



Regd. Office:

Hazi Rattan Link Road, Post Box No. 71, Bathinda-151001
Ph.: 0164-2240163, 2240443, 2211628, **Fax:** 0164-5003638
Website: www.bcl.ind.in
Email: bcl@mittalgroup.co.in
CIN: L24231PB1976PLC003624

TO

10.07.2020

BSE LIMITED .
FLOOR 25, FERROE JEEJEEBHOY TOWERS, DALAL STREET ,
MUMBAI- 400001
(PHONES: 022- 22721233-34 FAX:22722082, 22722037

BSE Scrip Code: 524332

REG: Transcript of Earnings Conference Call for Audited Financial Results for
Quarter / Financial Year ended 31st March, 2020.

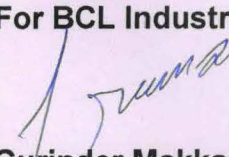
DEAR SIR,

This is further to our intimation regarding Conference Call for Analyst/Investor with respect to the Audited Financial Results of the Company for the Quarter / F.Y. ended 31st March, 2020.

The transcript of the conference call held on 08.07.2020 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 Q4 FY20 Earnings Conference Call”

July 08, 2020

MANAGEMENT: MR. RAJENDRA MITTAL – MANAGING DIRECTOR, BCL INDUSTRIES LIMITED

MR. PANKAJ JHUNJHUNWALA – DIRECTOR SVAKSHA DISTILLERY, BCL INDUSTRIES LIMITED

MR. KUSHAL MITTAL – DIRECTOR, BCL INDUSTRIES LIMITED

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

Moderator: Ladies and Gentlemen, good day. And welcome to BCL Industries' Limited Q4 FY20 Earnings Conference Call, hosted by Phillip Capital (India) Private Limited.

This conference call may contain forward-looking statements about the company which is based on the beliefs, opinions, and expectations of the company as on the 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.

I now hand the conference over to Mr. Vikram Suryavanshi from Phillip Capital (India) Private Limited. Thank you and over to you, sir.

Vikram Suryavanshi: Thank you, Lizane. Good afternoon 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 international community. Management is represented by Mr. Rajendra Mittal – Managing Director, Mr. Pankaj Jhunjhunwala – Director Svaksha Distillery, which is a subsidiary of BCL; and Mr. Kushal Mittal – Director. Before we start with question and answer session, we will have some opening remarks from the management. Over to you, sir.

Rajendra Mittal: Good afternoon, everybody. And thank you for introduction, Vikram. We would like to welcome everyone to the earnings con-call for the fourth quarter, the full financial year 2019-2020. For the ones who are participating for the first time, let me give you a brief background about the company.

BCL Industries Limited is a diversified business house in manufacturing and development, with business interests spread over a variety of industries, namely edibles oils, rice, vanaspati, distillery and real-estate, and also the manufacturing of ethanol from the damaged food which is not fit for human consumption. The company started in 1976 with a solvent extraction plant of 440 tonnes per day, extracting oil from rice plant. Going forward, the company has grown to become one of the largest edible oil integrated manufacturing units in north India, having a capacity of 1,020 tonnes per day. Furthermore, we have ventured into the business of

distillation by setting up a grain based distillery for 100 KLPD along with the bottling plant in Bathinda. Later on the capacity was doubled to 2,000 KLPD as the business grew in 2016. To grow the distillation business, the company is now starting a new state of art distillery of 200 KLPD with 8.8-megawatt cogeneration plant in Kharagpur, West Bengal. Currently, as we know, the escalating COVID-19 situation, and in the compliance with the government direction, our top priority at this moment is the safety and well-being of our employees, customers, vendors and all other stakeholders. We have implemented various preventive measures in line with the guidelines issued by the government healthcare department. As a responsible company, we have taken all the precautionary measures in line with the best market practices and had been following stringent hygiene protocols at all of our facilities to ensure that our products stay safe for consumption and that our workforce uphold the highest standards of preparedness and hygiene.

