



“BCL Industries Limited
Q2, H1 FY26 Earnings Conference Call”
November 14, 2025



**MANAGEMENT: MR. KUSHAL MITTAL – JOINT MANAGING DIRECTOR
– BCL INDUSTRIES LIMITED
MR. VARUN GUPTA -- CHIEF EXECUTIVE OFFICER –
BCL INDUSTRIES LIMITED**

**MODERATOR: MS. PRIYA SEN – INVESTOR RELATION – GO INDIA
ADVISORS**

Moderator: Ladies and gentlemen, good day, and welcome to BCL Industries Limited Q2 H1 FY '26 Earnings Conference Call, hosted by Go India Advisors. 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Priya Sen from Go India Advisors. Thank you, and over to you, ma'am.

Priya Sen: Thank you, Samarth. Good afternoon, everybody, and welcome to BCL Industries Limited earnings conference call to discuss the Q2 and H1 FY '26 results. We have on the call Mr. Kushal Mittal, Joint Managing Director; and Mr. Varun Gupta, Chief Executive Officer.

We must remind you that the discussion on today's call may include certain forward-looking statements and therefore must be viewed in conjunction with the risks that the company may face.

May I now request Mr. Kushal Mittal to take us through the company's business outlook and performance, subsequent to which we will open the floor for question and answers. Thank you, and over to you, sir.

Kushal Mittal: Thank you, Priya. A warm welcome to everyone joining us today for BCL Industries Limited Q2 and First Half FY '26 earnings concall, the results and the investor presentation have been uploaded on the stock exchange, and I hope you've had the chance to go through them.

At the outset, I would like to note that operational updates for BCL Industries are presented on a consolidated basis, covering the performance of Svaksha Distillery Limited, in which BCL holds 75% stake; and Goyal Distillery Private Limited, a wholly owned subsidiary of the company.

Before we move to the operational and financial highlights, I would like to begin with a very important announcement. It gives me great pleasure to formally introduce Mr. Varun Gupta, who has joined BCL as Chief Executive Officer. He brings extensive experience across leadership roles and diverse industries. With his onboarding, BCL has further strengthened its leadership team. His strategic insight and management expertise will play an important role in driving the next phase of growth.

I now invite Mr. Gupta to share a few words.

Varun Gupta: Thank you, Kushal ji. Hello, everyone. I'm delighted to be a part of BCL Industries at this pivotal stage in its growth journey. The company has built a strong foundation through operational excellence, strategic diversification and disciplined execution. As we move forward, my priority will be to work closely with the leadership team to build on this momentum, enhance performance and drive sustainable growth to create long-term value for all our stakeholders.

I now hand it back to Kushal ji to take you through the highlights of the quarter.

Kushal Mittal:

Thank you. The journey of BCL Industries has been marked by resilience, adaptability and operational strength. As a part of our diversification strategy, we have steadily pivoted towards the Distillery business, which has now emerged as our core growth engine. Our biggest strength lies in our state-of-the-art facility that allows us to operate on multiple grain-based feedstocks while seamlessly switching between ethanol and ENA.

Although the recent OMC allocation has been lower than expected, BCL will now try to maximize both ENA and IMIL sales in the market to try to make up for the loss of revenue due to the low allocation of ethanol. Our margins remain stable, reflecting the strength of our operating model and the flexibility of our product mix.

Although ethanol demand remained rather flat during the period due to industry-wide oversupply, our ability to balance production between ethanol and ENA helped maintain stable operations and margins.

During the ethanol year '24-'25, oil marketing companies have received 904 crore litres of ethanol against contracted 1,131 crore litres. Grain-based ethanol accounted close to 600 crore litres on a pan-India level. With grain emerging as a primary contributor to the ethanol supply, the continued focus on grain-based ethanol fares well for BCL Industries Limited.

ENA has continued to deliver a strong performance, supported by strong demand from our PML portfolio and steady offtake from leading bottlers across the nation. We have now fully exited the Edible Oil segment with liquidation of remaining inventory expected to conclude by the end of the financial year. Our Maize Oil Extraction & Refinery segment continues to perform well and is expected to sustain its momentum in second half FY '26.

