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

DATED: 17/02/2023

Dear Sir/Madam

**Reg: Transcript of Earnings Conference Call with analysts/investors**

This is in furtherance to our earlier intimation during the day regarding weblink for the Conference Call for Analysts/Investors held on 15<sup>th</sup> February 2023 to discuss the Un-Audited Financial Results of the Company for III Quarter and nine months ended on 31<sup>st</sup> December, 2022.

The transcript of the conference call is enclosed herewith for larger dissemination amongst the public at large.

Thanking You,  
**For BCL Industries Limited**

**Rajinder Mittal**  
**Managing Director**  
**(DIN: 00033082)**



“BCL Industries Limited  
Q3 FY 2023 Earnings Conference Call”  
February 15, 2023



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

**MODERATOR: MR. PRASHANT SHARMA – QUANTUM SECURITIES  
PRIVATE LIMITED.**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Q3 FY '23 Earnings Conference Call for 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, please signal an operator by pressing star then zero 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. Over to you, sir.

**Prashant Sharma:** Thank you, Darwin. On behalf of Quantum Securities, we welcome you all to quarter 3 FY '23 Results Conference call of BCL Industries Limited. We thank the management for giving us this opportunity to host this call. The management is represented by Mr. Kushal Mittal, Joint Managing Director.

I now hand over the call to Mr. Kushal Mittal. Over to you, sir.

**Kushal Mittal:** Thank you for the introduction, Prashant ji. Good afternoon, everyone. We would like to extend a warm welcome to the earnings call for the third quarter and 9 months ended financial year 2023. Let me start by giving you the key financial highlights for the third quarter. Total income for the quarter was around INR 536 crores, which declined by 6% on a year-on-year basis. EBITDA for the quarter was INR 42 crores, which is increased -- which is an increase of 16% year-on-year. EBITDA margin stood at 7.86%.

The net profit was around INR 23 crores, which is a decrease of 5.4% on a year-on-year basis. PAT margin stood at 4.26%. I would now like to clarify that out of the total revenue mentioned for Svaksha Distillery the total income for the quarter was INR 85 crores, and EBITDA was about INR 4 crores, which is an improvement from the previous quarter. For 9 months ended of financial year '23, the total income stood at INR 1,369 crores, which is a decline of 7.7% year-on-year.

EBITDA stood at INR 82 crores, a decline of 14.4% year-on-year and margins were at 6.01%. PAT was about INR 40 crores, while PAT margin stood at 2.9%. For Svaksha Distillery, the total income for 9 months was about INR 113 crores with an EBITDA of INR 2 crores. Coming on to the operational highlights. I would like to start with the Distillery segment. We were able to keep steady margins by converting some additional capacity towards ENA, despite the inflationary pressures from fuel and raw material prices in this segment.

So I'm very glad to say that Svaksha Distillery 2 has begun 100% production after replacing one of the distillation columns. We expect to get 2 full months of production for Svaksha Distillery in quarter 4 of this financial year. Also, we have begun work for 100 KLPD ethanol-only expansion at Svaksha Distillery and have received the necessary clearances for expansion and have also placed all major machinery orders for the same.

Currently, the civil work is going on, and we expect to commission this expansion by December 2023. This will have a project cost of around INR 90 crores. The works for expansion of 200 KLPD ethanol plant at Bhatinda is under full swing and is expected to begin trials in March 2023. To hedge against the rising fuel costs, we are setting up a boiler fired on paddy straw, which will be commissioned along with the new 200 KLPD ethanol plant in Bhatinda. This will help the company in diversifying its fuel needs as paddy straw is one of the toughest biomasses to utilize, and hence, there are very few buyers for this in the market.

This boiler also qualifies for the state government scheme in which SGST on the capex of the boiler will be refunded back to the company. The capex of this boiler is around INR 40 crores. In the Edible Oil segment, there has been an aftershock due to the sudden dip in prices of edible oils globally. Retailers and distributors have been averse to keeping excess stock of product with themselves, which has led to a decline in sales. This is expected to normalize in the coming quarters. Lastly, in the Real Estate segment, we were able to liquidate a land parcel for school site inside the -- inside our colony Ganpati Enclave. This has led to a onetime increase in sales in this sector.

