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DATED: 01/06/2023

**Reg: Analyst/Investors Concall held on 31/05/2023**

Dear Sir/Madam

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the audio recording of Analyst and Investor Conference Call on Audited Financial Results of the Company for the year ended 31<sup>ST</sup> March 2023, held on 31<sup>st</sup> May 2023, has been uploaded on the Company's website i.e. [www.bcl.ind.in](http://www.bcl.ind.in).

The link to access the audio call recording is given below:

<https://www.bcl.ind.in/wp-content/uploads/2023/06/BCL-Industries-Earnings-Concall-Audio-recording.mp3>

We hereby annex the transcript of the conference call for larger dissemination amongst the public at large.

This is for your information and records.

Thanking You,

Yours Faithfully

For BCL Industries Limited

Ajeet Kumar Thakur

Company Secretary & Compliance officer



**“BCL Industries Limited  
Q4 FY’23 Earnings Conference Call”  
May 31, 2023**



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

**MODERATOR: MR. VIKRAM VILAS SURYAVANSHI – PHILLIPCAPITAL  
INDIA PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the BCL Industries Limited Fourth Quarter and FY '23 Results Conference Call hosted by PhillipCapital India Private Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 and then zero on your touchtone phone. Please note that this conference is being recorded. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vikram Vilas Suryavanshi from PhillipCapital India Private Limited. Thank you, and over to you, sir.

**Vikram Suryavanshi:** Thank you, Zico. Good morning, and very warm welcome to everyone. Thank you for being on the call of BCL Industries Limited. We are happy to have management of BCL with us here today for question-and-answer session with the investment community. Management is represented by Mr. Kushal Mittal, Joint Managing Director.

Before we start with the question-and-answer session, we'll have opening comments from the management. Over to you, Kushal.

**Kushal Mittal:** Thanks for the introduction. And also, thank you to PhillipCapital for hosting our earnings call. Good morning, everyone. We would like to extend a warm welcome to the earnings call for the fourth quarter and financial year ended 2023.

Let me start by giving you the key financial highlights for the fourth quarter.

Total income for the quarter was around INR 458 crores, including Svaksha, which is a decline of 10% on a year-on-year basis. EBITDA for the quarter was INR 48 crores, which increased by 16% year-on-year basis. EBITDA margin stood at 10.47%. The net profit was around INR 25 crores, which is an increase of 7.4% year-on-year basis. PAT margin stood at 5.37%. It is important to note that the revenue contribution from Svaksha for the quarter was at INR 74 crores, and EBITDA was at INR 9 crores, which is an improvement from the previous quarters.

For the financial year ended '23, the total income stood at INR 1,827 crores, which is a decline of 8.7% year-on-year. EBITDA stood at INR 130 crores, a decline of 10.6% year-on-year, and margins were at 7.13%. PAT was about INR 64 crores while PAT margins were at 3.5%. For Svaksha Distillery, the total income for the financial year was at INR 187 crores with an EBITDA of INR 11 crores.

Coming to the operational highlights. I would like to start with the Distillery segment. BCL distillery unit at Bhatinda continues to operate at 100% capacity utilization with good demand for both ENA and Ethanol. And the company also hopes to commission the 200 KLPD expansion of ethanol by the end of June 2023. This should have a positive impact on the company's financials moving forward.

To combat inflation and fuel prices, the company has commissioned its paddy straw-based 11-megawatt power plant in Bhatinda in the second half of May 2023. The company expects this power plant to bring down the fuel cost for the Distillery segment significantly moving forward.

For ENA market, March and April month are considered to be lean months as the new excise policy is renewed during this period. This has led to a lower demand for ENA in West Bengal, and the company expects its sales from West Bengal plant under its subsidiary, Svaksha Distillery unit, to be good moving forward. The expansion plans for the additional 100 KLPD are ongoing. The company expects to commission this plant by December 2023, with a project cost of around INR 90 crores.

There has been a significant increase in EBITDA margin for the financial year 2022/'23 in the Distillery segment. And this has happened due to very good demand for ENA and the company's strong inventory management during the period of fuel price inflation.

In the Edible Oil segment, there was a dip in revenue for the quarter, which was due to the drop in global edible oil prices globally. Despite this dip in revenues, the company was able to get 4.5% in EBITDA margin from this sector due to strong inventory management. Global edible oil prices have decreased at about 30% to 40% when compared to the previous year, while the company's revenue from edible oils had only decreased by 26.5%.

