BCL Industries Limited

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03.11.2021

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

**REG: Transcript of Earnings Conference Call for Unaudited Financial Results for the Quarter / Half year ended 30th September, 2021**

**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/ Half year ended 30th September, 2021.

The transcript of the conference call held 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**

BCL Industries Limited Bathinda

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

# "BCL Industries Limited Q2 FY22 Earnings Conference Call"

**November 01, 2021**

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|---|---|
| **MANAGEMENT:** | **MR. PANKAJ JHUNJHUNWALA -- DIRECTOR (SVAKSHA DISTILLERY) A SUBSIDIARY OF BCL INDUSTRIES LIMITED** |
| | **MR. KUSHAL MITTAL – JOINT MANAGING DIRECTOR. BCL INDUSTRIES LIMITED** |
| **MODERATOR:** | **MR. NITIN AWASTHI – INCRED EQUITIES** |

**Moderator:** Ladies and Gentlemen, Good day and welcome to Q2 FY22 Earnings Conference Call of BCL Industries Limited hosted by InCred Equities. 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nitin Awasthi from InCred Equities. Thank you and over to you, Sir.

**Nitin Awasthi**: Thank you. Before we begin, I would like to thank the management for giving us this opportunity to host them on this concall and secondly would like to read out a short cautionary statement before we begin. Some of the statements made in today's concall maybe forward looking in nature. Such forward looking statements are subject to risk and uncertainties which would cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and the information currently available to the management. Audience are cautioned not to place undue reliance on these forward looking statements in making any investment decision.

The purpose of today's earnings concall is purely to educate and bring awareness about the company's fundamental businesses and the financial quarter under review that is all over to you sir.

**Management**: Good morning everyone and thank you for the introduction Nitin. We would like to welcome everyone for this earning's call for the first half and second quarter of the financial year 21-22. Before we begin, I would like to wish you and your loved ones a very Happy Diwali and we hope you all the wealth and happiness in the New Year. For the one who are participating for the first time let me give you a brief background about the company.

BCL Industries Limited is a diversified business house in manufacturing and development with business interest spread across the variety of industries namely edible oil and Vanaspati, distilleries and real estate. The company started off in 1976 with a solvent extraction plant of 40 tons per day extracting oil from rice bran. Over the years the company has grown to become one of the largest edible oil manufacturers in North India having a capacity 1,020 tons per day.

Furthermore we forayed into the business of distillation by setting up our own grain based distillery of extracting alcohol of 100 KLPD along with bottling plant in Bhatinda Punjab. The plant was later doubled to capacity 200 KLPD as a business group. In order to grow the distillation business the company is now installing a new state of the art distillery of 200 KLPD distillery with 10 megawatt cogeneration plant in Kharagpur and is now working towards doubling the Bhatinda capacity again from 200 KLPD to 400 KLPD.

Now talking about the key financial highlights for the first quarter. The total income for the quarter was at 464 crores which increased about 42% year-on-year and 3% quarter-on-quarter.

EBITDA for the quarter was 32 crores which increased by around 58% year-on-year and 15% quarter-on-quarter. EBITDA margin were at 6.89 net profit was approximately 21 crores with an increase of 77% year-on-year and 24% quarter-on-quarter and the PAT margin of the company were reported 4.5%. In the first half of the financial year 2022 the total income stood 916 crores which is a growth of approximately 52% compared to the first half of the previous financial year. EBITDA stood at 60 crores which is a 59% increase and margins were reported at 6.53%. PAT for the first half was about 38 crores which represent a staggering increase of 101% compared to the same time last year and PAT margins stood at 4.12%.

Coming on to the operational highlights for the second quarter of the financial year 21-22 I would like to start with the distillery segment. The revenues from the distillery segment Quarter 2 stood at approximately 122 crores. BCL continues to be one of the largest grain-based ethanol suppliers in the nation with a tentative supply 4.5 crores of ethanol in this financial year. The company is experiencing great demand for both ENA and ethanol and helps improve margin due to an increase in prices DDGS and ENA in the market. The company has also obtained the environmental clearance from MOES and bank sanction from Canara bank for the project to expand the current Bhatinda unit from 200 KLPD to 400 KLPD.

