BCL Industries Limited

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

Date: 28/05/2024

Reg: Analyst/Investors Concall held on 23/05/2024

Dear Sir/Madam

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligationsand Disclosure Requirements) Regulations, 2015, we wish to inform you that the audio recording of Analyst and Investor Conference Concall on Audited financial result of the Company for the Fourth Quarter / Year ended 31st March, 2024 held on 23rd May, 2024 has been uploaded On the Company's Website i.e. www.bcl.ind.in.

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

https://bcl.ind.in/uploads/audio/2lKCWDqsslTyArRqu1nRyzrjNbalfnPniTzwjsa6.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
Digitally signed by AJEET KUMAR THAKUR
Date: 2024.05.28 12:16:42 +05'30'

Ajeet Kumar Thakur
(Company Secretary & Compliance Officer)

"BCL Industries Limited

Q4 FY '24 Earnings Conference Call"

May 23, 2024

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

MODERATOR: **MR. NITIN AWASTHI - INCRED EQUITIES**

Moderator: Ladies and gentlemen, good day and welcome to the BCL Industries Limited Q4 FY24 Earnings Conference Call hosted by InCred Equities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Nitin Awasthi from InCred Equities. Thank you and over to you, sir.

Nitin Awasthi: Thank you, Muskan. We thank the management of BCL Industries for giving us this opportunity to host their call today. From the management, we have today, Mr. Rajinder Mittal, the Managing Director, on behalf and instead of Mr. Kushal Mittal, along with their IR represented by Priya Sen of Go India Advisors. I will now hand over the floor to Rajinder Ji for his opening remarks. Over to you, sir.

Rajinder Mittal: Thank you, Mr. Nitin. Good afternoon, everyone. A warm welcome to the Q4 and financial year 24 Earnings Conference Call of BCL Industries Limited.

The financial results and the investor presentation has been uploaded to the exchange and I hope you have the opportunity to review it. Before proceeding, it's important to note that all numbers discussed in the investor presentation and in my commentary are on consolidated basis. This includes the contribution from Svaksha Distillery where BCL holds 75% stake.

FY24 has been a significant year and we have established ourselves as one of the largest grain-based distilleries in India post the successful commissioning of our 100 KLPD ethanol plant at Svaksha Distillery Limited. This development marks the completion of second phase of the plant development and the total capacity at Svaksha now stands at an impressive 300 KLPD. This achievement highlights our commitment to growth and operational efficiency, and I am delighted to report that our overall distillery capacity has now reached 700 KLPD as previously guided.

The company has been solely depending on utilizing maize for ENA & ethanol production. This quarter, owing to price inflation in both maize and broken rice, there has been dip in the margins. That said, we expect the margin to improve going forward as maize crop has arrived in Bihar and bumper crop are forecasted in Uttar Pradesh and Punjab as well.

The price has been stabilized and we expect a cool-down in the raw material prices going forward. Last quarter, we announced our entry into the biodiesel segment. India has set a mandate for 5% biodiesel blending by 2030, yet currently stands at less than 1%. We see a significant supply gap that BCL is ready to address. In line with this, our plan to set up a biodiesel plant in Bathinda is on schedule. We have obtained all necessary clearances to establish a 75 KLPD biodiesel plant.

We will be using technical maize oil derived from our own product DDGS which is derived from distillery as primary raw material. All orders have been finalized and civil work will commence in the first week of June. The company is targeting the commissioning of a biodiesel plant within the next 12 months.

Once the biodiesel plant is operational, it will support full vertical integration and enhance the value addition in manufacturing ethanol from maize. As India's biofuel demand is anticipated to triple, BCL is positioned for substantial growth. Through strategic initiatives and government support, the company is expanding in the ethanol and biodiesel markets.

To meet increasing demand, BCL is working towards raising its capacity to 850 KLPD in the next two years. Increasing its supply of bottled country liquor to meet the strong demand for its brand in Punjab. This fiscal year, BCL has sold over 12 lakh boxes of PML country liquor, more than double compared to last year's sales.

We expect this momentum to continue in the future as well. Despite global volatility in the edible oil market, BCL has maintained a steady performance in this segment. The company's consolidated results in the edible oils for the quarter are attributed to its vigilant monitoring of international market trends and conservative approach in the sector, aimed at mitigating potential losses due to global fluctuations.