This indicates that the company has not decreased its volume being processed from this sector. The edible oil prices continue to be in decline as I speak, and we are waiting to see how this market stabilizes.

Lastly, in the Real Estate segment, in its attempt to reduce the financial burden of the company, BCL has continued to utilize revenue from the real estate to liquidate its debt, which is visible in the year-on-year results.

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

**Moderator:** Our first question is from the line of Mayur Liman from Profitmart Securities.

**Mayur Liman:** I just want to ask right now, how much distillery do we have? And how much capital utilization for distillery for the Q4 and the full year? If you provide the number in distillery, it would be very helpful, sir?

**Kushal Mittal:** In Bhatinda, we currently have 200 KLPD of ENA and ethanol, and for the entire year, last year, the capacity utilization was at 100%. And in Kharagpur, West Bengal, we have 200 KLPD in ethanol and ENA again. And this plant was commissioned in July of 2022, but there were some problems that we ran into. So I think since then, the capacity utilization has been at around 70% for that unit.

But now moving forward, we hope for that capacity utilization to be 100%. And in next month, we expect to commission another 200 KLPD of ethanol only at Bhatinda. And once the plant is fully commissioned, we expect the capacity utilization to remain at 100% for that expansion as well. And another 100 KLPD of ethanol is to be added at Svaksha before the calendar year ends.

- Mayur Liman:** Okay. Sir, my last question, how do you see the financial year 2024? What is your expectation from the next year and the outlook for the next year? If you provide the guidance on the segment-wise, it would be helpful for me.
- Kushal Mittal:** For Edible Oil segment, we are hopeful of a stable year, but I can't speak with too much certainty in this sector as of now because the market is at a free fall, as we speak. And what we're experiencing now, it wasn't expected.
- So, we hope to get about INR 1,000 crores in revenue from this sector in the next financial year as well, but let's see how and where the market stabilizes and when the market stabilizes because that is not easy for me to predict as I said right now. From the distillery sector, we hope and expect to get a revenue of around INR 1,500 crores in the next financial year.
- Moderator:** Next question is from the line of Nirav Seksaria from Living Root Capital.
- Nirav Seksaria:** Sir, I wanted to ask a similar question on the distillery segment. So sir, going forward how much is the margin that we expect out of from this segment?
- Kushal Mittal:** See, I think, right now, as we speak, margins from the Bhatinda unit, we expect them to be good moving forward. And the big reason for that is the paddy straw-based boiler, which will significantly decrease our fuel costs. So we expect these margins to remain around 18%, if not more. For the West Bengal unit, due to some changes in the excise policy, there is a decrease in demand in Bengal for unit as compared to the past. So we expect those EBITDA margins to be around 15%.
- Nirav Seksaria:** Okay. And sir, one more question on the Distillery segment, again. Sir, have we tied up with any major brands for bottling up with enough facility?
- Kushal Mittal:** No, we haven't. We don't have any bottling tie-ups with any major brands as of now. We just supply ENA to the brands, and that includes the major brands of India, but no bottling there.
- Nirav Seksaria:** Sir, any plan of entering into the bottling for these brands?
- Kushal Mittal:** For the Bengal unit, we are looking, and I think conversations are taking place. But none for Bhatinda, and Bhatinda were bottling under our own brand, Punjab Made Liquor, and the sales are increasing monthly. So we hope to get over 1 million cases done in this year. And I think if we can build on that moving forward, then we won't need a bottling tie-up in Bhatinda.
- Nirav Seksaria:** Sir, going forward, how much revenue can we expect out of from the Distillery segment?
- Kushal Mittal:** Yes. So, this current financial year, we're aiming for the Distillery sector to give us around INR 1,500 crores in revenue.
- Moderator:** Our next question is from the line of Bala Murali Krishna Jonnalagad from Oman Investment Advisors.

