

CORPORATE RELATIONSHIP DEPARTMENT BSE LIMITED FLOOR 25, FEROUZE JEEJEEBHOY TOWERS, DALAL STREET MUMBAI- 400001	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>

**Date: 04/11/2024**

**Reg: Analyst/Investors Concall Transcript**

Dear Sir/Madam

Pursuant to clause 15 of Para A of Part A of Schedule III of Regulation 30 (2) of SEBI (listing obligations and disclosure requirements) regulations, 2015, we hereby annex the transcript of the Analyst and Investors conference call held on 30<sup>TH</sup> October 2024 to discuss un-audited financial results of the Company for the II Quarter and half year ended on 30<sup>th</sup> September, 2024.

Submitted for the larger dissemination amongst the public at large.

Thanking You,

**Yours faithfully,  
For BCL Industries Limited**

**Ajeet Kumar Thakur  
Company Secretary & Compliance Officer**

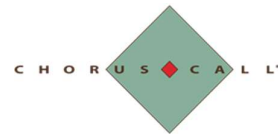


“BCL Industries Limited  
Q2 FY 25 Earnings Conference Call”

October 30, 2024



**InCred** Equities



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

**MODERATOR: MR. NITIN AWASTHI – INCRED EQUITIES  
Ms. PRIYA SEN – INVESTOR RELATION – GO INDIA  
ADVISORS**

**Moderator:** Ladies and gentlemen, good day and welcome to BCL Industries' Earnings Call for Q2 FY25 conference call hosted by InCred Equities. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

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

**Nitin Awasthi:** Thank you, Joshua. We thank the management of BCL Industries for giving us this opportunity to host their call today. From the management, we have Mr. Kushal Mittal, Joint Managing Director, along with their IR team represented by Priya Sen of GoIndia Advisors. I now hand over the floor to Kushalji for the opening remarks. Over to you, sir.

**Kushal Mittal:** Thank you, Nitin. Welcome, everyone, to the Q2 and H1FY25 earnings call for BCL Industries Limited. The financial statements and investor presentation have been made available on the exchange, and I trust that everyone has had the opportunity to review them.

With over four decades in grain processing, BCL Industries has become a leading producer of grain-based ethanol and ENA in the country. The strategic decision to diversify into the distillery segment, leveraging expertise in grain processing, has shown positive results. Currently, BCL operates two distilleries located at Bathinda in Punjab and Kharagpur with a combined capacity of 700 KLPD.

I am pleased to announce that the recently added 100 KLPD capacity at Svaksha Distillery has reached full utilization and operations are running as planned. As part of the expansion strategy, BCL has recently acquired Goyal Distillery Private Limited, which is located in Fatehabad, Haryana, possessing the necessary land and permissions for establishing 250 KLPD grain-based ethanol units. Goyal Distillery is now a whole-owned subsidiary of BCL Industries Limited.

This acquisition will enable the company to set up an additional 250 KLPD ethanol plant along with a power plant that will be used paddy as its primary fuel source. With land and clearances already in place, this plant can be commissioned in nearly half the usual time. This move is expected to significantly strengthen BCL's position as a leader in the grain-based ethanol manufacturing sector in India.

With the 250 LLPD ethanol, the company is planning to set up a biogas plant with a capacity of 20 metric tons per day on the newly acquired nine-acre plot near its Fatehabad unit. Where approximately 250 metric tons of paddy straw will be processed daily, this initiative reinforces BCL's commitment to green energy solutions. Additionally, a new 150 KLPD unit is expected to come up in the coming times in Bhatinda, bringing our total capacity to 850 KLPD.

The focus on using maize as the primary feedstock for ethanol production and paddy straw as fuel distinguishes BCL in terms of operational efficiency and sustainability. Aligned with the government of India's focus on green energy, BCL is also establishing a 75 KLPD biodiesel plant in Bathinda. Work on the 75 KLPD biodiesel unit in Bathinda is going on at full swing, which once completed will facilitate complete vertical integration and increasing value addition in ethanol production.

Maize oil will be the main raw material for this unit. BCL's country liquor brand has shown robust demand with 8,52,241 boxes sold in the first half of 2025, a trend that is expected to continue. In the edible oil segment, despite market volatility, BCL has maintained stable performance and the phased exit from this business is progressing as planned.

This move allows the company to focus on high-end segments, ensuring strong returns. Additionally, the existing real estate inventory is being gradually sold off with proceeds directed towards debt reduction. Moving on to the financial performance for Q2 and H1, the company has shown strong performance across the board.

