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

**REG: Transcript of Earnings Conference Call for Audited Financial Results for the Quarter / Financial Year ended 31<sup>st</sup> March, 2022.**

**DEAR SIR,**

This is further to our intimation regarding Conference Call for Analysts/Investors with respect to the Audited Financial Results of the Company for the Quarter /Financial Year ended 31<sup>st</sup> March, 2022.

The transcript of the conference call held on 30.05.2022 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  
Q4 FY2022 Earnings Conference Call”**

**May 30, 2022**



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

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

**Moderator:** Ladies and gentlemen, good day and welcome to the Q4 FY2022 Earnings Conference Call of BCL Industries Limited 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 ‘\*’ and 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 Rutuja. On behalf of Quantum Securities we welcome you all to quarter four FY2022 results con 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:** Thank you Prashant Ji. Good morning everyone and thank you everyone for joining the earnings call for the fourth quarter and financial year ending 2021-2022. I hope you and your family are all safe and healthy.

Let me first talk about the key financial highlights for the fourth quarter. The total income for the quarter was at 510 Crores which increased by 18% year-on-year. EBITDA for the quarter was at 41 Crores, which increased by about 53% year-on-year with EBITDA margins of 8.12%. Net profit was at 23 Crores, an increase of 72% year-on-year and PAT margin for the company were reported at 4.49%.

The financial year ended 2022, the total income stood at Rs.2001 Crores, which increased by 37% year-on-year. EBITDA stood at approximately 146 Crores an increase of 51% year-on-year and margins were reported at 7.28%. Net profit was about 85 Crores an increase of 101% year-on-year while PAT margins were at 4.23%.

As we have been noted from the financial performance it was a very good year indeed for the company. The company has achieved its highest ever financial performance and growth across parameters like sales, volumes and profitability in the year.

Now let us talk about the segment wise update of the company. Starting with the distillery segment. The revenues from the distillery segment for Q4 FY2022 stood at Rs.126 Crores which was a growth of approximately 18% year-on-year while for the financial year 2022 the revenues were at 516 Crores representing a growth of about 10% year-on-year. The work at our new state of art Svaksha Distillery is now complete and the company has applied for all the required permissions for the commencement of production, some of which have been granted and some of which are under process. The company has received

major permissions in the consent to operate which was granted by the West Bengal Pollution Board and now the company is hoping to receive all of the required permissions very soon. Meanwhile the work for the expansion of 200 KLPD ethanol plant in Bhatinda is under full swing, all of our major orders and advances were issued prior to the steep escalation in the raw material prices, which has allowed the company to not exceed its initial project cost that was decided on.

The company has already availed over 40 Crores loan from Canara Bank against this project and the total loan of 120 Crores will be applicable under the interest subvention scheme.

Now we are hearing about the rising fuel prices across all industries and to hedge against the rising fuel costs, the company is setting up boilers that will be fired on paddy straw. This will assist the company in diversifying its fuel needs, as paddy straw is one of the most difficult bio markers to utilize so there are very few buyers in the market for this fuel. This boiler although has a very high Capex of around 40 Crores will qualify for the state government scheme in which SGSC of the Capex in the boilers will be refunded from the state government.

With regard to the edible oil segment, the revenues for quarter four were approximately at 408 Crores which is a growth of around 27% year-on-year, while for the financial year ended 2022 the revenues were at 1516 Crores representing a growth of about 55% year-on-year. The company has been focusing on procurement of mustard seeds for the production of mustard oil due to a good mustard crop, which has increased the overall production utilization of our unit, as our unit is fully vertically integrated so when we go into the market by seeds that is very beneficial for our company. In the recent quarter we saw a slight dip in the demand because of the high volatility in edible oil prices globally and the change in duty reduction then stock reduction in the market which has created a bit of uncertain environment but we expect all of these to settle in the coming quarters.

Lastly in the real estate segment, the company recorded a revenue of around 1.75 Crores for the quarter and in an attempt to reduce the financial burden of company and fund our Capex the revenues utilized from the real estate segment will be continued to reduce our debt and also fund our Capex.

In conclusion with the commencement of Svaksha Distillery this year we expect a significant growth in our revenue from this division in financial year 2023 which will be followed by the expansion in Bhatinda which we were hoping and aiming to complete in quarter four of financial year 2022-2023 so that will add a little to our revenues as well.

Thank you. I would now like to open the floor for questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Gaurav Sachdeva from Further Investments. Please go ahead.

**Gaurav Sachdeva:** Good morning Sir. First of all congratulations for great set of numbers for the financial year 2022. I want to know your other expenses on a quarter has drastically increased from 40 Crores to 62 Crores what are the contributors for that.