Let me now share an update of the ongoing projects. The 150 KLPD ethanol expansion at Bhatinda is progressing well and is in advanced stage with completion on track for Q4 FY '26. The paddy straw-based boiler at our Sangat Distillery is also moving as planned and is expected to be operational around the same time.

BCL has long been a pioneer in using agriculture waste as fuel, and we already operate a 60 tonne per hour paddy boiler. Building on this foundation, we will be commissioning an additional 55 tonne of boiler alongside with it. Together, these 2 boilers will meet the demand and energy requirements for our 550 KLPD plant at Bhatinda.

The Maize Oil Extraction unit at Bhatinda was commissioned in the latter half of Q1 and the same for Svaksha is on track to be commissioned in Q4 of this financial year. Looking ahead, we are consolidating our presence in IMIL segment and have introduced Punjab Special Whiskey in glass bottle in Q3 FY '26 as a premium IMIL offering.

Additionally, we are preparing to enter the IMFL value segment within the next 2 years with initial plans to launch products in vodka and whiskey categories. Our focus remains steadfast on maintaining stable margins and translating operational efficiency into superior shareholder returns, supported by our continued emphasis on process discipline, raw material efficiency and energy optimization.

Let me now take you through key operational and financial highlights for the first half. Our distillery operations continued to deliver steady growth during the period. Ethanol volumes stood at 1,07,211 KL compared to 1,00,919 KL in the corresponding first half of previous financial year. ENA volumes increased to 20,089 KL from 11,206 KL in the corresponding period last year.

On the financial front, ethanol revenue for the first half stood at INR727 crores compared to INR719 crores in first half of last year, while ENA revenue grew sharply to INR139 crores from INR80 crores last year. EBITDA for the Distillery segment came in at INR113 crores compared to INR102 crores in the first half of last year, reflecting a growth of around 11% with margins stable around 10.5%.

In the Refinery segment, revenue for first half stood at INR486 crores compared to INR452 crores in the first half of last year, marking a growth of 7.5% year-on-year. EBITDA improved to INR13 crores from INR9.3 crores.

On a consolidated basis, total revenue in the first half increased to INR1,544 crores from INR1,409 crores, registering a growth of 10%. Year-on-year EBITDA for the period stood at INR125 crores compared to INR113 crores last year, reflecting a growth of 11% with margins maintained at healthy 8.1% versus 8% in the previous year. Profit after tax grew to INR65 crores compared to INR54 crores in first half of FY '25, marking a growth of around 20%.

That concludes my updates. You can now open the floor for question and answer. Thank you.

- | | |
|-----------------------------|---|
| Moderator: | The first question is from the line of Bala Murali Krishna from Oman Investment Advisors. |
| Bala Murali Krishna: | So the first question is regarding the maize prices. So what was the maize price last quarter and how it is shaping up? It's ranging around INR18 per kg. So how it will help boost the margins? |
| Kushal Mittal: | Thank you. So actually, the real prices, I'm not aware if they're around INR18. Prices we are getting are around INR23 landed at our units. So that's the price we are getting for maize. And in previous quarter, maybe it was INR1 to INR2 more than that. |
| | But now with the mandate that 40% of our supplies have to be through FCI rice, overall, in the blended margins, I don't think there will be that big of a positive impact. Since now it's mandatory for us to restrict our maize-based ethanol to maximum 60%. |
| Unknown Analyst | Okay, understood. But there is a substantial drop in the maize prices since September starting from the INR24 -INR25 to INR18. And in some areas, purchase price is less than INR18 because of the FCI rice mandate and less demand for the maize. But I think we are working on the forward contract. So we are not able to see that reflection in our numbers or in purchase price. So how long these forward contracts are running and when we can buy maize at the cheaper price? |
| Kushal Mittal: | No, I'd like to clarify that as per our knowledge of the market, where we continue to buy and procure grains daily, the prices landed on a factory level are not INR18. Maybe they could be INR18 for heavily damaged material, raw material with very high moisture. But for us, that's not the case. |

