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**REG: Transcript of Earnings Conference Call for Unaudited Financial Results for
the first Quarter ended 30th June, 2020.**


DEAR SIR,

This is further to our intimation regarding Conference Call for Analysts/Investors with respect to the Unaudited Financial Results of the Company for the first quarter ended 30th June, 2020.

The transcript of the conference call held on 18.09.2020 with investors/analysts to discuss the financial performance of the Company for abovesaid period is enclosed herewith .

**Thanking You,
Yours faithfully,**

For BCL Industries Limited


Gurinder Makkar
Company Secretary
M. NO. F5124





“BCL Industries Limited Q1 FY-21 Earnings Conference Call”

September 18, 2020



MANAGEMENT: MR. RAJINDER MITTAL – MD OF BCL INDUSTRIES LIMITED
MR. PANKAJ JHUNJHUNWALA – DIRECTOR, SVAKSHA DISTILLERY
MR. KUSHAL MITTAL – DIRECTOR, BCL INDUSTRIES LIMITED

MODERATOR: MR. VIKRAM SURYAVANSHI – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED

Moderator: Ladies and gentlemen good day and welcome to the BCL Industries Limited Q1 FY21 Earnings 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 the 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 ‘*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikram Suryavanshi from PhillipCapital (India) Private Limited. Thank you and over to you sir.

Vikram Suryavanshi: Thank you Faizan and a very warm welcome to everyone. Thank you for being on the call of BCL Industries Limited. We are happy to have the management of BCL with us here today for question and answer session with the investment community. Management is represented by Mr. Rajinder Mittal – Managing Director, Mr. Pankaj Jhunjhunwala – Director, Svaksha Distillery a subsidiary of BCL and Mr. Kushal Mittal - Director.

Before we get started with the question and answer session we will have opening comments from the management. Over to you Sir.

Rajinder Mittal: Good afternoon everybody and thank you for introduction Vikram. We would like to welcome everyone to the earning con-call for the first quarter for the financial year 2020-21. For the ones for participating for the first time let me give you the brief background about the company. BCL Industries Limited is a diversified business house in manufacturing and development with business interest spread across a variety of industries vertically namely Edible oil and Vanaspati, Distillery and Real Estate.

The company started off in 1976 with a solvent extraction plant of 40 TPD, extracting oil from rice bran. Going forward the company has grown to become one of the largest edible oil manufacturers in North India. Having the capacity of 1020 tonnes per day Furthermore we spread into the business of distillation by setting up own grain based distillery for extra neutral alcohol of 100 KLPD along with the bottling unit in Bhatinda, Punjab. The labor is doubled its capacity to 200 KLPD as the business grew. In order to grow in the distillation business the company is now in the process of putting up another 200 KLPD plant with 8 MW cogeneration plant in Kharagpur, West Bengal.

Currently as we all know the escalating COVID19 situation and in compliance with the government directions, our top priority at this moment is the safety and well-being of our employees, customers and all stakeholders. We have implemented various preventive measures

in line with the guidelines issued by the government, health care department as a responsible company. We have taken all precautionary measures in line with the best market practices and have been following stringent hygiene protocols all our facilities to ensure that our product stay safe for consumption and our workers uphold highest standard of preparedness and hygiene.

During the initial days of the lockdown the company was facing labor related challenges hence had to shut down operations at both the facilities. We are happy to announce that we have resolved those labor issues to a certain extent and have restarted production with effect from 2nd April, 2020 at both the plants.

Now let me give you the key financial highlights for the quarter. The consolidated revenue for the first quarter was Rs. 277 crores which is increased about 27% year to year. EBITDA for the quarter was Rs. 70.1 crores and EBITDA margin was 6.18 crores, net profit was 7 crores and PAT margin for the company was reported at 2.5%.