**Kushal Mittal:** Yes, so the other expenses have significantly increased and the main reason for this is if you look deeply there is 79% increase in our finished good stock which has increased from about 54 Crores to 97 Crores and as I had mentioned in my speech, the main reason for this is that there was a lot of uncertainty in the market with the import duty reduction and there might be some stock legalities in place so in times like this the small distributor does not want to have too much inventory in hand and they would like to keep smaller inventory so this is why our finished goods inventory has increased significantly in the quarter so that has led to a increase in other expenses also but this is normal we expect things to settle in the coming quarters and this is in line with the industry trend.

**Gaurav Sachdeva:** And Sir what is the major contributors in the raw material prices which has also increased from 82% to 87% in terms of percentage from revenue.

**Kushal Mittal:** See that is everything we are seeing prices of everything increased. So raw material all the imported oils we have seen the increase in price and then the mustard crop which was a bumper crop this year I mean it fetched rate for mustard seeds in the market that has never seen before there has been an increase in fuel prices there has been an increase in grain prices as well but we are hedging that by doing our own milling for our distillery so there has been an increase all over.

**Gaurav Sachdeva:** But do you think these will settle in the coming quarter Sir.

**Kushal Mittal:** Yes, see I expect this to settle I expect the volatility to decrease but to be frank we do not see the prices decreasing steeply in the next two quarters we were expecting a decrease in the prices of edible oil but even despite the import duty reduction there is a shortage of supply globally which is not allowing the prices to fall too steeply. So we expect the volatility to decrease but we do not expect the prices to decrease too much.

**Gaurav Sachdeva:** Thank you that is it from my side.

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

**Nitin:** Thank you for the opportunity. Sir, firstly you mentioned on the raw material side you are hedging your cost by doing around 5 million. Could you shed some light on that because when I go through your numbers it seems that this quarter we have differentiated yourself from your peers because your, the stake you operations has seen a sharp increase in the ENA prices while you shifted a lot of your products into ENA and you were able to basically garner a good amount of profitability based on that so if that the case or is it a clear mix of both.

**Kushal Mittal:** Yes, as you correctly mentioned if you look at our investor presentation there has been a slight shift earlier in the quarter we had diverted 60% of our production toward ethanol but this quarter there is a very good demand for ENA in the market the ENA Prices have increased. So accordingly our ENA sales increased in the quarter and also what differentiates us is we have did in the grain business for the past three decades we understand grains better than our competitors we feel so we could see that there would be an increase in the grain prices this year mainly there were few reasons one there was an increase in export and also there was the crop of paddy last year was very good so there was very little broken being made in the rice mills and we could see that before others I feel so what we did was we participated in tenders we bought a lot of paddy where we could find which was old lying stock so that paddy is now picked up by conventional rice miller who wants a longer grain who wants less broken but we do not really care because we wanted raw material for our own distillery so in participating these tenders and starting diverting our rice mill for distilleries as I have trust a lot and another thing that we are doing which will differentiated from our competitors will also be setting up a rice straw based boiler. See this is a new technology and rice straw is the hardest fuel to burn in the world but there is also lot of rice straw available in the market at much cheaper rates and rice straw husk or core so these were also help us hedge against the rising fuel cost in the market. So we are trying from all end, from our procurement side and from selling side to fight these inflation pressure that everyone is facing.

**Nitin:** So what was the average price of rice that you procure or if you existing for your own milling what would that come to roughly 18, 19 bucks.

**Kushal Mittal:** See that depends on what rice brand rate I am setting see what I am doing in my own milling to set up it is not like how I procure from the market paddy crops contain the husk rice brand and rice so that all depends on what rate I am setting for husk and what rate I am setting for brand because I am consuming both of them in my own units. Now if I were to set it at current rate I think it would be around 18 but it would be hard for me to give us correct comment on what it was last quarter sitting today because there is so much of volatility.

**Nitin:** And what is the reason that the state you operate in or normally use to be a surplus ENA space what has happened the has suddenly shifted the dynamics that has made at a deficit ENA space and the prices of ENA to shoot up and can this last.

**Kushal Mittal:** See from what we know Punjab there has been a very much increase in the ENA market and the demand in the ENA market because of higher consumption and we have a good cliental that has stuck with that because of our quality because we have a consistent production so they keep buying from us then another thing that we have heard is some states in the south a few distilleries have to shut down temporarily because of raw material prices increasing significantly which has not happened in Punjab especially where we are sitting it is a right belt Malva so we can procure broken and husk at a good rate so I think that was another reason few distilleries I believe might push up down in Karnataka and Tamil Nadu.

**Nitin:** This time around you had a price realization of Rs.55 plus you can be still go upwards in the next quarter ENA Prices.