- B M K Jonnalagad:** So I have a few questions regarding the Distillery segment. So earlier, we used to achieve around 20,000 kilolitre per quarter. So now even West Bengal, I think it's not up to 100% utilization. So in this quarter, we can expect around 35,000 kilolitre on overall consolidated basis?
- Kushal Mittal:** See, Bhatinda is continuing to be at 100% capacity utilization for the current quarter that we are in right now. I think for the Bengal unit, we'll be able to get 90% capacity utilization. As I mentioned in my speech, since excise policy is renewed every year in March end, so in March and April and even May, a lot of times, are considered to be very lean months in terms of ENA sales because even the bottling units are changing as per the excise policy and all that. So for this current quarter, we are expecting around 90% and hoping to get 100% moving forward.
- B M K Jonnalagad:** And just a follow-up on that one only. If we have good demand in Bhatinda for ENA, so if Bhatinda 200 KLPD commissioned, then we can go for 100% ENA from the old 200 KLPD capacity?
- Kushal Mittal:** That is the long-term plan, but before we do that, the current plant needs the revamp. Some works to be done that, which will take about a month. The order for that work has been placed in advance, so that you the distillation towers are ready in time. And we'll be taking a shutdown in, I think, September or October for a month to revamp the entire plant so that the current 200 KLPD can only be used on ENA and the expansion on ethanol.
- B M K Jonnalagad:** Okay. And going forward, what will be the volumes of distillery, expect maybe in Q3 or Q4 after this Bhatinda's commission? So I have done some math. Earlier, we used to achieve around INR 100 crores from Bhatinda 200 KLPD.
- Kushal Mittal:** INR100 crores?
- B M K Jonnalagad:** Yes, per quarter.
- Kushal Mittal:** In terms of revenue.
- B M K Jonnalagad:** No, in distillery only, yes.
- Kushal Mittal:** In terms of revenue, I am asking in terms of revenue?
- B M K Jonnalagad:** Revenue, yes. So going forward, if I do some math with the upcoming capacity, so the revenue would be around INR 1,200 crores. Is it fair to assume the same figure?
- Kushal Mittal:** Yes, INR 1,200 crores before the Svaksha capacity kicks in. And post that, I think we can aim for INR 1,500 crores once the 700 KLPD capacity is installed and commissioned. See, INR 100 crores used to be a ballpark figure, yes, per quarter. But what we've seen in the past is that the ENA prices have increased and so have ethanol and ENA prices. So now we will achieve about INR 125 crores quarterly in revenue from a 200 KLPD plant average.
- B M K Jonnalagad:** Okay. And lastly, on further expansion plans, you have told that you have plans to expand further to 500 KLPD or some green energy deposits, so any update on that, could you please share?

- Kushal Mittal:** See, on Bhatinda, we have moved the file for 150 KLPD expansion post 400 KLPD. The environment clearance file is ongoing, and it will only move forward once the new plant has been commissioned. And see, firstly, we want to properly commission the 700 KLPD and be confident and it's working and then look at expansion plans. Yes, we want to expand post the 700 KLPD, but I will be only able to speak with full certainty once this is commissioned.
- B M K Jonnalagad:** And lastly, if I can ask, whatever the power plant boiler we have commissioned, out of which, how much we can save through fuel cost from Bhatinda?
- Kushal Mittal:** See, out of 400 KLPD commissioning that will be done, 60% of my fuel and my power and steam can come from the new power plant. And this will give us significant savings. If I were to speak on per litre basis, then I'd say INR 2 to x`x3 a litre can be saved from this new power plant easily.
- Moderator:** Our next question is from the line of Shlok Dave from CAO Capital.
- Shlok Dave:** Sir, just a clarification to the previous statement that you made. 60% of the power from the 11 megawatt new power plant. But is that from the expanded 400 KLPD or existing 200 KLPD?
- Kushal Mittal:** See, that will be for the 60% of my steam and power will be from the paddy straw boiler for 400 KLPD.
- Shlok Dave:** For 400 KLPD, okay.
- Kushal Mittal:** So, I'll require about 100 tons of steam and this should give me 60 tons. So about 240 KLPD would be from the new power plant.
- Shlok Dave:** You will require 100 tons of steam for 400 KLPD.
- Kushal Mittal:** Yes.
- Shlok Dave:** Okay. Great. And sir, just a clarification on some of the calculations. So what is a good assumption to take for effective number of days if you're operating at 100% utilization? This 200 KLPD or 400 KLPD, that needs to be multiplied with 365 because I know for the fact that there are routine maintenance shutdowns that every company has to take.
- Kushal Mittal:** 330 days would be a good ballpark figure.
- Shlok Dave:** 330? And that is every year, right? It's not like every other year, you will do maintenance. You will do maintenance shutdowns every year.
- Kushal Mittal:** Maintenance shutdowns are quarterly, to speak, because the plant does require cleaning every once a quarter. So, on an average, we can do 330 days.
- Shlok Dave:** Right. So again, if I get my volume math, if I understand the things correctly, you'll have probably close to 3/4 of the year for the new 200 KLPD Bhatinda plant. Is that a reasonable assumption?