With that said, I would now like to open the floor up for any questions.

- Moderator:** The first question is from the line of Varinder Bansal: from Omkara Capital.
- Varinder Bansal:** I have a few questions. First of all, can you update us what are the latest prices for broken rice and husk prices?
- Kushal Mittal:** The latest prices for broken rice would be depending on the location between INR 21 to INR 22, and the husk prices will be around INR 7 to INR 8.
- Varinder Bansal:** So, husk has come down, but rice is still high.
- Kushal Mittal:** Rice also has come down a little, it had gone up to INR 23. So now it's on a downward trend.
- Varinder Bansal:** And how much do we procure from FCI?
- Kushal Mittal:** See right now about half of our procurement of rice is being done through FCI.
- Varinder Bansal:** Can you please update us also on the palm prices, like what are the palm edible oil prices because there are inventory losses last year -- last quarter, sorry.
- Kushal Mittal:** Palm prices as of today, palm prices change minute by minute. But as of today, it's around INR 820 at port, which has stabilized around there, that has been up to INR 1,100 at one point of time.
- Varinder Bansal:** It went to INR 1,000 in between, right? So it has come down from INR 1,000 to INR 830, INR 840, right, you're saying that?
- Kushal Mittal:** Yes. Now it's stabilized around this.

- Varinder Bansal:** Okay. Okay. Second question would be, can you update us, if I heard it correct, you said we will get 2 months of Svaksha this quarter, which is quarter 4.
- Kushal Mittal:** Right. So February and March.
- Varinder Bansal:** Yes. And you are saying that Bhatinda 200 additional will be active in quarter 1 as well?
- Kushal Mittal:** Yes.
- Varinder Bansal:** So which means quarter 1, we will have total 600 plus operational capacity.
- Kushal Mittal:** Correct.
- Varinder Bansal:** And you also said that there is additional 100 you are putting more in Svaksha?
- Kushal Mittal:** Yes. Additional 100 for which we have started to work, the orders have been placed, and the necessary permissions are in hand. And currently, the civil work is going on. We expect to bring this 100 KLPD into production by December of this year.
- Varinder Bansal:** So from starting 1st April we will have 600 additional total capacity, right?
- Kushal Mittal:** Right.
- Varinder Bansal:** Any inventory losses or gains this quarter, quarter gone by, which is quarter 3?
- Kushal Mittal:** No, none too significant.
- Varinder Bansal:** But we incurred loss of INR 25 crores last quarter, right? Did we recoup the entire loss?
- Kushal Mittal:** I think majority of it has been done and the rest we think we should be able to by good planning in the next quarter. It was a tough beating to take last quarter, and it takes about 2 -- I think it will take 2 quarters for us to recover.
- Moderator:** The next question is from the line of Nitin Awasthi from InCred Equities.
- Nitin Awasthi:** I have a couple of questions from my side. Starting with carrying on the previous participant's question, you have answered the prices -- fuel prices -- cooking oil price and fuel. If you could just spot and tell us how the trend is shaping up? Because what we are hearing is that the Rabi harvest has been very good, and the increases are up significantly from what government has estimated and has put out. And there should be downward pressure coming on to these commodities. If not now, we should have started, if not started, we should start soon? Your thoughts on the same.
- Kushal Mittal:** You rightfully mentioned that the crop has been very good, even today I was reading an article in the Hindu Business Line which said that the harvest has been wonderful, and it's a record harvest. But see, we expect the prices to decrease. But I think a major part that is affecting these prices is a lot of these rice mills have become quite profitable because of the new government policies, which is a good thing for the overall economy.