- Bala Murali Krishna:** Okay. Fine. Understood. So on the short-term borrowing side, I think it's increased substantially by more than INR100 crores by September end. So what is the reason for that? We are not going to commission 150 KL soon. So I don't think that it is the raw material cost. Could you just clarify?
- Kushal Mittal:** No, ending of last quarter, we were sitting on a significant stock of raw material since we made a decision to procure quite heavily during the last harvest, looking at the prices then. So the increase is due to an increase in the raw material being held up on our premises. And ever since the stock has been coming down, so the working capital has been decreasing.
- Bala Murali Krishna:** So on the distillery front, so the allocation is very less for all distilleries. So I think we have got around 50% to 60% of allocation. So 20% will be from DDGS or some other products. So what is the plan for the remaining 30% or balance capacity? Are we going to produce the complete ENA or we are waiting for some other cycle of allocations going forward?
- Kushal Mittal:** See, yes, agreed, the allocation has been low, and that is a challenge for us as a company. Although we are expecting another cycle sometime in the future, we don't think it will be significant enough to increase our allocation significantly. So hence, the company will now have to focus on ENA, which, since we are expecting a supplier to increase in the market in the coming months, will be a little challenging and could impact our margins adversely. I just want to be transparent there, but we will have to now focus towards ENA.
- Bala Murali Krishna:** Okay. Understood. So in that case, the 150 KL per day, which is coming on stream in Q4, and in future we have Goyal Distillery, so the utilization levels of these capacities would be a little bit tougher even in future because some other distilleries are also coming on stream. So allocation going forward would be in the similar range, right?
- Kushal Mittal:** See, unless blending is to increase, yes, there could be some challenges in the coming years, in the coming times. But of course, we at BCL have been ready for this, whether that is with our paddy straw-based boiler, whether that is with our maize oil extraction so we have been ready for the competition.
- And with the flexibility between ENA and ethanol, we will continue to try and achieve as much capacity utilization as possible. But with that, unless there is a revision in the blending rates or the introduction of flex fuel vehicles, for the time being, we have decided to put the Goyal Distillery project on hold.
- Bala Murali Krishna:** Okay. That's a conscious decision. Lastly, on the refinery revenue. So this quarter, we have seen INR180 crores, either from maize oil extraction or the balance inventory of the edible oil. So going forward, how you will see in the coming quarters this refinery revenue to shape up? And I think we can sustain this INR700 crores run rate going forward also that we may achieve INR2,500 crores top line. What is your thoughts on that one?
- Kushal Mittal:** So refinery revenue, I think along with the maize oil extraction, should stay around this level for the year.

- Bala Murali Krishna:** Okay. And this INR700 crores run rate will also continue in quarterly level, right? So maybe INR700 crores overall revenue run rate will continue going forward also, right?
- Kushal Mittal:** Sure.
- Moderator:** The next question is from the line of Deepesh Sancheti from Maanya Finance.
- Deepesh Sancheti:** Now my first question was regarding your Goyal Distillery, which you said you have put on hold. Then going forward, what is the capex which we have in line? And how much of it will affect our -- I mean, how much of debt will be reduced? Since we will not be taking any debt for the Goyal Distillery, that's why.
- Kushal Mittal:** Yes. So see, for now, the company is incurring 2 capex, one being the maize oil extraction plant at Svaksha Distillery in Kharagpur, for which we have not taken any debt. And the second being 150 KLPD ethanol unit at Bhatinda, for which we are yet to take any debt, but we have a sanction of INR70 crore loan from SBI, and we will avail that in the coming weeks.
- Deepesh Sancheti:** For the 150 KLPD, right?
- Kushal Mittal:** Yes.
- Deepesh Sancheti:** Okay. And what about the biodiesel. For biodiesel also, we had taken a debt. So that is in line, I mean,
- Kushal Mittal:** Yes. For that, it's already -- this was done, I think, a few quarters ago. We had availed a debt of INR50 crores.
- Deepesh Sancheti:** So how much is the total debt right now?
- Kushal Mittal:** So for BCL, the long-term debt is around INR220 crores, in which I'm also adding the INR70 crores, which we will avail -- sorry, in INR220 crores, I'm adding the INR70 crores, which we will avail. And for Svaksha Distillery, the long-term debt is around INR90 crores.
- Deepesh Sancheti:** INR90 crores. And what is the cost of debt on average, because some of the debt is only for was at around 4%.
- Kushal Mittal:** Yes. So I think an average cost will be around 6 – 6.5% maybe. I don't have the exact number. But out of this INR310 crores that I've just listed, INR150 crores is under interest subvention, on which the applicable interest after interest subvention is around 4.5%.
- Deepesh Sancheti:** Okay. In INR150 crores, right. Okay. Just also want to understand what are the ENA prices? And our utilization in distillery for ENA was around 8%. Going forward, where do you see this coming, from 8% to what level?
- Kushal Mittal:** No. So I think latest was around 15%, and we are working towards increasing this every month. We could sense that maybe allocation would be a little low. So we have been trying to increase our ENA sales and not letting any buyer go. So we are hoping to increase this in the coming

