BCL Industries LIMITED
(Formerly known as BCL Industries & Infrastructures Ltd.)

Regd. Office:
Hazi Rattan Link Road, Post Box No. 71, Bathinda-151001
Ph. : 0164-2240163, 2240443, 2211628
Fax: 0164-5003638
Website: www.bcl.ind.in
Email: bcl@mittalgroup.co.in
CIN: L24231PB1976PLC003624

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BSE LIMITED .
FLOOR 25, FEROZE JEEJEEBHOY TOWERS, DALAL STREET ,
MUMBAI- 400001
(PHONES: 022- 22721233-34 FAX:22722082. 22722037

BSE Scrip Code: 524332

REG: Transcript of Earnings Conference Call for Unaudited Financial Results for Quarter ended 30th June, 2019.

DEAR SIR,

This is further to our intimation regarding Conference Call for Analyst/Investor with respect to the Unaudited Financial Results of the Company for the Quarter ended 30th June, 2019.

The transcript of the conference call held on Wednesday, the 14th Day of August, 2019 with investors/analysts to discuss the Quarter ended 30th June, 2019 financial performance of the Company is enclosed herewith .

Thanking You,
Yours faithfully,

For BCL Industries Limited
(Formerly known as BCL Industries & Infrastructures Ltd.)

BCL Industries Bathinda Limited

Gurinder Makkar
Company Secretary

"BCL Industries Limited Q1 FY 2020 Earnings Conference Call"

August 14, 2019

MANAGEMENT:	**MR. RAJINDER MITTAL -- MANAGING DIRECTOR, BCL INDUSTRIES LIMITED** **MR. PANKAJ JHUNJHUNWALA -- DIRECTOR (SVAKSHA DISTILLERY) A SUBSIDIARY OF BCL INDUSTRIES LIMITED** **MR. KUSHAL MITTAL – BCL INDUSTRIES LIMITED**
MODERATORS:	**MR. VIKRAM SURYAVANSHI -- PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the BCL Industries Q1 FY 2020 Earnings Conference Call hosted by PhillipCapital (India) Private Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for 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. Vikram Suryavanshi from PhillipCapital. Thank you and over to you.

Vikram Suryavanshi: Good afternoon, and very warm welcome to everyone. Thank you for being on the call of BCL Industries Limited.

We are happy to have management with us here today for question-and-answer session with the investment community. Management is represented by Mr. Rajinder Mittal -- Managing Director; Mr. Pankaj Jhunjhunwala -- Director (Svaksha Distillery), a subsidiary of BCL; and Mr. Kushal Mittal.

Before we get started with the Q&A session, we will have some opening remarks from the management. Over to you, sir.

Rajinder Mittal: Good afternoon and thank you for introduction, Vikram. We would like to welcome everyone to the Earning Concall for this First Quarter Financial Year 2019 - 2020.

Let me give a brief background about our company:

For the benefit of those who are new to the company, we are diversified business house having business verticals edible oil, distillery and real estate.

We started off in 1976 with a solvent extraction plant of 14 TPD, extraction from rice bran. Going forward, the company has grown to become one of the largest edible oil integrated complex in the north India, having a capacity of 1020 tonnes. Furthermore, we frayed into the business of distillation by setting up our own grain-based distillery of extra neutral alcohol of 100 KLPD along with a bottling plant in Bathinda, Punjab and later on, it was doubled to 200 KLPD as the business grew.

In order to grow in the distillation business, the company is now putting up a new state-of-the-art plant of 200 KLPD and 8-megawatt cogeneration plant at Kharagpur in West Bengal. The new plant is expected to commission in the current financial year and this to make our company the largest grain based ENA or ethanol manufacture in the country from the grain.

Let me give you the key financial highlights for the quarter:

The standalone revenue for the first quarter is Rs. 217.7 crores, with the increase of 6% year-on-year. EBITDA for the quarter is Rs. 16 crores and EBITDA margins are marginally decreased by 51 basis points, 7.35% from 7.86% for the corresponding quarter last year.

Net profit has increased by 14% to Rs. 6.6 crores. PAT margins have increased from 2.83 for the corresponding quarter to 3.03. The consolidated revenue for the first quarter was Rs. 217.7 increased by 6% on year-on-year basis.

EBITDA is Rs. 15.9 crores. EBITDA margins have slightly decreased by 56 EPS to 7.3 from 7.86 as compared to quarter one FY 2019.