**Kushal Mittal:** By June end, we expect to have the new plant commissioned, yes. But as I mentioned, we will be taking the shutdown in our current 200 KLPD plant in this year as well for a month, at least, to have that plant revamped. So once you're calculating, you'll also have to include that in your calculation.

**Shlok Dave:** Right. That's okay. So, what made me curious is how do you reach your INR 1,500 crores number? Did you mean exit run rate Q4 INR 1,500 crores annualized? Is that what you meant by INR 1,500 crores coming from distillery?

**Kushal Mittal:** INR 1,500 crores, I'm hoping that we'll get at least quarter of our 100 KLPD expansion in Svaksha also.

**Shlok Dave:** That part I understand. What I don't understand is this INR 1,500 crores is an actual guidance for the entire year or is it an exit number for Q4 next year, exit run rate number? Divide it by 4, so you get INR 375 crores. So will Q4 of next year, only that part will show INR 375 crores or you will actually do INR 1,500 throughout the year? Because then my math doesn't quite add up. I don't reach INR 1,500 crores, given the 1-month shutdown, given only 3 quarters of the expansion at Bhatinda and then better utilization in West Bengal, but the 100 KLPD expansion coming in last quarter.

**Kushal Mittal:** You are asking about INR 1,500 crores. I think that would be a better way to put it was that in quarter 4, we expect about INR 375 crores to INR 400 crores from the Distillery segment. I can't predict exactly what the number would be because there will be an ethanol price increase, which is expected and also to consider impact of 1 month shutdown.

Along with that, ENA prices are also to increase. So, we could stick with INR 1,500 crores figure, that's the target depending on how much the prices of ethanol and ENA increase and price of DDS increases. If you track the company, we were used to get up to INR 100 crores from 200 KLPD in terms of revenue and this year we did INR 130 crores.

**Shlok Dave:** Yes, right. INR 125 crores to INR 130 crores.

**Kushal Mittal:** INR 125 crores to INR 130 crores for the quarter. So that all depends. Yes, I'd say, I think you raised a very good point. And I think it would be safer to say INR 1,250 crores to INR 1,500, anything in that range.

**Shlok Dave:** Sir, I would like to understand your Edible Oil business slightly in a better way. This is something that I don't understand about the company. So as you said, the market is in free fall as of now, right? So when your margins get compressed, are we talking about a completely commoditized product where bulk of the compression in margin actually is because of inventory losses, and the spreads, they're basically maintained.

And once the fall in the underlying commodity stops, the margins immediately rebound, or is it something else, which is that the spread itself is getting compressed because I don't have enough data to actually understand what exactly is the ramification of this fall in the underlying commodity on your revenues and on your margins. So can you explain that bit in a more clarity? What generally happens? How does this commodity behave?



**Kushal Mittal:** See, there are 2 types of edible oil businesses that we're involved in. One which is our specialty and the sort of business that we want to be involved in moving forward is the indigenous edible oil. So that is your cotton seed, mustard, rice bran. That was always our company specialty. And while the global edible oil prices start to fall, these oils don't give us as much losses in terms of inventory losses because first, the holding period is much shorter when compared to imported oil.

And secondly, we have seen that the prices of indigenous oil tend to be more stable as opposed to imported oil. The imported oil market has been extremely volatile for the past 9 months. And a lot of times, a lot of these contracts are forward contracts, forward shipments that we book in advance, and that is your CPO, crude palm oil and your soya bean oil. So once these prices start to fall, then there is an inventory loss that needs to be booked. The spread doesn't change. We still work on some margin as opposed to. But the problem is, then we'll have to consider the current buying price of the raw materials.

**Shlok Dave:** Can you provide some understanding as to what this spread is, this constant spread? So there are 2 components, right? One is the inventory expansion and compression. The expansion and compression in spread is because of inventory losses and gains. The second one is that fixed amount, right? That's fixed spread, which doesn't change that much.