Going forward, we are confident that as we expand our capacity and products offering, the company anticipates achieving full capacity utilization of the installed 700 KLPD distillery in FY 2024-25, which is expected to generate revenue exceeding INR1,750 crores, solely from the distillery operation. Currently, the company plans to gradually exit the edible oil business during the financial year 2024-25. Additionally, the company is awaiting approval for a 150 KLPD ethanol expansion at Bathinda and intends to commence work promptly upon receiving the necessary clearance.

Let me now give you an overview of the financial and operational performances during the financial year 2024. During the financial year 2024, the company witnessed strong performance across the board. Total revenue reached INR2,209 crores, making a 21% year-on-year increase. EBITDA for the period reached to INR 199 crores, representing a growth of 53% year-on-year. Net profit for the financial year reached INR 92.83 crores, with a growth of about 47%. PAT margin reached 4.4%, viz a viz 3.5% last year.

In financial year 2024, the distillery segment experienced remarkable growth in the ethanol production. We produced 1,29,949 KL ethanol during the financial year 2024 and the revenue touching INR853 crores. EBITDA from the distillery segment reached INR178 crores, up by 85% from the financial year 2023.

In the fourth quarter of the financial year 2024, revenue amounted to INR614 crores, up 34% year-on-year basis. With an EBITDA of INR52 crores and EBITDA margin of 8.5%, net profit for the quarter stood at INR24 crores. With a PAT margin of 3.9%. Revenue from the ENA segment grew by 33% to INR57 crores, while revenue from the ethanol was INR278 crores, up by 136%. We are committed to maintaining a strong balance sheet by managing our debt wisely.

Additionally, we are dedicated to ensuring the highest standard of governance and disclosure. Our aim is to provide industry standard returns and create value for our stakeholders.

That concludes my update. You can now open the floor for question and answers.

Moderator: Thank you very much. The first question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Thank you very much for the opportunity. Two to three points I want to understand from you. Sir, you mentioned that you are expecting a bumper crop for maize. So, can you give a timeline as to when our plants will start receiving the new maize stock?

Rajinder Mittal: Very good question. I think with the farmers getting very remunerative price, and this is the only commodity without the support of the government is fetching the MSP price for the farmers. And with this, there has been a bumper crop in Bihar also.

We have already started receiving the crop in both the plants. And I think we should be better placed in the current quarter. And in UP also, there has been an increase in the sowing of about 25%. And same is the position with Punjab. So, this crop is almost around the year. With the finishing of Bihar crop, the UP crop starts coming. With the diminishing of stock at UP, the Punjab crop starts coming. And with the diminishing, then Madhya Pradesh, then Rajasthan. So, around the year, maize is available.

So, the price and the supply are governed by the production. So, we are hopeful that the prices have already cooled down from the peak level. And they are within the MSP. However, we have to adhere to the MSP so that the farmers get the better price. And there is no shortfall of the raw material for the ethanol supply.

Agastya Dave: Sir, a follow-up then, if the availability is going to be all year round, at MSP, what kind of EBITDA margins can you generate?

Rajinder Mittal: I think there will be improvement in EBITDA margins. I cannot comment upon right now what would be the percentage part of it. But there will be definitely improvement. Because last year, there was a big problem that the government made the differential rate of maize and broken rice. That was a sudden shock. And the rice supply from FCI source was stopped.

So, we were hovering around which raw material to base it on. However, we had the benefit that our plant was designed in such a way, owing to the promoter's experience, that we were able to process each and every kind of raw material. So, we shifted it to maize. Basically, rice is not even a very good proposition for the ethanol plant. First, we consume a lot of water and then we convert that water into fuel. So, that was not a sensible idea.

And the government realizing that there is some gap between the policy and the execution and the environmental angle. So, they filled up that gap. Suddenly, and we were not expecting, everybody was taken at a shock. Suddenly, the supplies were stopped. Maize supplies were not sufficient. There was a cooperation from the government side. The farmers also did not get time, but as the farmers are understanding now there has been a substantial increase in the sowing pattern of the maize. And there will be, you can say, everyone will be benefitted and there will be you can say quite a substantial improvement in the working of the company. Our full 700 KLPD production is already commissioned. And we are utilizing this 100% capacity for the last 15 days. So, the Bhatinda's 400 KLPD we were utilizing, 200 we were, 100 KLPD was added about a month back. That will also (Inaudible 13:09) improve the working of the company.