Net production increase 14% year-on-year Rs. 6.5 crores. PAT margins are gone to 2.99 from 2.78 in financial year 2019.

Now, coming on to the operational highlight for the quarter of the financial year 2019 - 2020.

Talking about the edible oil segment, this segment has been adversely affected by the economic slowdown. But due to the better management of the affairs the revenue deficit was controlled at 13.7%. The significant increase in the MSP of edible oil seeds and the increase in the import duty also proved to be ineffective as oil derived from the local seeds remain more expensive in comparison to the imported oil.

The government has to buy huge quantity of edible oil sales in order to support the MSP. This resulted in shortage of raw material, as the government is yet to take a decision, how they wish to dispose off their stocks in the markets.

Additionally, that difference of import duty structure between refined oil and food vegetable oil has also been eliminated. These are resulted in import growth of refined oil by five six times or various association have approach the government requesting to have a change in this. We are hopeful, that this some solution is under consideration. There has been surge of imports from the neighboring countries at zero rate of duty against over 44% particularly from Bangladesh and Nepal. The concessional rate of duties applicable to those countries where the origin of the goods is from this country. SAFTA has raised matter and working to ensure that more due diligence is followed and certificate of original is only given to those who process the oil in Nepal or Bangladesh.

Now coming to the distillery business. Similar to the situation of edible oil segment there has been increase in the MSP for the grades. This has resulted in a gap between the market price and the MSP. The government stocks for grain has increased drastically causing a shortage of damaged grains available in the market. Hence, increasing the price of damaged grains due to our experience in the grain market, we had kept a surplus inventory which has proven to be beneficial to the company.

Following the trend in the grain prices, the average price of ENA has also seen a significant rise. The average price of ENA in quarter one 2019 - 2020 was Rs. 48.46 in comparison to 39.25 last corresponding quarter, there is increase of 23%. Currently the price of ENA is averaging around 54.15 in comparison to ethanol price of 47.13.

Additionally, the proposal to revise the price of grain-based ethanol is currently with the government. We are hopeful for an increase in the price of ethanol and this should be incorporated by November 2019.

Lastly, talking about the real estate segment, despite the elections and slowdown in the economy, our real estate revenue showed a 7% increase in quarter one from quarter one 2018 - 2019. This is a close to a 50% increase in comparison to quarter four 2018 - 2019.

Our real estate project continues to show steady sales and have a good feedback from the market. We expect the sales to increase in the coming quarter due to the festive season.

Thank you. Now, will open the floor for the questions.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin with the Question-and-Answer Session. The first question is from the line of Shariq Merchant from Duro Capital. Please go ahead.

Shariq Merchant: Sir, I just wanted clarity on the ENA prices. Given that the ENA prices are substantially higher than what you are currently selling at. Have you been able to supply more to the open market versus your government sales? And why has this not still reflected in margins as yet?

Rajinder Mittal: You see that, if you have close look at the distillery operations of the company. The sales have gone up almost 55%.

Shariq Merchant: Yes, I am comparing on a Q-o-Q basis.

Rajinder Mittal: Q-o-Q basis, this is naturally because all the things have to be compared on Q-on-Q basis because this is a agro processing industry and every quarter has got different kinds of rates. Because you cannot match the rate of the quarter four to quarter one, or quarter two to three depends upon the season, the productivity and other thing. So, everything we have to match with the corresponding quarter not with the preceding quarter or the last quarter. If I match my result with the corresponding quarter, the sales have gone up by 55%. You can say the margins, the profitability has gone by almost 63% 62.77% that much because there has been substantial increase in the prices of ENA and ethanol also. As you rightly mentioned, they price of ENA are now hovering us much more as compared to the ethanol prices. If you have been listening to me in the last meeting, I have been mentioning this, that it is not only the ethanol prices have gone up. Then the scarcity of these grain based ENA was up and price realization will definitely be improved. So, if we take the average 50% capacity, we have diverted towards ethanol manufacturing, 50% capacity is with ENA. So, our average rates is taken together is around about 50% - 51%. So, that has added to the profitability to the company. And moreover, you see that the increase in the MSP of the food grains, the cost of damaged food grains are also going up. Government is aware of these. Oil marketing's are aware of it. And they have already started conducting a survey that what could be the price they will be offering with the season starting from December. In November, they will be floating fresh inquiry and we hope that there will be a substantial increase in the damaged food grains ethanol also.