Coming onto the operational highlights of the first quarter of the financial year 2020-21, I would like to start with the distillery segment. The company's distillery unit was able to resume full production within the first week of April as the majority of the production was diverted as the raw material for hand sanitizer which has opened up a new market for the company. With the company having adequate facility to house all its staff within the factory premises, the full production resumed quickly after the lockdown was announced. Due to the lockdown and the increase in the demand for hand sanitizer, the company saw good demand for a ethyl alcohol coming from the pharmaceutical company, who made up the loss in the demand for portable industry during the lockdown. The company continued to sell hand sanitizer under its own brand which has become the good growth driver for the company.

The revenue for the Quarter 1, 2021 are 138 crores and its EBITDA is Rs. 10 crores. The sewer work for the new distillery of 200 KLPD at Kharagpur is almost complete but with the continuous lockdown in the state of West Bengal, Maharashtra the project is expecting a delay. Moreover with this continuous lockdown and the workers not turning up at the new site, so we are not putting up our money to a large extent and we are moving slowly and waiting for these things to normalize.

With regard to the edible segment, the company experienced an increase in the sale of its own brand like Homecook and Murli during the lockdown as product supply remained steady. The company was able to penetrated in the people's kitchen during the lockdown as the company pepped its production management supply remain steadily. This has led to increase in the demand of BCL's own brands in the market. Due to increase in the home demand for mustard oil, the company restarted operations of its oil mill and solvent extraction plant on mustard seeds and now focusing more on the retail segment for small pack. The revenue of vegetables segment was at 144 crores with the EBITDA of 5 crores.

Lastly the real estate segment went through a temporary slowdown for the period of lockdown but the company expects the sales to pick up in the coming quarter. The company recorded revenue of 3.5 crores with an EBITDA of 1.6 crores in its attempt to reduce the financial burden of the company, this year has continued to utilize revenue from its real estate sales to liquidate the debt which is visible in the year-to-year results. There has been substantial fall in the revenue from the other income which is about 70 lakhs, so that has given the financial protection, so otherwise the working reserves of the company showed a tremendous growth of 41.30% approximately.

So thank you, I would like to open the floor for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Dipesh Sancheti from Manya Finance.

Dipesh Sancheti: Just wanted to have an idea that the trade payable amount which is there with the creditor is quite high. It's about 159 crores and it's there for quite some years, what is the reason for this?

Rajinder Mittal: I think this is a basically seasonal industry we have recommended the raw material for a quite longer period, so that's the reason every time. There is no major change in the pattern. Pattern remains the same. that kind of inventory because we have got to huge segment starting from the paddy, then rice then rice bran, oil seeds, vegetable oils then the broken rice, then the damaged food grains. So, there is a quite large number of items which are being procured by the company. I don't think there is any major change in the pattern of this debtor.

Dipesh Sancheti: I just wanted to understand the pattern itself that why such a high trade payable left.

Rajinder Mittal: Ours is a seasonal industry and we have to have the stock for the full year as the paddy season is from November or October to March, so we have to have this full year stock with us. So that's why the market trade payable and the rate of interest from the debtor is lower as compared to the bank. So we prefer the market rate.

Dipesh Sancheti: Another question is that due to the MSP; is there any MSP increase in raw material product?

Rajinder Mittal: No, see MSP do affect us to the extent but not to a very large extent because the proportionate price of the finished product also goes up and I don't think that's a major issue. But we are not using that's the head right. We are using its tail thing like the rejected rice and the broken rice, all other things. We don't have much impact on that part of it. I will mention one thing, this year you can see the tremendous growth in the agriculture sector, all areas edible oils seeds, whether you take the rice, whether you take the case of millet, all area under cultivation has gone up by at least 10% to 15%. So that kind of benefit will be arising that there will be no major escalation in the raw material cost and we will be able to have some kind of better results in our finished product. We are hopeful that margins should go up.

Dipesh Sancheti: One more question was that since we have come into hand sanitizers, going forward what do you see that how much of the distillery division will be hand sanitizer and how much will it be IMFL, I mean what would be the percentage?