quarters as well. But while we try to increase it, of course, there will be some pressure to reduce the prices further. So that will remain a challenge.

Deepesh Sancheti: Hello?

Kushal Mittal: Yes.

Deepesh Sancheti: Yes. So what are the ENA prices now? In this quarter, what was the average price which we sold at?

Kushal Mittal: I think around INR67.

Deepesh Sancheti: INR67, and it was completely produced by maize?

Kushal Mittal: No, sometimes maize sometimes rice, a mix.

Deepesh Sancheti: Is FCI rice allowed to be used for ENA?

Kushal Mittal: Damaged rice.

Deepesh Sancheti: Damaged rice. Okay. And what is the price of the damaged rice which you procure at?

Kushal Mittal: I'm sorry.

Deepesh Sancheti: What is the price of the damaged rice which we procure?

Kushal Mittal: Around INR25.5.

Deepesh Sancheti: INR25.5. Okay. That's good. Okay. And also, now in this quarter, we saw a little bit of loss on the real estate. Can you just tell me what was the reason of this? And secondly, how much real estate is still to be sold? And how much of that will help for the debt reduction?

Kushal Mittal: So I think the loss is mainly -- so there was a big repair that we had to undertake during the monsoons for the infrastructure, the roads inside our colony. The leftover stock, I would say the current market price would be around INR18 crores.

Deepesh Sancheti: INR18 crores. Okay.

Moderator: Sorry to interrupt, Deepesh. The next question is from the line of Neeta Thakkar from Finstock Investments.

Neeta Thakkar: Yes. So my first question is what pricing trend you are seeing for DDGS in the quarter? And how strong has the demand been for the same?

Kushal Mittal: So DDGS has been consistent. The prices have been consistent. There is good demand for maize DDGS in the market since a majority of the distilleries are now producing a mix of rice and maize. Since we're producing a lot of our ENA from maize, we have a higher blend of maize in our DDGS. So we're seeing strong demand. Around INR15 to INR16 / kg would be the DDGS price.