Moderator: We will move to the next question, which is from the line of Arun Kejriwal from Kejriwal Research. Please go ahead.

Arun Kejriwal: Just to had sense, we have new capacity which came up on the distillery. So, could you give us the production that we have done in the quarter? And also what capacity utilization are we running at currently?

Rajinder Mittal: The distillery we are running at a 100% capacity. So, we do not have, it is a lesser capacity and the 200 KLPD is fully utilized. So, 100 KLPD is now we are using for this ethanol manufacturing and 100 KLPD we are using for this ENA manufacturing.

Arun Kejriwal: So, if we compare this with the previous year, what would be our absolute production? Because there is a sharp jump in the value of sales that we have registered?

Rajinder Mittal: You see that there has been a increase of only about 23% in the prices. Our sales have gone up by 55%. The profit has gone up by say 63%. So, that is already reflected in this.

Arun Kejriwal: No, so that is exactly what I am trying to understand that the capacity came up midway in this quarter last year. So, what would be the production number so, I can multiply that by the revenue?

Rajinder Mittal: No, you see that with the payment of the loans, various loans, the company took two loans for this 100 KLPD and increasing the capacity. So, first term loans stand paid up the final cost has come down.

Moderator: Thank you. Next question is from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: Just a couple of questions. Sir, would you be able to give the volume of distillery in the quarter one?

Rajinder Mittal: liter percentage.

Giriraj Daga: Tonnage or kilo liter.

Rajinder Mittal: It is in kl. I think we will be nearing to the 100% capacity of utilization because you see that in the March this every quarter, the last quarter, there is a change in the excise policy. And it takes about 15 days to 20 days to get your excise licenses renewed and the next batch to prepare you have to get your labels approve all this in this. In quarter, I think we should be around about I do not have the exact figures right now in front of me. But it will be around about 90% capacity plus capacity utilization. But in the year end, we will be able to achieve 100%. Because the maintenance period we take in the distillery is only in the month of April.

Giriraj Daga: Okay. Second, the quarter one volume, was it mix 50-50 between ethanol and ENA?

Rajinder Mittal: Yes, approximately.

Giriraj Daga: And looking at the order in hand for the ethanol for the full year till December, even the quarter two, quarter three will be 50 - 50 or there might be skew towards more on ethanol?

Rajinder Mittal: No, it will be almost the same because we have attributed allotted the quantity in such a way that we have attributed 50% capacity towards and 50% towards that. So, maybe there may be a short fall in the demand of ethanol by the oil marketing companies, because of some flood station for their depot. So, we should be able to save in that account also, if they are not able to take this up right, they can say the 47 verses 54, 45. So, we will be having that advantage also to some extent from the oil marketing companies. There may be some droppage of about few hundred kl for maybe less than 1000 kl in the entire….

Giriraj Daga: Okay. Second in terms of cost increases, like has the full cost increase being visible in the quarter one numbers or we were using some old inventory and second quarter we might see father cost increase?

Rajinder Mittal: Cost increase as regard to raw material you are talking about?

Giriraj Daga: Yes.

Rajinder Mittal: Raw material is almost, the market price I, see that this ethanol and ENA business. Ethanol has been booked for the full year and ENA pricing is done every month. So, we have a week because we are in the grain business from last so many years. So, we have maintained the inventory of ethanol when we quoted for the ethanol production. So, we tied up in advance for about six to eight months for that. So, that had already been a factor and we hope to have the same kind of the results in the quarter two also.

Giriraj Daga: So, like we had about 9% kind of a margin or if I put it in a kilo liter, we are actually about somewhere close to Rs. 4.5 - Rs. 5 kind of a bit of margin. Do you see this maintaining for throughout the year or we do not see any raw material risk?

Rajinder Mittal: We would be able to make it somewhat better.

Giriraj Daga: Okay. Second, in terms of our core business, which is oil business, do you see this current margins what we are making it about like 5% kind of a number to be sustainable or there is also risk of raw material there?