Agastya Dave: Great, sir. One last question, sir. For the next two years, FY '25 and '26, can you guide us towards, first, the ethanol plus ENA volume numbers? And second, you have mentioned that in the next 12 months, your bioethanol facility will be up and running. So, net of what you will be using in that facility, what would be the total sellable volume for ENA plus ethanol plus bioethanol?

Rajinder Mittal: Yes. So, basically, now ENA and ethanol, we have got a dual licensing. So, we operate our units on the basis of demand and supply. So, we have got that kind of flexibility. We can do 700 KLPD ethanol, and we can do 400 KLPD of ENA. There's no limit for ethanol manufacturing. There's a limit for manufacturing [Inaudible 14:09]

Agastya Dave: That's why I asked for the combined numbers, ENA plus ethanol as one?

Rajinder Mittal: We'll be utilizing our full capacity. So, 700x330, so that will be our total numbers. So, 700x330, it will be around about 23 crores litres of ethanol and ENA both. So, I can't spell out what will be the, you can say, contribution of ENA or ethanol, but certainly I can comment about 70% will be ethanol and 30% could be ENA.

Agastya Dave: And bioethanol, sir?

Rajinder Mittal: Bioethanol, this is biodiesel, bioethanol is biodiesel.

Agastya Dave: Biodiesel.

Rajinder Mittal: Bioethanol is the sprit based and biodiesel is vegetable oil based. So, there are two different aspects, and the processing is also quite different. So, what we have done is that since we are operating both the plants on maize, so there is a, in maize we have some technical oil which can be extracted from that, so which we are already doing it.

So, now the technical oil will be converted into biodiesel. For that, we don't require any kind of raw material. The raw material for the extraction plant will be the DDGS, and the oil with the fats, which will be derived from the DDGS, will be converted into biodiesel.

So, we don't have to buy anything, any raw material as regard to this. So, it will be only processing charges, and that will be a huge potentially, I think, as per our estimates, you can say, shield the company from coming competition, and you can say it will be a backward integration or forward integration.

Agastya Dave: So, can you quantify it?

Rajinder Mittal: Quantify, I can't, I don't have the figures as of now ready with me.

Agastya Dave: Okay, thank you very much.

Rajinder Mittal: I can say INR83 per liter is the base price for the supply of biodiesel, and if I take it 75 KLPD x 330 working days. So, it will be around about 2 crores liters per annum, starting from the next financial year.

Agastya Dave: Starting from FY '26?

Rajinder Mittal: '25-'26. Because, as I mentioned, that will be taking about 11 to 12 months to complete the project. The machines have been already ordered, and the civil work has already commenced, and all the requisite approvals are with us. So, we don't foresee any delay in the project. We should be, as per the schedule, of 12 months, that is maybe the first week of the next financial year.

Moderator: Thank you. The next question is from the line of Bala Murali Krishna from Oman Investment Advisors. Please go ahead.

Bala Murali Krishna: Hi, good evening, Rajinderji. It's good to see you on the call. So, first question is regarding this Svaksha 100 KLPD. I think that numbers are not included in the Q4 results?

Rajinder Mittal: Yes, because we started our plant somewhere mid-April. So, the stabilization has come this last week only. So, the first 15 days were on trial and now we are achieving 100% capacity of 100 KLPD from about a week back.

Bala Murali Krishna: Okay, sir. So, from 100 KLPD, we can expect INR250 crores of incremental revenue in this year?

Rajinder Mittal: Definitely, about INR270 or INR280 crores will be the incremental revenue from this 100 KLPD.

Bala Murali Krishna: Sure. So, regarding this maize procurement, sir, I think government is planning to form a corporation that will procure from farmers and supply to the ethanol producers. So, any update on that, when we can get that? And if it is realized, whether it will be a little bit beneficial for us if we can get maize at a lower price, or there won't be much effect on our business?