During the initial days of the lockdown the company was facing labor related challenges, hence had to shut down operation at both the facilities. We are happy to announce that we had resolved all the labour issues to a certain extent and have restarted production 2nd April, 2020 itself, in both the plants. Furthermore, we would also like to inform you that the company has received the recruitment required permission for the Commissioner of Food and Drug Administration Punjab to produce and supply hand sanitizer from our distillery within any region in India. The hand sanitizers are the major component for the prevention of COVID-19 and supply for which is in the interest of the humidity. As you are aware, the company distillery capacity is 200 KLPD to produce hand sanitizer, hence we have dedicated certain capacity for that sanitizer, and manufacturing sanitizer raw material as well. The company has also restarted production in the edible oil section in the same month from 2nd April, as the same was falling under essential commodity, in line with the orders of the central and state government. The company is taking all possible efforts to ensure an uninterrupted supply of edible oils to our customers across channels, general trade and modern trade. The company is slowly mitigating the labour challenges in hope to ramp up the production in the coming days.

Now, let me give you the key financial highlights for the quarter. The consolidated revenue for the fourth quarter is Rs. 225 crores, which decreased by around 9% year-to-year. EBITDA for the quarter is Rs. 13.7 crores and EBITDA margins are 6.07%, net profit was Rs. 3.53 crores and PAT margins for the company were reported at 1.55%. Now, the

consolidated revenue for the full financial year 2020 was Rs. 925 crores which is an increase by around 2% year-to-year basis, EBITDA stood at Rs. 63.2 crores, EBITDA margins were 6.83%, net profit was Rs. 25.8 crores, PAT margin for the period were reported at 2.79%.

Coming on to the operational highlights for the fourth quarter of the financial year 2019-2020, I would like to start that the distillery segment, the company successfully diversified into manufacturing hand sanitizer with the rise of demand and as well as the basic raw material E&A for the hand sanitizers. It was started as a CSR initiative, soon became a new growth avenue for the company. Due to the lockdown and increase in the demand for hand sanitizers, the company saw good demand for ethyl alcohol coming in from the pharmaceutical companies which partially made up the loss in the demand and portable industry during the lockdown. The company successfully launched its hand sanitizer brand which was well received in the market and will cater to an entirely new market for the company in the coming quarters.

Due to the maintenance shutdown for March and then forced government lockdown, the company was not able to achieve the desired utilization, and that affected the realization and profitability. The revenue for quarter four 2019-2020 was Rs. 91 crores and EBITDA is Rs. 7.1 crores. That civil works as regards the new project in the state of West Bengal, the civil work for state-of-art 200 KLPD plant in Kharagpur, West Bengal, the subsidy Svaksha Distillery is going on. The turnkey contract of the project has been awarded to Praj Industries Limited.

With regards to the edible oil segment, the sharp downfall of the prices of global vegetable oils. As these vegetable oils follow the price range of the crude, it is governed to some extent by the price of crude because large part of the soybean oil and the palm oil is converted to biodiesel. Post the competitive book, a significant loss is on an outstanding contract. The price has recovered since then, and will be reflected in the coming quarters. Around 70% of the company's demand comes from the citizens and buyers who are suffering from an economic slowdown, and who were affected further due to COVID-19.

This resulted in lower demand for the company's bulk packing due to increase in the home demand for mustard seed oil, the company restarted operation of its oil mills and oil extraction of mustard seed oil, and now focusing more on the retail segment for small packs. We continue to promote our own brand and the revenue for the quarter stands at Rs. 133.5 crores, and EBITDA was Rs. 5 crores for the quarter for 2019-2020.

Lastly, the real estate segment continues to be a steady contributor of the cash flow for the company, recording revenue of Rs. 5 crores and EBITDA of Rs. 1.7 crores for the quarter under review. And in an attempt to reduce the financial burden of the company, this year we continue to utilize revenue from its real estate sales to liquidate the debt which is visible in year to year results.

Thank you. I would like to open the floor for questions now.

Moderator: Thank you. Ladies and gentlemen, we will now begin with a question and answer session. The first question is from the line of Nitin Ranjit from Cap Stock. Please go ahead.