Q2, BCL has delivered a strong result with total revenue touching at INR 748 crores, marking a 55% year-on-year increase, while EBITDA stood at 57 crores with an 8% margin, up 16% year-on-year. PAT came at around 30 crores, up from 20 crores of the previous financial year, reflecting a growth of 40% and a margin of 4%.

The distillery segment demonstrated robust growth with ethanol volumes growing by 73% to 50,914 KL. Revenue from the ethanol segment reached INR 362 crores, a remarkable 95% increase year-on-year. Distillery segment EBITDA touched INR52 crores, a 16% increase over the year-on-year. This now concludes my presentation. We will now open the floor to any questions or answers. Any questions?

**Moderator:** Thank you very much. The first question is from the line of Dhvij Patel from Finterest Capital. Please go ahead.

**Dhvij Patel:** Hello, sir. So, I had a couple of questions, starting with what is the status and the projected completion of the 75 KL PD biodiesel plant?

**Kushal Mittal:** The plant is to be commissioned in April or May of next calendar.

**Dhvij Patel:** And what strategies does the company have to address the challenges posed by rising maize prices?

**Kushal Mittal:** The company tends to always find solutions to problems. So, one of the things that this quarter, which will definitely differentiate us from our peers, for quarter 2 I am talking about, is that Punjab has a wet maize, for which there are very few buyers, usually. We have our own dryers in place.

We were the only ethanol-based buyer for this wet maize in the market, and we anticipated very competitive rates. So, that has helped us. We have a variety of sellers and traders, and we've had a very long relationship of over 4 decades working with some of them. And that plays to our

benefit also. So, it's always innovating, seeing where the crop is coming, and planning accordingly.

**Dhvij Patel:** Got it. And do we have any initiatives that are in place to improve margins in the distillery segment?

**Kushal Mittal:** See, margins currently, as a standalone ethanol business, we don't foresee a great increase from the current numbers are showing. But the addition of biodiesel will definitely help our margins, because that's complete vertical integration, and provide a great valuation, which will help increase the overall margins of the business.

**Dhvij Patel:** Okay. So, how will BCL exit from the edible oil business affect its position financially?

**Kushal Mittal:** I'm sorry, your voice was cutting.

**Dhvij Patel:** So, I was asking, how will our exit from the edible oil business affect our financial position?

**Kushal Mittal:** How will our exit?

**Dhvij Patel:** From the edible oil business affect our financial position?

**Kushal Mittal:** See, of course, the revenue will decrease quite a bit. But the overall profitability of the company, we don't expect that to decrease significantly, because edible oil business is a low-margin business. So, with the addition of biodiesel, we are hoping that our profitability doesn't come down. But yes, it will have an impact on our revenue numbers, of course.

**Dhvij Patel:** And what portion of actual ethanol production is the company able to sell? As in, you know, additionally, what is the portion that we are also using for captive consumption?

**Kushal Mittal:** No, ethanol is not using anything for captive consumption. It's all being sold to the OMCs, and the ENA is being sold to the bottlers, and some is being consumed by us for our own bottling purposes.

**Moderator:** The next question is from the line of Narendra from Robo Capital.

**Narendra:** So, my first question is regarding our oil business, right? So, where are we in the stage of liquidating that business as to how much of inventory is left, and by when can we see the revenue stopping from this business?

**Kushal Mittal:** See, currently, as I speak, there hasn't been a significant decrease in operations. Yes, the oil mill is now shut. The Solvent also is not operating now. But the refinery is currently being operated. As for the market demand, we've seen a good demand lately with the increase in duty. So, that has positively affected us. And also, it's been a festive season.

So, currently, we're rating that to the market demand. So, we are hoping to get out of this business by Q4 or maximum Q1 of next financial year or Q4. But right now, since the government very recently imported edible oil, so that's working in our favour currently.