Rajinder Mittal: At present we are more concentrating ourselves in the manufacturing of ethanol, so this year we have diverted 50% of our capacity to ethanol because there is the focus from the government side also for the procurement and even this 1 year tender, technically bid has been increased to 5 years. So now they have given us the 5 years clear cut policy that they will be procuring entire standard quantity. So 50% is now this segment, about 10% of the raw material and the finished product is being used for the hand sanitizer business, 40% is only potable alcohol, used to be 60% to 70%. And that is why the reason that the company is going for expansion in the West Bengal for the manufacture of this ENA but unluckily the COVID situation which started from February, 2020 is now escalating and we don't have much labor at that plant and we don't want to put some extra money without seeing near future. So that project will be delayed by about 3-4 months and we shall be putting up because all the machines have been ordered and everything is ready but we are not able to take the delivery of the machines due to this continuous lockdown, frequent lockdowns, people not able to travel, train service not resuming, air service not going up to that mark and the work in the various workshops being held up, all these factors we have now decided to go slow on those projects and we wait for these things to normalize because we don't want to land ourselves, put our capital into that and have capital starvation.

Dipesh Sancheti: So what you said is very interesting that you are expanding in ethanol capacity. What is the current capacity and going ahead how do you see it going by end of 2021 when the plant actually resumes?

Rajinder Mittal: Which plant you are talking about, the Kharagpur plant?

Dipesh Sancheti: The West Bengal plant, yes.

Rajinder Mittal: The West Bengal plant is of 200 KLPD capacity which we at present proposed to be 100% utilized for this portable alcohol purpose. And the Bhatinda plant each we are using 60% at present for ethanol and 10% being used for the raw material for the hand sanitizer and the hand sanitizer business and only 40% is being for portable purpose.

Dipesh Sancheti: So all this ethanol has been supplied to the OMCs only, right?

Rajinder Mittal: Oil marketing companies and this is now a 5 year bid, though there will be escalation or de-escalation in the prices year-to-year basis.

Dipesh Sancheti: What is the average realization right now?

Rajinder Mittal: Rs. 50.36 paisa per liter is the average rate and same is in the case of ENA.

- Moderator:** The next question is from the line of Kashish Chopra, Individual Investor.
- Kashish Chopra:** I just wanted to know what is the comfortable debt level that you are comfortable with and how do you plan to reduce it? would it be entirely from the real estate and in this year how much debt you are planning to reduce?
- Rajinder Mittal:** About the debt if you see that from the results in hand, the finance cost is continuously coming down. So that will be possible with the help of this amount being received from the real estate which is debt free. We hope to you can say free the company from the long-term by year 2022-23, so that's our target to make the company long term debt free. We shall be only utilizing the working capital facility as and when required. But I think within 2 to 3 years we should be definitely long-term debt free.
- Kashish Chopra:** One additional question regarding the employee strength, so did we do any lay-offs or salary reductions in the last quarter and if we had on-boarded any other staff, has there been any increase in the people who are working for us if you could throw some light on that?
- Rajinder Mittal:** We have the same workforce with us because earlier also we were operating on 100% capacity, now also there is no capacity increase. We are already operating on 100%. So the entire staff is intact with us and healthy and they are in all good spirits and working good.
- Kushal Mittal:** I would also like to mention that we did give the staff a temporary pay cut but keeping the long-term vision and our staff in mind, the staff is back to 100% salary and we compensated them for the pay cut in the past as well.
- Moderator:** The next question is from the line of Aniket Kulkarni, Individual Investor.
- Aniket Kulkarni:** My question is related to the real estate part, what is the inventory available with the company and do you see pickup in sales post COVID?
- Rajinder Mittal:** Yes, the realisable market value for the inventory is around about 60 to 70 crores higher interested during the covid because we have got a ready to move inventory and 80% of the total projects are occupied. So only we have got in hand the 20% vacant which we are realizing in a very good manner. And I think in the 2 to 3 years we should be able to monetize the entire part of it and reduce our debt to zero. This long term debt will come to the zero.
- Aniket Kulkarni:** My second question is related to the preferential share that we did maybe last quarter. So how the funds are being utilized by the company?
- Rajinder Mittal:** The funds have been utilized; our sales have gone up by 27% to 30%, so we did not take any extra working capital facility from the bank. This was just to strengthen the working capital facility and to reduce the debt part, so that was done by the—money put in by the—promoters and as well as some individual investors.