Rajinder Mittal: No, let me explain the things. The NAFED has been given the task for procuring this maize on account, on behalf of this distilleries. But you see that our company, we are born and brought up in grain only. So, we don't require that kind of a support from NAFED or other else. So, the new incumbent, which are not familiar, may have some value procuring from NAFED but if we procure the raw material maize through NAFED, it will be a costly affair.

Because NAFED will procure at MSP, take it to their godown, all the spending's will be done. Whereas, we have links around the, you can say, in all the states where the maize is being produced and transportable to both the plants. So, we have got good links. So, we don't have to put extra money or extra expenditure on that. So, the direct procurement is always cheaper as compared to the maize being procured through NAFED or any other agency.

Bala Murali Krishna: Understood. And regarding the price increment, actually, in the last call, we were speaking to Mr. Kushal. So, we expected that there will be some good jump in the margins because of the pricing improvement of the INR71.86 which is almost 9% incremental for the previous year revision. So there is a price improvement of 9% and we have this additional boilers. So we are also expecting some savings from that also in this quarter.

But surprisingly, we could not be able to get that done. So that much of 10% hike in the raw material was there to mitigate this one or is there anything else we're missing in, sir?

Rajinder Mittal: As I explained earlier and you will see that these EBITDA margins as compared to any other ethanol plant are still in a better position and that is because of the rice-straw boiler and our grain buying policy or the grain buying experience. As I've already explained that this policy of giving maize preference as compared to the damaged food grains was floated -- that just came to a surprise to everybody.

The stoppage of FCI rice then the differential between the damaged food grain and the maize. So everybody you can say the market started hoarding maize and you can say giving that they will have to buy. So that gave a temporary jump to the prices or the availability of the raw material which has now stabilized. So as I mentioned the last quarter was affected with that. But now the things have stabilized and all the raw materials have been tied up. We expect better results in the current financial year or current quarter as compared to the last quarter.

Bala Murali Krishna: Okay sir and lastly, on the capex side sir. So this year we can expect this INR270 crores of incremental revenue and for the FY '26 so from the biodiesel plant we are expecting approximately 75 KLPD, and 150 KLPD of Bathinda expansion when we can -- when it will get realized and I think we can expect around INR350 crores from that also and when it can be realized that could come?

Rajinder Mittal: So we are expecting the environmental clearance and other statutory clearance very soon. And as soon as we have those kinds of permissions. There will be -- we'll be taking a very minimum time in putting that 150 KLPD because land and other utilities are already available in the company. Technical wise no problem and tying up funds is also not a problem. So we hope that we could take both the projects in the biodiesel and 150 KLPD commissioned in the next financial year that's '25, '26.

Bala Murali Krishna: Okay. And lastly I think we have some Greenfield expansion plans in the Madhya Pradesh and somewhere else after these capacity additions 150 KLPD. So any update on that, sir?

Rajinder Mittal: Yes. We are thinking, but we don't have any concrete plan, but we are just going for a survey to make our presence in Madhya Pradesh because the -- in Madhya Pradesh we've got lot of you can say raw materials and is the heart of the country from where the transportation, the logistic costs will come down. So that is still under the thinking that's still not anything concrete on the file that just you can say we are surveying the project.

Bala Murali Krishna: That’s all from my side. Thanks a lot and good to see you in the call.

Rajinder Mittal: Thank you.

Moderator: Thank you. The next question is from the line of Deepesh Sancheti from Maanya Finance. Please go ahead.

Deepesh Sancheti: Sir, I had a couple of questions. What is the average price of maize for this quarter?

Rajinder Mittal: This quarter, I think the landed cost would be around about say INR23,000 per metric tons for both the units as compared to you can say last quarter it should be around, I don't really have the exact figure, but as per my estimate it would be around about INR24,200. So there is a reduction of about INR1 per kg to INR1.25 per kg reduction in this quarter. Definitely that will help us to perform better.

Deepesh Sancheti: And do you think post elections the restrictions on damaged crops will be going so that -- I mean once it gets lifted, so we might shift to even FCI crop later or we will stick to maize?