- Narendra:** Okay. So, would it be fair to say that this year we could see around INR800-odd crores of revenue from edible, and next year there would be no revenue from the segment? Would that be a fair assumption?
- Kushal Mittal:** For this year, I don't want to give any figures right now. We had a good quarter. The edible oil business is operating normally, but I don't want any specific numbers.
- Narendra:** So, we will see revenue till Q4 from this business, right?
- Kushal Mittal:** Right.
- Narendra:** And second, on our distillery operations, right? So, if I'm not wrong, we had a target of around INR1700-INR1800-odd crores of revenue this year. But given that we have already done about INR1000 odd crores in H1 from the distillery itself, more than INR1000 crores, I suppose. So, is it that we are giving a conservative kind of a guidance and would it be possible to touch the INR2000 crore mark from the segment this year?
- Kushal Mittal:** See, the numbers I usually give are conservative in nature. I will stick to my 1800 figure because sometimes there's a shutdown that might be needed for any repair or overhaul. So, I'd still stick with my 1800 figure.
- Narendra:** And when do we expect that 150KL plan to come in and also the new acquisition that we have done, right? So, that 250KL, when do we expect to come up?
- Kushal Mittal:** See, the 150 -- currently the workings are going on to finalize an order, the same. So, that we are expecting once the orders are placed another 12 months from there on. So, I'll give more clarity once these orders are placed. But to be very conservative in nature because right now no orders have been placed. We're still finalizing because we're also exploring the possibility of biogas. So, we're exploring that as well along with the distillery.
- So, our plant has to be planned accordingly. So, for that, planning is taking a little while. So, just to be conservative and to give a timeline, we are saying the financial year of 2027-2028 to 1 as the start date will decrease depending on when the orders are placed.
- Narendra:** And the 250KL plan, sir?
- Kushal Mittal:** Yes. So, that I just mentioned for the 250KLPD.
- Narendra:** Sorry. Sorry. I did not get you.
- Kushal Mittal:** For 250KL PD as for distillery, we're saying, financial year 2027-2028.
- Narendra:** So, 150, we are waiting for the orders to be placed and the 250, you are saying that it will be in Q1 of 28, right?
- Kushal Mittal:** Yes. So, 150 once the order is placed, which, we're hoping to finalize that in the month of November. So, 12 months from there on.

- Narendra:** And one last question if I could squeeze in. So, this, if I am right, we had some plans to enter other segments in this green energy space, right? So, any update on that?
- Kushal Mittal:** Yes. So, as I mentioned, we're going to set up a biogas plant, which is a bio-CNG made from Paddy Straw . And this is a new technology. I'd say there are a few other projects that have been installed. So, we're talking to the companies to see who has the best technology in the market. So, that would be our next step into the green energy space.
- Moderator:** Thank you so much. The next question is from the line of Dipesh Sancheti from Manya Finance.
- Dipesh Sancheti:** My first question is regarding what is your expectation for Diwali? Will the government gift -- all the ethanol companies by maintaining the same prices or by increasing the ethanol prices from maize? What is your expectation?
- Kushal Mittal:** See, I can't speak with full conviction since this is not my place to decide. So, it's really tough to say if there will be a price increase or not.
- Dipesh Sancheti:** No, the reason I asked is because a lot of sugar companies were trying to give example of maize and trying to increase their prices or to get maize at par with sugar. That is the whole point which I was trying to make.
- Kushal Mittal:** See, the price of ethanol is derived from the raw material and the price of the raw material and the recovery from the raw material. Really, I can't make any comments on it.
- Dipesh Sancheti:** What is the reason of the dip in EBITDA margin in the distillery segment this quarter?
- Kushal Mittal:** Yes, of course, maize prices have increased in the market and that is the primary reason.
- Dipesh Sancheti:** What are the maize prices for this quarter?
- Kushal Mittal:** There have been a huge variation in them. I'd say, you know, because we also procured a lot of wet maize, it was quite competitive. I think the average for the quarter could be anywhere close to rupees between INR24 to INR25.
- Deepesh Sancheti:** And the current maize prices have, I think come down 23 around?
- Kushal Mittal:** No, currently maize prices have increased from there on, but we expect a decrease since big crop is due after Diwali in MP, Rajasthan and some part of Jharkhand.
- Deepesh Sancheti:** And coming on to what is your assessment of the impact of the Punjab government's July 2024 initiative to restrict retailers to only 1000 cases of MFL per month on country liquor? Will it affect our operations in Punjab or in general?
- Kushal Mittal:** I'm sorry, I'm not aware of this decision. I think it's the IML and TML within Punjab made liquor so it should not impact us. Our business has not been -- hello. Can you hear me?
- Deepesh Sancheti:** So I can hear you now.