Aniket Kulkarni: My another question is related to the Svaksha distillery, so is there any funding constraint related to the project and tentatively by when it will start operating?

Rajinder Mittal: Earlier there was a funding concern but now all the things have been resolved in the March itself. But we have been not able to put back the activities due to this COVID because unit is situated far away from Bhatinda and the traveling time because the manpower and other things, the people who were restoring the machine had to travel from Pune to West Bengal. So the traveling activity are restricted, so we have decided to put hold on the plant and not to put the money and wait for the things to normalize because this was not right time to take the loan from the bank and then we find it difficult to serve the interest part without getting any income and without having any realistic time to comment upon that when will be able to resume the production because everything is taking much more extra time as compared to the conditions pre-COVID. So, we have thought of that we should more concentrate on the present activity and not to increase the financial burden by way of interest on the company if we are not able to get the returns in the near future for **(Inaudible)21.31**. So that project at present is a slow-moving and we will be able to give the exact date only when the things normalize and we have also not taken any debt up till now for that project. Though the debt is already tied up and everything is book closure is there but we have not availed any term loan at present.

Aniket Kulkarni: One more part, you said about the 5 year contract with OMC, so is there any price escalation that will be given by OMC?

Rajinder Mittal: There is no escalation fixation...price will be fixed by the OMCs in year-to-year basis and this year government is focusing on greater strength with the higher food grain production and there is a problem of plenty in the food grain. So that's why we hope to have good results in this segment and we have several meetings with the ministry regarding the exact price. So government is concerned about increasing the capacity. I was just referring that last year the requirement of the oil marketing companies was to the extent of 525 crore liters but their actual supply is less than 240 crore liter, not even the 50% demand. So government is focusing by increasing the prices by making the raw material available with regards to these damaged food grains and allowing of millet and other things, so we hope to get a better price. And the price fixation will be every year according to the food grain prices.

Aniket Kulkarni: One last question related to the edible oil segment, do you see any capacity utilization with increased or maybe with a good range, are you getting more raw material which was initially the constraint with capacity utilization?

Rajinder Mittal: Yeah sure, I think this is one of the questions which I would like to answer for sure. In this area under crops of edible oil is going up every year. The capacity utilization—already—there is a substantial improvement in the capacity utilization. From the results you will see that this year corresponding quarter there is increase in the sales of about 18.63%. So the capacity utilization with this current year is also expected to be in the same line and maybe even better. Edible oil sector we are quite optimistic and bullish about the thing that the capacity utilization

as well as the revenue from this will go up without spending in a single penny the CAPEX part of it.

Aniket Kulkarni: And what is the capacity utilization as of now?

Rajinder Mittal: At present the capacity utilization is about 60% and last year it was less than 50%.

Aniket Kulkarni: So do you see it rising in the next financial year to 80% or 100%?

Rajinder Mittal: We are hopeful that we should be able to achieve 70% capacity utilization this year.

Moderator: The next question is from the line of Neeraj Jain, Individual Investor.

Neeraj Jain: It is related to EBITDA margin, so as you mentioned earlier that now you have been able to utilize better capacity that we have on the edible oils front and like you are able to resume the vegetable oil unit production and also the hand sanitizer front like the margins are better, you have mentioned in the previous con call. And we have also been able to increase the sales by 27% but then why there is a drop in EBITDA margin because considering all the factors we should have seen a better EBITDA margin compared to the Q1 of last year, right? But we see a downwards movement.