Rajinder Mittal: No. You have to understand the policy. Government policy and government endeavor giving a differential price to the maize that to about INR7 a liter which is quite high 9% to -- near to 10%, 11%. So we have decided that we'll on maize throughout the year and maize is not a problem for the procurement because of that only forward integration so that to reduce the cost of raw material we are going for the oil extraction, fat extraction from DDGS and convert this agro to biodiesel.

Our will remain in maize and in Punjab especially, the Punjab government is promoting the cultivation of maize due to the water scarcity, due to the power scarcity and so many other factor that the water level going down and crop diversification program. All focus are of state government where this groundwater is being extracted so that -- from that this cropping pattern changes to the cultivation of maize. So I think in the long run we'll be more benefited by this policy change in the policy for the stoppage of the use of the groundwater for the cultivation of this paddy and rice. So that's too much of supply. I think we will stick on maize only.

Deepesh Sancheti: Since you're a market veteran, I actually wanted to ask you that if you can elaborate how the company would adapt to government policies if they were to change -- if there was a government change or how will the company mitigate the risk?

Rajinder Mittal: So -- that is the reason you can say that basically the government change of policy, this is an irreversible policy as regard the using of blending of ethanol in the petrol or biodiesel because we have to reduce the carbon emissions in the coming years. We have to increase the farmer's income. So now policy change could be that there could be a free pricing, maybe 2 years back, 3 years when the government is satisfied that we have got ample supply. So for that, we are going for this forward and backward integration. There is a reason.

So in that question, our raw material costs will come down if we are able to extract the oil from the maize and then convert that into biodiesel. So nobody is thinking about that. So we have started executing that plan. So that is kind of thing. The second is that our power and this steam requirement, process steam requirement we have converted that from the rice-straw which is available in abundance in a cheap fuel. So fuel cost we are -- you can say targeting the raw material costs we are targeting.

We have got to reduce the raw material cost, put lesser burden on the ethanol, divert some profits to our extraction units and then biodiesel unit. So all this it will be integrated complex of kind in India. So that is the reason that we are trying to enhance our capacity so that the manpower cost, our per liter comes down, our finance cost per liter comes down. So all these things we are taking step and I think we'll be able to manage any price fluctuation or any change in the policy in a much better way.

Deepesh Sancheti: Great and even the biodiesel will also be from maize only?

Rajinder Mittal: Yes. So we would have to buy any raw materials. So that will be -- this will be the -- you can say that DDGS which we derive after extracting of the ethanol from waste, whatever the residue. That will -- that is going to the poultry and cattle-feed. So poultry and cattle-feed industry does not require the fat contents. So they only want the protein. If we extract the vegetable side from that DDGS, the product of protein will go up.

So we'll be able fetch even the better price of DDGS and this vegetable oil or you can say the maize oil will be available with the company by spending just the processing cost and converting that into biodiesel will be further value addition.

Deepesh Sancheti: Great. And this biodiesel will be in Punjab itself?

Rajinder Mittal: It will be in this Punjab unit itself and after this successful commissioning, we propose to put that unit in Kharagpur also.

Deepesh Sancheti: Okay. Yes, makes sense because the same raw material can be flown in for the biodiesel also?

Rajinder Mittal: Yes. And the finished product of the distillery will be the raw material for the extraction plant and the finished you can say product of that is the vegetable oil will be the raw material for the ethanol plant.

Deepesh Sancheti: Right. And we have already completed all the purchases of Paddy straw?

Rajinder Mittal: Yes, Paddy straw is already fully stocked with us. So, that's about 15-20 days before purchased. So, we don't have much of time but we have got the entire full year fuel with us at a much, much cheaper price. So, that will be you can say taking care of our enhanced fuel cost or you can say the other parts.

Deepesh Sancheti: Right. And post-elections, how do we expect the demand for country liquor going? Because generally elections, I mean the demand goes up but post-elections, do you think it will remain?

Rajinder Mittal: No, it's not like that. Country liquor is sold all around the world. I think the last time we sold 12 lakh cases, 1.2 million cases. So, this time our target is to achieve 2 million cases. So, which will, I think will achieve very comfortably because of this country liquor brands are now well established, and we have got a great demand and even we are enhancing our capacity of the bottled frequency plant.

Deepesh Sancheti: Right now, what is the damaged grain prices going on right now?