- Kushal Mittal:** Yes, so I'm not aware of what you're referring to, but regarding PML has not been changed. I think what you're mentioning relates to IMFL. We are in the business of PML, so our business runs as usual.
- Deepesh Sancheti:** Okay. No problem. And what are the realizations of ENA and ethanol from the Punjab and the Kharagpur distillery?
- Kushal Mittal:** Quite similar in both the states as of now. ENA prices are hovering around between INR71 to INR72. And ENA prices are also -- sorry ethanol prices are, of course, the same in both the states. And even we're experiencing similar prices in both the states.
- Deepesh Sancheti:** What are the ENA prices, if you could repeat?
- Kushal Mittal:** It's between INR71 to INR72.
- Deepesh Sancheti:** Okay, so almost ethanol and ENA we are getting the same realization?
- Kushal Mittal:** Right.
- Deepesh Sancheti:** And regarding the capacity, so basically we are expecting about 850 KLPD of capacity with our Bhatinda plant coming up. We will have 850 KLPD by FY26. And by FY27, we will come to around 1100 KLPD with hopefully the new acquisition also coming in line. So that will take us to almost number 3 player. Is that assessment right?
- Kushal Mittal:** 250 with currently giving a timeline of 27-28.
- Deepesh Sancheti:** Okay. So even if it is FY28 by FY28 also, that will take us to the number 3 player almost.
- Kushal Mittal:** Okay.
- Deepesh Sancheti:** Assuming that the rest of them also do not have a major expansion.
- Kushal Mittal:** Right.
- Deepesh Sancheti:** And is there any timeline for the biodiesel plant also in Bhatinda?
- Kushal Mittal:** Biodiesel, as I mentioned, we are targeting for April. It could go on until May of next calendar year.
- Deepesh Sancheti:** April or May of FY25. And your biogas, bio-CNG, it is still under the R&D stage or have you got any, I mean, what is the development on that?
- Kushal Mittal:** There are a few companies which have set up some projects. We are sitting with them and taking a look to see who to go on with. But yes, the technology is new. There are some challenges as we speak, but yes it should mature in the coming times.
- Deepesh Sancheti:** Great. Okay. If there is any other question, I will come back in line. And all the very best and congratulations again on great set of numbers.



- Kushal Mittal:** Thank you.
- Moderator:** Thank you so much. The next question is from the line of Anukool from InVed. Please go ahead.
- Anukool:** So my first question is like what is the projected realization from selling edible oil assets including the brands and the land?
- Kushal Mittal:** I am sorry. Can you please repeat the question?
- Anukool:** Yes. My question is like what is the projected realization from selling the edible oil assets including the brands and the land?
- Kushal Mittal:** See, I have mentioned this earlier. We do not expect any realization from selling brands because there has been a strong consolidation in the edible oil market with the market coming into two, three big hands. So, we have not taken any such figure. For land, it is tough to say at the moment. It is a valuable piece of land right in the heart of the city. So, we have not really marketed the piece of land yet. So, once the operation is shut, we should have more clarity on that.
- Anukool:** Okay. Got it. And like what is the estimated or if you can give any real estate value of the edible oil plant in Bhatinda?
- Kushal Mittal:** I said it is tough to comment as of today. Once the plant is shut, the machinery has been displaced, has been removed from the location to be easy to comment.
- Ankur:** What portion of FY24-FY25 power demand will be met in-house and external sources?
- Kushal Mittal:** See, our distillery operations are all, our power is being produced in-house. So, the only unit where we are buying power from the grid is the edible oil unit. Bring that down at the end of this financial year. So, all our power requirements moving forward will be in-house.
- Ankur:** Okay. Got it. And just one last question. Like if you can provide any ballpark figure for the breakup of the ethanol and the ENA produced in both the plants at Svaksha and Bathinda plants?
- Kushal Mittal:** ENA figures? I think mentioned in our presentation. Let me just look at what page that is, so that you can take a look. You can see that on our page 21 of the presentation.
- Ankur:** Got it. That's all my questions. Thank you.
- Moderator:** Thank you. The next question is from the line of Bala Murari Krishna from Oman Investment Advisors. Please go ahead.
- Bala Murari Krishna:** Regarding this Goyal Distillery acquisition, INR350 crores acquisition, if everything is in place, maybe we could plan a commissioning a little bit earlier, but now we are planning in FY28.
- Kushal Mittal:** I've already mentioned that it's a very conservative timeline. It is likely to decrease, but I prefer giving a figure timeline right now, which is conservative in nature, and then giving you more clarity once the orders are in place. Currently, we're still planning. As I mentioned, the power plant needs to be planned accordingly, because we're also proposing a biogas plant here. And

biogas being a new technology from paddy straw. We're still exploring, and we want to make the right decision. Hence, the conservative timeline.

**Bala Murari Krishna:** And just to follow up on that, the funding, how will it be funded, is it through internal accruals, or any debt will be planned for this one?

**Kushal Mittal:** For that also, currently, options are being explored, and I can give you more clarity in the future.

**Bala Murari Krishna:** 150 KLPD, Bhatinda, will it be one year from the current month, we can plan the commission.

**Kushal Mittal:** Yes, so we're hoping to place the orders very soon, and one year once the orders are placed for the machinery.

