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JIYA ECO-PRODUCTS LIMITED

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Date: December 08, 2018

To,
Department of Corporate Services
BSE Limited
P.J. Towers,
Dalal Street,
Mumbai-400 001

Subject: Conference call Transcript Q2 FY2019

Dear Sir/Madam,

Pursuant to Regulation of 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 and with reference to our letter dated October 30, 2018, regarding conference call with Analyst/Investor, please find enclosed copy of transcript of the same.

The details of the same are attached herewith.

Kindly take the same on record.

Thanking You,

Yours faithfully,

For Jiya Eco Products Limited

Y. C. Patel

Yogesh Patel
Managing Director
DIN: 05147701



Jiya Eco-Products Limited

Q2 FY19 Results Conference Call”

October 30, 2018

Moderator: Good day Ladies and gentlemen and welcome to the Q2 FY 2019 Results conference call of Jiya Eco-Products Ltd. As a reminder all participants’ 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 “*” and then ‘0’ on your touch tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vivek Jain from Integrated IR, thank you and over to you Mr. Jain.

Vivek Jain: Thank you very much. Welcome everyone and thank you for joining us for the 2nd quarter FY 19 result ended September 30, 2018 earnings call of Jiya Eco-Products Limited. Please note that the result and presentation have already been uploaded on the exchanges and you can view the same on the website of the company that is www.jiyaeco.com. To take us through the results and to answer your questions, we have today Mr. Bhavesh Kakadiya - Chairman and Managing Director and Mr. Vipul Vora - CFO of the company. This is the second such call being arranged by the company since its debut at the exchanges at the cost of deputation, we will be starting this call with Mr. Bhavesh Kakadiya giving us a quick overview of the company’s business model to help those who are joining us on the call for the first time. Mr. Bhavesh Kakadiya will then update us on the key developments during the quarter. This will then be followed by Mr. Vipul Vora running us through the financial performance of the company and followed by Q&A session. I would like to remind that everything said on this call that reflects any outlook for the future and which can be constituted as a forward looking statement must be viewed in conjunction with uncertainties and the risk that we face. Please note that the management would be comfortable presenting the call and replying to investor queries in Hindi. Should Hindi not suit you, please feel free to ask your queries in English and I shall help translate it for you. With that said, I would now turn over to Mr. Bhavesh Kakadiya to take over the proceedings. Over to you sir.

Bhavesh Kakadiya: Hello good evening everybody, I am Bhavesh Kakadiya - MD & Chariman of Jiya Eco-Products Limited. Jiya Eco Products is basically a Bio Fuel manufacturing company; we have two types of products in our basket; bio fuel Briquette and bio fuel Pellets. Bio Fuel Briquette is a substitute of solid fuel like steam coal, lignite, firewood, etc and Pellets is a substitute of liquid or gas fuel like LPG, PNG, LDO, Diesel, furnace oil, etc. Both of our products are 100% eco friendly, which do not emit any form of pollutant or hazardous gases. The raw materials for both of these products are same; agriculture waste and forest waste. Agriculture waste

like cotton stock, groundnut shell, cumin waste, wheat straw, rice husk, etc. and forest waste like Juliflora, Desi Babool and many wild trees. Basically our product's main users are industries, mainly chemical units, textile units where we substitute the solid fuel so they are our users and places where liquid and gas fuel is used, like Food and Pharma industries. Apart from that, currently we supply Briquettes only in industrial segment and Pellets we are selling in two segments, one is industrial segment like as I told you Food and Pharma industries and the second segment is Retail industries, Retail in the sense where bulk cooking is done like Namkeen, sweets, bakery and canteen, Pellets are being used as a source of fuel. By adopting usage of this fuel, our customers be it Retail or Industrial, are saving a lot of money in comparison to fossil fuel consumption and the second benefit is that these are 100% eco-friendly products because of which they do not require to get any clearance from government authorities like Pollution Control Board. The fuel is hygienic which increases the shelf life of consumer's equipment. So, there is a wide range of benefits for the consumers and the industries where it is used in bulk. The customers can also claim carbon credit if they want to have an additional benefit. Our company is operating in this business from last 8 years in which we see multiple growth year by year and till now we have enquiries from customers 2-3 times more than our production capacity. The market has high demand for these products and everyone wants to use it but the availability of this product is little less in the market. Also we ensure to make long term annual agreements with our customer keeping in mind our production capacity, we keep in mind their schedules and we deal with them in accordance to these factors and the rate is kept fixed for the product for the customer at the time of agreement throughout the year, so because of which you will not see much fluctuation in the business. The same applies for the cost of raw material; it is also fixed for the entire year and we quote the rates upfront because according to our requirement of the raw material, in comparison to it, in the surroundings of our factory setup, the raw material availability is in abundance upto 10-15 times, as in we do not have any shortfall in the raw material and thereby we do not face any issues with regards to cost of the raw material. All in all, if you see our business from market and raw material sources' perspective, there are very slight fluctuations in the business. And thereby we do not see any big impacts of either uptake or recession on our business; this is our entire business model. We also have a subsidiary company called Jiya Eco India Ltd., which handles the Retail segment entirely and Jiya Eco India has a very big market, there are teams created and a good network has been made in big cities of Gujarat like Ahmadabad, Baroda, Surat, Rajkot, Bhavnagar and from all these places Jiya Eco India has collated data of prospective users, they have more than 1000 retail customers' data with them, which includes what type of fuel is being used, what is the cost associated with it and what is the effect of it on the cost of their finished products. Jiya Eco India has recently installed around more than 150 burners and stoves. If we see a model has been developed on the basis of research and analysis conducted on different types of applications like for example, if there is a Sweet shop or a confectioner or a micro industry who utilizes our product, what review we are getting from their end, what are the benefits they are getting, what is the profit and what issues they are facing. They conduct a study on