**Kushal Mittal:** Yes.

**Nitin:** Wow that is also amazing Sir. I will just join back in the queue, I have few more questions, but I will join back in the queue for them. Thank you.

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

**Abhishek Maheshwari:** Thank you for the opportunity and congratulations on good numbers. Couple of questions, so first look at in edible oil Kaushal you said that there was a slight dip in demand for edible oil you were talking about the March quarter of this Q1 FY2023.

**Kushal Mittal:** See since the March quarter we are experiencing a dip in demand and that is a trend in the market then there are few reason for it one is the change in duty reductions which are happening so that gives a lot of uncertainties so no small distributor wants to hold stock in hand. Secondly in the summer month it is normal to expedience a dip in demand in general because consumption goes down as oppose to monsoons or colder months and so we are seeing a dip in demand but a big positive for the company is that now we are primarily working on mustard and that is most profitable for our company than working on these imported oils because of the bumper mustard crop we were able to secure good amount of mustard and so that has been processed in our own oil mill in our own solvents and in our own refinery and this is the market trend after I step out two decades when indigenious oil that is 3% imported oils and that way our company benefit so in the coming quarters yes our revenue in the sector might go down but will sustain our profitability because we are processing indigenious oil which is our speciality.

**Abhishek Maheshwari:** So you mean the 1600, 1700 Crores revenue that we are doing in the edible oil that might come down a little but we will be able to maintain our margins.

**Kushal Mittal:** Yes, we might have improved our margins.

**Abhishek Maheshwari:** Okay improvement would be wonderful actually because if we are losing revenue and margin remain same it has an impact on absolute profits.

**Kushal Mittal:** See this is where we defer from the bigger companies we are masters in processing indigenous oil we would be very happy if import was to stop in India and that way we will really compete so this scenario is happening slowly and slowly and we have to benefit.

**Abhishek Maheshwari:** And Sir coming to distillery so since revenues from edible oil might see a slight dip it can be hedged by distillery right which is witnessing a good demand and I am seeing that you have reduced your ethanol production during the quarter in favor of ENA so and you have explained that I think in previous question but do not ethanol generally have fixed contracts like OMC issues you have tendered and you have to supply them the distillery quantities. So can you explain how we are able to just divert from ethanol to ENA.

**Kushal Mittal:** See there are two things overall the standard quantity for this sugar year which is the ethanol year we had tendered less quantity when compared to the previous year because we were thinking that there might be an increase in rice prices and so we wanted to divert towards the ENA and also there is a clause where a little bit of deviation can be made very little so we utilize that for this quarter we might have to make it up in the next quarter we are seeing it all depends on how the OMC's also request as per material but both these parts had an impact.

**Abhishek Maheshwari:** But long-term wise I think there will be a stable I am expect to win ethanol and ENA because it is not like we will stop focusing on ethanol.

**Kushal Mittal:** Only towards ENA in the middle of the contract that would not be possible but see that is also another thing where this new units that were setting up in Bhatinda would help us the unit is it is going ahead of schedule so once that unit is set up we can diversify the current 200 KL towards ENA only and the new unit that has come with the 200 KL will divert that towards ethanol and that is our specialty we have the flexibility to shift between ENA and ethanol and that is prevalent at both our units in Bengal and then Bhatinda and that will be to our benefit.

**Abhishek Maheshwari:** Great Sir thank you I have more questions but I will get back in the queue.

**Moderator:** Thank you. The next question is from the line of Rushali Jadhav from MIB Investments. Please go ahead.

**Rushali Jadhav:** Good morning Sir. Sir the use of 20% ethanol blending in the engines auto engines require the new specifications and need to do some changes related to the fuel lines. So what are your thoughts on it do you think that this is a risk for our company.

**Kushal Mittal:** No, I do not think that the risk because to be honest I am not an engineer so I do not know what all changes we need to be made from what I know it is happening in a lot of countries globally and the automobile association has given their consent that they are willing to participate in the scheme in the future so I do not see that being the risk and the government has set their mind to it I mean they are not going back on what they set their mind on increasing the blending percentage to 20% and even taking it further in the future so I do not see that being a risk.

**Rushali Jadhav:** And Sir are there any disadvantage of using a biomass as a fuel over coal.

**Kushal Mittal:** No there is no disadvantage it all depends on what the fuel's caloric value and it will be situated currently in Bhatinda it is financially viable to use biomass instead of course so we have been doing this in the past as well.

**Rushali Jadhav:** Okay Sir thank you I am done.

**Moderator:** Thank you. The next question is from the line of Arundhati Sharma from Valentis Advisors. Please go ahead.

**Arundhati Sharma:** Good morning Sir, congratulations for good results. My first question is what is the difference in cost between the local oil seeds and the imported oils and second one is what percentage revenue growth can be expected in the edible oil segment for the next three years.