- Neeta Thakkar:** Okay. And sir, with ENA, so what factors contributed to the notable spike in the ENA production during this quarter?
- Kushal Mittal:** See, there was a good demand in the quarter. Usually, we see in the winter months that the demand does increase. And of course, as a company, we could foresee that in the future, maybe the allocation for ethanol that we'll get would decrease. So we made a conscious effort to try and take as many buyers on board for ENA, so that in the coming months, we build a good relationship and try to increase our ENA volumes even further.
- Neeta Thakkar:** Okay. Got it. And sir, what had caused for a Q-o-Q drop in ethanol volumes?
- Kushal Mittal:** I mean there is a slight drop, I think, from 55,000 KL to 51,000 KL, which is quite normal. Our ENA volumes increased by even more. So I mean, our plant can run at the rated capacity, which both plants are currently running at. Sometimes there's shutdowns of 1 or 2 days. So it's very marginal and it's routine.
- Neeta Thakkar:** Okay. So it's routine, nothing one-off or anything, right?
- Kushal Mittal:** No.
- Moderator:** The next question is from the line of Varun Thakkar from FYERS Asset Management.
- Varun Thakkar:** If you could just expand on the maize oil extraction unit business that BCL is getting into and soft oil refining. What is the TAM for it? Just expand on that part of the business, if you could?
- Kushal Mittal:** So maize oil extraction is the extraction of oil that's present in maize. And further soft oil refining is -- since we had established a biodiesel unit along with it, since biodiesel prices currently are not viable, so we had made a provision, along with the biodiesel unit, to install a refinery since we've been in the edible oil business for many years, so that we keep some part of it and refine oil and sell it in bulk. So we kept that provision, and we're continuing to operate on that.
- Varun Thakkar:** And what is the addressable market for this or, let's say, the serviceable market for this business?
- Kushal Mittal:** No, it's a huge market. This is bought by various packages or traders. So this has a big market.
- Moderator:** The next question is from the line of Neeraj, an individual investor.
- Neeraj:** My question is related to the order that we have received for ethanol. So currently, we do around 50,000 kilolitres of ethanol per quarter and around 10,000 to 12,000 kilolitres of ENA per quarter. And once the 150 KLPD distillery comes online in quarter 4, our ethanol capacity would be around 65,000 kilolitres per quarter.
- But the order that we have received from the OMCs is like 107,000 kilolitres for the entire year. So roughly, that is 30,000 kilolitre per quarter. So that leaves a gap of around 35,000 kilolitres of unutilized capacity for ethanol.
- So just wanted to understand that how much of this 35,000 kilolitres of capacity can you port over to ENA? Because right now, we are only doing 10,000 to 12,000 kilolitres of ENA per

quarter. So how much of your ethanol capacity is fungible, that means it can be used to produce ENA? And like from 10,000 to 12,000 kilolitre of ENA, how much can you increase it further to compensate for around 30,000 or 35,000 kilolitres of loss of ENA -- sorry, ethanol?

Kushal Mittal:

Both at BCL and at Svaksha Distillery, we have 200 KLPD each production capacity of ENA. And yes, as you rightly mentioned, allocations for ethanol have been lower than expectations. And with the new capacity coming in, unfortunately, we didn't have the CTO in hand, so we were not able to participate for the newer capacity that came in.

We will have to try and increase our ENA sales in the market. As of yet, I can't comment on what level we can take that to. I think we'll have a greater understanding in the coming months. But yes, we have to price our product very competitively in the market and try to gain as much market share as possible.

Neeraj:

Okay. So you do not have an idea as of now that from 10,000 to 12,000 kilolitres of ENA, like to what level can you increase? Because the unutilized capacity of ethanol is going to be massive, around 100,000 kilolitre per year.

Kushal Mittal:

So I mean, we are trying to increase our ENA sales, and I think we'll do that in the coming months. And besides that, there will be another additional cycle from the OMCs also, which we're expecting. And hopefully, we'll be able to get some further allocation in that. So we'll try to work at as much higher capacity utilization as possible. With that said, yes, ENA prices will have to be very competitive.

Neeraj:

Okay. And there were these items related to the government allowing ethanol exports. Have you heard anything on the ground from the government?

Kushal Mittal:

Ethanol exports, I think that's more of a long-term initiative. For now, that has not created much of demand since Indian ethanol is higher priced as opposed to other countries. So for now, I don't see that creating too much of demand.

Neeraj:

Okay. And sir, on the biodiesel side, so when do you expect tenders for that? Any outlook on this? Because our plant is ready for biodiesel. And apart from the maize oil extraction, I think the biodiesel part is lying idle, right?

Kushal Mittal:

See, as explained earlier, along with the biodiesel, we had set up a refinery. So we're utilizing that part of it. There was a biodiesel tender that came out last month, but with the prices being around INR82 a litre, we didn't feel right to participate in the tender as the prices were not viable. So unless there is an upward revision in the prices, we chose not to participate in the tender.

Neeraj:

Okay. I understand. And sir, my last question. So currently, our business model, be it ethanol order book and its prices, ENA regulations, alcohol-related regulations and biodiesel order book and pricing, like it is exposed to government policy. And unfortunately, there are lots of government policy flip-flops. So there's high risk for our business model. So what is your plan to try and reduce the exposure to the government policies? Any comment on that?