all these factors and we have a target set that we will setup burners and stoves in approximately 1000-1500 customers in Gujarat in the coming 1-1.5 years. Jiya Eco India Ltd. model is such that all these retail users will have to use our equipment to utilize the energy from Pellets be it either stoves or burners. This instrument needs to be installed, so Jiya Eco India collects some amount from customers as a deposit to utilize the equipment for burning bio fuel for free and makes a long term agreement of minimum three years with the customer, provided the users will have to consume a set quantity of fuel from the company which was set with mutual understanding between the company and the customer at the time of agreement. And if the user wants to dissolve the agreement prior to three years of the period, then the company will not refund the deposit and the company will take back the instrument from the customer. Because of such schemes the benefit that the company gets is; the market spread increases and becomes secure that how many new consumers created are bound to do business with the company on a long term agreement. Also, the profit earned in Retail is 2 times more than that of Industrial; thereby the profit ratios are also attractive. Additionally since the market also gets spread so none of our customers will be such that here we will have big dilution. Thirdly, the requirement of working capital in it will be less because the credit period is less, so these are all the benefits we get in Retail. Our subsidiary Jiya Eco India is primarily working on all these activities.

A new update is that Jiya Eco Product is setting up a new plant in Gandhidham which will be operational in a short period of time, the machinery has been bought and installation is in progress and I think there is a possibility that the plant will be operational by December. And as soon as the plant becomes operational in Gandhidham, we will be able to fulfill the requirements of the enquiries we already have with us. We will only manufacture Pellets over there we will not be manufacturing Briquette. We have also added one more product in our product basket which is processed agriculture waste. So there are lot of industries like cement where they required low density fuel, which is a processed agricultural waste. So, we had send one such consignment on an experimental basis to a company and studied their performance and data and they are also getting good benefit. In this quarter we have done good business of processed agriculture waste on commercial basis and we expect good returns and success from this product, same as we have in Pellets and Briquettes. So, there are lot of options currently available with the company, we also have clients of Processed Agriculture waste, clients for Briquette, we have industrial and retail clients for Pellets and there is also a possibility of exporting Pellets in European countries since there is a huge demand for this product over there but in this year we are focusing more on local markets where we have set this mechanism of burners and all and we are concentrating more on that now. As soon as we have the Gandhidham facility operational, we can plan to commence exports of Pellets after that. So in total, the company has a very healthy business setup and we have positive reviews from all sides, raw material quality is also up to the mark. Customer base is also well set. The future of the product is quite flourishing and we have also good response from our shareholders, which boosts the growth of the company day by day, you

can see from our yearly results. This is the business model which we have. Our CFO Mr. Vipul Vora has joined me in the call, I will pass on the call to him and he will run you through the financial results of the last quarter post which we can take Q&A pertaining to our business. Vipul please go ahead.

Vipul Vora:

Hello everyone good evening. My name is Vipul Vora and I am the CFO for Jiya Eco Products Ltd and Jiya Eco India Ltd. First of all, I will start with standalone results for this quarter's performance. In this quarter, our company's total revenue stood at Rs. 43.7 crore, company's EBITDA stood at Rs. 6.5 crore. PAT is at Rs. 5.50 crore and the standalone EPS is 4.73. The half yearly results are as follows; the half year result is Rs. 80.34 crore and half year EBITDA is Rs. 12.83 crore, half year PAT is Rs. 10.89 crore and the half year EPS is Rs. 9.26. Jiya Eco India Ltd. is a 100% subsidiary with Jiya Eco Products Ltd., so I will now give the consolidated financial results for Q2 FY19. Consolidated revenue is Rs. 53.46 crore, consolidated EBITDA is Rs. 7.96 crore, consolidated PAT is Rs. 6.46 crore, consolidated PAT margin stood at 12.09% and consolidated financial EPS annually stood at Rs. 21.96 crore. I will now give you the consolidated highlights for the half year, Revenue Rs. 101.08 crore, EBITDA is Rs. 15.19 crore, Profit after Tax is Rs. 12.60 crore and EPS Rs. 10.71. I am delighted to let you know that we have brought down the credit cycle to 140 days and we are working very hard to bring it down further. I assure you that the credit cycle will further decrease when we meet the next time. We can now take the Questions. Thank you everyone.

Moderator:

Thank you very much. We will now begin the Question and answer session. Anyone who wishes to ask a question may press '*' and '1' on your touchtone telephone. The first question is from the line of Pritesh Vora from Incendo. Please go ahead.

Pritesh Vora:

Can you tell us why our cash from operations is negative over last 2-3 years?

Bhavesh Kakadiya:

Because we do a substitute for coal and wood. And it has a very long credit cycle, so in comparison to them we had to give a long credit period to bring our products in the market because of which we had high debtors and now we are recovering from it. Because of our long debtors backlog, our cash flows were negative but now we are recovering from it at a very fast pace and in the coming year the cash flows will be positive.

Pritesh Vora:

And you have shown a consistent revenue growth over the last 4-5 years, so how you are able to manage, is your capacity fully utilized or there is still some capacity left?

Bhavesh Kakadiya:

Our capacity is now being utilized up to 90-95% and that is why we are starting the new plant in Gandhidham because the number of orders pending with us are 2-3 times of our existing capacity. So because of which we are starting our new plant in Gandhidham which will soon be operational and we are thinking to utilize the maximum possible capacity from the commissioning of the plant.