Rajinder Mittal: Damaged food grain are hovering around about INR25 to INR26 a kg in Punjab and as well as in West Bengal and whereas the landed cost of this maize is around about INR23 a kg. So, there is about INR3 per kg difference between both the raw materials.

Deepesh Sancheti: This quarter, how much ENA did we make in terms of percentage? So, how much percent was ENA, how much percent was ethanol?

Rajinder Mittal: Percentage, I think we have made very less ENA. I don't have the exact figures but our capacity utilization is complete according to 400 KL and 300 KL. But I think we have reduced ENA a little bit because basically the differential price of ethanol, so that is you can say, we are not able to you can say supply them at a cheaper rate because the damaged food grain prices in both of the plant. Manufacturing ENA are operating on damaged food grain.

So, they don't have the ethanol plants. Ethanol rates of INR7 litter less of damaged food grain. So we didn’t get that. So, that is the reason that we have augmented our plant in such a way that even we can produce 700 KLPD of ethanol alone. The part of ENA that we have separated now has a lower target and we have also bought less of it. Because basically we are selling above INR7 per litter, what is OMC selling. So, why we will try to produce ENA? Though we are producing for that to retain our customers.

Deepesh Sancheti: So, we can take that opportunity whenever we want?

Rajinder Mittal: Yes, that is always there. Within 12 hours we can shift our production from ethanol to ENA.

Deepesh Sancheti: Great, great. And just last question was regarding...

Moderator: Sorry to interrupt sir. I just request you to rejoin the queue, please.

Deepesh Sancheti: Sure, I will rejoin the queue. Thank you Rajinderji. Thank you so much.

Moderator: Thank you, from the line of Gunit Singh from Counter Cyclical PMS. Please go ahead.

Gunit Singh: Hi, sir. In the presentation, you have mentioned that you will do INR1,750 crores of revenue this year from the distillery business segment. So what kind of EBITDA margins are we looking at in FY '25 conservatively for this segment?

Rajinder Mittal: Basically, it is a very difficult question to -- because it is an agro-based community and there are so many, you can say, question marks. But I think, as far as our estimate and as our -- which we have proposed, there should be a substantial increase, improvement in the EIBTDA margins in the current financial year with the price of maize stabilizing and with the, you can say, commissioning of the entire 700KLPD capacity and plus the benefits to be derived from this rice straw power plant.

So, I think coupled with all these things and plus the interest subvention scheme at both the plants, we should have a decent increase in the margins as compared to this last financial year.

Gunit Singh: All right, sir. And in terms of -- business segments like vegetables and all the other segments, what kind of revenue and bottom-line guidance are we looking at in FY '25 and overall in the consolidated basis for the company?

Rajinder Mittal: As I mentioned in my, you can say, address, that INR 1,750 crores will be the revenue derived from this ethanol and the ENA business from both the plants. And we are slowly taking back our exposure from the vegetable oil segment as we have got a number of things that debar us from continuing with this sector for a very long time because we have got a very small basket and the big players have a very big basket of so many, you can say, items. They are producing masalas, rice, atta and so many things.

So, we don't find a good future in this product. Moreover, this is a very sensitive commodity and government has almost zeroed the duty on this vegetable oil. So, mostly our revenue will be and concentration would be on this ethanol and ENA and biodiesel.

Gunit Singh: All right. So, going forward, I mean, are we planning to sell those units or are we just trying to shut down all the non-ethanol business? I mean, I want to understand in terms of how it would expect the profit and loss in your balance sheet like…

Rajinder Mittal: So, let me explain you that this vegetable oil complex is in the heart of the city. So, as per the present master plan, the government of Punjab allows us to operate the red category industry up to 31st March '25 only and there could be some extension also. So, we don't want to avail that extension. So, simply will be some part of this, you can say, machines are common as regards the manufacturing of biodiesel plant.

So, we'll be shifting some part of the machinery for the manufacturing of biodiesel and oil extraction and rest will be scrapping out or selling it and we'll monetize the land parcel, which is a quite expensive, you can say, piece of land. So, we'll monetize that and put the function of the company.

Gunit Singh: All right. According to the current market price, what would be the estimated price of that land parcel?