- Kushal Mittal:** See, ethanol will continue to remain a sector that will be driven by government since it's a petroleum product. And ENA is relatively free market and demand is increasing in the market. And yes, it's government regulated in terms of permits and licenses and red tape. But beyond that, I think we are working towards increasing our bottling as much as possible. As already mentioned in my speech, we have just launched a premium country liquor product in glass bottle, whiskey. And in the coming 3, 4 weeks, we'll be launching another country liquor product. So we're trying to increase our bottling business as well.
- Neeraj:** Sir, how has been the initial feedback of your latest products, the bottle products?
- Kushal Mittal:** It's good. I mean, it's just launched a month ago. So of course, it takes time. But overall bottling business has been growing significantly since the past 3 years. And I think the initial responses have been good.
- Neeraj:** Okay, sir. And any visibility on the land bank that would get freed up after you move from the Sangat facility -- and on the valuation front...
- Kushal Mittal:** No, no. We will be staying at the Sangat facility. The...
- Neeraj:** Sorry, the one in the Bhatinda city.
- Kushal Mittal:** No, currently, we are looking to scrap the unit first, whatever leftover machinery was there. And post that, we'll make a decision.
- Moderator:** The next question is from the line of Majid Ahamed from PinPointX Capital.
- Majid Ahamed:** Sir, my first question is what is the level of unsold real estate inventory that still remains, sir?
- Kushal Mittal:** Around INR18 crores, I've mentioned.
- Moderator:** Excuse me, Majeed, are you there?
- Majid Ahamed:** Yes, yes, sir. So my first question is what is the level of unsold real estate inventory that still remains currently?
- Kushal Mittal:** Around INR18 crores.
- Majid Ahamed:** Around INR18 crores. And when are we looking to liquidate those, sir?
- Kushal Mittal:** I mean, it's leftover plots. So they will take their time. We're not in a rush. I mean, prices have increased significantly. So demand has been a little low. So it will liquidate at its own speed. I can't comment on that.
- Majid Ahamed:** And secondly, sir, what is the current realization for ENA currently around? Is it hovering around INR65 to INR70? Or is it -- like how do you see that trend? And what is the current pricing, sir?
- Kushal Mittal:** Currently, it's around INR67 a litre. But in the coming months, I see a downward trend in the prices for now.

- Majid Ahamed:** Is it primarily due to oversupply? Or what would be the possible reason, sir?
- Kushal Mittal:** Yes. There could be usually, closer to March, bottlers start to hold on to less stock because there's a revision in the excise policy on a yearly basis. And also, I expect the supply to go up with ethanol allocations being low. So the other plants that have a dual licensing will look towards selling more ENA. So yes, the supply in the market will also increase.
- Majid Ahamed:** Sir, are we on track to commence our biodiesel plant by December, or when it is going to commence?
- Kushal Mittal:** So I've just mentioned. The previous person had asked the same question. Biodiesel is ready for commissioning. The tender was out. The prices were unviable. So we decided not to participate in the tender.
- Majid Ahamed:** So when can we expect the commissioning?
- Kushal Mittal:** We'll have to wait for when and if the prices of biodiesel are to improve. But with that being said, as mentioned earlier, we had set up a refinery along with the biodiesel unit, keeping this in mind that we could see that the prices of biodiesel have been decreasing, and we are using that refinery. So it's not that the unit is being idle. The refinery portion of the biodiesel unit is working.
- Majid Ahamed:** And sir, now the debt has also increased. Going forward, what type of debt-to-EBITDA levels are you going to maintain for FY '26 and beyond, sir?
- Kushal Mittal:** So the debt hasn't increased that much. Some increase was there in the working capital requirement last quarter, because we were sitting on a good stock of maize. So I think we're still quite comfortable in terms of debt-to-EBITDA moving forward. I can't give a specific number as of right now.
- Majid Ahamed:** Got it, sir. Going forward, do you see, sir, any kind of regulatory pressure or regulatory norms in controlling supply or any kind of thing that you're seeing currently in the market?
- Kushal Mittal:** So with the oversupply in ethanol, I think ethanol units will slow down. Of course, I don't think many banks will also finance new projects. So ENA is a very heavily regulated business to begin with. So yes.
- Majid Ahamed:** Okay. And sir, any guidance on numbers in terms of the margins and all? Are we going to sustain double-digit margins for this year or...
- Kushal Mittal:** No, I've already mentioned that I can't really comment on margins as of today since there is some uncertainty with the low allocation of ethanol. There will be margin pressure going forward with us having to focus more on ENA business and being very price competitive.
- Moderator:** The next question is from the line of Prerna Khandelwal from Analayam Capital.
- Prerna Khandelwal:** Yes. This is Prerna from Analayam Capital. And I had like 2- 3 questions. The first one is like, can you please elaborate the top line and bottom line numbers over the next 3 years?