Pritesh Vora: How do you define your capacity, first plant as well as second plant, in tonnage or what?

Bhavesh Kakadiya: In tonnage.

Pritesh Vora: What is the present tonnage?

Bhavesh Kakadiya: Per day present tonnage is 240 tons, Pellets and Briquettes.

Vipul Vora: Annual capacity is approximately 1, 18,000 tons each; Briquettes and Pellets.

Bhavesh Kakadiya: The new plant will be equipped with the same capacity output.

Pritesh Vora: So you mean to say you serve approximately 20-24 trucks everyday from your factory?

Bhavesh Kakadiya: Yes sir, 24 we use.

Vipul Vora: Sir 1.18 lakhs tons per annum.

Pritesh Vora: Sir present capacity you said 240 tons per day, right?

Bhavesh Kakadiya: Yes.

Pritesh Vora: So, 240 tons means you have 20-24 trucks approximately leaving your factory premises every day.

Vipul Vora: Yes definitely.

Ritesh Vora: And that capacity will go how much when the second plant gets commissioned?

Bhavesh Kakadiya: Right now same capacity and we are planning to increase later. Currently we will install the same capacity plant as is now for Pellets and later we will increase it.

Ritesh Vora: And my last question is; how do you source your raw material, where you source it from?

Bhavesh Kakadiya: Sir at present near our plant we have 52 villages of Valdipur Taluka, all the Gauchar land, which generates forest waste, we use that with an agreement via Central government. We have agreements with 52 villages' Gram Panchayats and the other raw material which is agriculture waste, we have created a network of collection agents from Valdipur Taluka's villages. These agents procure the raw material and process them and supply it to us. In Gandhidham where we are starting our new plant, over there also the forests' waste rich sources are available. The government had done plantation of Desi Babool to cease the growth of the deserts which overgrew in the area and the government is administering various activities to remove the plantation, so that area is also rich in resources of forest

waste. And apart from that, Gandhidham is a hub for timber industries, wood processing is carried out over there maximum in India, so there are lots of timer mills and their waste like saw dust and firewoods are available easily and in huge quantity. So, after studying all of these things we identified the facility's location and we are setting up over there.

Moderator: Thank you. The next question is from the line **Pratik Poddar from Akela Investments**. Please go ahead.

Pratik Poddar: Sir what is our capacity of Pellets out of the 118,000 tons till date? Sir our current capacity for Pellets and Briquettes is 118,000 tons each is that correct?

Bhavesh Kakadiya: Yes, both 118,000 tons.

Pratik Poddar: And sir Gandhidham the new capacity which will come in December that will also be for 180,000 tons?

Bhavesh Kakadiya: For now it will be 180,000 tons and later on we will increase it substantially. We will utilize it for full capacity but the installation will be done in parts, part machinery has now come and we are doing its installation, as soon as it becomes operational we have ordered the second machine, so in total the capacity will be higher than our existing plant but that will be in a phased manner but by the year end we will have the capacity as guided and plant will also be utilized.

Pratik Poddar: Fair point Sir, so should I assume that in March 2019 your capacity of Pellets will be 2,60,000 tons?

Bhavesh Kakadiya: 2, 60,000 tons installed capacity will not be in March, we are planning it as such that after March we will set up a plant of that capacity over there.

Pratik Poddar: Sir I am trying to understand how will you scale this Gandhidham? What will be the peak of your installed capacity from Gandhidham?

Bhavesh Kakadiya: The installed capacity over there will be 2, 60, 000 tons but till March end, the installation will not be that much. The second installation will be after March, we will start running how much installation will be done now and side by side the other installation will also be going on. So we will not be waiting for the installation of the whole capacity for production, we will start now with how much installation has been done and then after March whatever installation will be done, we will parallely start that also.

Pratik Poddar: Okay, so how much will your final Gandhidham capacity reach?

Bhavesh Kakadiya: It will reach to 2, 60,000 tons annually in the end accordingly as I have told you.

Pratik Poddar: Only Gandhidham or including your current capacity?

Bhavesh Kakadiya: Only for Gandhidham.

Pratik Poddar: Okay, so Gandhidham will be 2, 60, 000 in the end after about one, one and a half years or say broadly within a year and 1, 18 000 is the existing capacity. So in total, it will be 3, 78 ,000.

Bhavesh Kakadiya: Yes.

Pratik Poddar: Very good Sir. Secondly, I wanted to congratulate you that you have reduced your working capital as you had suggested in the last quarter, so congratulations for that.

Bhavesh Kakadiya: Thank you. I would also like to promise you one more thing that as soon as our Gandhidham plant will be completed, in that also, our concentration will be more on the Retail side. So due to this, in our working capital what we were seeing the high debtors in the past, so we will find much improvement on that. We have done in this quarter and will be giving even better results in the next quarter and in the next year we will make it a complete iconic model.

Pratik Poddar: Okay Sir, all the best for that. I wanted to ask you something on Jiya Eco Products on the subsidiary. As you said now, we have installed 150 burners, under this is everything on basically, I wanted to understand that in one of the press releases you talked about brass that for brass application for brass industry you have installed burners. In that is our contract is to supply Pellets only or have we given the contract to supply OEM Steam. Is it that we will be giving them steam on chrome; is it like this or is it only Pellets?