**Kushal Mittal:** You see firstly it is hard for me to comment compare edible oil seeds to imported oils because what we are importing is a crude oil and edible oil seed in its rawest form but when I am talking about the finished product right now the indigenous oil, mustard oil is about 7% to 8% cheaper than the soya bean alternative which is imported so that is a great thing for us and so far the revenue growth in the edible oil sector I think we have reached a good stage in terms of numbers and this year our aim is to try and repeat this number again, but in the next three year as more and more indigenous oil seed production increases in the country with aiming to reach about 1800 Crores from this sector in terms of revenue from our current unit so that is the goal.

- Arundhati Sharma:** Thank you Sir.
- Moderator:** Thank you. The next question is from the line of Nitin Awasthi from InCred Equities. Please go ahead.
- Nitin Awasthi:** Thank you for the follow-up. This thing you mentioned on new power source which is using the paddy straw now where is this going to be set up in the Bengal unit or in the Bhatinda unit.
- Kushal Mittal:** No this will be in the Bhatinda unit this is for the 200 KL expansion that is happening.
- Nitin Awasthi:** And how is the sourcing of this material because I believe there is no wrought and no sourcing as of now because it would be something in the farmer unit burning in the fields.
- Kushal Mittal:** No, so we have already signed contract with the professionals who help us with the sourcing so with the sourcing of this is see it was being burnt in the field because **audio cut 23:47** and now since the power plants are being set up that will use this as a fuel there are people who have provided farmers with tons of bailers who help bail this and we have signed a long-term contract who is the one such professional company who help procure us fuel for the entire year and will help us store it and will also help us feed it into our boilers so to understand few management for the entire year the procurement has to be done within 45 days which is the harvest period so that is about 1 lakh and 50000 tons of fuel and if you store it for which we have already purchased 35 acres of land right next to our distilleries to help store it and so fuel management is a big part but we have a contract in place with experience people in this field and we just have in the first year and from there on we will learn and then we might set up our own management team.
- Nitin Awasthi:** So if we do the old school math on the ethanol the power cost use to be around 10 when the coal prices use to be same and now of course it has gone better but would that be the power cost which you still incur through this source or would it be lower.
- Kushal Mittal:** I think it would be a little lower not too drastically lower, but lower than what it used to be before, because paddy straw is cheaper and there is less caloric value in it and since this is a brand new technology and we are one of the first going into this, so I expect that there will be some learning cost in the first year elsewhere which is completely normal.
- Nitin Awasthi:** Noted. Sir, what are the permissions which are pending, because I think you are behind schedule on your West Bengal plants, because you had ambitions in the first quarter of this financial year of 2023, but you had behind schedule so this permissions are likely and when do you think they are come through?

**Kushal Mittal:** There are about seven deformations and we are a little behind schedule I do acknowledge that, but we are working to bring the plant into commissioning as soon as possible so we have received permissions from the petition board which is a big one from the electrical board for the operation of turbine, the big permissions that are still pending are fire and excise and both these files are moving very well and I think we should receive them in the next 15 days or so.

**Nitin Awasthi:** Q2 we can expect the whole quarter to be operational?

**Kushal Mittal:** Yes, we are hoping for that.

**Nitin Awasthi:** Okay and last question from my side, timeline for the expansion of the Bathinda unit you mentioned that you wish to commission it in Q4, so at least in the first quarter of FY2024 I think we should be completely running it, but also expansion plan of the West Bengal unit?

**Kushal Mittal:** For the West Bengal unit, the 100 KL expansion will start work once the 200 plant is commissioned and is running successfully and then we will start work, so I do not have a date for that as of now.

**Nitin Awasthi:** Okay, fair enough. Thank you so much.

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

**Abhishek Maheshwari:** Thank you for opportunity once again. I have couple of more questions. I am sorry I missed it what would you say when you are commissioning your Bathinda 200 KLPD, is it second half of this year.

**Kushal Mittal:** We are aiming for Q4 so our aim is to commission it by November of this year.

**Abhishek Maheshwari:** And 200 KLPD is coming up by end of this Q1 right?

**Kushal Mittal:** Yes.

**Abhishek Maheshwari:** The supply chain for these new capacities, we have already speaking to the suppliers for grain?

**Kushal Mittal:** For grain, we have a very good network who have showed that there will be no problems and Kharagpur we have already received a good amount of raw materials, because we are starting production soon and Bathinda also they said there will be no issues at all and

Bathinda is a good belt for it and for fuel we want long term contract with good company who will have rice straw for the entire year.

**Abhishek Maheshwari:** Great and on the demand side, is there enough demand for us to able to sell us product sale to reach optimal utilization send couple of things?