But once these right mills are profitable, then they have the power to hold onto materials. Then they have the power to hold on to husk and then they have a power to hold on to broken rice, which earlier they used to sell at whatever rate they could sell on the day because they needed the funds. So now it has become a game of who will blink first. So we fully expect that the prices will decrease, but the decrease hasn't happened very fast because of this one reason.

**Nitin Awasthi:** Sir what are the ENA prices prevailing in the 2 markets you present in?

**Kushal Mittal:** ENA price is around INR 62 to INR 63 currently.

**Nitin Awasthi:** Okay, INR 62 to INR 63. Once the new Punjab unit starts in Q1, you would expect half of the Punjab unit to run for ENA and half to move to Ethanol, Is that correct?

**Kushal Mittal:** See, once the unit -- sorry, I might be coughing a little, but apology for that. Once the unit is started in Bhatinda, 300 of the capacity will be diverted towards ethanol and 100 will be diverted towards ENA for now. Since the old ENA plant is now 11 years old it requires some modification and for which we'll take a shutdown of a month in September. So we will be fully modernizing the plant again. And post that shutdown in September, we will make sure that 200 KLPD runs on ENA and 200 KLPD runs on ethanol.

**Nitin Awasthi:** And lastly, the Punjab liquor policy is supposed to be out, the new, I don't know whether it's out or not, every day the headline keeps changing as in it is going to be out, the new policy not yet been started to get drafted. So if there's a major swing happening in these two ends, whatever the case, what is known for a fact is the previous year's policy was very unfavourable. Do you expect a favourable liquor policy coming out from the Punjab government? And if it does come out, would you be venturing into the IML or IMFL segment in the state?

**Kushal Mittal:** Yes. See, I can't comment on what policy to expect because really, I can't -- I don't have any words to say on it. But if the policy -- although the policy -- last year's policy had its pros and cons. But if there is not a major shift in the policy because we as a business, we like consistency. If there is not too big of a major shift, then we will look into launching IMFL vodka brand. We used to have a brand called Summer Chef, which did very well, and we will be rebranding it and launching it if policy -- if there is consistency in the policy this year.

**Nitin Awasthi:** That's the IMFL segment?

**Kushal Mittal:** Yes. And in the Indian and Punjab-based liquor segment, last year, we launched a brand for green vodka, which has done very well this year. So we'll continue with that.

**Moderator:** We have the next question from the line of Imran from Longbow India Capital.

**Imran:** Sir, I have a couple of questions on the Distillery segment. If you could help us understand your fuel sourcing mix, what percentage is through coal and what percentage is through rice husk?

**Kushal Mittal:** Yes. So our Bhatinda unit primarily runs on rice husks only. And the Kharagpur unit, currently, I'd say about 30% is running on coal and the rest on rice husk.

**Imran:** All right. And sir, one more question. So your EBITDA, if I look at absolute number for Distillery segment is about INR 24 crores. This is on a base of about INR 112 crores revenue, right?

**Kushal Mittal:** No. Revenue of INR 151 crores.

**Imran:** Maybe I'm missing something here, then.

**Moderator:** The next question is from the line of Agastya Dave from CAO Capital.

**Agastya Dave:** Yes. So great performance. I think definitely, there is signs of incremental improvement. And everyone covered the basic raw material and realization questions. So I'll just stick to the coal prices. I know that you guys have a lot of rice husk, but coal has also been very challenging over the last 1 year, but at least the data that I have access to the international prices have really cropped out over the last 45 days.

So are you seeing any like significant correction in the coal cargoes that you are receiving? And how is the situation with respect to fuel prices for you guys? If you can also touch on when you very briefly mentioned about husk prices, but can you also go into detail how will that dynamic play out? And the overall fuel picture, how does it look to you? Can we then see the margins reverting back to the best performances that we saw roughly 1 year back or probably 18 months back? Are we heading in that direction?

**Kushal Mittal:** For coal prices you rightly mentioned, yes, there was a decrease, which we experienced in the month of January. But the recent allocation that we studied in Jharkhand and Chhattisgarh, there's been an increase again in the prices of coal, which was about 10 days ago. Right now, speaking, coal and Husk is when I do a GCV calculation, they're about the same. So it's not benefiting us by using more coal instead of husk.