Bhavesh Kakadiya: No, now what we have set up in the brass industries in Jamnagar now, for demonstration we have set up one burner. And one or two days back we received quite a lot of orders from there due to which all these liasioning are going on, so there we had done one demonstration for brass pot industries like pickle industries, etc. and the bathroom sanitary like showers, etc. manufacturing is done over there. And that is a very big industry in Jamnagar. So till now, no one has used Pellets over there, so we have given a demonstration over there first time and they felt the result is very beneficial and the only one industry where we gave the demonstration has a requirement of about 15-20 burners alone and in this way, one burner will be required for each furnace. So they have 15-20 furnaces installed and if you calculate the whole of Jamnagar's brass industries, so there are more than 600 furnaces installed, so it is a very big market for us and our material can be consumed very nicely over there and we will get retail segment rate over there which has a good profit margin, so we have got a very big segment over there.

Pratik Poddar: Sir how many enquiries are coming now for burners because if this is beneficial in brass then everyone will install it?

Bhavesh Kakadiya: In enquiries, as I have told you that 100-150 burners that we have installed, we had installed those in different-different applications like someone is for Namkeen, someone is for wafer, someone for sweets or for milk boiling, so we get repeat orders from them or we get orders from different players from the same business with their references. So right now we have a lot of orders, nearly 700-1000 order inquiries where we had done the study and surveys on. All of them are interested but as and when our CAPEX that is going to get installed. For Capex, we are exploring various routes, in case if we need any further funds. As soon as our CAPEX planning will be done, we will have full fledged setup everywhere after that.

Pratik Poddar: Sir you will be installing 1000 burners so the cost of it is Rs. 20 crore. So why are we doing fund raising in Jiya Eco, somewhere in between, you had said that you are going to do fund raising for Jiya Eco?

Bhavesh Kakadiya: Yes, we are thinking as to what is the possibility of raising funds in Jiya Eco; we can take debt or we can also take from equity market but now we have not finalized as to from where we are going to take funding.

Moderator: Thank you. I would request Mr. Poddar to come back in queue for follow up question. The next question is from the line of Ashutosh Garud from Avendus Wealth Management. Please go ahead.

Ashutosh Garud: Congratulations on your good set of numbers. I just wanted to know one thing that you are saying that within one and a half years to two years, you will multiply your capacity by almost three times. And you said that your order book is already booked for one, two years, this is such a demand scenario for your product. So what is the growth rate that you are expecting; in sales and earnings for the next two to three years?

Bhavesh Kakadiya: You might have seen the result. So our existing plant is being fully utilized and the next plant that we are going to install so whatever production will be done there we already have the market ready that is required for that production. So now we can think like this that the half year revenue that has been generated, if we calculate for the whole year according to it, so we can easily achieve more than two times. And I think along with that we will also get for two to three months from our Gandhidham plant also. And we are thinking that as this plant will be operational, so in this year we will be able to take production from 30% utilization capacity now till this year end. After that we are planning that we will be achieving 50%, 60% in the first quarter and by September we will achieve 90%, 95% from the Gandhidham plant. And totaling all this by next year, if you consider the top line then it will be around Rs. 300 crore depending on how much will be our contribution in the Retail market. It is not that we do not have market in the retail but the stoves and burners that we are supposed to install over there, how much time is being killed in that, it all depends on that. We already have a very big industrial market ready but we are focusing on the retail segment. So how much we

will be able to consume over there maximum, it will depend on the top line and the bottom line.

Ashutosh Garud: So this 30% that you are talking about is the volume growth.

Bhavesh Kakadiya: Yes.

Moderator: Thank you. The next question is from the line of Lavita Lasrado from Athena Investments. Please go ahead.

Lavita Lasrado: Sir I want the EBITDA breakup for Pellets and Briquettes.

Bhavesh Kakadiya: You want in quantity or amount wise?

Lavita Lasrado: EBITDA wise, per ton wise and if you give in amount also, that is fine.

Bhavesh Kakadiya: If you can please give me your mobile number or email ID then I will mail you all those details.

Lavita Lasrado: Sure.

Bhavesh Kakadiya: You please send me your email ID, I will mail all the details to you.

Lavita Lasrado: Yes, thank you.

Moderator: Thank you. The next question is from the line of Hardik Patel from HSBC. Please go ahead.

Hardik Patel: Hello Sir, congratulations for the great result, I was expecting this. I am also from Ahmadabad. My first question is regarding payable. So payable days; payable total amount has decreased looking at this balance sheet. And we have cash of only Rs. 55 lakhs, so do you think there will be an issue in the liquidity management? Our overall liquidity management that we have, our receivable days are quite high, the inventory days that has decreased and improved is still quite high compared to the payable days. And our inventory days are also on the same line and the cash that we have is around Rs. 55 lakhs in few companies. So do you think there will be an issue in the liquidity management in the next six months or a year?

Vipul Vora: No sir, there will not be an issue because we have already approached the bank for more working capital and secondly, our debtors list is also decreasing gradually and there is a very speedy recovery. So we do not think that in our new business we will face any liquidity issue.

Bhavesh Kakadiya: So I will inform you that now the debtors' period has decreased. In the past, we had even more debtors than this but still at that time we never used to have so much problem, so we are damn sure that we will not have any liquidity problem. And regarding our Gandhidham facility, we have already approached the bank for its working capital and we have received

very positive reviews from there. And I think, before that plant starts running, the working capital that we are using there will be increased by the bank.

Hardik Patel:

My second question is regarding competitive stand; so our return on equity, return on capital investment is quite high, meaning the business is growing in the right way and return ratios are also quite good. So what do you think competitive stand; meaning why will other businesses not want to come in this and what is our hold over there, like how are we better than and how will we be able to maintain our margins in future if any competitors come into this?