Nitin Ranjit: My question is pertaining to a new capacity which is coming up in West Bengal. So, what is the estimate of the cost? And when it is expected to commission?

Rajendra Mittal: You see, that capacity is 200 KLPD per day and the CAPEX cost involved was Rs. 147 crores. So, we have a mandate from the Punjab National Bank regarding the sanction of the loan, but the present situation does not permit us to give an advance to the supplier for the reason that they are not able to mobilize men and power at the erection site. So, we will have to wait till the things normalizes and I don't think that we will take much time after things normalize. We should be completing the entire project within about six to eight months because everything is in line, we have got funds in our hands, but since we do not want to part with the cash of the company at present to give to the supplier, and maybe we will wait indefinitely for the execution of the project. So, as a corporate decision, we have taken, we will be only releasing the further advances against the supply of machines when the things normalize. So, at the start already we have invested about more than Rs. 27 crores at the unit.

Nitin Ranjit: Okay. So, you expect it getting started within the next financial year?

Rajendra Mittal: See, I am not sure, because now no travelling is there, the labor can't move, trains are not moving, so we cannot take them to the site for the actual purposes. If by hook or crook we get the machines at site, they will not be solved, rather we will be losing our warranty and other things, because the warranties are one year from the date of dispatch. So, all these things combined, we have taken a decision that we will not go with the project until and unless the things normalize. And once the things normalize, we will not take much of time in getting the plant elected and commissioned, because everything is in line.

Nitin Ranjit: Okay. And one more thing, my belief is that currently, we have an ethanol capacity of 200 KLPD. So given the demand situation, have you like bid for any of these ethanol blending problem of the government? Because I believe that they are giving a realization of about Rs. 47 a later in case we are predicting it from grains. how does it work?

Rajendra Mittal: Okay. Yes, let me answer. See, we at Bhatinda, we have a capacity of 120 KLPD for the production of ethanol per day. So, we had already bidden for about 4.33 crores liter for the supply of ethanol from damage food grains. And let me correct you, the prices were at Rs. 50.36, earlier it was Rs. 47.60, but later on it was enhanced. So, we bidden for the enhanced rate, and up till date we have supplied about 1.53 crores liters of this ethanol to various locations to the oil marketing companies. And for the third-fourth quarter, the supplies are on. And I am happy to inform you that the production and the sales is almost at the 100% capacity for the ethanol plant.

Nitin Ranjit: Okay. So, the margins would remain around 8% mark, in case we are confined to OMCs, the margin remains at 8%, right?

Rajendra Mittal: Margin depends on the price of raw material, it varies on the fuel cost, it varies on your labour cost, and presently are having some extra amount, you can say, being spent on the labour part. But you are right, at present the margins should be around about as anticipated by you.

Nitin Ranjit: And if I may ask you, so what would be the repayment obligations, long-term repayment debt obligations for the next two years?

Rajendra Mittal: We have got a very lethal, you can say, long term debt. The long term debt is only on account of the new distillery which has got debt around about Rs. 27 crores. So that we have not even taken the moratorium in that account. So all our accounts are all regular in that season, and I think that loan should be over by 2022. But that is in all standard account, we don't have any extra liability to that extent.

Nitin Ranjit: Okay. And if I may ask one final question, so my question is regarding the unsold inventory we hold in the real estate segment. So how much would that be worth? And do you have any plans for any of the projects?

Rajendra Mittal: No, we don't have any exposure to any of the real estate projects, except the two project which we have already completed log back. And we can monetize the inventor in a much faster way after this COVID-19. Because everybody does

not want to buy grains, so ours is a ready project, ready to occupy, ready to move in. And we are having very good response, in fact the best response ever in the month of June and July to monetise these inventories, and we are quite hopeful that we should be able to mop up over Rs. 60 crores to Rs. 70 crores within two years to repay our entire debt.

Nitin Ranjit: Okay. So the finished unsold inventory also stands around Rs. 80 crores mark, right?