The advances to the vender have been released and the civil work will start right after Diwali. The company hopes to commence production in this plant by November of 2022. Post expansion our Bhatinda distillery will be 400 KL hopefully one of the largest plants in the entire country grain-based distillery. The work construction of distillery in Bengal also in full swing despite record breaking rains this year. The team is working tirelessly to ensure the commissioning of the unit by January 2022.

With regards to the edible oil segment the revenue of the edible oil segment for Quarter 2 there is approximately a 339 crores. We are experiencing strong demand for our product in this segment thanks to the consistencies and the quality of products and the undisturbed supply chain that the company offers. The government focus on Make in India for the edible oil sector the company expect to keep increasing its revenue on capacity utilization from the edible oil unit.

Lastly in the real estate segment company recorded a revenue of around 4 crores for the quarter and an attempt to reduce the financial burden of the company we would continue to utilize the revenues from the real estate sale to liquidate them which is visible in year-on-year results. I would now like to open the floor for questions. Thank you.

**Moderator**: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Dipesh Sancheti from Manya Finance. Please go ahead.

**Dipesh Sancheti**: My question is first what is the share of revenues which we have in West Bengal refinery with a West Bengal ethanol plant?

**Management**: The company hold 75% equity.

**Dipesh Sancheti**: And is there any plans of acquiring from the rest of the 25% also?

**Management**: None as of yet.

**Dipesh Sancheti**: So, what I understand we are having a current capacity of 200 KLPD by Jan 2021 it will become 400 KLPD and by November 2022 600 KLPD?

**Management**: I would like to clarify so in Bhatinda the current capacity is of 200 KLPD which we will be doubling. For that the environmental clearance and the bank sanction is in place and the orders have been placed to various venders and the advances have also been released. So, this Bhatinda plant will be double to 400 KLPD by November of next year and the Svaksha Plant will be commissioning a capacity of 200 KLPD by January 2022, we expect it to come into full production by then and we hope to add another 100 KL to that Svaksha Plant by December next year.

**Dipesh Sancheti**: By December 2022 we will have around 700 KLPD?

**Management**: Yes.

**Dipesh Sancheti**: And also one more question that what about in the last conference you had hinted something about a GAIL deal coming out of about 500 KLPD, how close are we into that?

**Management**: The company has applied and GAIL is taking their time and evaluating all the bids and there has been no update from that segment.

**Dipesh Sancheti**: They have not given it to anyone else?

**Management**: Not that we are aware of.

**Dipesh Sancheti**: So, it is still in line?

**Management**: Yes.

**Dipesh Sancheti**: And one more question is what about the revision of ethanol prices which generally happens in December?

**Management**: The new rates for the next year are not out yet so I cannot comment on that whereas the new tender is out for 479 crore liters of ethanol to be supplied.

**Dipesh Sancheti**: That will be consuming our entire capacity?

**Management**: Yes by 479 I think we will bid around 4 crores to 4.5 crores again from the Bhatinda plant and once the Svaksha unit comes into production we will bid around 2 crores from that plant as well.

**Dipesh Sancheti**: So, when are we expecting revision of prices. I just want an approximate date when does it happen, does it happen in the first week or the last week of December?

**Management**: There is no fixed date for it to come out it should come out in the next coming weeks.

**Dipesh Sancheti**: So, we will be announcing that in our announcements?

**Management**: I think that is public for everyone to see I do not think we need to make a separate announcement for that.

**Dipesh Sancheti**: Just one question about your real estate how close are we to complete whatever our inventory was there, we were supposed to clear it off and get that in our business what is the update on that?

**Management**: It will take another 7 months, 8 months I am guessing to a year. I mean the inventory is selling off at slow pace consistently. So, maybe another year to 8 months I do not know around that term.

**Dipesh Sancheti**: And what about the edible oil prices with edible oil prices going up I mean the raw material prices going up, have we revised our end product prices?

**Management**: Of course, the prices are revised on a daily basis depending on various markets of course the Indonesian and the Malaysian market has a role to play, the Chicago exchange has a role to play and the local market has a role to play and accordingly depending on the raw material prices we rise our finished product prices on a daily basis.