Bhavesh Kakadiya:

This is a good question. The thought that you shared is definitely there. There are lots of attractions in the business and secondly technology is also not that rocket science, so definitely we are also feeling that in future any competition will come. Due to this reason only I said that in Retail segment, we do long term agreements with the retail users and we are also setting our CAPEX over there as burners and stoves. So this is our future planning that, by chance if any competition comes in future, then we should get minimal effect. This is the reason we have set up this full network and this business model. And secondly one more thing is there, that in the industry whoever is using coal etc., all those people have to use bio-fuel and there is no availability in the market. In today's date also, the inquiries and all that come to us as I had told you, they ask for one surety only from us that we will change our equipments to use bio fuel but then you should also give us commitment that you will give us continuous supply in future. So this is the reason we are not doing tie-ups with people for more than the capacity that we have. So there is a very good demand in the market and there are lots of users for this. If in the whole market the competition comes 10% or 20% more than our production capacity, then also in Gujarat alone there is so much requirement that it will be fulfilled because many Chemical units of Ankleshwar in Vapi, textiles industries in Surat, ceramic industries in Morbi, so there are many big industries where there is the requirement for bio fuel in huge quantity. And now there is no availability in the market and that is the reason they are using fossil fuel. So there is a thought that competition will come but we are quite capable for all these things that if in case we get this problem what action should be taken on this. So we are setting our business model from now only in such a way that whenever competition comes, we should be affected minimally.

Hardik Patel:

Right and last question Sir, regarding the boiler product for the steam generation you mentioned in your media review yesterday. So till where have we reached on that and which clients have we already sold it or are we only in just initial phase on this, will you throw some light on this?

Bhavesh Kakadiya:

Now this steam generation program is completely nascent, it is on R&D basis and we have already done much of R&D on it and where we have done R&D, there we have got quite attractive results over. Like many of our clients who are industrial users are using our Pellets and we have taken their reviews on as to what is the steam cost that they are bearing and

what benefits are they getting from it and we also got in touch with one boiler company. We have identified the applications from where we can sell steam to them, so we are in touch with the boiler companies as to which design is appropriate for them and will suit their requirement. And very soon we are going to start a pilot project in one place as a demonstration and once we receive data etc. from them, we will start commercial operations on it as we had done in the burners.

Moderator: Thank you. The next question is from the line of Ashish Agarwal from Agarwal Shrivastav and company. Please go ahead.

Ashish Agarwal: Good evening Sir. Congratulations on fantastic results. I have few questions; the first one is, you are saying that you are investing your CAPEX in the retail segment, has that started reflecting in the balance sheet yet?

Bhavesh Kakadiya: Yes it has. All that is being sold in Retail segment is included in the consolidated balance sheet of Jiya Eco India.

Ashish Agarwal: Sir are you capitalizing it in the balance sheet?

Vipul Vora: We are capitalizing it know, it is our own property.

Ashish Agarwal: Property you are doing in plant and equipment, right?

Vipul Vora: Yes.

Ashish Agarwal: So this standalone of Jiya Eco that you have, the retail segment is not in there.

Vipul Vora: It will not be there in Jiya Eco, it will be in Jiya Eco India.

Ashish Agarwal: It will come in Jiya Eco India, so if I see the plant and equipment numbers in your property in the standalone that is nearly Rs. 13 crore and if I see it in consolidated then this is nearly Rs. 14 crore. So should I assume that this Rs. 1 crore difference is the only CAPEX till now or is there something else in it?

Vipul Vora: Yes Sir, definite Sir.

Ashish Agarwal: Okay, so now I will assume that you are putting in Rs. 1 crore CAPEX basically.

Vipul Vora: Now it is Rs. 1 crore and the remaining is in pipeline.

Bhavesh Kakadiya: And that Rs. 1 crore CAPEX is of the last quarter's CAPEX, it will increase in this quarter.

Ashish Agarwal: Okay, so will you capitalize all this or will you charge depreciation on this?

Vipul Vora: We will capitalize it.

Ashish Agarwal: My second question is; as you said Agriculture waste is your key raw material to produce bio fuel, so is there any particular category of agriculture waste or is it any type of agriculture waste?

Bhavesh Kakadiya: Any type of agriculture waste will do. In that, the condition is such that it should have less than 5% moisture and its portion should be less than one inch. So any agriculture waste available in any area will do, we are getting all this in our area. Now if you go to South Gujarat, you will get sugarcane bagasse or if you go to any other States like in South India, there you will get coconut tree wastes like tree bark, etc. so any type of agriculture waste can be used in this.

Ashish Agarwal: Like in Punjab, Delhi, etc. we understand the pollution problems, as winter comes the quality index starts dropping, so do you have any plans like these issues that comes with the burning of crops, you can also cater these areas, do you have any plans of expansion in these areas, have you thought something on it?

Bhavesh Kakadiya: Right now our short term planning is that we already have one existing plant and the second one is in pipeline in Gandhidham and next year we are planning our third plant in South Gujarat in Ankleshwar or nearby Bharuch. And from there we are planning to expand even in the neighboring States like Maharashtra, MP, Rajasthan after our Gujarat plan starts running but the company's long term view is to spread out Pan India to install plants and to do business with all the Pan India industries or retail users.

Ashish Agarwal: So at present all your clients are concentrated in Gujarat, none are out of Gujarat, right?

Bhavesh Kakadiya: Now sir our Gujarat customers' requirement is so much that we cannot go out of Gujarat at all but still we have one or two customers whom we are giving out of Gujarat. But as I told you, the demand is so much in Gujarat that we did not even get a chance to go out of Gujarat.

Ashish Agarwal: So basically due to demand and supply that you are unable to go out of Gujarat, there are no issues with logistics?