And see the fuel prices, we don't -- yes, we see that it might come down a little. But earlier husk prices used to be around INR 3 to INR 4. Now I don't see that happening again. Now it will be around INR 5 to INR 6 at least. I think INR 5 is still wishful thinking. And to combat this and to stay ahead of our competitors we are installing this rice straw-based power plant in Bhatinda, which will help us increase our margin significantly with the added capacity because we have procured rice straw at a price of INR 2.51 for the entire year, which was about ...

**Agastya Dave:** Can you repeat that number?

**Kushal Mittal:** INR 2.51 per kg for the entire year. And even if I were to do a GCV-to-GCV calculation, this only goes up to INR 3.5 when I compare it to husk. It is a very tough fuel to handle, but the boiler, the power plant that we're installing is state-of-the-art, and we're very confident in its working. And this will significantly help us and none of our competitors are doing this.

- Agastya Dave:** Yes. So if I look at the way realizations have moved slightly upwards in many of the products, right? And now that raw material prices could be easing, and most likely fuel prices will not be going up at least. So can we expect the spreads to improve incrementally? And then stabilize close to the previous size? Or will we be permanently below the best performances that we saw from the industry?
- Kushal Mittal:** See, I can't speak for the industry as a whole. But I can speak for my company, I think the best EBITDA margins that we got from this segment, I think, were around 19%. And today, we're sitting at 15.76%. Yes, it is realistic that these can go up to 17%, 18% again. But I don't see it increasing more than the record 19% that we would have done.
- Agastya Dave:** So slightly below that, but not more than that?
- Kushal Mittal:** Yes.
- Moderator:** The next question is from the line of Deepesh Sancheti from Maanya Finance.
- Deepesh Sancheti:** One question I wanted to ask about edible oil is, with the Indonesian ban, how do you see the prices going for the edible oil which we manufacture?
- Kushal Mittal:** See, Indonesian ban, I think after which prices have stabilized again. So I don't see a significant impact that the ban will play because now there's a big indigenous crop of mustard coming in. which wasn't the case about 2, 3 years ago, when mustard crop wasn't as big. Then there was a good crop of paddy, which resulted in a lot of rice bran oil as well. And sunflower oil has also become a little cheap. So I don't see the prices of edible oil increasing significantly due to this ban. I think a bigger impact would be a bigger point to what should be how China opens up its economy further and whether demand in China increases significantly.
- Deepesh Sancheti:** So we -- with the new mustard crop coming in, we will be getting access to more which will be help in increase our margins, right?
- Kushal Mittal:** Yes. Mustard is very beneficial for the company.
- Deepesh Sancheti:** Coming to the Distillery one, now, when do you see Svaksha turning back as in coming profitable in the next 2...
- Kushal Mittal:** I'm sorry, can you please repeat the question?
- Deepesh Sancheti:** I'm saying that when is Svaksha Distillery going to be profitable?
- Kushal Mittal:** Profitable, I think, in a couple more quarters.
- Deepesh Sancheti:** Okay, a couple of more quarters. And we will go full strength in this -- in the coming quarters in Svaksha?
- Kushal Mittal:** See quarter 4, 2 months of full working. The plant was shut down for about 15 days due to the overhauling. And in quarter 1, yes, we expect full working.