**Dipesh Sancheti**: And we are serving only through our branded products we are not selling it through I mean we are not doing any contract manufacturing for any other bigger company?

**Management**: Very minimal contract manufacturing has been done from Markfed which is a Punjab government undertaking where we are manufacturing Vanaspati, but that quantity is minimal besides that no other contract manufacturing is being done now.

**Moderator**: Thank you. The next question is from the line of Anshul Verdia from Edelweiss Wealth Research. Please go ahead.

**Anshul Verdia**: I have couple of questions first one on the raw material side, so with the heavy and the regular range we have seen this year which has resulted in the rice prices increasing in the third quarter, so do you see that to be in the broken rice as well and do you see the raw material cost going up in the coming quarter?

**Management**: See broken rice prices have increased a little, but now we expect milling to start across India and especially in the Northern Indian states. So, we do not expect a significant increase in the broken rice prices.

**Anshul Verdia**: What I understand is that even if the rice prices would have increased by some percentage the intensity of increase in the broken rice would be much lesser as compared to the rice?

**Management**: Yes, in the rice milling business, rice miller usually looks at all of his by-product prices and his long grain price and the by-product prices for example the price for rice husk is at an all-time high. The price of rice-bran is at an all-time high. So, when those prices are at an all-time high and milling has started and there is more broken rice, then there is less pressure on the prices of broken rice prices to increase. So, we believe that will work in our favor and we do not expect the broken rice prices to rise.

**Anshul Verdia**: And sir one more on the DDGS, I understand in the first half we had a good realization particularly in the second quarter we had a good realization of DDGS which has actually helped us in the margins, but we have seen there is a steep correction in the soya prices, so I just wanted to understand how it will be impacting our business or do we also see some seasonality in the realization of DDGS?

**Management**: It's a very corrective analysis, once the import for GMO soya DOC was allowed there has been a revision in the prices soya DOC and DDGS in the Indian market. So, right now the prices are downwards, but DDGS prices have always been quite seasonal. When the prices are low we have seen that even the demand is low. So, we do not really mind it, we can stock up on our DDGS and sell it when the prices have been revised up. It is nothing to be worried, but yes the prices has been correcting significantly.

**Moderator**: Thank you. The next question is from the line of Pritesh Vora from Mission Holding. Please go ahead.

**Pritesh Vora**: Sir I want to understand the risk involved in the business as unprecedented people are putting up facilities to produce ENA and ethanol, is that structurally there will be an issue few yeara down the line that the raw material price is higher and the arbitrage we will make between the raw material price and the final price may diminish over a period of time because the food price bound to escalate inflation wise, so how do you actually price your product it is a fixed price product then how do you control the raw material inflation?

**Management**: First I would like to make a few points in that statement and the question you have asked. Firstly you said that there has been a lot of ENA and ethanol plants coming up I would like to make a correction here, out of the new capacity that is being installed in the country very little to minimal capacity is diverted towards ENA because the rules and regulations for setting up an ENA plant have not been eased. The state law is still stringent for you to get a D2 license from the state excise, the environmental laws have not been eased if you want to setup an ENA plant. So, out of the new capacity that is being installed, we are only seeing ethanol capacity and that is where a company like us can benefit because all of our capacity is flexible capacity. We have the flexibility to shift between ENA and ethanol depending upon the market demand and that is where our expertise lies and I do not see much raw material inflation pressure coming into our industry very soon because as of day the FCI and the other government organization they are still procuring up to 2 lakh metric tons of grains a day and they have diverted a lot of this quantity towards the ethanol grinding program. So, when they gave us their rice at Rs. 20 and they have a set price for ethanol I think more or less the margins have been fixed for the year for the supplier like us and that also works towards the benefit and ENA has a great demand in this nation where the younger population drinking more where the lot of industrial use is coming for ENA and so we expect the ENA demand to keep increasing and we would not see much capacity coming in with that segment and the ENA price is the first flexible and they revised on a monthly basis and that can be continue to go on.

**Pritesh Vora**: As you mentioned the raw material price rise ultimately what raw material price you buy it so can you also develop on what is the price differential between say ENA through molasses root and through the grain root, so if the food price becomes higher rice price and all that we will have molasses root will be a much cheaper and then competition coming in how do you differentiate that?