Bhavesh Kakadiya: There are little bit issues with logistics due to which we are setting up plant in every corner of Gujarat; one is in Saurashtra, one will be in Gandhidham, Kutch and the third one we are planning in the next year will come in South Gujarat. So once all these three plants will start running, the situation will be such that we will have one plant in every corner of Gujarat and from the South Gujarat plant we can even supply to Maharashtra and MP if required, then also the logistics cost from there will be suitable and from Gandhidham plant we will be able to supply in Rajasthan also. Logistics issues are there but then the issues are not so big that we would not be able to do in a little long distance, but yes, little bit issue is there.

Moderator: Thank you. The next question is from the line of Himank Arora from HSBC. Please go ahead.

Himank Arora: Good evening, congrats for your massive results. My first question is regarding your raw material part. So as you had said that you procure your raw material from 52 Gram Panchayat whom you have done your tie-ups with all over your Gujarat area. So I wanted to know, do you have any formal agreement with them or is it only informal because suppose someone else comes into your competition tomorrow and he is giving more money than you are giving for procuring that raw material. So how would you tackle such a situation, do you have any such policy or agreement in which you can claim from them that if they would not give us so much of supply, would not allow us to procure the said amount of raw material then we should get this much money back, is there any clause as such?

Bhavesh Kakadiya: No Sir, let me first inform you. The agreements that have taken place with all the Gram Panchayats is through the Central Government. This has been done through the District Development Officer who is appointed by the Central Government and due to all these activities; the Central Government has also given us a tractor. It is not that the agreement is only through local authority, though the agreements are through the local authorities but it is through Central Government and the second thought that you have mentioned that tomorrow if any competitor comes in our area, so what will be the issues regarding the raw material. So let me inform you that here the raw material availability is so huge, it is in such large quantity that if any competitor comes, will choose some second or third area pocket. He will not go to a place where already a competitor is set up and there are lots of places where raw material sources are there. So we do not have any such problem that from where we are doing it right now, there any other competitor may come. And secondly, if any other competitor does come then also right now the scenario is such that we are collecting the raw material within a radius of 25 km to 30 km, so that is only the 20% of the raw material generated in that area. So we do not have any such problems that if any competitor comes in that area, we would still not face any issues. So there are lots of sources for the raw material, the procurement is done within 25 km to 30 km radius by us now but same raw material is available in entire 200 km to 250 km. So there would not be any issues as such for the raw material.

Himank Arora: And how many years' agreements do you make?

Bhavesh Kakadiya: There is no validity in that. The agreements are such that in these Gauchar lands the wild trees grow by itself. So that land's intense is such that during summer if there is a crisis the grass grown over there would be helpful for the cattle but due to these wild trees this does not happen. So what used to happen earlier that the Panchayat had to spend money to get it cleaned which we are doing now with our expense. In that the Panchayat need not give anything to us nor take anything from us. So there is no validity for this agreement, we can use it as long as we want to and there is no pressure on us that we have to take it compulsory, we can take how much we require.

Himank Arora: And my second question was; have you ever received any cancellation case till date from the Pellets and boilers that you are installing, say if anyone had installed it and they did not find it suitable and they did not like it and they have now stopped taking from you or any rejection type?

Bhavesh Kakadiya: Yes, in lot of places it so happens that if the customer has requirement of over high temperature, so over there if we are unable to provide high temperatures above certain limit, from those places we have got cancellation and in the beginning until we had setup R&D certain industries were there in which our model was not suitable, we are currently working on that and will very soon we will develop such a model which would be suitable for the industry. In industries what happens is, users have varied type of applications, so we have to build a customized model, basis the industry type but our R&D is constantly in operation.

Himank Arora: And my last question is on the payable days, trade payables bills have reduced from Rs. 13 crore to Rs. 8 crore in this quarter at the end of 30th September they are standing at Rs. 8 crore, so I wanted to know whether you are not able to maintain this cycle or what. The trade payables are paid off so soon, at present what is the rate of trade payables? Would this reduce further or what?

Vipul Vora: As the cycle increases the payables will more or else remain the same. And currently we are concentrating more on retail, in retail this ratio is very minimal, so going forward the trade receivables will reduce very much.

Bhavesh Kakadiya: Debtors ratio will also lessen as well as payables ratio will further decrease.

Moderator: Thank you. The next question is from the line of Navin, an Individual Investor. Please go ahead.

Navin: How you mitigate the credit risk? Credit risk management how you mitigate it? I am seeing the ageing analysis of the trade receivables, I think it is all falling more than upto 3 months very high and 3-6 months also the portion is very high, how you mitigate that?

Vivek Jain: He is asking that our debtor days which are high, how do we manage them?

Bhavesh Kakadiya: Debtors which are high are due to the nature of the business we operate, right now the situation is such that circumstances in the past when GST was made applicable, that time our big customers like from Textile Industry, there was a strike over there of about 2-3 months because of which our debtors were very high, but at that time also we had operated easily and now we are day by day decreasing this, so that moving forward we are sure we will be able to deliver better performance in comparison to the past, now we do not foresee any such problems going ahead. As we had tackled such tough period in the past, so now we are not feeling that we would not be able to do in the future, we will not be facing any problems

as such. The new facility which we are going to setting up now, in which we are focusing more on retail segment, so in retail the credit period is up to 30-45 days only, so we will see a lot of improvement going forward in receivable cycles.

Navin: Mahesh Silk Mills Private Limited is there know Sir, one company is accounting for more than 10% of our revenue and they have not yet paid, right?