Rajinder Mittal: This is a presentation point; the EBITDA margin practically has gone up. But there are two reasons for there is a decline in EBITDA margin, one is to the other income. Other income is part of the rental income the company is having. There are about 3-4 properties which are on rent to the wagers. During the COVID period or you can say this period we have not been able to realize the rent part of it that is bringing the other incomes down, if it takes the other income that's not working profit. Working profit of the company has gone up by 37.59% approximately 38%. But the realization from the other income part which is in the way of rent has gone down considerably, so that has made effect. Other part is that in the consolidated statement there has been some expenditures from the Svaksha Distillery, so that has been taken into account by way of interest to the parent company and to other company because whatever unsecured loans we have raised, so we are paying interest to them but we have got no loan from any financial institution, so that has also been taken in together. If we see the standalone result of the distillery part and the edible oils part, there is a substantial improvement in the margins. The profit for these figures I can tell you that there has been increase of 40.81% in the profit before tax in the distillery segment and there has been increase of 17.62% in edible oils section and there has been an increase of 10.20% in the real estate segment. So profit before tax has gone up by 28.90% but if we exclude the other income part, the rent part, it has gone up by 37.59%.

Neeraj Jain: Couple of questions regarding the distillery in West Bengal, so we understand that because of the present COVID situation there is lots of ambiguity. But in normal circumstances like how

many months do we required to start the construction and then come to a point where we can start the commercialization?

Rajinder Mittal: The groundwork means the severe work which takes major spend is only completed. The godowns have been constructed, the storage is already there. We will not take more than 6 to 8 months in the things normalizing to put the plant into the commercial production. And one more I would like to add, not out of the question that the stake in Svaksha distillery has been enhanced from 51% to 75%, BCL part.

Neeraj Jain: That was my next question to just confirm the stake. So it is 75% you mentioned, right?

Moderator: The next question is from the line of Kashish Chopra, Individual Investor.

Kashish Chopra: Mittal ji I don't have a question per se. I just wanted to know your thoughts, do you want to say anything as such you want to say any comments to the shareholders?

Rajinder Mittal: That's it, the message to the shareholder that your company is doing well and we hope to have your full faith and support for this and the companies will grow to a great extent. We have got a bright future in way of government substituting the import of vegetable oil, the another thing is the government substituting the import of this crude oil, this mineral oils, fuel oil both are import substitute and I think with your blessings and with your support, our shareholders, we will enjoy good benefits out of the company in the long term.

Moderator: The next question is from the line of Nilesh, Individual Investor.

Nilesh: I just wanted to know about the prices of raw material for the production will prevail in the current year and what would be the impact on the cost?

Rajinder Mittal: The prices of this seasonal crop and depends upon the you can say monsoon weather thing but we are lucky that this year we have got a good monsoon and the sowing of this food grains and edible oil seeds have gone up considerably high. We don't (Inaudible)32.50part of the raw material. We should be able to get the raw materials at very economical rate and almost the selling price is fixed so we hope to continue having these good margins.

Nilesh: Due to this COVID are we taking any cost control measures in the company because of the slowdown?

Rajinder Mittal: We don't have any fall in the revenue rather our revenue has gone up. So cost cutting is not possible because cost cutting, we are only going for this, that is to bring the financial cost down by monetizing the real estate part of it and which we are to some extent or a large extent has been successful and we are able to reduce the finance cost. From the results you will feel that, you will observe that there is a substantial decrease in the finance cost of the company for the last 2-3 yearsthecost cutting as I mentioned that the growth is the revenue of the company to the extent of 27%, so no cost cutting as regards the you can say salaries andother things is

required. Only we have got in hands the finance cost we are which bringing down every quarter and every year, every financial year the finance cost as reducing by way of monetizing our real estate inventory. So that is the difference I think cost cutting we are not incurring any extra cost by increasing the revenue.

Nilesh: How much revenue we are expecting from the new plant to be, when it gets operational?

Rajinder Mittal: I think I will give it to Pankaj what is the figure for this estimated revenue for this Kharagpur plant, he will be able to answer in a better way.