- Deepesh Sancheti:** And I heard that even Bhatinda will be online in first quarter, how much capacity utilization do you think in the Bhatinda?
- Kushal Mittal:** See, March we will begin trials and the ideal case scenario would be that we get full capacity utilization for quarter 1. But I can't really -- as mentioned already, the new power plant that we're installing is brand-new technology. And I can't say as of now how long it will take to stabilize that power plant. But we are confident that we'd be able to do it in a short period of time.
- Deepesh Sancheti:** For the power plant, we've already purchased all our paddy, right?
- Kushal Mittal:** Yes.
- Deepesh Sancheti:** That is done for the full year?
- Kushal Mittal:** For the full year, yes.
- Deepesh Sancheti:** And also, I want to thank you that last time when I suggested that will you be doing any preferential offer for raising new capital for the fresh expansion. I think you did have a preferential offer. But I just wanted to know how we as investors also can participate in the preferential offer. I mean can we approach you directly? How is it I mean if you can just throw light or we can just send our e-mail, which email...
- Kushal Mittal:** See, for this potential, I'm sorry, but it's closed now. But I think our company factory e-mail is available on our website. I think that would be the right place to reach out. But going off your advice, I'd like to say that this preferential, the funds that will come in from this will be very well utilized by the company. The company is currently looking into -- foraying into -- further into green energy and diversifying starting from Bathinda, the Bathinda unit. And I think we have very good and exciting news for our investors in the coming months.
- Deepesh Sancheti:** What is the total debt which you're having? And where do you see it in the next financial, by start of maybe FY '25?
- Kushal Mittal:** See, for the BCL Industries, there is about working capital of around INR 150 crores. We have availed INR 120 crores further for the expansion. And there is other about INR 40 crores against lease [inaudible 0:24:19] company and some against the last expansion of our distillery. And for Svaksha, the current debt we've taken for 200 KLPD is INR 70 crores, which includes both working capital and the capex loan.
- And we are further looking today for a loan of about INR 50 crores for the 100 KLPD expansion. So that brings a total of about INR 400 crores. But once post this allotment, we'd be looking to reduce our working capital significantly and just keep the loans that we can avail interest I have mentioned on, which is the INR 120 crores Bathinda and INR 70 crores in Svaksha because that is cheaper debt for us.
- Deepesh Sancheti:** What is the average cost of funding for that debt? It should be.

- Kushal Mittal:** For the interest subvention?
- Deepesh Sancheti:** Yes, for the interest subvention.
- Kushal Mittal:** So it would be around 4.5% after the Interest Subvention scheme.
- Deepesh Sancheti:** That is the average for both Svaksha and the new Bhatinda one.
- Kushal Mittal:** Bhatinda and Svaksha.
- Deepesh Sancheti:** Now since the funds are coming in, are we looking at even increasing, I mean going ahead from 700 KLPD to maybe next 1,200 KLPD?
- Kushal Mittal:** See, there are 2 perspectives that our management is currently working on. It's either setting up another greenfield ethanol plant and a state that we have identified for that is Madhya Pradesh and we are looking at that. Or as I mentioned, we have also considered into following further into green energy and moving into a new sector. And I think we'll have a bit more clarity for our investors in the coming months on this.
- Deepesh Sancheti:** And one more question is that what rates do you see in this distillery and ethanol segments? It is so -- so much expansion is coming. There is the Global Spirits, there is Renuka Sugar. I mean, the sugar industry is expanding. I mean, there is so much -- I mean, I'm sure that there is a lot of demand. But what is the inherent risk do you see? I mean, if there is policy changes or anything? Is that the only risk? Or do you see any other risk also because over -- it shouldn't happen that there's overcapacity and then we have to do things in losses.
- Kushal Mittal:** No, I'd like to explain this. I'd like to explain this question with a little more detail. Firstly, the expansion that is coming in this country is ethanol-based expansion. The easing that has been done in setting up a plant has only been done for ethanol-based plants.
- If you were to look at any of these new plants coming in, about 95% of these plants will only operate on producing ethanol. And when it comes to a policy, when it comes to ethanol policy, I think this is a very long-term policy that the government has thought of, and there are many benefits to it. So it's not easy for now. Once you have the automakers also on board and you've created this entire ecosystem in the past 3, 4 years, it's not easy for the government to backtrack on this policy. I'll give you a very good example of globally that once there is a biofuel policy in place, how hard it is for a government to back track on.
- If you look post-lockdown, post the first lockdown, you saw there was a global surge in the prices of edible oil. CPO went to -- CPO prices skyrocketed. And even then, countries like Malaysia and Indonesia, instead of saying, we'll start exporting more CPO because it's beneficial for us, they were like, no, we will maintain our biodiesel requirements. We will first cater to the local demand of biodiesel and post which, the surplus will be exported. That shows when there is a biofuel policy in a country, it is a long-term policy. There is a lot of people involved from farmers to rice millers, to distillers, to oil marketing companies, to your automakers.