Bhavesh Kakadiya: Sir, the figures which you have, are for September, and the quarter which is going on now in which we can see most of their payments have started coming. Actually a partnership was dissolved in that company and due to some other reasons. The other reason was that the textile industries due to implementation of GST witnessed a slowdown, so because of these reasons there was a delay in making payments. But in this quarter, payments from them have already started and the management has assured that in coming 1-1.5 months. All the receivables from Mahesh Silk Mills Private Limited, will be cleared by us completely and then we will start the fresh business. And secondly, Mahesh Silk Mills Private Limited on a personal note, I am very familiar with the company, so I am rest assured that there is no risk of losing our money, there were some issues which caused the delays.

Navin: Sir our company is not paying full income tax rate, we are getting any exemptions from the Income tax?

Vipul Vora: As per Section 80JJ we had Income Tax exemption for 5 years, so in these 5 years we have paid MAT so our MAT is credited in the department, so in annual returns it is calculated back. How much we will get the amount reversed, so accordingly we pay Income Tax and that is the reason we do not pay Income Tax in advance, because at the end of the year we come to know after doing calculation what credit we will receive. Till date we have credit of Rs. 3.5 crore MAT in the department.

Moderator: Thank you I would request Navin to comeback in the queue for follow up question. The next question is from the line of Ritesh Vora from Incendo. Please go ahead.

Ritesh Vora: Sir, how do you assure that the fuel supply is sufficient within your plant distance, is there any geographical location that beyond 10 km something like that, it will be logistically not possible to bring the agriculture residue?

Bhavesh Kakadiya: Let me understand your question, you are asking that why we are purchasing the material from a radius of upto 10-15 km radius, right?

Ritesh Vora: Yes, what is your minimum boundary beyond which it is logistically not possible to collect it?

Bhavesh Kakadiya: No, it is not like that. The availability which we currently have in radius of 20-25 km from where we are procuring, it fulfills our requirement, if we start procuring from 50 sq. km

radius , then also our cost would be same, because the raw material procurement expenses excluding logistics will remain same and in logistics cost also it is like if you bring it from a distance of 50 km or from 100 m you have to pay a base price to the supplier/transporter, so even if we procure the raw material from 50 km also it will remain the same. But our current requirement is fulfilled from the vicinity, so we are not exploring farther areas.

Ritesh Vora: What is your current raw material cost say from forests or agriculture residue, do you have to pay to anybody to collect these residues or what is the arrangement? I did not understand this properly?

Bhavesh Kakadiya: Actually, we have a fixed rate which we quote, so right now our agriculture waste is purchased at Rs. 3500 per ton from collection agent, the forest waste is purchased at Rs. 4000 per ton.

Ritesh Vora: So, who are these people from whom you are purchasing?

Bhavesh Kakadiya: These are our collection agents, their work is such that they have necessary manpower and they procure raw material from the farmer, which is spread across, they collect it from him, do processing like cutting, chipping and sun-dry it and they load it in the truck and supply to us in transit. So this entire process we had setup initially to do necessary activity and procure the raw material and supply to us and against which we will purchase from the suppliers at a fixed rate.

Ritesh Vora: And what are their costs, those collection agents coming and picking the raw material?

Bhavesh Kakadiya: We are purchasing at Rs, 3500 from collection agents, it includes labor cost, diesel cost, transit cost, farmer cost, etc. including all these, he earns Rs. 300-400 per ton. So this is the activity that the agent has to do; apply his own labor and go to the farmers and then do the necessary process in the field like chipping, etc. In the initial stage, we ourselves have done it, so the process is very much known to us as to what are the costs incurred on which things. So we quote the rate only in such a way that the supplier gets Rs. 300, Rs. 400 per ton due to which he continuously gives supply to us.

Ritesh Vora: You also mentioned about the raising of the fund; fund raising from FII right? You plan to raise some money from institution, right? When is it likely to be there?

Vipul Vora: See right now the talks are going on with the management, the management is still deciding; we will either take debt from the bank or from the equity market. That also we have not yet finalized as to from which source we are going to take however, if we get from the bank then there will not be any problems.

Moderator: Thank you. The next question is from the line **Pratik Poddar from Akela Investments**. Please go ahead.

Pratik Poddar: Sir what is the cost of our one burner?

Bhavesh Kakadiya: There are different sizes in that but the base model is of around Rs. 2.5 lakhs to Rs. 3 lakhs, its size is 1.5 lakh kilo calories. After that, if the user has the requirement of a different size then accordingly we have burners ranging from Rs. 2.5 lakhs to Rs. 7 lakhs to Rs. 8 lakhs.

Pratik Poddar: And Sir if we see our gross block, if we see our capital property plant and equipment then Rs. 1 crore is the total burner cost, right? So if I divide it with Rs. 2.5 lakh or Rs. 3 lakh then broadly it will be only 40 burners. So I am just trying to understand that we are saying that we have installed 150 burners.

Bhavesh Kakadiya: Stoves and burners are there and the remaining that we have, in that the payments are still pending to give to the vendors, so this 150 that we have informed you is not only for burners, stoves and burners both are included in that so it is a total of both. And secondly, the numbers that you have is showing only this much however, in this quarter even more burners' payments have taken place. 150 burners and stoves is that I am talking to you about is that as on date.

Pratik Poddar: So Sir, as on September, how many stoves and burners will we have, any broad idea? Will it be 40-50 only or has it happened that in the last quarter we?

Vipul Vora: We have done for 50 burners but we have installed 75-80 burners over there so the remaining payment has to be done that is reflecting in our debts.

Pratik Poddar: Okay, so that will hit in future. Basically, in future you will capitalize it when you will do the payment.