Pankaj Jhunjunwala: The Kharagpur plant the production capacity is going to be the same which is 200 KLPD and we expect the first revenue at about 350 crores which should commence from Quarter 3 of financial year '21-'22 and all likelihood once this COVID situation normalizes.

Nilesh: And that percent margin would be approximately same on that?

Pankaj Jhunjunwala: No the margins in the Calcutta distillery is going to be better, the Kharagpur distillery is better because in the state of West Bengal, our ENA price is always about 5% more than across India. So let's say BCL is selling ENA at a price to Rs. 54 a liter. The distilleries in Bengal are selling over Rs. 56 a liter. So our margins are going to be better in the state of West Bengal and this is purely because of the demand supply equation.

Moderator: The next question is from the line of Stephanie D'Souza, Individual Investor.

Stephanie D'Souza: I had a question. How much quantity of hand sanitizers or the ethyl alcohol was produced in Quarter 1 of FY21 and what was the average profitability in that?

Rajinder Mittal: Roundabout 1.8 crores liters of this alcohol was produced in the first quarter but I think figure I am not able to...17.5 or may be 18 million liters. Out of this in the first quarter the ethyl alcohol sanitizers was almost 20% and 50% as I mentioned was with the ethanol business and rest was with portable alcohol.

Stephanie D'Souza: I have another question just a follow up. What were the realizations of the hand sanitizer and ENA in the quarter gone by?

Rajinder Mittal: The hand sanitizer was a just a temporary business that there was a too much of scarcity, once we got the average price of about Rs. 80 per liter but now we are not getting that kind of a price. As far as the company is selling that Rs. 55 to 60 per liter and during COVID period or when it was extreme during lockdown period even the realization was Rs. 100 per liter but with this, you can say we have got another segment that is the third segment is available with us so that has, you can say overall increase the price of this ENA as well as this ethyl alcohol. So that is the reason that there has been increase in the profits from the distillery units standalone about more than 40%.

- Moderator:** The next question is from the line of Dipesh Sancheti from Manya Finance.
- Dipesh Sancheti:** Just want to address one more question. If you can give a timeline of when the company can be debt free because I think we are going to take the proceeds of the real estate to making it debt free. So if you could just give a timeline?
- Rajinder Mittal:** As I mentioned earlier that I think we have got an inventory in hand of about 60 to 70 crores which is totally debt free and we will take about 2 to 3 years to monetize the entire part of it so whatever amount is coming is going for repayment of the long-term debt for the company and by year 2023-'24 financial year, we should be totally long-term debt free.
- Dipesh Sancheti:** And where do you see the growth coming in the next few quarters if you could give guidance? Where will be the major growth, will it be ethanol, will it be distillery or will it be the rice bran oils segments?
- Rajinder Mittal:** Major growth is coming in all the segments but the revenue part if you are talking about is that major part will be from this vegetable oils and rice and rice bran oil other things because in the distillery section we have already utilizing 100% capacity utilization but that will have some good sense because of this the major availability of raw material, the increase in the raw material of this year with the way of increase in the production, increase in the sowing, increase in the acreage of this major raw material which the company is using for the manufacture of this alcohol and other things. So we hope that the margins will go up if the revenue increase will be on this vegetable oil section.
- Dipesh Sancheti:** Vegetable oils are, are we selling it to the bigger brands like Reliance Mart, DMart or online, on Amazon or any other platforms?
- Rajinder Mittal:** We are supplying to this Walmart in our own brand but that's a very small quantity not to be much referred but the company has a strong presence of its own brand in the North India. So we have got a strong dealer network of 250 dealers spread over Punjab, Haryana, Himachal, Jammu Kashmir, some parts of Rajasthan and the Delhi. So we don't have to go to a bigger player to sell our brand. So we are comfortable with our own marketing network and we have to take the things in a much better way by increasing our revenue in our own brands, to our own dealer network.
- Dipesh Sancheti:** The same thing is with the IMFL also? You are only concentrating on Punjab and around areas for IMFL brands also because I suppose you have quite a few brands in IMFL?
- Rajinder Mittal:** No this year we are not doing any IMFL. We are doing only country liquor in the state of Punjab because this year this was a very disturbance where some states were closed some were not, so we thought that putting money in that we may not fetch that results. Let's concentrate only on the ethanol business and this potable alcohol as well as the hand sanitizer. So this year

we are not manufacturing any IMFL. Only some contractual brands we are getting is manufactured that's on job basis.