Rajendra Mittal: So it is about Rs. 80 crores, the entire project is finished and ready to occupy. So whatever inventory we hold, is in finished form not in raw form

Moderator: Thank you. The next question is from the line of Nikhil Chaudhary from **0:18:01.7**. Please go ahead.

Nikhil Chaudhary: Sir, I had a couple of questions. The first one is with respect to ENA prices. Actually, I just wanted to understand what usually drives the ENA prices, is it the demand-supply or there are some external factors like minimum support price? Because I understand ENA is based on greens, so I am just trying to figure out like what would be the outlook on the prices in short term to near term, contracting the demand tends to be muted and you tend to supply to the FL manufacturers and some OMTs also?

Rajendra Mittal: You see, that is the reason that we converted our half of the plant capacity for the manufacturing of ethanol. And the supply commitment for that is on yearly basis. So, already the entire full capacity is occupied for the ethanol part of it up till 30th November. So we don't have to worry. Regarding the portable, you are right that there is some slackness or some dip in the demand for the portable portion. But as I mentioned in my opening speech, that we have another segment opened up that is the raw material for the hand sanitizers and the manufacturing of the hand sanitizer. So whatever there was a drop in demand for the portable alcohol that has been compensated by this hand sanitizer section. So we are at present utilizing our 100% capacity for the past three months for this quarter, they April, May and June our 100% capacity has been utilized. It will be same throughout the year.

Nikhil Chaudhary: Okay. And just to conclude, like to check whether my understanding is correct or not. So basically you are into now three segments, that is hand sanitizers, supplying to the OMTs and the IMFL, right?

Rajendra Mittal: Third segment is, we are supplying this as a base raw material to the other hand sanitizer manufacturers also.

Nikhil Chaudhary: Yes, got your point. So, these are fixed priced contracts or they tend to vary with the prices of the raw material, that is the grains?

Rajendra Mittal: You see, the OMC, the prices are fixed for the entire full year. So the amount you supply them at a fixed rate Rs. 50.36 per liter up to 30 November. And the ENA prices are fixed on monthly basis, every first week we fix the price according to the price of the grain market or demand and supply, that is also almost the same as of ethanol prices, because now we have a leverage that we don't have much of quantity available for the potable and hand sanitizer segment. So a large chunk of the demand has been taken care of by this ethanol product.

Nikhil Chaudhary: Okay. And sir, will hand sanitizers be a focused play from now on or is it just like, I am just trying to understand, will it be a strategic investment towards need long term segment for the company? Or is it like a demand type of situation where capacity is with us Like, will it be a strategic play going from now on?

Rajendra Mittal: Yes. We are supposed to take these things forward. And we will be promoting our hand sanitizers, because it is just putting a value addition, it is just like you are bottling your ENA, converting to direct potable alcohol, if we get small share we will be much happy. And we shall be putting on all effort to take this brand forward for hand sanitizers.

Nikhil Chaudhary: Got it. And the last question, like if I may, like I just wanted your sense on the demand going forward, like, understanding the path, like I know you are still a raw material supplier, but just to get a sense of how the liquor demand will be going for the consent of our manufacturing, government is considering

Rajendra Mittal: Sorry, I am not able to get your question please.

Nikhil Chaudhary: So I just wanted a sense on the demand outlook, since you supply to the IMFL guys, so the Indian made foreign liquor, the raw materials are supplied to the IMFL manufacturers. So, just wanted a sense on the IMFL demand. I understand since you are a raw material manufacturer, but if you may help in understanding the demand outlook good forward.

Rajendra Mittal: You see, the demand the demand for this potable alcohol, IMFL, is not as bad as we are predicting or we are thinking. That demand is good, you can very well imagine from the fact that for the last three months that we had been operating more than 100% capacity. We don't have any product to further offer in the market, whether

we are selling through this ethanol, some part being sold to portable alcohol, some part being sold to the hand sanitizer, some part of the product is utilized in your own bottling, country liquor brand, and some part is used in the hand rub section. So, we have got multiple, you can say, utilization for our products. So, we don't foresee any fall in the demand or underutilizing our capacity.