- Kushal Mittal:** No, I don't have any specifics to give for that right now.
- Prerna Khandelwal:** Okay. And the next question is that given India's ethanol capacity has reached sufficiency, so what is the next leg of growth?
- Kushal Mittal:** As already mentioned, the company will now focus towards ENA business and bottling business.
- Prerna Khandelwal:** Okay. Okay, cool. And can you give us some light on promoter buying? Like how much stake is the management planning to increase?
- Kushal Mittal:** I can't comment on that, please.
- Moderator:** The next question is from the line of Prathna from Neeyovan.
- Prathna:** Just a couple of questions. First, how much of the ENA produced is used for in-house requirement?
- Kushal Mittal:** Yes. So our bottling business is currently restricted to our Bhatinda unit. And on a monthly basis, we're using about 600 KL of ENA for our in-house bottling as of today.
- Prathna:** All right. Next question is, with OMC volumes tightening across the sector, how is BCL planning to protect both margins and revenue?
- Kushal Mittal:** No, we will be focusing on our ENA sales as much as possible. But as mentioned multiple times during this call, there could be a margin pressure on that front as we'll have to be pricing our product very competitively to increase our volume.
- Prathna:** All right. Just one last question. Considering that the ethanol segment is policy linked, what potential risk does management see? And how is it working to safeguard profitability and returns?
- Kushal Mittal:** See, the management was always aware that ethanol is a business that's government policy led. And keeping that in mind, we've taken a lot of initiatives that other companies haven't. We'll be producing 100% of our steam and power requirement from paddy straw, which saves us a lot on fuel costs.
- Again, the maize oil extraction was an endeavour to save costs and help increase our margins. So initiatives like that and the flexibility in ENA and ethanol also bodes well for us. So all those things are there and the management has been quite conscious of this for the past years also, not just today. So keeping our production costs low, our expertise in the grain market. So I'm quite confident that BCL will still continue to perform better than our peers at least.
- Moderator:** The next question is from the line of Rajesh Agarwal from Proprietary Advisors.
- Rajesh Agarwal:** See, I was looking at the slide. This is a continuous proclamation, the expertise in grain procurement. Earlier, you said that maize prices are INR23 per kg. And other players, they are clearly saying landed cost is INR20 or at the most INR21. Why there is a mismatch, disconnect? What is the reason? When we are having expertise in grain procurement, I mean, INR20 to

INR23, hell of a difference, 15% raw material price difference. Could you please throw some light on it?

Kushal Mittal:

See, I can't comment on what others have said, whether they've said something or not. I know I'm present in the market. I know what the price is for the quality we look to buy. And I will continue to stick with my statement. I don't know who has said what, and I can't comment on that, please.

BCL has continued to perform better than our peers in the business and our procurement plays a huge part in that since the past few quarters as well.

Rajesh Agarwal:

Because previously, we heard in last 2, 3 con calls that we were losing because of the forward contracts. Now I don't think it makes any sense to have any forward contracts when enough of raw material maize is available in plenty.

Even we can see government sites also, nowhere it is there. So I can understand some expenses and all that. When other players are telling we are getting landed cost INR20 or INR21, it makes a reasonable thought. INR23, by any stretch of imagination, I mean, it is just a suggestion to me...