And moving on to the other part, our company is very strategically placed because both our units have the capacity to produce between ENA and ethanol. And that's why we -- if you look at our competitors, I think we are doing better because we can -- we have the flexibility. And once the ENA prices are increasing, we might divert a little bit of a quantity towards that. So we have our flexibility, and I think we do our business quite efficiently. And this rice straw-based boilers would also be a game changer for us in keeping very good margins.

**Deepesh Sancheti:** And going ahead, where do we see our liquor business going in? And then do we see that we'll be prominently ENA supplier? Or we will be a consumer of ENA and actually building on our brand and doing more business into our IMFL or Indian liquor?

**Kushal Mittal:** No. For now, the company does not envision to grow the consumer business significantly. I think even if we were to increase our consumer business, it will be done by -- it will be done slowly, which would have very -- won't have big impact on our balance sheet. We are not interested in that business for many reasons.

For Kharagpur, for Svaksha Distillery, we've had interest from bottlers to set up a bottling unit inside the factory premises. Unfortunately, we were very preoccupied by the 6-month prolonged commissioning that it took. And once the plant is stabilized, now we'll start talking to them to see if a bottling unit can be set up there. But we do not want to concentrate too much on the consumer business. Instead, we want to grow in terms of capacity or foray further into green energy.

**Deepesh Sancheti:** Always a pleasure talking with you guys. That's so good. And I hope that during the next preferential or whenever you're raising funds, you'll keep us part as investors and really, we are very happy to be your long-term investors.

**Moderator:** The next question is from the line of Bala Murali Krishna J, an Individual Investor.

**Bala Murali Krishna J:** Congratulations on great set of numbers, sir. I would like to know about this Distillery volume, our Svaksha Distillery operational, but still I see there is some lag in volumes compared to vis-a-vis 9 months. So could you please give some clarity on that?

**Kushal Mittal:** See, Svaksha Distillery, as mentioned, the plant was commissioned in late June. But unfortunately, we were not able to bring the capacity utilization to over 60% because there was a faulty distillation column. The column was replaced in late of January of this year. And now starting Feb, we are at 100% capacity utilization for that unit.

**Bala Murali Krishna J:** Yes. And one more thing on this fund raise, it would be good if you have come with a rights issue so that minority shareholders would have participated in that.

**Kushal Mittal:** Yes. We did get that feedback. And next time, we'll keep that in mind.

**Bala Murali Krishna J:** Yes. One more thing regarding the further capacity plans, you are saying something with the regulatory...