**Kushal Mittal:** That too depends on what edible oil am I using because see, we have a fully integrated unit that includes the oil mills, solvents, refinery, manufacturing unit and also rice mill. So one, when I'm processing, for example, a mustard crop, then my entire plant is getting utilized. My oil mill is crushing the mustard seed. My solvent is extracting the oil from the cake. And further, my refinery is being used for that mustard oil as well. So that is the oil that has value addition on each and every step.

For example, even rice bran, we consider it to be a good alternate because my solvent is being used for the rice bran and the cake usually sells at a very good price. So, these tend to have a higher margin as opposed to imported oil, where I am importing the oil, just refining it and selling it. So as I was saying, there is no set formula to give you what is commodity-wise my margin.

But as opposed to the same quarter of last year, where we did 4.56% in this quarter and 2.97% last quarter. So once we have more indigenous oils to process, we expect better margin. And overall, I don't expect the margins to continue at the same rate what we did this quarter, it's very difficult to earn above kind of margins in this sector.

**Shlok Dave:** This year, there is very much disruption. But in any one particular year when everything is stable and steady, how much ROE can this business generate?

**Kushal Mittal:** See, we expect this business to give us around 3.5% to 4% of EBITDA margin in a stable year.

**Shlok Dave:** At what turnover?

**Kushal Mittal:** At a turnover, see, that's also another very hard question to answer because the prices have fallen by about 40%, 45% now. So, we expect, say, to be safe INR 1,000 crores of turnover.

- Shlok Dave:** Okay. One final question, which is coming back to the distillery business. What kind of price escalations are you expecting? What is the industry expecting? Because the last round, which happened, it was good but not that great. Everyone wanted a bit more. So what is your sense?
- Kushal Mittal:** We as a company are expecting that the maize prices of ethanol will be significantly increased because the government needs to move in that direction now.
- Shlok Dave:** Which prices, sir? I didn't understand.
- Kushal Mittal:** The price for ethanol made from maize, corn.
- Shlok Dave:** Maize prices, okay.
- Kushal Mittal:** Yes. Because the government can't simply rely on FCI rice as being the raw material for the grain-based ethanol industry. See what we have seen this year, and there was a conference held in New Delhi, in which all of this was discussed. What we've seen this year that for the government to promote an Atmanirbhar Bharat and support its agriculture sector, they need to ensure that a farmer is not selling his crop below MSP or below a price where the farmer has to book a loss.
- Last year, we saw this with mustard and maize and every crop that the farmer grew. That crop gave them a very good return. And that will only help the agriculture sector, and that will only help India in crop diversification, which is a very urgent need as of now.
- What we've seen this year is that maize is selling below MSP and even mustard is selling below MSP. And this is in the government's notice, and they don't want this to happen. See, for a farmer who grew maize this year and they didn't get the remuneration for it, they'll go back to paddy next year. And they'll expect the government to buy it at MSP, and the government does not want that burden on themselves.
- So as per our reading of the market and the policy, we expect that the government will increase the maize price of ethanol. So that maize, that is currently surplus in the market will be bought by distilleries, converted into ethanol and sold to the OMCs.
- Shlok Dave:** You can use maize?
- Kushal Mittal:** I'm sorry?
- Shlok Dave:** You guys can use maize, right?
- Kushal Mittal:** Yes. We can use maize, and we prefer to use maize. It is the most sustainable method for the industry as maize is not as water guzzling as paddy. If you look at the grain-based ethanol market globally, it's all dependent on maize. India is an outlier, which makes it from rice. So we expect those prices to increase significantly. Let's see what the government does, but I think we should expect those. For the prices from surplus side, I think we don't expect much increase from them.
- Shlok Dave:** Okay. Okay. Has West Bengal finally stabilized after the excise policy changes?