**Kushal Mittal:** Yes, demand will not be an issue, as you know 20% blending ethanol most of it government wants so in that end current suppliers around Rs.50 Crores, Rs.60 Crores then government wants it increase multi-folds so that is not an issue, ENA demand is very, very good in the market in both Punjab and Bengal as we speak so that is not an issue and DDDS which is a good byproduct so that depends on the poultry industry so that usually it is up and down right now we are seeing lower demand, but that changes, so that also would not be an issue we think.

**Abhishek Maheshwari:** Thank you. Sir, lastly any revenue and PAT margin growth guidance for FY2023, because PAT issue do better since distilleries are coming, so margin may be 5.5%, 6% can we do reasonably?

**Kushal Mittal:** We have more as distillery revenue share increases, so with the overall margins, I do not expect the distillery margins to increase much further currently. As the year ago may be Bengal have better margin conditions compared to Punjab, but now is the other way round and the key shifting in the market, two years down the line West Bengal will be more profitable than compared to Punjab, but Bengal is still a effect state, but overall I do not see the distillery margins going up any further.

**Abhishek Maheshwari:** But any consolidated revenue growth or PAT margin you are targeting for?

**Kushal Mittal:** We are still targeting a growth for coming year, we will try to sustain the edible oil revenue numbers, but we see profitability increasing there slightly, so our target is for Rs.2500 Crores of revenue for this financial year.

**Abhishek Maheshwari:** Okay, great and at least will be able to maintain 4.5% margins, if not more?

**Kushal Mittal:** Yes.

**Abhishek Maheshwari:** But it should not go down. Thank you.

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

- Dipesh Sancheti:** First of all congratulation on having very good results and thank you again from the entire shareholder community for dividend and being gracious enough not expecting the dividend. Now my one question about was about the West Bengal plant again. We have been having certain delays, I want to understand what is the financial implication of this delay, are we losing any money apart from the opportunity cost?
- Kushal Mittal:** Of course, there is interest in work and opportunity cost is a big thing, those are two big costs with the production being delay.
- Dipesh Sancheti:** No, apart from that is that have we bought any grains and those grains will have a shelf life and they might become...
- Kushal Mittal:** We have grains directly we have bought, but the grains are usually on credit any way to 60 day credit that we work on and they are well placed in covered silo, so they would not deteriorate in the silo, so that is not a problem, but yes we have what about good amount of grains to help us in the start.
- Dipesh Sancheti:** When do we understand like we have been given a lot of dates, lot of months, when do you think that it is still start on a reasonable expectation?
- Kushal Mittal:** By the end of this quarter we are hoping.
- Dipesh Sancheti:** Okay and is there any changes in the ENA or ethanol prices?
- Kushal Mittal:** ENA prices have appreciated significantly in the last quarter and moving on, because we have increased in raw material prices, the ethanol prices are the same.
- Dipesh Sancheti:** What are the ENA prices right now in West Bengal and Punjab?
- Kushal Mittal:** In Punjab as we speak it is around Rs.58 to Rs.59 and in Bengal it is around Rs.54, Rs.55.
- Dipesh Sancheti:** The reason why I am asking this is because I was there on the concall with EID Parry and they told that the ENA prices have dropped from Rs.61 to Rs.54, is that true in Tamil Nadu offers, but have you seen a similar trend in West Bengal or Punjab?
- Kushal Mittal:** No, we have not, we do not know Tamil Nadu to be honest.
- Dipesh Sancheti:** Okay and going ahead how do we see our finance cost reducing with internal accruals or are we going to do another preferential issue?

- Kushal Mittal:** The internal who the company earning good cash flow, the capex in Bathinda has interest of pension schemes, the applicable interest rates 4% on that loan and we are utilizing working capital very well, so all this is contributing.
- Dipesh Sancheti:** Okay, what is right now that the cost of capital for us average?
- Kushal Mittal:** It is around 7.3%.
- Dipesh Sancheti:** And what is the gross debt?
- Kushal Mittal:** Gross debt, within the total loan?
- Dipesh Sancheti:** How much the total loan of the company?
- Kushal Mittal:** Around Rs.200 Crores.
- Dipesh Sancheti:** How much is working capital?
- Kushal Mittal:** Working capital is Rs.120 Crores.
- Dipesh Sancheti:** This is including in the Rs.200 Crores or it is apart from I mean Rs.200 Crores is term loan or...
- Kushal Mittal:** Includes.
- Dipesh Sancheti:** So, Rs.80 Crores is the term loan.
- Kushal Mittal:** Yes.
- Dipesh Sancheti:** Perfect. If there any other questions I will be in the line. Thank you so much and congratulations once again.
- Moderator:** Thank you. The next question is from the line of Jainam Ghelani from Money Bee. Please go ahead.
- Jainam Ghelani:** Congratulations on good numbers. Can you please talk about the total revenue from DDGS and its volume and my second question will be has the realization increased compared to the last year?
- Kushal Mittal:** Thank you. For the first question if I heard you correctly you were asking about DDGS volumes and their revenue?