Rajinder Mittal: You see, this edible oil sector as I mentioned in my addressing note is under you can same because it is two - three sector. The government with endeavor to increase the farmer income, to reduce the import dependency had gone for a substantive increase in the industry of edible oil. One thing is the government also increase the import duty to the maximum level which we can take under this WTA Agreement or the neighboring countries agreement. So, that the import duties are at the maximum level and the MSP. But still, the prices came down because India being the largest importer of vegetable oil whatever duty was import that was nullified by drop in prices overseas. So, now the production costs or the cost of this `edible oil manufacturer from the local oil fields is higher as compared to the imported one. So, with that the government committing and with this election year in particular and the government losing in the state of you can say, Madhya Pradesh and Rajasthan government had to buy large quantity of edible oil seed to support the market. So, now that sock is tie-up with the government. Government is yet to take a call at what rate they should dispose off. The stock is lying up with the NAFED. So, as soon as the dispose of the stock that has to tally with the market price otherwise nobody will be buying for that. There is a low buy for that. So, we hope to do much better in this current quarter and quarters to come. But overall, the policy is industry friendly and we hope to gain substantial gain in the coming years from this policy of higher MSP**,** encouraging the farmers to grow more oil seeds and the import duty at maximum level. Government is also aware of this issue and the association level we have made several representations that there has to be some steps kind of a thing to match the prices of local oil seeds and with the landed one. So, it is under active consideration by the government that and so what the government is able to find, what kind of a solution the government is able to find from that. So, we are hopeful that the margin in the coming year will go up, the policies are good and we have ready you can say mechanism or the capacity for us to meet that opportunity.

Giriraj Daga: Okay. On the real estate, last question from my side, real estate what is the amount of inventory left after quarter one sales?

Rajinder Mittal: So, the inventory you can say still about realizable value could be around about Rs. 100 crores at present also.

Giriraj Daga: And sir, just to, is my understanding right, like are we spending anything on that Rs. 100 crores recovery?

Rajinder Mittal: No, accept some marketing expenses. **

Giriraj Daga: Marketing expense and…

Rajinder Mittal: Marketing expense has to be. There is a sales team but as far as the development, the CAPEX part and the debt part all is over, we are not spending any single penny on that.

Giriraj Daga: So, our net realization should be what out of Rs. 100 crores?

Rajinder Mittal: Sorry.

Giriraj Daga: Like, when I look at the numbers of segment like on a Rs. 6.5 crores we are booking profit of Rs. 1.5 crores. I was thinking that number might be higher on EBIT level?

Rajinder Mittal: You see that in this particular quarter, there are two projects in the real estate project which are fully complete. One is only the flatted accommodation and other is integrated township of 65 acre. These major portion of the same in this quarter was from these flatted accommodations were the book value and the profit margins have left. So, that that in is about Rs. 14 to Rs. 25 crores Rs. 75 crores inventory is with the Ganpati state which is a integrated there the book value is very minimum price, is not even the 10% of the realizable value. So, that is why this kind of a thing has happened.

Giriraj Daga: So, on a full year basis, we should assuming like 60% - 65% kind of margins, right?

Rajinder Mittal: Definitely, we should be having that kind of margins.

Moderator: Thank you. Next question is from the line of Vinay Nagori from Integrity Wealth Management. Please go ahead.

Vinay Nagori: Sir, there was a CAPEX done for the Kharagpur plant. So, what is the current status? Did we get the bank loan?

Rajinder Mittal: For this, I will hand over system to Mr. Pankaj Jhunjhunwala, who is in Kolkata (Calcutta), who is looking after the West Bengal project. I think, he will be able to better update you on this account.

Pankaj Jhunjhunwala: Sure. So, on the Kharagpur plant, we have already done a substantial CAPEX from the promoter contribution what we have to do. And we have already received the in-principle approval from Bank of Baroda and we expect the disbursement to be done mostly, you know, within September. Since the civil work is substantially completed, we expect to commission the plan in six months to eight months' time maximum. That is the status on the Kharagpur plant as of now.

Vinay Nagori: Okay, so we can expect it to start by January or February?

Pankaj Jhunjhunwala: That is what we are hoping that it will start in the last quarter of this financial year. Definitely it should start because of civil work which is a major job has almost been completed by 70%.

Vinay Nagori: What would be the amount of the loan?

Pankaj Jhunjhunwala: We are expecting a loan of Rs. 90 crores from Bank of Baroda.

Vinay Nagori: Okay. And civil work everything is done from the internet accruals of the company?

Pankaj Jhunjhunwala: Yes, absolutely.