**Kushal Mittal:** I'm sorry, can you please repeat?

- Moderator:** Sorry to interrupt...
- Bala Murali Krishna J:** On further capacity planning regarding the green energy and the funds utilization?
- Kushal Mittal:** I think gladly able to clarify more in the coming months.
- Moderator:** The next question is from the line of Varinder Bansal: from Omkara Capital.
- Varinder Bansal:** Kushal, I'm sorry, just 2 clarifications. One is, can you update like what is the status on these preferential shares and how you intend to use that?
- Kushal Mittal:** Yes. So the preference was approved by the Board and the shareholders in the AGM. And we're now waiting on the in-principle approval from both BSE and NSE, post which we'll be able to get 25% and within 18 months, the remainder. And these funds will be mainly utilized Firstly, towards, as I mentioned, we will be modernizing our Bhatinda unit in the month of September, which would cost us around INR 25 crores. And the rest would be paying off the expensive debt of the company and utilizing towards the working capital.
- Varinder Bansal:** Did I hear that for the additional 100 KLPD, you mentioned that you'll be going for additional debt?
- Kushal Mittal:** Yes, we will be because that falls under the Interest Subvention Scheme. So it makes sense for us to raise debt on that project and instead pay off the other expensive debt that we have.
- Varinder Bansal:** I understand that. But I'm just saying that if you guys are able to do 18 crores liters, 19 crores liters next year, right, which is 600 KLPD. And additional, I'm not even assuming 100 KLPD coming in next year, right? You said by December, something maybe 1 quarter we get 100 KLPD of additional Svaksha, right? And going by rice prices and husk prices, what you are telling us that husk prices have come down a bit and rice prices are almost there or INR 1 increase. That means that at an EBIT level, you guys will be able to still do INR 10 per liter?
- Kushal Mittal:** Correct.
- Varinder Bansal:** Which means that around INR 180 crores EBIT, which should come from only Distillery?
- Kushal Mittal:** Right.
- Varinder Bansal:** So you will be generating enough cash flows for to take additional debt. But okay, even if you have a ...
- Kushal Mittal:** See, I would like to clarify here that if we were to expand further, if we were to go in for a greenfield project or if you were to go into some other projects, then that project will not be applicable for the Interest Subvention Scheme. So it makes sense for us to fund that project through our internal sources and take this cheap debt when available.
- Varinder Bansal:** But don't you think it's 2 good options, either you retire some debt which is already there in the books? Or you give it back to the shareholders?

- Kushal Mittal:** See, we'll look to retire the debt. that is on the book. And I think our company has had a good dividend policy in the past, and we'll continue with it. In terms of share buybacks, there is no such plan for the company as we are a growing company. And I think we can utilize the funds better by expanding.
- Varinder Bansal:** So -- okay. So on distillery, I understood that approximately INR 10 per liter is what as -- I think you guys have done already and you have guided as well in the last few con calls. What about edible oil, like edible has been a very volatile segment for us. Last quarter, we took a hit because of that price crashing down, now we are stable. But do you think we should maintain a run rate of INR 50 crores, INR 60 crores EBIT for the full year? Or do you think that something positive is changing in that segment at all?
- Kushal Mittal:** See, I think edible oil market has been quite volatile in the past few months. And yes, I think INR 50 crores to INR 60 crores EBITDA from that segment would be a good goal for the next year as well.
- Varinder Bansal:** Are you seeing any green shoots at all in that segment? Because we keep on talking about distillery, which is a business which is now touch wood stable. But can you throw some light on edible oil, any green shoots or still it takes a lot of time?
- Kushal Mittal:** Yes. Green shoot is that the indigenous crops are increasing. With this, the company's brand our Homecook and Murlı, we're able to increase our sales in terms of cotton seed oil, rice bran oil and our mustard oil. And this is a much better business for us as compared to imported oils. And our brand recognition is also increasing, and just next month we'll be doing relaunch of our brand, or the packaging will be changing and post which I think our company is looking into investing a little more in marketing to increase our sales and brand savings in this sector.
- Varinder Bansal:** So literally, we are talking about INR 240 crores to INR 250 crores of EBIT next year?
- Kushal Mittal:** Yes.
- Moderator:** We have the next question from the line of Niraj Jain, an individual investor.
- Niraj Jain:** Can you hear me?
- Moderator:** Yes, sir, we can hear you.
- Niraj Jain:** I have a couple of questions. So the first one is related to the volumes done by the Distillery segment. So I'm referring to Slide #7 on your presentation. So I see that the volumes compared to year-on-year, so I'm comparing 2022 quarter 3 and FY '23 quarter 3. So the volumes have come down, even though this quarter, we had the additional capacity of Svaksha, even though not 100%, but we did have partial capacity. So the volumes that we should have increased, right, but they have decreased. So may I know what happened there?
- Kushal Mittal:** Yes. Firstly, I think this graph, you rightly pointed out, I think I should clarify. I don't think this includes Svaksha numbers. We'll have that included in our presentation and asterisk to

clarify that. But for the volumes, yes, there has been a slight decrease, and that was because the plant went through a preventive maintenance shutdown for about 15 days in the quarter.