- Kushal Mittal:** Yes, Bengal is stabilized. The factory is working with very good parameters. It's just that there were some policy changes in the alcohol market, which has led to a significant decrease in sale of alcohol in Bengal. So that is back to a little bit, but we hope that will stabilize in the future, too.
- Shlok Dave:** And Q1 will be back to trend levels for West Bengal, trend growth levels.?
- Kushal Mittal:** Q1, I think we can.
- Shlok Dave:** For the industry? I understand what you guys are going through. But for the industry, liquor sales and alcohol sales in West Bengal, will they revert to mean levels?
- Kushal Mittal:** It will take some time to pick up because there the government has done two things. One, they have increased the prices of country liquor, which has led to a decrease in sales. And secondly, what they have done is for the distillery industry, which is a bit of a negative is they have imposed an export fee for us to export ENA out of the state, but they waived the import fee. And historically speaking, Bengal used to be a state, which used to have a very high import fee. So they've done the opposite now.
- These are policy changes. They keep changing. I think at one point of time, having a unit in Bengal was more profitable than having a unit in Punjab, and now this has changed, and it could change in the future also. So there are policy changes that keep changing. All we can do is give a representation and try to nudge the government in the right direction.
- Moderator:** Our next question is from the line of Aditya Surana from Niveshaay.
- Aditya Surana:** Can you please tell me the order book currently? And how much time it will take to complete the order book?
- Kushal Mittal:** The order book of what?
- Aditya Surana:** Of ethanol.
- Kushal Mittal:** Order book of ethanol, I think we have until November end to complete the contract. And I think for the Bhatinda unit, it's at around 4.5 crores to 5 crores. And for the Bengal, it's around I think, 3.25 crores, and we expect the commission to complete the entire quantity. And as we speak, we might even put more quantity, so the order book can increase because there has been a new cycle that was just introduced this year. I would still look at it and put in more quantity.
- Aditya Surana:** Okay. Sir, can you explain the cost structure of ethanol in litre terms? Like raw material cost is near to about INR 42 and fuel cost is INR 6 to INR 8. Can you explain me the whole cost structure?
- Kushal Mittal:** See, for a ton of rice, we expect the industry standard is 450 litres of ethanol. That could change depending on how efficiently you're working your plant or how efficiently you're not working your plant. And then depending on your raw material, about 18% recovery is DDGS, which is currently selling at INR 27 a kg, I would say. And then there are your fuel costs, which are about

INR 12 a litre. And then there are other costs, your salary, maintenance, finance cost. So I think you can do the calculation from there.

**Aditya Surana:** Okay. So can you say the EBITDA margin going forward?

**Kushal Mittal:** I mentioned this earlier. I think for the Bhatinda unit, we could expect around 16% to 18% in EBITDA. These are all, I think, quite conservative numbers that I'm giving, and for the Kharagpur around 15%.

**Aditya Surana:** Okay. So how much revenue can we generate from a 100 KLPD plant in a year?

**Kushal Mittal:** A 100 KLPD plant should give you around, say, INR 270 crores of revenue.

**Aditya Surana:** Can you explain the calculation like 100 KLPD plant, it would be converted into a mix-blender and it would be shown at INR60 roundabout. So can you explain the calculation?

**Kushal Mittal:** See, 100 KLPD plant should give you about 3.3 crores in spirit. If you multiply that by 58, that is INR 191 crores or INR 192 crores and the rest is in DDGS sales. DDGS, CO2 and then there are other sales, such as Bardana sales that you can include, so all those are included.

**Moderator:** Our next question is from the line of Ankur Kumar from Alpha Capital.

**Ankur Kumar:** Sir, on the edible oil side, you are saying that things are looking tough. So do you expect current margins of 3%, 3.5% to stay? Do you think it can go even lower from here?

**Kushal Mittal:** See, the processing margins, we expect them to be stable. We don't expect much of a decrease in them. But the only thing is the inventory loss, that everyone is worried about, as we speak. So we don't expect the market to remain the way it is right now, but let's see what happens.

**Ankur Kumar:** But for segment-wise reporting, do we carry high cost inventory, which can give us losses? Or how should we look this?

**Kushal Mittal:** There are some forward contracts that we have to do on imported oils. So that is usually, as I was explaining, indigenous oil is not much of a problem because they're not as volatile as imported oils firstly. And secondly, the holding period for them is much shorter. We can buy mustard seed from the market, process it and sell it, whereas imported oils, the holding period is much long. And there are future contracts also that we need to fulfil. So that is bit of worry.

**Ankur Kumar:** Got it, sir. And sir, on the distillery side, you are saying INR 1,500 crores revenue for this year, so like over INR 350 crores per quarter. And currently, we are at around INR 200 crores per quarter, am I correct?