Vinay Nagori: Okay. Apart from this, I had one more thing to ask, how much time would we take to get 100% capacity utilization and in the first year how much capacity utilization will be there?

Pankaj Jhunjhunwala: We have given the turnkey contract to Praj Industries Limited, who are a pioneer in setting up the distilleries. We have an assurance and we are very confident with our experience of already setting up distilleries that we should commence in with 100% capacity from day one itself on the plant. And we expect the revenue to be visible in the financial year 2021.

Vinay Nagori: Okay. And I had one more question to ask regarding we had done a CAPEX of around Rs. 9 crores to Rs. 10 crores in transport, this is what we BCL Industries?

Pankaj Jhunjhunwala: Right.

Rajinder Mittal: Yes.

Vinay Nagori: Sir, we had done a CAPEX of around Rs. 9 crores to Rs. 10 crores in transport. So, has the effect, the savings come into the bottom-line?

Rajinder Mittal: Yes, you are right, that we have spent about Rs. 10 crores for you can making the logistics work for the transport of ethanol and bringing back the crude palm oil or the imported oil from the Kharagpur. So, that is doing well and you say, results have been impacted with the reduction in the cost of ethanol transportation. So, that is obviously one of the reasons that this profitability has come up as compared to the sale. There has been a revenue increase of just 55%, whereas the profit margins have gone up by 63%. So, that is well reflected in the reduction cost of transportation. Because we are accounted for the entire cost in the vegetable oil section.

Vinay Nagori: Yes, and sir, we have vacant land in Bhatinda, as well as there will be some vacant land left in Kharagpur. So, what are our plans for that?

Rajinder Mittal: See that this vacant land we always go for some kind of access land buying. We do have some plans and Kharagpur also and on Bhatinda for the land remaining unutilized. In Kharagpur, we are in the process of tying up with **(Inaudible) 25.29** for the manufacturing of this vegetable oil, refined oil on the job basis only, our agreement could extend up to 5 years to 10 years. We are working on that. But still, first, we will focus on the putting up the commissioning of this 200 KLPD distillery and only after that we will take a call. And as regard the land which is unutilized at the Bhatinda, plant where the 200 KLPD distillery is concerned, in long run we have a plan to put you another 200 KLPD plants of ethanol manufacturing at this site. Because I have been mentioning in each and every mine that there is a lot of water scarcity, you can say lingering in the state of Punjab, the water table is going down. And the central government as well as the state government are quite concerned about this problem. So, they have thought for maze as a alternate crop and this year, there has been a huge maze production. And I am pleased to inform you that our company bought the maximum maze in the state of Punjab to be processed at our Bhatinda plan. So, we have got that kind of the requisite technical know-how the machines in place to get ethanol from the ethanol oblique ENA from the maze. So, we wish in the long-term, the production with these kinds of things continue in two years, three years' time there will be huge production of maze and the raw material availability would be quite cheap. And we should be able to take steps to put up another 200 KLPD plant in Bhatinda for manufacturing of ethanol.

Vinay Nagori: Okay, sir. Last question from my side. Now currently, apart from the Rs. 90 crores debt, which would be taken by the subsidiary company of BCL for the Kharagpur plant, what would be the current debt and how much will it will be reduced this year and how much it would be by the end of this year?

Rajinder Mittal: We do not have any plans to raise debt in BCL industry. So, the new debt Rs. 90 crores will be fully utilized to put up this 200 KLPD plant in Svaksha Industries. I think every year the debt will come down and we hope to make the company debt free in the three years to four year maximum.

Moderator: Thank you. The next question is from the line of Varinder Bansal from Pantomath. Please go ahead.

Varinder Bansal: One query I think every analyst will have on the company is, that even after our you know, blended realization, I think we are moving up nearly 20% - 25% in last one year, because of the ENA prices what you mentioned previously on the concall. Our margins are remaining constantly same around the 10% - 11%, the margins are not improving?

Rajinder Mittal: You see that this, this is a great thing that we are maintaining the margin. This year, after this you can say oil marketing companies gave this increase of 47.13 paisa per liter is the cost of ethanol. And whereas, the every time the ENA price and the ethanol prices are almost the same. Because of the substantial increase the MSP of every food grain to support the farmer in the election year, the cost of raw material gone up very drastically high. But due to the better management and due to the increasing the price of ENA, we have been able to sustain the same margin, I think the government can say, the association level also, distillation have also taken up, the oil marketing company has also study and they recommended increase of at least 20% of the current prices. If that happened, you see that 2020 - 2021 will be magic year of the company.