Nikhil Chaudhary: Okay. Great. And the last thing, there was one news article wherein talks was going on, the government is considering putting some representatives with respect to the loose edible oil, considering you have your brands into this edible oil space, will that be a significant like boost to your brands going forward? Because considering the loose edible oils, we will start facing some stringent action by the government going forward?

Rajendra Mittal: Yes, sure. So, we are hoping to gain a major chunk in this regard, because we are already selling through, we have got a strong dealer network of about 250 dealers spread across in Punjab, Haryana, Himachal, Jammu and other parts. So we should be the first gainer out of this segment. If we lose sales, we should be the first gainer in the platform. And you will be happy to know that our retail sale, because the institutional sales or bulk sales to these hotels, restaurants and halwais, has gotten a great beating. But even after this kind of a major chunk going out of the sails, we have been able to maintain steady sales through our dealer network for the reason that being a local company and during this lockdown and other things transport was a big problem. And we were able to catch up and penetrate into the sales of the other brands. So we have a substantial increase in our sales in the first quarter, and hope to get the same kind of results in the full year **0:26:00.0** we will be benefited by this ban, if the ban is put on by the government for the loose sales.

Nikhil Chaudhary: Great, to hear that. We will watch out for the subsequent quarters. And all the best. Thank you for the opportunity.

Moderator: Thank you. The next question is from the line of Nitin Avasthi from East India Securities. Please go ahead.

Nitin Avasthi: Sir, just wanted to have some discussion on the upcoming Kolkata distillery. If you could, let me divide this into two parts. One, if you could give me some understanding of the Kolkata market situation, how it is going to be favorable for the company, why is it favorable to set up a distillery in Kolkata, because you have chosen Kolkata because of some strategy reason, so if you could point those out?

And you also have a strong presence in country liquor. So are you looking to start a country liquor brand in Kolkata?

Rajendra Mittal: So, I can answer this one. So firstly, yes, there is a very strategic reason to move into West Bengal, because West Bengal is quite a deficit when it comes to the production of ENA in the state. And a lot of the ENA for West Bengal is imported from various states. So we do wish to cater to that market. And we do expect to earn a better profit per liter as freight and the import tax won't be an issue to set up a plant in West Bengal. So the decision to set up a distillery in West Bengal has been very strategic. And for the country maker in the West Bengal market, we wish to continue but we don't have any plans to expand very aggressively in the segment in West Bengal as of yet.

Nitin Avasthi: So are you tying up with any bottlers, are you putting up a bottling unit also in the distillery and looking for IMFL and IMIL bottling to be done in the plant for other brands?

Rajendra Mittal: There is great interest by the various segments to set up a bottling unit with us in Bengal, but initial aim is to first start production and we know there is great interest and we can finalize as production starts.

Nitin Avasthi: Got it. And this will be mainly because of the demand in Bengal, this will mainly cater to the ENA segment and not to the OMC, right?

Rajendra Mittal: Right. We expect that most of our production will go into ENA.

Nitin Avasthi: Okay. So hence your EBITDA will be much higher because there the realizations are much higher than what you get with the oil market companies, correct?

Rajendra Mittal: See, it's hard to predict, that is far down the line. But yes, we expect the EBITDA margins to be higher. But the EBITDA margins in this industry are only high because of the Ethanol demand. So that part of the business won't discontinue, but yes, our ENA in West Bengal, we expect to get a higher EBITDA margin.

Moderator: Thank you. The next questions is from the line of Yogansh Jasani from Mittal Analytics. Please go ahead.

Yogansh Jasani: Sir, can you shed some light on what is the ENA price trend like currently?

Rajendra Mittal: So the site has been constant for the past few months at around Rs. 52.

Yogansh Jasani: And on the ethanol order, you mentioned that we are booked till November, right?

Rajendra Mittal: Yes.

Yogansh Jasani: So are we facing any issues in terms of supply around Q1, Q2 onwards?

Rajendra Mittal: No, actually our supply is at 100% of our tendered amount, and this will continue to be the same moving forward. And actually the reason this happened was because the blending targets that the OMC have decided on, they did not have enough supply for it. So even during the lockdown, although there was a slight dip in the demand, they increased their blending targets, so we weren't affected that badly from the ethanol demand side.