**Jainam Ghelani:** Yes.

**Kushal Mittal:** DDGS currently we are seeing decrease, about 100 metric tons of good quality DDGS to use it on an average by our unit and currently the prices are around Rs.23 to Rs.24 per kg for it, they had gone up to Rs.39, so we see this increase and decrease and we expect the prices to go up again in the coming months as you know demand for eggs and chicken increases once the temperature is decreased especially in North India and in the monsoons, so that is about DDGS and the second question was?

**Jainam Ghelani:** My second question was will be has the realization increased compared to the last year?

**Kushal Mittal:** Realizations, we hope to increase our margins slightly in the edible oil sector as I had mentioned, revenue within the edible oil sector we are aiming to sustain the numbers that we showed this year and coming in we expect distillery sector to give us better revenues as well.

**Jainam Ghelani:** Okay, thank you.

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

**Balamurali Krishna:** In earlier concall, management told that would reach 700 KLPD capacity by the end of this fiscal year so now we have in that West Bengal, there is a little bit delayed, so what would be the expected capacity by the end of this fiscal?

**Kushal Mittal:** West Bengal, we are aiming to start by the end of this quarter and for Bathinda 200 KL expansion we are aiming for Q4 of this year and Bathinda progress is going very, very well as we speak I think we will be able to achieve that target and so by the end of this financial year, we expect to have 400 KL Bathinda and 200 in Bengal, total of 600 KL.

**Balamurali Krishna:** West Bengal one more 100 KLPD capacity, there will be in next fiscal of first quarter?

**Kushal Mittal:** I am not able to give you a date for that as of now, because we will be starting work once the 200 KL is commissioned and is working well for the 100 KL, so post that we will start an expansion.

**Balamurali Krishna:** Thank you Sir and one more thing as oil prices are high will see any dip in the revenues or it will be the same like this quarter upcoming quarter?

**Kushal Mittal:** We will see some dip in revenues as I have mentioned in the edible oil sector, but this thing is we will expect the demand to go up in the coming quarters also, but in the indigenous oil available we expect our margins to improve.

**Balamurali Krishna:** Thank you Sir.

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

**Dipesh Sancheti:** One question was regarding the risk of, since there is a global grain price is going on and government is banning exports, do you see any inherent risk because of this in the procurement of grains?

**Kushal Mittal:** No, we do not see much risk, because what buying is damage grain for most of our goods and damage grain is it is a byproduct of a rice mill, so especially in terms of rice India is still very surplus, there was a statement, which was made earlier that India might be banning the export of India, but then the government made it clear that export of rice would not be banned, because the stock is still way above the needed stock and also at the same time, the FCI rice policy, a conversion policy they are still working smoothly, so we do not see anything from that end as well.

**Dipesh Sancheti:** We even procure from the government quota also right, I mean the government has some in its own storage and we procure from that, we do not see any risk that procurement will be affected?

**Kushal Mittal:** Not at all in fact because of the rice in damage grain prices in the market, what we did was the government actually made it flexible for us to diverted towards damage food grain ethanol, so there are two types of ethanol one is the damage food grain and one is from the SGI rice, so they are from damage food grain to the FCI rice, so we in fact increase the quantity towards the FCI rice and there was full support from SPD, the OMCs, so we do not see that being a risk.

**Dipesh Sancheti:** Yes.

**Kushal Mittal:** What does the people would not tell you, because we understand this is very, very well, earlier what happened was India was dependent on Punjab and Haryana primarily for its paddy and Punjab and Haryana had one crop a year, now we will see in especially after the farmer and after the lockdowns when a lot of labor went back to their home stay, stays like Bengal, Jharkhand, Odisha, Bihar where there is good amount of water, these states can grow three crops a paddy a year and earlier those farmers who are not aware that there is something called MHP, now all those farmers are educated and we have this farmer thank

for a lot too and now they understand what is MHP and now they are saying, why states like Punjab and Haryana, can the government procure and MHP and why not our produce and it has been procured an MSP and earlier it was tough for the government to handle one crop for Haryana and Punjab a year and the states with the amount of land they have, if they start going three crops a year now there is a lot of paddy to handle, so from that end we do not see in the long run being any supplies like pressure in the raw material end.

**Dipesh Sancheti:** I meant only in the short term, because these prices have come only in the short term, so there is no need to procure the grains and keep it in our stock expecting anything of the situation coming up?