**Management**: Yes, molasses ENA has been cheaper, it is a cheaper product if you are comparing molasses ENA to grain-based ENA it is like comparing a donkey to a horse. Many states even Maharashtra, UP and other states are banning molasses-based ENA for potable drinking and this will be a strength and will go throughout the nation. If you look in other developed nations, molasses-based ENA is not fit for human consumption and as our disposable income increases in the country that trend will continue in India. So, we do not think that is a bigger concept.

**Pritesh Vora**: So, you are seeing there is a differentiation between grain and molasses-based ENA, but there is no difference if you produce the ethanol out of the grain route?

**Management**: Grain based ethanol is cheaper than molasses-based ethanol, the government is procuring grain-based ethanol in the country at Rs. 51.55 paisa whereas molasses based ethanol is more expensive.

**Pritesh Vora**: So, you are saying the same ethanol if it is grain based it is cheaper than the molasses-based ethanol?

**Management**: Yes.

**Pritesh Vora**: Basically this particular segment of a business is determined by the prices set by the ministry there is no free pricing in the sector?

**Management**: No of course there is free pricing depending on the raw material prices the ENA prices also go and the ministry also looks at all the raw material prices and then they come up with a price and they always takes the industry perspective into view.

**Pritesh Vora**: And my last question before I come in the queue what is the percentage of ENA which you sell to the liquor manufacture vis-à-vis the alcohol which is sent it to the IOCL and fuel mixing, what is the percentage of volume you bifurcate between these two business?

**Management**: See currently about 60% of our product manufactured has been dedicated to the ethanol blending program out of the 40% that is left over about 70% to 60% is being utilized for portable industry and the rest is going for industrial uses.

**Pritesh Vora**: So, 60% is for fuel mixing is it?

**Management**: Yes.

**Moderator**: Thank you. The next question is from the line of Vikram Vilas Suryavanshi from Phillip Capital. Please go ahead.

**Vikram Suryavanshi**: Sir, this West Bengal additional 100 KLPD distillery, I think we already have 200 KL so do we need additional environmental clearance for this 100 KLPD and most of this ancillary power and all would be ready, so incrementally how much is it a CAPEX for this additional 100 KLPD at the West Bengal?

**Management**: Yes, we will need another MoEF clearance for installing 100 KLPD. The application for which has been submitted and is moving very well and for the CAPEX would be around 70 crores for the installation of 100 KLPD.

**Vikram Suryavanshi**: And second question regarding have we use the damaged rice or food grain so far or what will be plan to going ahead what could be the percentage of that raw material we will be using for incremental capacity and is it basically purely on tender based or is there any mechanism by which we will get this rice from FCI?

**Management**: The rice from FCI I think for this current sugar year we utilized about 10,000 metric tons of FCI rice which was not a high quantity as we wanted to experiment. We wanted to see how the policy is and we saw that it was easy to manage everything and we might increase our quantity for this year, but we are still deciding.

**Vikram Suryavanshi**: Last question on absolute term what is DDGS price as currently in rupees per kg?

**Management**: It is around it depends on the protein in the DDGS so our DDGS is currently being priced at around Rs. 24.

**Moderator**: Thank you. The next question is from the line of Dipesh Sancheti from Maanya Finance. Please go ahead.

**Dipesh Sancheti**: Sir just a few follow up questions, first is what is the consolidated debt right now and by December 2022 when I have 700 KLPD plant will be ready, what is the expected consolidated debt?

**Management**: The current consolidated debt on the company is I think closer 280 crores which should increase to about 350 after all our plants the loan has been taken for all the expansion.

**Dipesh Sancheti**: It will be increase by 350 or to 350?

**Management**: To 350.

**Dipesh Sancheti**: And what will be the average cost of funding?

**Management**: The average cost of funding will be quite low so the current cost of funding for our company is at MCLR which is 7.3 and the further loans that will be taken for the expansion for under Interest subvention scheme. So, we are expecting around 4% cost of funding for those loans.