**Bala Murari Krishna:** And the maize price, as you mentioned is between 24 and 25, and we're using wet maize also. So, in the current quarter, we can expect the same scenario?

**Kushal Mittal:** No wet maize is available in the market currently. And the current prices are higher than the mentioned prices. But we're expecting a correction in states across the nation.

**Bala Murari Krishna:** But is it possible to guide on margins, so we can maintain same margins in Q3 or do we expect an increase?

**Kushal Mittal:** See, we don't expect the margins to increase from the previous ones, previous quarter. We're hoping to maintain the same, but more clarity will be done once the crop is in, because they were not due at this time, so the harvest has been delayed. So, post Diwali, we'll see what effect that has on the maize prices.

**Bala Murari Krishna:** Okay, regarding finance cost, in this quarter, we see INR5 crores to INR6 crores decrease in finance cost. So that has contributed more at the PAT level. What is the reason for that? And going forward, we can see the same amount of finance cost?

**Kushal Mittal:** Are you talking about decrease in the finance cost for this quarter?

**Bala Murari Krishna:** Yes, INR5 crores to INR6 crores decrease as compared to last quarter.

**Kushal Mittal:** Yes, so the decrease was because we had received our interest subvention funds. So there's usually a quarter or two delay, we received them. So that's the reason for the decrease this quarter.

**Bala Murari Krishna:** So next quarter, again, we can expect INR5 crores to INR6 crores more finance cost, right? I mean, in this Q3, the finance cost will be similar to Q1, right? INR5 crores to INR6 crores decrease won't be there in Q3, right?

**Kushal Mittal:** It depends. If we receive our interest subvention funds, yes, there could be a decrease. It just depends because there's usually one or two quarter delay when we receive funds and we account for the interest subvention funds upon receipt. So that is the variation.

- Bala Murari Krishna:** And lastly, on this Svaksha Distillery order which we won from OMC, there is INR1,300 crores order around. But 200 KLPD could give only maybe 800 crores of ethanol, right? So how will you fulfil that order of INR1,300 crores?
- Kushal Mittal:** INR1,300 crores? INR13 crores.
- Bala Murali Krishna:** INR12.5 crores something like that.
- Kushal Mittal:** Yes, that unit is also there. But mostly will be used for the production of ethanol
- Bala Murali Krishna:** I mean, what I want to say is that the order quantity is more as compared to the production quantity. Production, that's what I'm telling.
- Kushal Mittal:** Is my voice -- I don't know if there is -- I'm having a lot of trouble hearing. Is it my connection issue or...?
- Bala Murali Krishna:** Yes, I think the line is not clear from your side. Because we have an order of INR18.25 crores liters of ethanol. So we multiply it approximately INR71 rupees. So it is becoming INR1,295 crores of order. So normally from 300 KLPD, we can go up to INR800 crores value of ethanol only.
- Kushal Mittal:** No, I think, as I mentioned, 300 KLPD is both ENA and ethanol. We need some capacity to be left for ENA production. So hence, that was how the allocation was given for ethanol. Both our units, BCL and Svaksha, have both ENA and ethanol.
- Moderator:** The next question is from the line of Ankit Minocha from Adezi Ventures Family Office. Please go ahead.
- Ankit Minocha:** Kushal, my question is with regard to more a strategic look into the business. So, I mean, if I look at the edible oil business, I understand that the plan has been to sell it for a long period of time. But now with these new duties coming in, I mean, I believe 800 or 700 of the 1,000 liters per day capacity is not refining, but it's actually production. So you could see good margins and good profits from potential price increases that you might get in this business.
- So I wanted to understand where is the management, what is the management thinking with regard to this divestment still? And is it -- I mean, tomorrow if this trend continues structurally, do you think you will be able to, you might also continue to do this business and probably sell later at a better valuation when the business looks better?
- Kushal Mittal:** See, no, we're still looking to disinvest. Because one, the current improvement in business has been due to the change in duty structure. As I mentioned, the government duty on imported oil, all of a sudden by about 20% to 25%, which was not expected and led to an increase, which benefited us as a company. But we've seen in the past, as per our experience, there is no consistency in the policy. So hence, we will be looking to disinvest. And also since our factory is in the city now, getting the pollution clearances, you know, moving forward. So our business will not be sold as business because they won't give any buyer for this factory. So it will only be

scrapped. And also it's a unit that is very old. So regardless of the policy, we are looking to disinvest.