- Niraj Jain:** Okay. That's the Bathinda plant, I assume?
- Kushal Mittal:** Yes, yes. And yes, we should keep a note that we need to clarify now that the new unit has started these numbers relate to achievement.
- Niraj Jain:** Okay. Sorry, did I get you correctly that the presentation that we are looking at does not have the Svaksha numbers in it?
- Kushal Mittal:** Just the volumes I'm saying.
- Niraj Jain:** Yes, volumes, the Svaksha volumes are not part of the number application?
- Kushal Mittal:** No, no.
- Niraj Jain:** Okay. So that's one. And the other is related to the rights issue, the preferential allotment that you did, so like couple of other investors have already voiced out, like I'm also a long-term investor in BCL Industries, and when I heard about the preferential issue, I had mixed feelings. I'm glad that you have backing of other investors as well. But as a long-term investor, I would have loved to be part of that issue.
- So may I understand, one, how are the investors for the preferential issue were decided? And number two, how can we be part of any subsequent such issues? I know that this question has already been asked earlier. But the first question is that how are the current investors for the preferential issue decided?
- Kushal Mittal:** See, we had our investors reach out to us and post which we decided to go ahead with this issue. And yes, in future will keep your query in mind and move ahead accordingly.
- Niraj Jain:** So if we have to show interest for any future such capital raise, so should we write to your Company Secretary to be in the queue for next capital raise, if any?
- Kushal Mittal:** Yes, I think that would be the best way to move forward.
- Niraj Jain:** And for the 100 KLPD expansion...
- Moderator:** Sorry to interrupt sir, could you kindly re-join the queue for further questions. The next question is from the line of Imran from Longbow India Capital.
- Imran:** Sir, can you help us understand your power and fuel cost better for the distillery segment? If you can throw some light, maybe Q-on-Q increase or maybe decrease or it is flat, some percentages, that would be very helpful.
- Kushal Mittal:** See, this power and fuel costs, there's different companies calculate it differently. The way we do it, we try to calculate it per liter, how much we are spending on this steam. And this used to be around INR 12, there were times when this is to be around INR 10 to INR 12, which is now

increased to INR 14 to INR 15 a liter. And that it's been around that for the past 6, 7 months or so or longer I'd say, 9 months. And the slight revision up further downwards, but it's been around that.

- Imran:** So it's like a 20% kind of impact?
- Kushal Mittal:** Yes, there has been an impact. And similarly, we've seen ENA prices increase along with it as well.
- Moderator:** The next question is from the line of Suresh Agarwal, an individual investor.
- Suresh Agarwal:** Good afternoon, sir. So in quarter 4 Svaksha Distillery, will be debt positive?
- Kushal Mittal:** I think it -- it's a little early for me to comment on that. I think we should wait.
- Moderator:** The next question is from the line of Varinder Bansal from Omkara Capital.
- Varinder Bansal:** Kushal, my last question will only be on the cost. While we understand the quantity and we understand the selling price, do you think that there could be any disruption, which could come from the cost side, which could impact the margins. So I understand that is a multi-boiler also what we are putting out. But that will only be for the additional 200 KLPD, which comes in Bhatinda, right?
- Kushal Mittal:** No, I think that would cater to about 60% of our total steam requirements.
- Varinder Bansal:** So which means that on the distillery front, INR 10 is the ideal, which the company should generate?
- Kushal Mittal:** Yes.
- Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments. Over to you, sir.
- Kushal Mittal:** I'd like to thank Quantum for hosting the call. And I'd like to thank all the shareholders and investors who took time to join us on this call. It was a pleasure to answer your questions. And we, as a management, are working towards ensuring that we keep giving you better results moving forward and keep growing. And we thank you to be part of our growth story.
- Moderator:** Thank you very much. On behalf of Quantum Securities Private Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.