**Dipesh Sancheti**: And right now the 280 crores what is the cost of funding for that average?

**Management**: 180 cr, that is 7.3.

**Dipesh Sancheti**: I mean are we looking at other products also for our ethanol blending like maize?

**Management**: We are quite flexible in our production which I think differentiates us from a lot of the other suppliers and that is all depends on the prices of the grains compared to how much starch a particular grain has. So, currently broken rice in parity and that is what we are using, but depending on the prices we are always willing to change.

**Dipesh Sancheti**: And that will not require any significant change in our machinery?

**Management**: No change at all.

**Moderator**: Thank you. The next question is from the line of Ketki Dave. Please go ahead.

**Participant**: Sir, my question would be by when do we expect to reach optimum capacity utilization in the edible oil segment and what is the maximum revenue we can generate?

**Management**: I think the maximum revenue that can be generated from this segment is closer to 1,200 to Rs. 1,300 crores and we expect to reach to the 100% capacity in the utilization in another year because we are expecting a bumper mustard crop to come that will help in further capacity utilization of our oil mill and a solvent extraction plant.

**Participant**: And I have a follow up on this too the government has been slashing the import duties and edible oil, so how does this impact our revenues and our margins as last year has been a good year for us in the edible oil segment, so does this mean that this is over for now?

**Management**: The government has already revised the duty structure quite significantly with the Diwali pressure coming in, but what we and all the other edible oil in the country have been saying for a very long time is that such cuts in the duty does not actually carry forward to the end user. What was always realized since India is the biggest importers once the duties are cut the international prices for the same increase to compensate for the same. So, even after duty structure was forecast, the local edible prices if you noticed has not been decreased significantly. So, the demand is great in the Indian market the per capita consumption for edible oil has been increasing and we will continue to increase and so we do not expect this to impact our margins or realization significantly.

**Moderator**: Thank you. The next question is from the line of Anshul Verdia from Edelweiss Wealth Research. Please go ahead.

**Anshul Verdia**: One more follow up from my side so you had spoken about the FCI rice procurement which we are trying on a pilot basis, so I just want to understand if we use broken rice instead of FCI rice, is there any change in the what we say production so there are higher recovery rate when we use rice instead of broken rice and second question is the prices for the ethanol which government has decided on the FCI rice versus the broken rice there is a difference of Rs. 5, so are we seeing that broken rice price in the FCI rise price of Rs. 20 that gap it has been but gap has lessened in the last quarter so that will make more sense to shift to FCI rice and picking the higher realization so just a thought on that like I just wanted to understand that onsite if there is any why should I stick to FCI rice?

**Management**: So, I will answer this in parts. Firstly we have experienced that there has not been much difference in the recovery whether we pick your broken rice or FCI rice. The reason for that is that all the quality cuts are done accordingly to the foreign material that is in the product. So, once the quality cut has been done in the product we come to the realization that the recovery between FCI rice and the broken rice is the same there is not much difference maybe there is a bit of a difference in the DDGS quality I think that improves a little when FCI rice is used, but we have not used FCI rice at a significant quantity for me to make a definite statement for the same and yes if the broken rice prices continue to stay the same or increase further then FCI rice polices into parity and we will look to increase our quantity in the same.

**Moderator**: Thank you. The next question is from the line of Dipesh Sancheti from Maanya Finance. Please go ahead.

**Dipesh Sancheti**: Just one follow up question I mean as a last participant asked about FCI rice is the realization for ethanol actually Rs. 5 higher for FCI rice and if that what is the difference between the broken rice prices and the FCI rice prices?

**Management**: So, the broken rice price at Rs. 51.55 paisa whereas the FCI rice is at Rs. 56.87 paisa. So, throughout the year the difference between the two has changed so it went from being around Rs. 4. So, currently I would say the price difference between FCI rice and broken rice are Rs. 2.

**Dipesh Sancheti**: So then is not it better that we convert everything to FCI rice since we get a higher realization in the prices difference is only Rs. 2?

**Management**: Actually this is our opinion that broken rice prices will decrease in the coming months and yes you will increase our FCI rice quantity, but we would not convert all of it because there are when you are working with FCI there are a few things that slows down the process in the procurements and I do not think it is wise to divert and for the ENA production also with broken rice we cannot produce ENA from FCI rice that is not allowed.