**Kushal Mittal:** So, I'll make a change, consider around INR 1,200 crores. It can go above that also depending on the escalation in ethanol and ENA prices.

**Ankur Kumar:** So basically, like the jump will come in from second half or how should we expect the revenue jump from this segment?

- Kushal Mittal:** See, revenue jump in quarter 2, I think there should be another expansion of Bhatinda that will add to the revenue. And we expect the Svaksha unit to also operate at 100% capacity utilization, which in the past, it hasn't. So that will add to the revenue as well. So, I think INR 1,200 crores is very conservative figure in terms of revenue.
- Ankur Kumar:** So basically, Q1 will improve marginally and then Q2, Q3 will pick.
- Kushal Mittal:** Q2, you'll start to see much of the impact.
- Moderator:** Our next question is from the line of Rahil Shah from Crown Capital.
- Rahil Shah:** You mentioned things have been stabilizing in West Bengal after the policy changes. And then you mentioned that Svaksha Distillery will be good going forward. So by when do you expect this?
- Kushal Mittal:** I think our quarter 1 results will be better than the previous. And then moving forward, it will be better.
- Rahil Shah:** Okay. And you've given your views on individual segment-wise margins, but then on a console level, like, how do you see this? So I think you're currently at around 7%, so flat. It's been flat year-on-year. Do you see improvement by the year-end?
- Kushal Mittal:** Consolidated margin?
- Rahil Shah:** Yes, yes. EBITDA margin.
- Kushal Mittal:** Yes, I think as the revenue share from a distillery sector increases, so will our margins, consolidated margins.
- Rahil Shah:** Okay. But like these are sustainable numbers otherwise?
- Kushal Mittal:** See, if I were to look at my EBITDA margin for last financial year, it was at 6.61% as opposed to 7.22% this year. And with an increase in distillery revenues, I think this can go up to 8%, - 8.5%.
- Moderator:** Our next question is from the line of Bala Murali Krishna Jonnalagad from Oman Investment Advisors.
- B M K Jonnalagad:** So regarding this oil segment, do you expect any inventory losses? Like in Q3 and Q2, have we posted any inventory losses? Or do you expect the same thing in this quarter?
- Kushal Mittal:** I can't comment on that right now. I think I've already spoken enough about the market. I can't predict where this market will be 1 month, or 15 days down the line, to be honest. As of now, it's very volatile. So I really can't make a comment on this right now.
- Moderator:** Our next question is from the line of Manan Shah from Moneybee Investment Advisor.

- Manan Shah:** Congratulations on a good set of numbers and a wonderful gesture from the promoters on foregoing their share of the dividends. My question was on Svaksha. So, I wanted to what feedstock are we using as fuel for the Svaksha Distillery?
- Kushal Mittal:** See, now for ENA, most of my feedstock is maize. So ENA is primarily, I would say maize. For ethanol, it's FCI rice.
- Manan Shah:** Okay. So my understanding is that if we use maize, the yield that we get as against rice is lower.
- Kushal Mittal:** See, the alcohol yield for maize is lower as opposed to rice. But the DDGS yield is higher in maize as opposed to rice. So our calculations are based on what the DDGS prices are and what ENA prices are and what maize and rice prices are. That's how we decide after looking at everything, what raw material to use. So maize currently is cheaper in Bengal, as Bihar is surplus in maize this year. So we decided to use maize as our feed for the ENA.
- Manan Shah:** So on an absolute basis, the revenue that you will generate by using maize against rice, will there be any significant difference? Or we don't expect any significant difference, either on the upside or on the downside?
- Kushal Mittal:** Maize as of now is more profitable than using rice, damaged rice from the market. So looking at that, we've shifted to maize. I expect the EBITDA margins to be down 15%, and it is calculated looking at the maize prices currently.
- Manan Shah:** Okay, understood. And what are we using for power and fuel as a feedstock over there?
- Kushal Mittal:** Mostly husk, some of coal.
- Manan Shah:** Okay. So if at all coal prices trend downwards, then we can expect further improvement over there?
- Kushal Mittal:** Yes, the coal prices have been softening. And we are looking at future contracts for coal. So yes, I think that should help a little.
- Manan Shah:** And is rice straw also available over there and is it possible that we can use it?
- Kushal Mittal:** Rice straw won't be possible in Bengal, firstly, because in Bengal, people use this rice straw for other uses. It's used as cattle feed also and it's used in many other ways. There's not a problem of rice straw being burned by the farmers. It's being used by them. And secondly, to install a rice straw-based power plant is a huge, colossal task. It requires a lot of space. And I reiterate this again, we're the only alcohol company in the country that will now be using rice straw as a fuel. And it was a colossal task to collect this rice straw, store this rice straw.
- I'll give you an example. For next year, I need 120,000 tons of rice straw for the entire year as my fuel. And I have a 15-day period to collect this during the harvest period. Either the farmer will burn this or either I'll collect it from him. And I need about 120 acres of land to store this for the entire year. So this requires a lot of preparation beforehand to plan and collect this rice straw and store it. But this is a strategy that will pay us dividends moving forward because fuel