**Kushal Mittal:** We are not doing that.

**Dipesh Sancheti:** Okay, one more question was about the edible oil. Now edible oil prices they have started coming down, will this affect our profitability?

**Kushal Mittal:** Profitability do not see it affecting us, because now we started processing lot of mustard and mustard for our company is more profitability than imported oils, so although yes, prices are decreasing and the increased in volatility creates uncertainty and there might be an decrease in the revenues, but our profitability we expect to improve because we are processing indigenous oils.

**Dipesh Sancheti:** But, the amount of stock we have or the exact prices comes down, will it affect our profitability in that case, stock and trade or something?

**Kushal Mittal:** Two things, we do not sit on too much inventory to be honest, so it is not too significant.

**Dipesh Sancheti:** Okay and last thing about the real estate, now this quarter we had some sales and as you are planning to get out of real estate in future, how much more sales do you expect going ahead till the time we get out of this business? ballpark figure not exact?

**Kushal Mittal:** About Rs.20 Crores odd.

**Dipesh Sancheti:** So the EBITDA margin would be the same which we had in this quarter about 60%, 70%?

**Kushal Mittal:** Yes.

**Dipesh Sancheti:** Okay that will be great, fine. Thank you again.

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

- Vivek Chaturvedi:** Good morning. Just wanted to check Svaksha distillery which is going to start operating in the second quarter, will it be profitable after depreciation and interest or that would come in the second year fully?
- Kushal Mittal:** No, I think it should be profitable from this start, because interest is the loan taken on the distilleries only of Rs.55 Crores, so that should not be too significant, so we expect to be profitable.
- Vivek Chaturvedi:** Okay and how much would be the indicative turnover for the three quarters from the Svaksha distillery?
- Kushal Mittal:** In average quarter, we expect about Rs.120 Crores from that unit.
- Vivek Chaturvedi:** Okay, so that would be about Rs.350 Crores odd from that unit and the balance Rs.650 Crores is you are expecting from the existing Bathinda distillery?
- Kushal Mittal:** Yes, we are hoping to get one quarter of the expansion in Bathinda.
- Vivek Chaturvedi:** Okay, so that is how we are expecting that turnover also to increase distillery?
- Kushal Mittal:** Yes.
- Vivek Chaturvedi:** Okay, that is all from my side. Thanks.
- Moderator:** Thank you. The next question is from the line of Dinesh Kothawade an Individual Investor. Please go ahead.
- Dinesh Kothawade:** I am sorry, I have joined late. I have two questions. One is regarding the boiler, I want to know the timing to get the boiler started and second quarter is when the promoter is not taking, those are my two questions.
- Kushal Mittal:** Are you talking about the power plant expansion in Bathinda?
- Dinesh Kothawade:** The paddy straw.
- Kushal Mittal:** That power plant we expect to commission in November of this year, but it is a new technology power plant and it is a bigger project, so we are hoping for November of this year while we start the new distillery expansion in Bathinda and as promoters, there are lot of capex happening currently and we want to enrich our investors, who put the faith in us and we understand that not everyone always put their faith in a smaller size company like ours, we want to reward the investors who have put their faith and given us moral support

and there is a lot of capex happening, so we have been fit that we are not to take the dividend this time, but once all this capex is complete, we will come out with the proper dividend policy and that is when the promoters will take their share.

**Dinesh Kothawade:** Thank you.

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

**Varun Murali:** Thank you for the opportunity. My first question, this is regarding your Bathinda expansion, just wanted to understand there is HMEL refinery also nearby which has gone through expansion, so with all these ethanol blending program, do you think that it is a source of advantage for you to have such a massive refinery nearby wherein some of it can be given a short notice may be the ethanol? I had asked the questions, I am not sure you had responded on the main line, so this was around the Bathinda expansion, now the upgrading of capacity, also wanted to check with the HMEL refinery nearby which is again massive refinery, so do you think it is a source of advantage for you that to have refinery nearby to supply ethanol to short notice if required?

**Kushal Mittal:** That is not too much of disadvantage to be honest, because we do not supply our ethanol to refineries, we supply to depots it mix in their blending type, so refinery is not a big purchaser, it is depots but yes, because of the refinery in the city of Bathinda, there has been a lot of growth in Bathinda which has the loudest to get a lot of talent which would not possible in the last few years and also there is a big depots in Bathinda, because it is in the border of Punjab, Haryana and Rajasthan, so that works to advantage, but it is not the refinery in particular is not very advantages.

**Varun Murali:** Thank you for that. The second question was around augmenting the capacity at Svaksha from what you outlined earlier in the call I presume that work has not really started, so just wanted to check given the rise in all these commodity prices and you had also articulated how that had been an advantage with respect to the earlier expansion that you have already started, so is there any thought process around like waiting for prices to cool down and then commence the expansion at a later date or do you feel comfortable right now given lot of incremental cash flow from the expansions coming in?