Yogansh Jasani: That's fantastic to hear. Secondly, regarding your CAPEX plan, we see the CAPEX is a bit delayed because of the COVID situation and all, but the debt approval is done from bank inside, right?

Rajendra Mittal: Yes.

Yogansh Jasani: Okay. So just to understand a bit more on your preferential allotment, you have taken approval for the sizable preferential allotment of 50 lakh shares at around Rs. 60. So, what's the use of this preferential allotment money, what is our plan?

Rajendra Mittal: See, this money will be to infuse more capital in the company to fund our further CAPEX plans.

Yogansh Jasani: But then preferential allotment at such low valuation, I think half the book value is more value destructive for the overall company, and this comes across as a big negative. Because if the CAPEX is delayed and we have a secured funding from banks, and the cash flows also are good even in COVID times, so what is the need for this preferential allotment at such low valuation?

Rajendra Mittal: Your friend had asked me the same question on another call earlier and my answer to this day remains the same. This is the best way that the company thought to fund our further CAPEX expenses and not increase our debt further by a lot and help the company in a troubled period. And this is what our board decided on, and we thought the best. And I will take no further questions on this.

Yogansh Jasani: Understood. And the CAPEX moving forward is this Rs. 147 crores only, right?

Rajendra Mittal: Yes.

Moderator: Thank you. Next question is from the line of Giriraj Daga from KM Vysaria Family Trust. Please go ahead.

Giriraj Daga: A couple of questions. Sir, what was our distillery volume in FY '20?

Rajendra Mittal: We worked at 100% capacity utilization.

Giriraj Daga: Correct. So like capacity would be like 240 KLPD?

Rajendra Mittal: 200 KLPD.

Giriraj Daga: So that's roughly about Rs. 6.4 crores volume?

Rajendra Mittal: Yes.

Giriraj Daga: Okay. And what was the average realization during the year?

Rajendra Mittal: We had EBITDA of around 8%.

Giriraj Daga: No, average realization I am saying from the revenue side, like Rs. 50.36 we started getting on the quarter four for ethanol. So obviously first you are getting Rs. 47 last year till November, and we supply to ENA also. So what was the average blended realization for the year?

Rajendra Mittal: Distillery segment you are asking for?

Giriraj Daga: Yes.

Rajendra Mittal: So ethanol segment was around Rs. 410 crores.

Giriraj Daga: Okay. Because when I divide by Rs. 410 crores, we get a number closer to, if I am dividing by 6.5 crores liter, so we get a number closer to about like Rs. 60 per liter, more than Rs. 60.

Rajendra Mittal: Yes.

Giriraj Daga: So this is the realization we are making there?

Rajendra Mittal: Yes, this also includes our DDGS and our CO2 sales. So this is not just our ENA and ethanol.

Giriraj Daga: So that's why I was wondering if you have the exact number of realization for ethanol plus ENA.

Rajendra Mittal: See, our DDGS accounts for about 20% of our sales. So once you deduct that, you have our ENA and ethanol pretty much.

Giriraj Daga: Okay, sure. My second question is like, what kind of benefit are you looking in FY '21? So, we had started this Rs. 50.63 and you said that ENA realizations are also better in the last few months. So what kind of profitability you were targeting for FY '21, the similar 8% number or higher?

Rajendra Mittal: That is very hard to predict in such an industry. Right now we are in an unprecedented time. So our earnings are not normal. So we don't know for the whole year how it will be. But I cannot confidently say that will be a lot higher than 8%, the numbers we are seeing right now are better than that. But I cannot speak for the whole year today.

Giriraj Daga: My second question is on oil So, the revenue decline what we see, is it more to do with the price and volumes, what was the mix there with the price decline and volume decline?

Rajendra Mittal: The decline in what?

Giriraj Daga: In the oil segment we have seen the revenue decline.