**Ankit Minocha:** Okay. And by when do you think that the revenue and the profit then from this business will go to absolutely zero?

**Kushal Mittal:** You know, by quarter one of financial year at the latest.

**Ankit Minocha:** Until quarter four, it should be running at optimum capacity?

**Kushal Mittal:** No, we'll be moving -- decreasing it slowly. Given the current market scenario, it makes sense for us to decrease it as now, because it is a good time to be in the edible oil business after a long time.

**Ankit Minocha:** Okay. My second question is on the raw materials side. So, I mean, firstly, with the movement down that is now happening in maize prices, or also maybe if rice prices come down, do you see the chances of inventory losses in the next quarter?

**Kushal Mittal:** No, I'm not aware if rice prices have decreased. They have only increased in the recent past.

**Ankit Minocha:** Okay. And assuming a good paddy crop comes in, in that case, do you think, and say there is a big disparity between the profitability between rice and maize ethanol, do you have the flexibility to move to rice-based ethanol or it is not possible at all?

**Kushal Mittal:** No, of course, the unit used to run on rice for the longest time. It's always easier to produce ENA or ethanol from rice. So depending on the market, we can always be flexible. And it's not that we are, you know, adamant that only produce our spirit from maize. If rice is more profitable, if there is any arbitrage, we will take advantage of that.

**Ankit Minocha:** And if you decide to make that turnaround ever, how much time does it take you?

**Kushal Mittal:** It's a matter of day. It depends on the deal.

**Ankit Minocha:** Okay, fair enough. And finally, I mean, if you could just because I believe I'm hearing from certain other places INR1,750 crores in guidance. I believe that's only on the ethanol. If you could just give us indicative numbers for what do we think will be revenue guidance for this year and what would be operating margin guidance for this year?

**Kushal Mittal:** See, we expect full 700 KLPD capacity utilization from the distillery sector. So, not just ethanol. It has ENA, ethanol, DDGS, CO2, country liquor. So, about INR800 odd crores from this sector and edible oil business expect this to continue. And should be on the same from what we've seen in the first half.

**Ankit Minocha:** So, if I understand correctly, around INR2,500 crores of revenue and around 8% operating margin?

**Kushal Mittal:** Yes, as per the past two quarters here.

- Ankit Minocha:** Okay. Thank you very much. Just a bit of feedback. I mean I understand the decision has been taken on the edible oil business, but, I mean considering the capacity constraints that the industry is facing and also considering this approach that the government is now taking to promote the farmers. Don't you believe it might just be better to wait to sell the business?
- Kushal Mittal:** See, Punjab is no longer a region that is focused on edible oil space. So, even if we continue it and even if government focuses on indigenous oil, there are better states to do business in. So, that's why the decision was made to exit out of this business and to focus on green energy, biodiesel. We expect that should be a better value addition.
- Ankit Minocha:** Okay, fair enough. And the value that you're putting for...
- Kushal Mittal:** Also, our unit is right in there - so we don't expect our capacity built up takes much longer. So, it makes sense.
- Ankit Minocha:** And the value that we were assigning to this real estate was upwards of INR400 crores?
- Kushal Mittal:** No, I've never given such a figure of INR400 crores that is very high and the 400 is nowhere close to the actual figure for the real estate.
- Ankit Minocha:** Okay. Thank you very much.
- Moderator:** Thank you so much. The next question is from the line of Deepesh Sancheti from Manya Finance. Please go ahead.
- Deepesh Sancheti:** My first question was regarding how do you see the opportunity in biodiesel going ahead?
- Kushal Mittal:** See, of course, we have great opportunity from the biodiesel sector. There is a 5% blending mandate in the country. And the current blending rates are less than 1%. The last blending rates that were released were at 0.3%. So, of course, there is a huge demand and 5% blending mandate is only just the start. So, we're quite bullish on this sector. And also, since our raw material is pretty - the majority of our raw material equipment is indigenous. So, that should also play to our benefit because we're extracting oil and it's not hampering our ethanol production. And it's only value-addition in terms of biodiesel.
- Deepesh Sancheti:** So, biodiesel will be value-accretive as well as margins also will be higher? Am I right in that assessment/
- Kushal Mittal:** The overall margins of the business should increase once biodiesel has come in.
- Deepesh Sancheti:** Okay. So, apart from 75 KLPD, which is starting in Bhatinda, are you even planning to do something in Kharagpur?
- Kushal Mittal:** Yes. So, we have permissions similarly at Kharagpur. We're awaiting the clearances.
- Deepesh Sancheti:** And is there any peer of ours who's also doing anything in biodiesel or we're the only company which is doing biodiesel?