Dipesh Sancheti: This quarter what is the quantity of ethanol which you are supplying to the OMC?

Rajinder Mittal: Roundabout it was 90 lakh liters.

Dipesh Sancheti: So, is there any possibility of this being increased with the West Bengal plant coming in?

Rajinder Mittal: Definitely when we are able to resume, we propose to convert this 100% or maybe 80% of the capacity for ethanol.

Dipesh Sancheti: So based on this similar kind of realization of Rs. 50 where do you see this closing of FY21? This year closing how much sales do you think that the company will be able to do on ethanol?

Rajinder Mittal: No it's not exactly same but you can just calculate the present growth. We hope to maintain the growth of 27%- 28% this year.

Dipesh Sancheti: And this should be sustainable for the next 3-4 years? What do you feel?

Rajinder Mittal: I think we should be able to sustain this kind of a growth with this commissioning of Kharagpur plant and with the increasing the vegetable oil prices in the market, with the conditions, government focusing more on the Crop Diversification Program from food grains to edible oilseeds and more giving attention to the procurement of ethanol. So we hope to continue with this kind of growth in the 4-5 years.

Dipesh Sancheti: Are we having any change in the dividend policy or any buybacks because the promoters are increasing their stake at 65 in the preferential issue. So is there any possibility that we will be seeing a higher dividend coming in?

Rajinder Mittal: Dividend, that is the board's decision I can't comment upon that but I think this year we will be more concentrating our self-putting in the money to commission this West Bengal unit. Our main priority will be to put the entire money, this reliance from the preferential share or the profit or the cash improvements of the company to put in the operational the Kharagpur unit and so that the company gets a consolidated revenue and becomes a net margin company. So our more focus would be putting our entire sourcing together to commission that unit.

Dipesh Sancheti: Are you looking at even buying it from the open market as this almost as the same price as in the preferential issue?

Rajinder Mittal: No I don't think you can say thought about that as of now.

Moderator: The next question is from the line of Vikram Suryavanshi from PhillipCapital (India) Private Limited.

Vikram Suryavanshi: I think we have already answered lot of questions but just on giving the clarity of this 5-year contract from OMCs for ethanol, how different it's compared to earlier? I think earlier it was annual contract but again in that also I think you will have price revision every year. So actually, what really changes for us and is it significant to impact our future expansion plan or would we like to have higher expansion in ethanol going ahead or because of this uptake visibility?

Rajinder Mittal: I will hand over this mike to Kushal Mittal I think he will be able to answer this question.

Kushal Mittal: The assured quantity promised by the OMCs as of now for the 5-year plan are quite significant. So at the top of my head for the next year its around 520 crores liters per year and they have increased this by around 10% to 15% on a year-on-year basis but after speaking with the representatives at the OMC; there is quite certain that the assured quantity at the moment is very conservative and as even PM Modi said on Independence Day that he wishes to make the Indian Ethanol market increased by 20% year-on-year basis. So the current numbers by the OMCs are quite conservative but even the conservative number are quite significant. If you look at 520 crore liters per annum that's a huge quantity and the industry is nowhere close to be able to supply the full quantity. So yes, the company sees a very bright future in the ethanol market more so than the ENA business and with our expertise and production we do wish to expand quite rapidly.

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

Kushal Mittal: Thank you for joining us today and it was great giving you an update about the company. As already mentioned, we are quite hopeful about the future and with your support we expect to achieve greater things in the coming quarters. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of PhillipCapital (India) Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.