Rajendra Mittal: Yes, see in the edible oil segment what happened there have been two reasons for the decline. One being, yes, there was a dip in the demand and that is the case with everyone. And also, a lot of our pre-existing import contracts for crude palm oil and soybean oil resulted in a loss for us, we had to book a significant amount of loss on these contracts, because the prices of these imported oils is linked to crude, so we saw a dip. But the current numbers are decent, and we will hope to recover in the coming quarters.

Giriraj Daga: So like can we target FY '19 revenues in FY '21, similar to that number, Rs. 540 crores? And what kind of profitability we are targeting there?

Rajendra Mittal: See, we will try to surpass it. And this is tough for me to comment on what kind of profitability we are targeting, because in current scenario, every day it's changing rapidly, so it's hard to comment. But we are seeing good results and it should be highlighted in our next quarterly results.

Giriraj Daga: Okay. Next on the real estate side, like we are talking about the Rs. 80 crores of finished inventory. This year we have booked about Rs. 27 crores inventory, but they booked a profit of only Rs. 8.5 crores at EBITDA level. So my question is, like out of Rs. 80 crores also will there be similar kind of margin, or like what kind of cost is pending on the real-estate side which is getting booked now?

Rajendra Mittal: It will be similar.

Giriraj Daga: And if you can throw color on what kind of cost we are incurring on this booking?

Rajendra Mittal: I am sorry, can you repeat that.

Rajendra Mittal: So we are sitting on a inventory, so with Rs. 80 crores of inventory we are looking at like 30% kind of a margin there. So this is like it's sitting on the inventory position, right, so how will be the cost of booking inventory in the books? Okay, I will take that separately. Next question is my last question, on the inventory side, Rs. 330 crores. Can you give him a breakup of Rs. 180 crores of finished goods? If you remove that you are left with Rs. 250 crores of inventory. Can you give breakup between the oil and distillery segment, or largely it is oil only?

Rajendra Mittal: That is I will say around 70% is in the edible oil segment.

Moderator: Thank you. The next question is from the line of Anil Kumar, an individual investor. Please go ahead. As there is no response from the current participant, we will move on to the next, that is from the line of Aniket Kulkarni, an individual investor. Please go ahead.

Aniket Kulkarni: Sir, my question is regarding the Svaksha Distillery. Have we received the financial closure that we were talking about in the last quarter in the last con-call?

Rajendra Mittal: Yes, as already mentioned, yes, that has been achieved. But the current scenario is, it is very tough for us to give further advances to our suppliers. As you see, just two days ago a policy was passed in Punjab, that even if you were to leave for a day outside of Punjab, you have to come back and quarantine yourself for a couple of weeks. And to coordinate all the labour or the suppliers in today's scenario is very hard. So the company has made a decision that no further advances will be given until the situation normalizes. And so for that reason, the work will be slowed down.

Aniket Kulkarni: So that means that we have all the funding in place, it's just that we are not going with the constriction, right?

Rajendra Mittal: Yes.

Aniket Kulkarni: And which bank have we received sanction from?

Rajendra Mittal: PNB.

Aniket Kulkarni: For the Rs. 90 crores part?

Rajendra Mittal: Yes.

Aniket Kulkarni: And for and for the remaining Rs. 47 crores part, it has been done from the promoters, and it has been completely done, if I am not wrong?

Rajendra Mittal: Yes.

Moderator: Thank you. The next question is from the line of Nitin Ranjit from Capstock. Please go ahead.

Nitin Ranjit: My question is regarding this inventory loss which we had booked this quarter in the edible oil segment. So going forward, for the next two quarters should we expect more such loss booking or have we done the whole thing?

Rajendra Mittal: No, we should not expect such in the future.

Moderator: Thank you. The next question is from the line of Vikram Suryavanshi. Please go ahead.

Vikram Suryavanshi: Sir, how the realization or pricing for the hand sanitizer? And how is the profitability compared to ethanol?

Rajendra Mittal: See, the margins in the hand sanitizer segments are significantly better when compared to ENA and ethanol, there's a significant value addition. But the quantity of the sanitizer that we supply isn't as much.