Varinder Bansal: No but so, you are saying that raw material prices have gone up by nearly 20%. So, that is why margins are not improving. So, even if we keep on having volumes, the margins will remain on the same level only, right?

Rajinder Mittal: No, so that we had been able to maintain this in spite of huge increasing in the prices, ethanol price are the same. We are committed to supply, the ethanol prices throughout the year. Now, we are in incurring a loss of Rs. 6 to Rs. 7 per liter in supplying ethanol. So, we have been able to make good that by supplying ENA at a higher price and observing the higher prices of grain also.

Varinder Bansal: Sorry, you said you are making the loss of Rs. 6 to Rs. 7 on ethanol, right?

Rajinder Mittal: Yes, at present in the current month, you can say we are realizing, our realization on ENA Rs. 5 to Rs. 6 a liter more than as compared to ethanol. So, it is loss. I am not taking loss in terms of the cash loss, but in terms of comparison with the ENA price, it is opportunity loss.

Varinder Bansal: And what are the current status right now in terms of raw material prices because of the drought and everything, which we have been hearing, reading and everywhere, the crops have been destroyed. And the prices for most of these raw materials what you used have been moving higher, right?

Rajinder Mittal: You see that we have nothing do with drought; these are the damaged food grains which are not fit for human consumption. Some quantities available even in the flood state where the damage, the grains have been damaged and that comes to the distillery for that processing.

Varinder Bansal: But sir, this happened this quarter, right, this happened this quarter?

Rajinder Mittal: The cost has gone up because the demand has gone up and the available has also gone up. But with the increase in MSP pro rata everything goes up.

Varinder Bansal: Because this happened this quarter, I was just wondering that even in the last four or five quarters, I have not seen the margins for the distillery segment moving up sharply to 15% - 20% you know, concurrent with the increase in the average selling price for ENA and ethanol on blended basis?

Rajinder Mittal: See, that last year, the policy of this biofuel supplying ethanol grain-based ethanol or damaged food grain ethanol came in this year only. Last year, the price of ENA was already hovering around Rs. 38 per liter to Rs. 39 per liter. So, against that the government you can say estimated the price of Rs. 47.13 per liter and everybody was happy about that. But there was an increase of 30% to 35% in the MSP for all kinds of food grains – millet, maize and rice and wheat, etc., everything there was a drastic change in the MSP, nobody expected that. So, now the average kind of 50% - 51%, we have been able to maintain this kind of prices. But the cost of production of ethanol has gone up substantially high. So, we are meeting that loss by selling ENA at a higher price.

Varinder Bansal: And with this the economics of Kharagpur plant which changes, sir?

Rajinder Mittal: No, there we are not manufacturing ethanol. If we were not bound by ethanol prices, the prices, the margins would be around for 16% to 18% as we all are mentioning. So, there we do not have any commitment for ethanol. Moreover, you see the price of ENA will be around for Rs. 6 to Rs. 8 higher as compared to the state of Punjab because Bengal is still 40% to 50% deficit in ENA production. So, they are scare in the production. So, they import from the other states. Apart from the transportation cost, there is a import duty imposed by the state government to encourage the local unit. So, there the margins will be much, much higher as compared to the Bhatinda plant.

Varinder Bansal: Okay. My another query was on that plant on the land what we sold right in Bhatinda. Have you got the money from the government?

Rajinder Mittal: The land which was acquired?

Varinder Bansal: The parcel land, parcel of which we sold, right?

Rajinder Mittal: The land which was acquired, we have to receive about Rs. 13.5 crores. I think, this month or maybe 15th of September, we should be able to realize that money. That money was delayed because of the elections, everywhere there was election code and the disbursement were stopped by the government.

Varinder Bansal: Okay. So, you have not got that money.

Rajinder Mittal: There has been an assurance that we should be able to get within this month or maybe by 15th September, the government has assured us.

Varinder Bansal: Will the company gets interest if it is delayed from the government side or not?

Rajinder Mittal: Obviously, we will have to fight in the court for getting the interest on that amount, delayed amount definitely.

Varinder Bansal: Realistically, when do you think because now, I think the units in Bhatinda are fully capitalized in terms of capacity. So, Kharagpur plant realistically when do you think it will start?

