. Thank you. That is all from my side.

Moderator: Thank you. The next question comes from the line of Dipesh Sancheti from Manya Finances. Please go ahead.

Dipesh Sancheti: One question you mentioned that a lot of broken rice has already gone to China any particular reason since broken rice is not are they using it like soya bean?

Kushal Mittal: What I understand it has gone for poultry industry to China they have imported a lot.

Dipesh Sancheti: Okay. Thank you.

Moderator: Thank you. The next question comes from the line of Dhiraj Jain an Individual Investor. Please go ahead.

Dhiraj Jain: Thank you for the opportunity again. Sir, if the rumor about the rice as the government not releasing the rice for ethanol production tends out to be true I hope that it is not because that it is happens would you be able to access broken rice is there enough broken rice do we have access to that, if not then what would be the impact on the business if surplus rice is indeed not available?

Kushal Mittal: Firstly, I do not know, I hardly doubt whether this rumor is true to begin with that and secondly of course you can pick your stuff but prices of damaged food grain was increasing

further so if you want to procure then do it rates are going to increase which will impact the margins. But the OMCs are also understanding that there has been an increase in prices and raw material prices so we expect a further revision of price, further upward revision of price in the next ethanol year as well.

Dhiraj Jain: There is no dearth of broken rice is that fair understanding, if surplus rice is not available then I understand that the rates of the surplus rice would increase but what about the quantity is there enough quantity of broken rice available?

Kushal Mittal: It is tough to say at the moment because lot of supply comes from surplus now, so it is tough to say but yes rates was increased but there is enough availability and there is new crop coming in as well.

Dhiraj Jain: Ok, Thank you for that update. That is it from my end.

Moderator: Thank you. The next question comes from the line of Manish Aggarwal from Edison Energy Limited. Please go ahead.

Manish Aggarwal: Thank you so much for the opportunity. I just have one simple question I just came across an article in Business Standard where it states that the cost of manufacturing a second-generation plant is almost six times that of first generation so how far do you agree with this?

Kushal Mittal: Firstly that article let anyone make and from second generation there has been a plant that has commissioned and I still see them producing. It is very tough thing to produce ethanol from second generation and no private player can venture into that industry because firstly the capex for which is almost 7 to 8 times as much and then further cost per liter that is done by the government for a green initiative, yes that article is accurate if someone is able to produce 2G ethanol.

Manish Aggarwal: Could you please help me with what is the difference between first generation and second generation, like as far as my knowledge is the second generation is basically the grain base?

Kushal Mittal: No, second generation is what they are doing is, for example they are trying to extract ethanol from paddy straw extracting ethanol from cellulose, so that is second generation what we are doing or what molasses-based companies are doing is first generation.

Manish Aggarwal: Okay, our grain-based ethanol plant is basically comes under the category of first generation and not second generation?

Kushal Mittal: Yes.

Manish Aggarwal: Okay. Thank you so much. That is all.

Moderator: Thank you. As there are no further questions we have reached the end of question and answer session. I would now like to hand the conference over to Mr. Kushal Mittal for closing comments.

Kushal Mittal: I would like to thank you all for joining and asking very good questions about the company. We at BCL are trying our best to deliver the best results despite the market trends in edible oils and grains and we hope meeting your expectations in the future as well. Thank you so much.

Moderator: Thank you. On behalf of Quantum Securities Private Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.