Rajinder Mittal: Land parcel basically will be, you can say, we plan to shut down our unit by, say, end of this financial year in '25. So I'm not very sure what kind of, it's very difficult to say that what amount will be fed. But I think depends upon the circumstances of the real estate by next year and how the new government moves about the housing policy, all these things depend. But it is a very, you can say, prime location parcel with the company. So, we'll see that how much, but no estimates as of now.

Gunit Singh: All right, sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Imran from Longbow India Capital. Please go ahead.

Imran Khan: Hi, thanks. Sir, my first question is on maize prices. You mentioned last quarter, it was about INR23 on an average. This quarter…

Rajinder Mittal: This quarter is 23 and last quarter, it was about 24.20.

Imran Khan: 24.20. Okay. So, this quarter is only 23, right? And so, the other question that I have is on the DDGS prices. How has the DDGS prices, behaving now in the last quarter? Is it higher than the Q3?

Rajinder Mittal: There has been a substantial reduction in the DDGS prices also. So, but that's just 30% , 70% is the ethanol and CO2 and the loss in the moisture. So, with a 30% reduction, something happens that has very little impact on raw materials. So, that is not substantial. But we are, you can say, having a good DDGS market for our products, owing to, you have a long customer base with us, because we are operating for the last one and a half year on the maize only. So, that is helping us to get the better price for our old customers.

Imran Khan: Right. And has there been any power and fuel cost increase in Svaksha Distillery compared to last quarter?

Rajinder Mittal: Sorry, can you repeat your question?

Imran Khan: What I'm saying sir is, has there been any price increases in the power and fuel cost in Svaksha Distillery last quarter compared to Q3?

Rajinder Mittal: Power and fuel, I don't think there could be a substantial increase, I think. If at all it will be marginal. I have not studied that segment-wise that what will the power and fuel bill, maybe some extra expenditures might have been done while trying this – putting this 100 KLPD plant on trial. So – but I can't comment upon because I don't have that kind of Figures with me. But I don't think there has been a substantial jump in the – as compared to the last quarter.

Imran Khan: Right. And sir, just one last question on the ENA realization, I think last quarter, your realizations are as high as INR 69.5 compared to INR 65, INR 66. So I was wondering why there has been a sudden jump of INR 3, INR4, INR4.5 here? Have you targeted some other geographies like Rajasthan for ENA sale? Or why -- just curious to know.

Rajinder Mittal: So actually, we were lucky to be opted for a tender when the market was at peak, all the raw material was at the peak. So we got the tender for the supply of ENA to the Rajasthan government. So that will continue up to June. So we had a very better price in that product. So that's why the ENA price has gone up. Though the ENA price in West Bengal, didn't fetch much of the price. So the price rise was only on account of a successful bidding in the tender for the Rajasthan – up to June.

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

Narendra: So my first question is just an accounting one. So in your PPT, we can see that your distillery segment revenue is around INR330 crores, INR340-odd crores for the quarter. And in the financial results, I can see if I combine your distillery plus Svaksha revenue, so it's around INR400-odd crores. So what's the difference if you could tell me?

Rajinder Mittal: I can't understand. You said this quarter -- let me look. So, this quarter Svaksha was about INR 140 crores, INR 143 crores and that for BCL it was INR 256 crores because there 200 KLPD capacity was in operation. And here, we had some you can say, from July we -- from this quarter, 400 KLPD was there. So that's why this double -- almost double.

Narendra: Right. I understand, sir. So, I am saying, so if we see the result we can see 400 crores revenue from your distillery segment.

Rajinder Mittal: Right.

Narendra: So, in the presentation we are showing around INR330-350 odd crores. So, the difference might be that difference.

Rajinder Mittal: 256 distillery segment was in BCL – 75% might be that difference, because 143.68 will be 100% and for that we have taken 75%, might be that would be the difference. BCL owns 75% equity in Svaksha, so they must have taken 75% of the revenue.

Narendra: No problem. So we can see that we have a revenue of INR 350-400 crores per quarter, without taking the 100 KLPD so if we are projecting INR 1,750 crores in FY25, are we being conservative or what?

Rajinder Mittal: We are not being conservative, if we are projecting INR 400 crores in FY25, it will be INR 100 crores in FY25 and INR 250 crores in FY25 it will be approximately INR1,750 crores in FY25, if you like to understand, it will be around INR 260 crores in FY25 per year per 100 KL depending on the price of DDGS and other things, other 2-3-5% I can't say. But it will be what I have told.