**Kushal Mittal:** The prices, we do not really pay much attention to when deciding our capex especially Svaksha because do you know add another 100 KL, there is no power plant expansion that is happening, current power plant will suffice our needs, so in that sense we do not really look at the raw material prices, I think we are comfortable at the current as there is declining, but we are not waiting on it for the decline, what we are waiting on us to, successfully come into full production and full smooth business, because we are

experiencing that it is the working conditions, there are not as easy as Punjab where would situated and very experienced so we want to first stabilize in 200 KL and then begin work for 100 KL.

**Varun Murali:** Okay and one last question if I may I am not sure whether you will be in a position to answer this, because I think as a public shareholder one of the things we will just see in the March quarter was one of your large public shareholders decrease in stakes, so do you have any color around this as to whether because they are like 14% shareholder in the company, whether they something...

**Kushal Mittal:** An external shareholder.

**Varun Murali:** Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Gaurav Sachdeva from Further Investments. Please go ahead.

**Gaurav Sachdeva:** I want to know that after commissioning of all the distillery plant, do the company have any other capex plan or the company will go in consolidation in a few years?

**Kushal Mittal:** For now this is what we have our site on I cannot tell you in full confidence that we might stock after this, but right now we had focused on this fully and after that we will see what to do, but this is our focus for now and I cannot say that we will consolidate and I cannot really comment on that.

**Gaurav Sachdeva:** Thank you. All the best.

**Moderator:** Thank you. The next question is from the line Nidhi Ladha from NM Financial Services. Please go ahead.

**Nidhi Ladha:** Thank you for the opportunity. My question is that on the boiler which we had put in at Bathinda, so what is the capex cost for this paddy straw and how much cost will be save because of this new boiler which you have implemented?

**Kushal Mittal:** The boiler that were installing is around, the boiler itself is around Rs.40 Crores whereas we were to replace the boiler with conventional boiler that runs on rice husk for coal, it would be around Rs.20 Crores to Rs.24 Crores, so almost double the capex, but the fuel cost, we have signed the contract to procure paddy straw at Rs.2.51 a kg whereas the current husk prices in the market around Rs.7.5 to Rs.8 a kg and husk price also more calorific value, so when attributing for that the paddy straw should be around Rs.3.2 when compared to husk, so we expect the payback period to be one to two years.

- Nidhi Ladha:** You can also let me know that what is the demand for the bottling business and how much are we planning to increase in that in the coming year?
- Kushal Mittal:** Bottling business, we have no plans to increase, the current demand is we are participating in the quota system of the Punjab government and we do not expect our plan to expand this.
- Nidhi Ladha:** That is all from my side. Thank you.
- Moderator:** Thank you. The next question is from the line of Sushil Kumar an Individual Investor. Please go ahead.
- Sushil Kumar:** I just had one question regarding the incentives at both these locations available in ethanol blending policy, what kind of incentive is do we get?
- Kushal Mittal:** Both the projects mainly Bathinda under the interest of pension scheme, so the applicable interest rate will be 4%, besides that the Bathinda boiler, the capex GST part, the state GST portion will be refunded and there are no other incentives at both these plants.
- Sushil Kumar:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Dinesh Kothawade an Individual Investor. Please go ahead.
- Dinesh Kothawade:** Thank you for an opportunity. I have question regarding the industry, I want to compare, mustard seed with farmer, the farmer with backward integration take almost 10 years to do the backward integration, so I just wanted to understand for the mustard seed what is the backward integration, is there any plan for backward integration and how much time it will take for us?
- Kushal Mittal:** Backward integration as in contract farming?
- Dinesh Kothawade:** In terms of contract or in terms of our plans?
- Kushal Mittal:** We do not have plans to backward integrate in this sector.
- Dinesh Kothawade:** Thank you.
- Moderator:** Thank you. The next question is from the line of Gaurav Sachdeva from Further Investments. Please go ahead.
- Gaurav Sachdeva:** Do you have any estimate of interest figures for FY2023 finance cost basically?

**Kushal Mittal:** Finance cost for FY2023 to be honest I do not have, I have to speak to my CFO and get back to you with that number.

**Gaurav Sachdeva:** Thank you.

**Moderator:** Thank you. As there are no further questions I would now like to hand the conference over to the management for closing comments.

**Kushal Mittal:** I would just like to conclude by thanking everyone again. Thanks to everyone who attended. The persons who are interested in our company who is invested in our company and I would just like to say that the company is going on a very good track and just hoping that you are all there to join us for a ride as we continue to go. Thank you.

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