Vikram Suryavanshi: And at what price we are selling right now?

Rajendra Mittal: That depends on the buyer and the packing we are selling at. So our small packs are around Rs. 110 rupees per liter.

Vikram Suryavanshi: So realization is much better there?

Rajendra Mittal: Yes.

Vikram Suryavanshi: Okay. So what is the volume probably? Or are you seeing more marketing efforts to increase the volume or volumes will remain low?

Rajendra Mittal: The volumes were quite high in the first two, three months, they have gone down and that is the scenario with everyone we speak with. But as the unlock continues, we expect the demand to go up again, and we are trying our best to cater to this demand and market growth.

Vikram Suryavanshi: Okay. And the sugar side we are expecting I think in market everyone is that there could be increase in minimum sales price for sugar. And typically whenever sugar price increase, B-heavy ethanol prices are also revised. So, is there demand from your side to increase the prices or how is the expectation from government?

Rajendra Mittal: No, our ethanol prices are decided separately, the grain based ethanol is decided separately and that is irrelevant to the sugar price. So, I don't wish to comment on that.

Moderator: Thank you. Next question is from the line of Dinesh Kotecha from Giric. Please go ahead.

Dinesh Kotecha: Only thing I wanted to know was that in spite of having a very harsh lockdown in Punjab, you have been able to work your way through the hand sanitizer and the ethanol. In the hand sanitizers, are we supplying it only to Punjab and north or it is pan-India?

Rajendra Mittal: No, this is pan-India, but most of our demand is in the north.

Dinesh Kotecha: Under what brand name are we supplying?

Rajendra Mittal: This is under BCL Hand Sanitizing Rub.

Dinesh Kotecha: Okay. And secondly I just wanted to know, our real estate projects are completed, right, both of them?

Rajendra Mittal: Yes.

Dinesh Kotecha: The Ganpati Enclave and the DD Mittal Tower, both?

Rajendra Mittal: Yes.

Dinesh Kotecha: Now, what I find is that, you just said that to some other persons' questions answer, that Rs. 80 crores will be realized in the next two years I think. All inventory is ready to sell and within two years you are expecting Rs. 80 crores out of that.

Rajendra Mittal: Yes.

Dinesh Kotecha: So that will be going towards debt repayment, right?

Rajendra Mittal: Yes, that's correct.

Dinesh Kotecha: So, does it mean that by 2023 the debt which appears now in the books will be cleared and only that new debt of Rs. 90 crores from PNB for the distillery will be there on the books?

Rajendra Mittal: Yes, we are working every day with them on that.

Dinesh Kotecha: Am I am thinking in that particular way, is it logical?

Rajendra Mittal: See, we wish to finish off all our long term debt. But our cash limit it will take a little longer but we are working at our hardest with the aim to make the complete debt free as soon as possible.

Dinesh Kotecha: So that Rs. 90 crores loan from PNB which we will be taking, and of course now due to the lockdown the things have been a little bit delayed. I mean, what is the repayment schedule like five years, four years, I mean how do the payback and all that for the loans?

Rajendra Mittal: It will be done with that timeline. And if all goes well, then we hope to do it earlier than that.

Dinesh Kotecha: And the distillery, I mean, by what time at what production level are we going to break even that?

Rajendra Mittal: At what production level? See, we aim to work at 100% capacity utilization at our Kharagpur plant, and that's why the plan was put in place.

Dinesh Kotecha: Okay. Sir, thank you very much. Because, one thing which I liked about your management was that you have committed for the conversion of the warrant, the price which you had taken it. Thanks for that. Though it is delayed by one month, I mean, I really appreciate that commitment from the management. Thank you very much.

Rajendra Mittal: Thank you so much.

Moderator: Thank you.

Kushal Mittal: I think if there are no more questions, maybe you can wrap it up.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to Mr. Vikram Suryavanshi for his closing comments.

Vikram Suryavanshi: We thank the management of BCL Industries for giving us an opportunity to host the call and taking time out or interacting with the stakeholders. Thank you all for being on the call.

Rajendra Mittal: Thank you.

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