Kushal Mittal:

As already mentioned, I am not aware who's commenting whether they're getting at INR20, INR21, where the unit is situated, what kind of quality they are buying. Harvest currently is in MP and Rajasthan. Of course, crop from there, there's significant freight to be borne on that crop. And I don't think in this con call earlier I've mentioned that we're doing any forward contracts as of today. I don't think I mentioned that statement.

I said the spot prices, and I will stick to that. I think we have a decent amount of expertise in grain procurement. There's a huge difference in the quality that you can buy and what kind of quality people are getting, what kind of recovery they are getting from that. I'm not sure, and I can't comment on that. So I'll again stick to my statement. Asking the question in circles will not change my answer.

Rajesh Agarwal:

Okay. Now since you've told that we'll be relying more on ENA

Moderator:

Rajesh, sorry to interrupt. If you have a follow-up question, please rejoin the queue. The next question is from the line of Deepesh Sancheti from Maanya Finance.

Deepesh Sancheti:

Yes. Just a couple of questions. One, what is the viability of biodiesel prices?

Kushal Mittal:

No, currently, I don't think there's any viability with the current prices, which are around INR82 a litre. Hence, we did not participate in the tender.

Deepesh Sancheti:

Okay. Because INR82, and the diesel price is around INR95. So you think that the government can actually push it forward to around INR85 or maybe more where you will find it viable?

Kushal Mittal:

No, I think, of course, there is scope, but I can't comment on government policies.

- Deepesh Sancheti:** Okay. And so for us, how much it should be viable? As in at what point we will be participating in these tenders?
- Kushal Mittal:** See, with the current price atleast INR90.
- Deepesh Sancheti:** INR90. Okay. How much of IMFL and PML we are expecting to do in H2? And how much of our ENA, which we will produce, will be used for self-consumption going forward?
- Kushal Mittal:** So around 600 KL, as I mentioned already, monthly in Bhatinda is used for self-consumption.
- Deepesh Sancheti:** Yes. I know about the monthly 600 KL. But as you will be increasing the production of your IMFL, how much do you think...
- Kushal Mittal:** No, IMFL, we're not producing any IMFL this year. We're only trying to expand in IMIL this year. And of course, the new products being launched, it takes time. So maybe we are trying to grow, but I don't have an exact number as of today.
- Deepesh Sancheti:** Perfect. Perfect. Okay. And what [inaudible 0:48:17], if you can just throw some light on it?
- Kushal Mittal:** I'm sorry?
- Deepesh Sancheti:** The unit economics for maize and rice. When you're producing from maize and when you're producing ethanol from rice, what is the unit economics for you?
- Kushal Mittal:** The ethanol being produced from rice is around INR23.2 and the price of ethanol is INR60.32
- Kushal Mittal:** So that usually gives us around 450 litres of ethanol per ton and for maize gives us around 380 litres of ethanol per ton, Those are the normal standards that are followed in the market.
- Moderator:** The next question is from the line of Prerna Khandelwal from Analayam Capital.
- Prerna Khandelwal:** Yes. So actually, I had a follow-up question. I wanted to ask like what is the kind of revenue from bottling business? And like by when will it start reflecting in the top line and bottom line?
- Kushal Mittal:** I mean it's already being reflected in both top and bottom. And it's mentioned in our presentation. So I think you can refer to that, please.
- Prerna Khandelwal:** Okay. And what is the expected margin?
- Kushal Mittal:** So we don't have a separate margin for our bottling business. It's cumulative within our distillery business.
- Prerna Khandelwal:** Okay. And if you could give some visibility on the future growth?
- Kushal Mittal:** As mentioned just in the last question, I can't give you an exact number. We are trying to grow. We have just launched a new product, and we'll be launching another product. In the past 3 years, I think we've seen at least 15% growth on a yearly basis, and we hope to keep that.

Moderator: That was the last question for today's conference. I would now like to hand the conference over to management for the closing comments. Over to you, sir.

Kushal Mittal: Thank you all for joining us for our con call. If you have any further questions, please feel free to get in touch with our IR advisors at Go India Advisors, and wish you all a pleasant evening. Thank you.

Moderator: On behalf of Go India Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.