Narendra: And the biodiesel plant, we will be making a higher margin then if at all I am not wrong, directionally.

Rajinder Mittal: It will be different for Ethanol, basically the ethanol part is complete when we process any raw material and there are 3 products coming out of it, one is the ethanol or ENA, second product is the carbon dioxide, and third product is the DDGS so we will be processing DDGS to have the raw material for the biodiesel. So basically only the value addition part will be there, there will be marginal decrease in the realization of DDGS and the higher realization of that fat portion derived from the maize. So raw material will not be buying from off-site.

Moderator: The next question is from the line of Kush Shah from Niveshay.

Kush Shah: So what's the margin are you expecting from the biodiesel segment?

Rajinder Mittal: The biodiesel segment actually margins will be good. But I can't spell out the numbers as of now basically we will not be buying any raw material, the finished product of the one plant will be the raw material for the other and the finished product for that plant will be the raw material for the other and it will be sold to the OMC but definitely there will be a huge reduction in the cost of the raw material and value addition as far as concerned but I can't spell out the exact numbers with you.

Kush Shah: Sure. And what is the working capital requirement for it?

Rajinder Mittal: Working capital around INR15 crores, INR 20 crores whatever will be the outstanding towards the OMCs

Kush Shah: INR15 crores, INR20 crores?

Rajinder Mittal: INR15 crores, INR20 crores yes, because this much outstands 21 days, if we take 75 KL per day and multiply by 21 to 25 days so that will be the INR 15 crores, INR 20 crores only.

Kush Shah: So my second question would be what capex does the company have planned and how it will be funded?

Rajinder Mittal: So the total capex on this plant would be around about INR160 crores out of this we have already moved the proposal with the bank for funding of INR90 crores and INR70 crores will be funded from the internal approval and plus some balancing equipment taken from this existing vegetable oil plant. So this will be in that way, total capex on that will be about INR 160 crores.

Kush Shah: My last question would be the new 150 KLPD Bathinda distillery that you are expanding, will you be using paddy straw for that as well?

Rajinder Mittal: Yes, we will be using paddy straw as fuel for that and the raw material will be the maize and again you can say providing the raw material for the extraction and the biodiesel plant

Moderator: The next question from the line of Rasagya Gandhi from Arihant Capital Markets Limited. Please go ahead.

Rasagya Gandhi: I had a question on the biodiesel segment, what do you think the biodiesel will start contributing to the revenue and what will be the peak revenue expected?

Rajinder Mittal: The total revenue from the biodiesel plant will be around about INR200 crores when it becomes fully operational so in the financial year we estimate that we will be able to utilize about 60% to 70% of the capacity in the first year and subsequently about 90 and 100 so total peak revenue will be around about INR200 crores from this biodiesel segment

Rasagya Gandhi: And sir, a follow up question on that, what is the expected ROCE from the biodiesel segment and what is the addressable market size? and any other player in this segment and do you need a specific technology to operate this segment?

Rajinder Mittal: So this, you can say, the biodiesel is a technology already available in India and lot many people are using this fatty acids, acid oils or palm steering for converting biodiesel but the raw material cost has gone up, making them on a very tight position but in our case, we will be, you can say, value adding or from the existing plant.

So we don't have to buy the raw material as I mentioned so we will be extracting this oil and fat required to be converted into biodiesel from the DDGS which we are having from our distillery segment so there will be no cost and the ROCE would be, you can say, fantastic but I don't have the exact numbers before me but the peak revenue will be around about INR200 crores and with good margins it will be backward and forward integration

Moderator: Thank you ladies and gentlemen, due to the time constraint, we will take this as the last question. I now hand the conference over to the management for closing comments. Over to you sir.

Rajinder Mittal: So this was the last question?

Moderator: Yes sir.

Rajinder Mittal: I hope all queries were answered satisfactorily if you have any questions, please reach out to our investor relations advisor, Go India Advisors. Thank you for your time.

Moderator: Thank you on behalf of InCred Equities that concludes this conference thank you for joining us and you may now disconnect your lines.