Rajinder Mittal: I think, we are hopeful that we should be able to as mentioned by Pankaj in the last question that the civil work which is a tedious one has almost complete. We have placed all the orders and in principal approval of Rs. 90 crores turn loan has been received from Bank of Baroda. It was a bad luck that the previous you can say in-principle sanction was received from PNB but as everybody is aware that there was a problem with PNB and then they backed out for funding that project. So, we had to approve another Bank and we are pleased that they cleared our file in principle to fund Rs. 90 crores. We are completing all the documents, and we are quite hopeful that the disbursement should happen in September and we should be well within the time to condition the plant within this financial year or maybe there could be a slippage of one month or maybe 30th April or maybe 15th April that is the estimate we are having.

Varinder Bansal: Okay. My last question, sir, there have been some talks around the market that the company may go for, you know, focused approach in various businesses like go for demerger, wherein the cash flows of three different businesses will be utilized. As per the business opportunities, what is your thoughts, if at all, you know the company…

Rajinder Mittal: No, we are already focused. We are only focusing on this our vegetable oils business, and this distillery business or ENA ethanol business. So, we have more focus now. So, we do not have any CAPEX plan in the real estate sector. And this, vegetable oil is already under contemporary utilized, capacity utilized. So, whatever opportunities, we get an edible oil section will be without any CAPEX, we will be able to increase our capacity utilization. And in this ethanol, we are already doing this 200 KLPD, we are focusing this ethanol and ENA and vegetable oil. We do not have any CAPEX plan in vegetable oil section. But we do have CAPEX plan in this ENA and ethanol.

Varinder Bansal: My last bookkeeping question, sir, in the last one year, how much debt has come down?

Rajinder Mittal: Precisely, I think we should be around Rs. 50 crores. It is around about Rs. 50 c .

Varinder Bansal: Rs. 50 crores have come down, okay.

Moderator: Thank you. Next question is from the line of Ankush Datar from PhillipCapital. Please go ahead.

Ankush Datar: Sir, regarding Rs. 110 crores of real estate inventory that you have, can you provide some kind of timeline as to when you would be monetizing these assets?

Rajinder Mittal: We want to monitor today itself. But you see that Bhatinda is a fully developed project and is quite expensive one and the investors are not in the market for investing in real estate now. It is only the actuary revision. But the things happening in this place, we hope to monetize the thing within two to three year. That is why I am mentioning that within three years to four years that our company should be debt-free. I am linking that thing with the monetization of my real estate assets. These are not the assets; these are stocks you can say.

Ankush Datar: Okay, sir. Sir, and on the distillery business, can you provide the EBITDA that currently you are making in the distillery in Bhatinda?

Rajinder Mittal: It is about 8%.

Ankush Datar: About 8%?

Rajinder Mittal: EBITDA margin is 8.63%.

Ankush Datar: Okay. And can you provide a rough figure as to what we can expect for the Svaksha Distillery on the EBITDA margin point?

Rajinder Mittal: Yes, I think Pankaj will be able to answer this question. But the EBITDA margins will be quite high as compared to Bhatinda because the realization of ENA prices will be more as compared to this because Punjab is surplus state and Bengal is debt state. So, let Panjak reply to this.

Pankaj Jhunjhunwala: Mr. Ankush, just to add to it, if you look at the all India average ENA price which is hovering about Rs. 50 to Rs. 51 per liter. But the current two distilleries were operating in the state of West Bengal, they are deriving revenue about Rs. 55 per liter which is clearly, 10% more, 8% to 10% more than the general distillery which is situated outside the state. The major reason for this is the notification from the exercise department, where the local distillery plan, the state have a advantage in terms of excise duty, I would say. The bottlers will have to pay more if they are importing an ENA from outside the state but they have to pay less to the excise department if they are importing within the state basically taking from the local distillery. So, if the general distillery EBITDA is about 8%, at the state of West Bengal, we are expecting minimum between 13% to 15%, the EBITDA to start with.

Moderator: Thank you. As there are further questions, I now hand the conference over to Vikram Suryavanshi for closing remarks. Over to you.

Vikram Suryavanshi: We thank the management of BCL Industries for giving us an opportunity to host the call and taking time out for interacting with the stakeholders. Thank you all for being on the call.

Moderator: Thank you very much numbers with management. Ladies and gentlemen, on behalf of PhillipCapital (India) Private Limited that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.