- Kushal Mittal:** See, biodiesel -- if there's a company that's producing biodiesel, mother oil, that's not much of a competition. We have our own indigenous oil as raw material. And as I mentioned, there is a huge demand for the same in the country. And I don't know if any ethanol players are thinking on the same line. So, I think we'll be the first ones to do this.
- Deepesh Sancheti:** Okay. So, we'll be the first ones to have such a big capacity and going ahead also, we're expanding on it. And how do you see the blending going beyond 20% in ethanol? Do you think it's a capex cycle or do you see more opportunities going ahead?
- Kushal Mittal:** No, I see it's beyond the government has formed a committee, NITI Aayog, to come up with a policy on how flex-fuel engines will work and what should be the blending beyond 20%. So, we're awaiting their report. Yes, we expect that ethanol demand should increase further beyond 20% with the overall blending rate increase in the country.
- Deepesh Sancheti:** Great. I could see in your presentation that currently your ENA... I mean we have produced less ENA and more focus has been on ethanol. Going ahead also, you see the similar trends going on or depending on the pricing we'll be flexible in producing ENA or ethanol?
- Kushal Mittal:** We're always flexible depending on the ENA demand in the country. So, I think in the coming times, we're expecting the ENA production in the Bengals to increase slightly from the previous levels, but that's how we're always flexible depending on the supply and demand situation.
- Deepesh Sancheti:** Okay. And most of the plants are flexible in that case. I think only your Bhatinda one which is on subsidy, that is not – that is only ethanol, pure ethanol plant. Otherwise, the rest of all the plants are flexible?
- Kushal Mittal:** So, Bhatinda out of the 400 KLPD, there is flexibility to produce 200 KLPD of ENA. And for Kharagpur, that is a 300 KLPD plant, but we have the flexibility to produce up to 200 KLPD of ENA there as well.
- Dipesh Sancheti:** And the new capacity which is coming, 150 KLPD, that will be flexible or that will be pure ethanol?
- Kushal Mittal:** No, that's only ethanol.
- Dipesh Sancheti:** And the 250 KLPD which we have acquired, what about that?
- Kushal Mittal:** That's only ethanol as well. The clearances are there. See, to get an ENA license is very difficult. There is a lot of red tape. That's why you see most of the plants that have come up in the country right now are dedicated ethanol plants as getting clearances for them are relatively easier. So, the license is in place for the Goyal Distillery or also to produce ethanol only.
- Dipesh Sancheti:** So, at any time we can have 400 KLPD dedicated for ENA in case the prices shoot up a lot. We can have at least 400 KLPD for ENA and the rest will be for ethanol. Is that the right assessment?
- Kushal Mittal:** Right.
- Dipesh Sancheti:** Great. Okay. I'll fall back in line if there are any other questions. Thank you so much again.

- Moderator:** Thank you so much. The next question is from the line of Neeraj an Investor.
- Neeraj:** Thank you for the opportunity. First of all, congratulations on the great set of numbers. When the whole industry is in turmoil because of the rising raw material price, you and your team have managed to perform very well in this quarter. So, my first question is, what is your per litre power cost? Can you please share that?
- Kushal Mittal:** Per litre power cost, because in Bathinda it is significantly lower as compared to our peers because of our usage of paddy straw. In Bathinda, we calculate this as around INR3 to INR4 only, whereas the industry standards are anywhere close to INR6 to INR7. For our Kharagpur unit, it's a little more than that. I'd say it's around INR5 to INR6 rupees.
- Neeraj:** Okay. That's good. Last year, you had procured some machinery for ENA production, right? Initially, you were planning to revamp the ENA machinery, which required around 2 to 3 months of plant shutdown, but you decided to postpone because there was overwhelming demand for ENA and you didn't want to shut down then. What is the plan regarding that? If I understand correctly, the machinery was already sitting in your plant, right?
- Kushal Mittal:** Yes, you're right, Neeraj. Actually, we're still experiencing good demand for ENA, so we're not planning a shutdown right now or in the future as well. What we are exploring is how do you know, if we're speaking with the suppliers, if this machinery can be utilized for our 150 KLPD ethanol expansion or not, because right now with the ENA demand, we really don't want to shut down our unit.
- Neeraj:** Yes, that makes sense. Given that the realization for ENA is very good, and if I understand correctly, producing ENA is cheaper than ethanol because of the lower alcohol concentration. Does it make sense to produce more ENA, provided there is enough demand? Is there a plan to ramp up the ENA production?
- Kushal Mittal:** Yes, that all depends on the demand. If we see a greater demand, we will increase our ENA production. That's decided on a month-to-month basis, where we receive our orders for ENA at the start of every month. In the winter, usually we expect a greater demand for ENA, as opposed to the summer season, where beer consumption increases. Depending on the demand, the production of ENA can be increased at any time.
- Neeraj:** I noticed that your working capital loan has decreased by around INR90 crores this quarter compared to the last. Is that because of the interest subvention money that you received?
- Kushal Mittal:** No, the interest subvention money does not. Actually, this quarter, there was no big harvest happening. The only big harvest that happened was in Punjab. So, we were not sitting on a huge pile of raw material. Hence, the decrease in the working capital.
- Neeraj:** Sir, you mentioned previously that generally the maize harvest is throughout the year, except this three-month window of around June to September, right? So, what does BCL do? Do you have the capacity to store inventory for these three months where no harvest happens?