**Moderator**: Thank you. The next question is from the line of Nitin Awasthi from InCred Equities. Please go ahead.

**Nitin Awasthi**: I would like to understand the working capital cycle of the company currently and as we become more of an ethanol company how will that evolve because what I understand is today we are more on the edible oil segment etcetera because of which our working capital days are stretched and as we move towards the ethanol segment it should shrink quite significantly, is that a correct understanding?

**Management**: Yes, but the working capital requirement for edible oil will remain about the same whereas we are increasing our revenue we are not diverting our revenue from one segment to another. We are adding more revenue from the ethanol sector so the requirement for the edible oil will remain the same, but the ethanol sector is still a 21 days payment period from the OMCs so there is some working capital requirement, but significantly lower when compared to the edible oil segment.

**Nitin Awasthi**: And the inventory days and the payable days on the ethanol segment?

**Management**: Inventory days is quite low maybe week at the max and the payment is 21 days and there is a 5 day transition period.

**Nitin Awasthi**: So, significantly lower working capital cycle going ahead on a cumulative basis?

**Management**: Yes.

**Nitin Awasthi**: Secondly wanted to understand the difference between our procurement network in Bengal versus our home state, do we have higher gross profit margins in our home state because we have established a procurement network versus Bengal where we are relatively newer player?

**Management**: Actually the raw material prices in Bengal will be lower because the suppliers will remain the same even our Bhatinda procurement very little is being done through smaller rice mills and that has been done because we have been here for a long time and we have the networks, but most of our procurement is still coming through large traders who deal in quantities throughout the nation and they are very excited for the Kharagpur plant to start and every time they visit the office and they are like when it is starting they are more than ready to supply at a cheaper rate because there is a greater supply of broken rice in the state of Bengal and very few distilleries so we do not see that as being a problem.

**Nitin Awasthi**: And last question from my side for the second stage of the Bengal expansion why have you chosen a quantity of 100 KLPD and not more, is it construction of land, environment clearances which you think will be required for a higher capacity or some other things which came in the way or is that under discussion that this 100 might actually go up?

**Management**: Firstly, the decision to add another 100 KL is because we have the necessary steel and power in place to add another 100 KL. So, for adding another quantity greater than that will have to install power plant which is an expensive affair and requires land. So, that was the first reason and that 100 KL could be added very quickly because we have the necessary power and steel in place which is usually the part that takes to longest to install and there is a very expensive affair to install so that is why 100 was chosen and secondly yes currently the land availability is at 33 acres to install a greater capacity we would need more land and we are procuring land when the opportunity comes so that is why 100 KL was chosen and once the 100 KL starts only then we will think about further expansion can be done right now no plans are in place.

**Moderator**: Thank you. The next question is from the line of Pritesh Vora from Mission Holding. Please go ahead.

**Pritesh Vora**: Sir, can you explain is there any selling prices fixed based on your input raw material price is that correct I mean depending upon the broken rice or the FCI rice the final product price differs based on what input raw material you are taken?

**Management**: Yes so ENA prices are set at a monthly basis and the input prices play a significant role in setting up the ENA price is fixed for the year.

**Pritesh Vora**: And how about the ethanol price?

**Management**: That is fixed for the year.

**Pritesh Vora**: For example if I am producing ENA which I am selling to Pernod or any other liquor manufacturer based on whether I use a broken rice or rice from FCI my realization will be different?

**Management**: Rice from FCI cannot be used to produce ENA. Rice from FCI can only be used to produce ethanol for the ethanol blending program and no other use.

**Pritesh Vora**: Suppose you are selling the ENA to Pernod or any other liquor manufacturer how can the realization get fixed I have not understood?

**Management**: I have never said realization will get fixed I said prices are revised on a monthly basis and we book the quantity for the buyers at the start of the month and if they want to buy they buy if they do not they do not.

**Pritesh Vora**: So, there ENA you produce from the broken rice?

**Management**: Yes.

**Pritesh Vora**: So there the variable is basically output is the free market pricing, but the input based on the raw material price which you get it, but how about the ethanol, ethanol prices output prices fixed by government right?