has been a problem in the past, and we don't expect this to go away very soon, and we have a very good alternate fuel now as a source.

And even the capex on a power plant that will run on paddy straw is almost double as opposed to a coal-fired or a husk-fired power plant. So a lot of hard work has been put into this. And in Bengal unfortunately, it's not possible because there's not a problem of surplus rice straw.

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

**Narendra:** So you talked about the edible oil in 2 capacities, that is indigenous and imported. So is there a definitive split between the 2 right now that we are seeing?

**Kushal Mittal:** See if this changes, it varies depending on the demand. So right now, as we speak, I think most of the plant is running on imported oil, but this changes. If mustard prices are to increase and farmers start selling the mustard again, then we'll start running on mustard again. The problem is that the prices of mustard have fallen down so much that the farmers are not interested in selling. So there's not much availability of the raw material.

**Narendra:** Okay. So there is not much that we can do about it then?

**Kushal Mittal:** Yes.

**Moderator:** Next question is from the line of Neeraj Jain, who is an individual investor.

**Neeraj Jain:** So my question is regarding the commissioning of the Bhatinda plant. So if I remember correctly, when we had the last investor call sometime in February, the management had mentioned that we hope to commission it by end of that quarter. So I would assume they meant end of March. Now we are hoping for the commissioning to happen by June end. So any specific issue we are facing with the commissioning like we faced with Svaksha or can you please help, sir?

**Kushal Mittal:** No. There's no particular issue like Svaksha. Svaksha was, I think, one-off issue where a column that was delivered was faulty and it didn't perform as per its requirement. In Bhatinda, I think big problem that everyone is facing, that a lot of these machinery suppliers are quite booked, and they've been delaying a lot of things from their end, a lot of bought out items do get delayed sometimes. And keeping that in mind, that's why we decided to commission the power plant before the distillery. But this time, we hope, and we expect that the deadline won't change.

**Neeraj Jain:** Okay. And my last question related to Svaksha is that you mentioned for this quarter the capacity utilization would be around 90%. So, can we expect a revenue of around INR 110 crores from Svaksha for this quarter or is that an overestimation?

**Kushal Mittal:** Sorry, you were asking about Svaksha.

**Neeraj Jain:** Yes. So as you had mentioned that for this quarter, the capacity utilization would be around 90%. So, I was just asking about the revenue estimate for this quarter for Svaksha, will it be likely around INR 110 crores because you mentioned that 200 KLPD plant, generally, the revenue would be around INR 125 crores per quarter. So, is INR 110 crores a fair estimate?

- Kushal Mittal:** Yes, I'd say around INR 100 crores to INR 110 crores, you can probably consider that much for the quarter.
- Neeraj Jain:** Okay. And can I ask one more question, please? That would be my last question. So for your allotment, a placement abatement that you had done. So I understand that as of now, 25% of the amount has been paid in by all the investors. So any time line when the rest of the 75% would be coming in into the company? Because I understand you would be using it to reduce your working capital, right? There are loans that you have to use your working capital?
- Kushal Mittal:** No such time line as of now. I think we have 18 months from the receipt of 25%. So no specific time line.
- Moderator:** That was the last question of our question-and-answer session. I would now hand the conference over to the management for closing comments.
- Kushal Mittal:** Yes, I would like to thank everyone for tuning in on the call and asking very insightful questions. And we hope to deliver on everyone's expectations moving forward, and thanks again.
- Moderator:** Thank you. On behalf of PhillipCapital India Private Limited, that concludes the conference call. Thank you for joining us, and you may now disconnect your lines.