**Kushal Mittal:** See, we try to study the market inside our factory premises. We don't have the place to store for more than about 15 to 20 days of raw material. But, depending on the market scenario, we can do forward contracts with our suppliers or we're exploring the option of stocking wherever the harvest is happening. But overall, our market strategy is always to procure the raw material when it's needed by us through traders.

Because even if I were to stock it for a longer period of time, there will be about Rs. 3 to Rs. 3.5 in terms of finance costs, storage costs, losses, labour. So, sometimes you can pass that on to your supplier as well. So, we don't believe in stocking up for three months.

**Neeraj:** Okay. And sir, we were expecting a bumper harvest from Bihar, right? And by now, we thought that it will bring down the raw material cost. So, that hasn't happened?

**Kushal Mittal:** No, Bihar crop is not due until May. Currently, the crop is due from MP, Rajasthan and some parts of Jharkhand. So, we are expecting a good crop. There have been some untimely rains which have delayed the harvest. So, post-Diwali, we're expecting the harvest to come into the Mandis.

**Neeraj:** And that should bring down the prices of maize somewhat? Is that what we are hoping?

**Kushal Mittal:** Yes, but even if it decreases, we don't expect a huge decrease. So, it should be similar from Q1 numbers or Q2 numbers of this financial year.

**Neeraj:** Okay. That's all. Thanks a lot for your time. And thanks a lot to you and your team for the great work. Thank you.

**Moderator:** Thanks so much. The next question is from the line of Bhavesh an Investor. Please go ahead.

**Bhavesh:** Good evening, sir. Congratulations on a good set of numbers. So, my first question is with respect to your order book, the ethanol order book. Just wanted to understand what is the current value of the order book?

**Kushal Mittal:** The value in terms of rupee?

**Bhavesh:** Yes, rupees.

**Kushal Mittal:** I don't have the number at the top of my head.

**Bhavesh:** Because the company updates it on the BSE website. So, this year, there was just a percentage uploaded. There was an increase by 18% approximately.

**Kushal Mittal:** So the total allocation we have is about INR18.25 crores. So, this should be around INR1,300 crores.

**Bhavesh:** INR1,300 crores. Okay. So, will we be getting more orders or this is the final order book for the...



- Kushal Mittal:** This is the initial order book. But throughout the year, the OMCs do keep on giving increased requirement depending on the blending percentages and demand. So, depending on the ENA demand and what the OMCs release in the middle of the year, it could increase from here.
- Bhavesh:** Perfect. And what about the debt reduction? It's gone down by INR100 crores this quarter. So, do we expect another INR100 crores in the next 6 months to 1 year time?
- Kushal Mittal:** See, working capital was not utilized much this quarter. And so, the reduction there. Moving forward, once we shut down our edible oil business, we will have to decrease our working capital requirement by around INR3 crores. So, that will reduce our overall debt as well. But working capital requirement for our business can increase depending on how much material we are sitting on.
- Bhavesh:** And my final question is with regards to your stock, like your share. It is currently categorized under the edible oil segment. But most of your revenue is coming from the distillery segment. So, have you thought of applying to stock exchanges and requesting them to recategorize you from the edible oil to distillery segment? Because you have been getting a PE of 15 to 20, which is very low compared to the distillery stocks. So, have you thought about that?
- Kushal Mittal:** We are working on it. It's a slow process. It is in our knowledge. So, let's see how long it takes for that to be updated.
- Bhavesh:** Great. Thank you so much and all the best for your coming goals.
- Moderator:** Thank you so much. As there are no further questions, on behalf of InCred Equities, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you so much.