**Management**: Yes.

**Pritesh Vora**: And depending upon which raw material you use government gives you output prices is that correct?

**Management**: Yes.

**Pritesh Vora**: So you are saying as of now the broken rice fetches you less revenue as compared to the FCI rice.

**Management**: But broken rice is also cheaper than FCI rice.

**Pritesh Vora**: If government fixes ethanol price every year to which input you produce, I mean why is so much restriction of fixing the price why cannot government decide a single price for ethanol for all the manufacturer?

**Management**: Raw material prices are different; cost of production is different. So, I think those are the variables they look at the prices of bye products are different. You mean DDGS price also plays an important role in calculating the industry margins so everything they take feedback from us and they are very responsive to. So, last year for example when the rates first came out the FCI ethanol rates was at Rs. 54.87 paisa and the rice was at Rs. 22 and since no one participated in the tender because the priority was not there they asked us a feedback and we gave them feedback and within 10 days the prices were revised where prices for rice is revised from Rs. 22 to Rs. 20 and the ethanol price was revised from Rs. 54 to Rs. 56. So, they take feedback from the industry and they are quite responsive.

**Pritesh Vora**: Sir how do we when you decided to put up this capacity how do you economics wise you have worked out suppose crude 2oil price to fall from here on, will it put a pressure on pricing of ethanol?

**Management**: Not at all see this was a question that kept coming up during the COVID lockdown also when the prices of crude oil crashed. People thought the government will stop procuring ethanol, but see ethanol is being procured for various other reasons. The government has to support the farmers, they have realized and the only way to support a farmer is when there is an actual use for the farmers produce and with the sugar industry and the grain industry having an overproduction from the farm it is very important for the government to come up with the use for the farmers produce. So, that is a big thing it is also greener for India to meet their emission target, they have to shift towards greener fuel and ethanol will play a huge role in that. It produces 7 times less fuel to emission compared to alternatives and thirdly India wants to cut down its imports and dependence on few countries for the import of crude. So, all these factors will play an important role.

**Pritesh Vora**: Sir what is the present difference in the selling price to ethanol if you have gone through molasses route or grain route what is the difference between the two prices?

**Management**: See the molasses I think B heavy, C heavy is a different rate I think it changes from 56 it is available on the internet for you to see I am not exactly sure to comment on that.

**Pritesh Vora**: What price is ethanol?

**Management**: For broken rice is Rs. 51.55 paisa for FCI is Rs. 56.87 paisa.

**Moderator**: Thank you. The next question is a follow up from the line of Dipesh Sancheti from Maanya Finance. Please go ahead.

**Dipesh Sancheti**: Just the suggestion that if you can keep our concall maybe around 4 o'clock instead of market hours I think we will have more participation from brokerage house because that the stock is really cheap and we should have more brokerages coming in line as well as you know we have better HNI investors in our shareholding pattern.

**Moderator**: Thank you. The next question is from the line of Kashish Chopra, an Individual Investor. Please go ahead.

**Kashish Chopra**: I just wanted to get an idea or a sense of the long-term vision that you have for your company where are you seeing BCL 5 years, 10 years down the line any thoughts on that please?

**Management**: So, the long-term vision for now is to stay the largest supplier of grain-based ethanol in the country and to keep growing in the edible oil segment as well. To have sustainable growth in the company by expanding in the distillery business for now and making sure that our brands in the edible oil segment keep doing well and to keep increasing our revenues and profits for the edible oil segment.

**Moderator**: Thank you. The next question is from the line of Pritesh Vora from Mission Holding. Please go ahead.

**Pritesh Vora**: How much we realize EBITDA wise is it the ENA is more profitable or ethanol making it more profitable in terms of EBITDA?

**Management**: They are about the same.

**Moderator**: Thank you. As there are no further question from the participants I now hand the conference over to Mr. Nitin Awasthi for closing comments.

**Nitin Awasthi**: I will just like to thank all the participants and the management for taking out the time to answer the question from the participants and wish everybody a very Happy Diwali. Over to you.

**Management**: Thank you everyone for joining our call. We hope all of you have a very happy, safe and healthy Diwali and a great New Year.

**Moderator**: Thank you. On behalf of InCred Equities that conclude this conference. Thank you for joining us and you may now disconnect your lines.