Vipul Vora: What happens is, first the burner is installed and then we give a trial of 8-10 days. After 10 days if the client is satisfied then the agreement is made and he gives us the deposit. After we receive the deposit, we do the burners' payment or else that burner gets installed somewhere else. So accordingly nearly 30 burners' payment is still pending which will end in this month.

Bhavesh Kakadiya: Our deal with the vendor is also such that once it is done from the customer's end, then only we pay to the vendor after that, till then they have to give the demonstration and get the set up done.

Pratik Poddar: Sir one question on tax rate; you are saying that you take five years benefits in 80JJA so you will get the full five years' benefit in Gandhidham, right? That means till five years no tax on that capacity.

Vipul Vora: Yes, it is 100% in Gandhidham that is why we have done one more entity that there also we will get the full benefit till five years from the section 80JJA.

Pratik Poddar: But will you start paying tax on the existing one now once maximum credit is exhausted?

Vipul Vora: Yes we would start paying tax, tax payment has already started, we have to pay the difference. Whatever we have to pay for net and the income tax, that difference we are supposed to pay and in the remaining things we have to take the maximum credit. So still this year we have paid Rs. 3 crore.

Pratik Poddar: Understood Sir but broadly Sir as your PBT is Rs. 5 crore, Rs. 5.25 crore in the standalone and in that Gandhidham is still not included. So eventually after say one, one and a half year you will be paying 30% tax

Vipul Vora: Yes Sir, 100% definitely.

Pratik Poddar: Okay then whatever profit we will get from Gandhidham, there would not be any tax on it.

Vipul Vora: There will be only MAT on it, no tax.

Pratik Poddar: And Sir since your turnover is less than Rs. 250 crore, your tax rate will be 25% right, not 30%? Since your turnover is less than Rs. 250 crore, the tax rate is less in that because Government of India has said that ...

Vipul Vora: Yes tax rate will be less, it is 23% on it. If we cross Rs. 250 crore, then it will be 33% on it.

Moderator: Thank you. The next question is from the line of Ashish Agarwal from Agarwal Shrivastav and company. Please go ahead.

Ashish Agarwal: Sir now you are bringing in bonus issue, it was mentioned in your presentation.

Vipul Vora: We are trying to bring in this issue, we are preparing documents and all for this but we are not confirmed whether we will bring in this issue or not because our talks are going on at both the ends, talks are going on with the bank also and we are also ready for the issue but the management has still not confirmed anything yet.

Ashish Agarwal: No Sir, my question was regarding bonus. So Sir do you not think that bonus will basically not perceive a very good market as bonus is just an accounting entry which will shift from reserves and surplus to capital?

Vipul Vora: Your question is absolutely valid but when we had brought in the company's IPO three years back, so we had some commitment with our shareholders at that time that we will give this bonus and all in future. Due to this, from many of our existing investors we are getting this

request that your reserves and surplus is so much, so you give us some bonus and other things, so due to this and also we had given commitment before to them. That is the reason we have planned bonus or else we are aware that it is an accounting entry, there is no benefit in it such that we will be benefited, etc. So this was our commitment due to which we are doing this.

Ashish Agarwal: But with this the number of shares will increase in the market, trading will be there in market. So will this not go a little negative rather you tell them to wait for some time and once the cash flow starts coming, then if you give dividend, so that would be much better because dividends are always better in comparison with bonus because if I give bonus today so my accumulated profits will be consumed then I will have that much profit only to give dividends.

Bhavesh Kakadiya: I will reply both your questions; company is also planning for the dividend as you said but it is not there right now because debt is still there on the company, right? And if we remove money from the cash flows and give the dividends then the company's growth might get interrupted. That is the reason we are not planning for it right now but as our managers have informed you that in the Retail market our profits are quite high, it is doubled compared to the Industrial segment, so our target is such that in the coming two years as we go on concentrating in the Retail market, we would sell more than 50% to the Retail segment. And once we achieve that our cash flows will also be fully positive and if we bring down the working capital to 50% compared to what the requirement is now at present as now the receivable period is quite big, so there also our working capital requirement will also be decreased. After that we will be able to pay the debt to the bank whatever we have taken from the market. After that we will definitely think of giving dividends to our shareholders, but right now if we give dividends then the company's growth will get affected.

Ashish Agarwal: I completely agree with you that now the dividends should not be issued because you require funds for your working capital operations and everything. So it was just a request that if you can hold, I mean if you can hold on for some time or once the cash flows start coming in then you can give dividends rather than giving bonus right away. So that is a suggestion.

Bhavesh Kakadiya: Yes Sir, definitely.

Ashish Agarwal: Second question; planning to list on NSE anytime soon?

Bhavesh Kakadiya: We are looking at the possibility of listing our subsidiary on NSE, there is no such planning that we should do it, but in future if we need capex for burners and stove then we might look into the same.

Ashish Agarwal: Will you be going for demerger?

Vipul Vora: Bhavesh Sir, he is asking about listing Jiya Eco Products in NSE.

Bhavesh Kakadiya: No Sir, right now we do not have any such plans. In future we may think about it but nothing as such right now.

Ashish Agarwal: Okay because there are certain BSE circuit rules, I mean just a thought; I am not saying that anything as such will happen but just a thought that their quarterly and circuits, etc. takes place. So I thought that NSE would have given you a better platform and better visibility.

Bhavesh Kakadiya: Your thoughts are correct but according to the company's size, accordingly to get listed on two exchanges the criteria needed to be fulfilled, as the company's size will increase then definitely we will plan to get it listed on NSE.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for their closing comments.

Management: Thank you everyone for joining the call.

Moderator: Thank you very much. Ladies and gentlemen, this concludes the conference call. Thank you for joining us and you may now disconnect your lines.