



JIYA ECO-PRODUCTS LIMITED

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Date: June 19, 2019

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

Subject: Conference call Transcript Q4 FY2019

Dear Sir/Madam,

Pursuant to Regulation of 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, regarding conference call with Analyst/Investor held on May 30, 2019, 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

Harshil Shah
Company Secretary & Compliance Officer



Jiya Eco Products Limited
Q4 and FY-19 Earnings Conference Call
May 30, 2019

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY19 Earnings Conference Call of Jiya Eco Products Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Purva Shelatkar from Monarch Network Capital. Thank you and over to you sir.

Purva Shelatkar: Thank you very much. Welcome everyone and thank you for joining us for the quarter 4 and FY19 Results Concall of Jiya Eco Products. Please note that the results and presentation are already being uploaded on the exchanges and you can review this on the website of the company on www.jiyaeco.com. To take us through the results and answer your questions today we have Mr. Bhavesh Kakdiya, Chairman and Managing Director and Mr. Vipul Vora, CFO of Jiya Eco Products. While we have consistently hosted conference calls, over the last 3 quarters, explaining the business model of the company in detail, I would request Bhavesh bhai to give us a quick overview on the company's business model to help those who are joining us on the call for the first time. Bhavesh bhai will then update us on the key developments during the quarter. This will be followed by Vipul bhai running us through the company's performance during the quarter. I would like to remind that everything said on this call that reflects that any outlook for the future and which can be constituted as the forward looking statement must be viewed in conjunction with the uncertainties and the risks that the company faces. Please note that the management would be comfortable presenting the call and replying to investors queries in Hindi. Should Hindi not suit you, 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 Bhavesh bhai to take over the proceedings. Over to you sir.

Bhavesh Kakdiya: Good evening everyone. I am Bhavesh Kakdiya from Jiya Eco. We have released our annual results and Q4 results. We have been doing 3-4 conference call continuously just like our results call and there are lot of investors who have participated in the last concall also. So most of them already know about our business model. However, I will give a small brief about our business. If anyone would like to know the business in detail, we have uploaded a video in our website. That explains about our business model. I will first tell you about how our company works. Jiya Eco Products is basically a bio fuel manufacturing company. The bio fuels are used in many industries and in many retail companies as fuels. These are substitute

for steam coal, lignite, firewood, LPG and diesel etcetera which are fossil fuels. These are replaced by bio fuels. We have 3 products which are bio fuel briquette, bio fuel pellet or processed agri waste. So basically bio fuel pellets are substitute for liquid and gas fuel like LPG, diesel, FO, PNG etcetera which is in liquid and gas form. And briquette and processed agri waste are substitute for solid fossil fuel, like steam coal, lignite, firewood, etcetera. So we have a plant set up at Bhavnagar district in Navagam village. There we manufacture briquette, pellet and Agro waste. Our main raw materials are agriculture waste and forest waste. For procuring that we have set up a well-developed network, which is near by 25-30 square kilometer from the manufacturing plant. So the agricultural waste and forest waste generated there are procured and we have set up a network through our collection agents. This is a very rich area for raw materials. We get good quality raw material from this place. Our clients are big companies catering to pharma industry, FMCG, food industry and ceramic, brass industries and for the retail like cooking happens in bulk like Namkeen sweet, bakery items, canteen etc. So this is the kind of our business model. As I told you earlier, if you want to know in details please visit our website. Further if you have any questions, as soon as we start our question and answer session you can ask at that time. One important thing I forgot to tell you. Our next project, our dream project is will start on June end or July end. Till this time it was getting delayed due to different reason from the government side, along with that elections were there, so because of that it got delayed. But now 90% work has been done and it will start by end of June or July. This is also our dream project and because of this our business will improve largely. So will update you about this later. Whatever production we will have there, we will concentrate on brass industries and ceramic industries. We are also liaisoning for exports. We have received lot of proposals for exports. I will not be able to explain it to you because we have certain policies that till some agreements are not getting signed before that we will not be able to reveal the names. So the work is going on in Asia and Japan region where we have given samples and they got approved. So we will get opportunity to work with large multinational companies. So they are in need of some license, like forest license and all, we are working towards that. As soon as we get good tie ups we will sign agreement with them and will inform to you. For now, I am going to transfer the line to our CFO, Vipul Vora. He will explain the results for the last quarter and year-on-year figures. Thank you very much.

Vipul Vora:

Helo everyone. Good evening. I am Vipul Vora, CFO of Jiyo Eco Products Limited. We have already published our results, you all must have seen. But I will again show you that in brief. Our Q4 FY19 result is, revenue standup 549.2 million which is YoY 50% high. EBITDA is 97 million which is 42% up YoY. PAT is 53.5 million which is YoY 18% high and EPS is 1.86.

So for full year, revenue for FY19 2132.6 million which is YoY 118% high, EBITDA 327.7 million which is YoY 102 point up. Our PAT is 183.8 million which is YoY 114% up. EPS is 6.34.

In standalone results, our revenue is Rs. 443.1 million which is YoY 21% high. EBITDA is Rs. 79.6 million, which is YoY 16% up. PAT is Rs. 38.5 million which is 15% down. EPS is Rs. 1.34 .

FY19 revenue Rs. 1702.3 million which is YoY 85% up. EBITDA is Rs. 266.4 million which is 65% up. PAT is Rs. 140.2 million which is 66% up and EPS standalone is Rs. 4.86. Our PAT is little down because we used to receive credit for MAT till last year and because of MAT credit we didn't need to pay income tax. Last year whatever credit we had, has been utilised. So this year we have given the effect of income tax, that is why it shows 12% lower for the quarter. Other than this, all the other results are up, you must have noticed that.

Thank you very much. Now we can start the question and answer session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Vijay Gorla from First Global. Please go ahead.

Vijay Gorla: My question is what has been the revenue growth driver in Q4, which were the key revenue drivers?

Vipul Vora: The concentration earlier was on briquette. We have now put the concentration on pellets as there was a long gap between these two on profitability. Then in quarter 2 we started one more thing, that is processed agro waste. We are feeling proud that our processed agro waste initiative was very successful and now in our revenue about 50% of the ratio was of processed agro waste. Companies earlier using lignite and wood have started using our processed agro waste. So because of that our revenue has increased so much.

Vijay Gor: Okay. What has been the volume in these 3 sir; briquettes, pellets and agro waste product?

Bhavesh Kakdiya: I will tell you the volume for the whole year. Pellet for full year is 95,233 tonnes, briquette is 36,648 tonnes, and processed agro waste is 1,29,347 tonnes.

Vijay Gor: Sir, my second question is, the Gandhidham plant which is going to start, from when it is going to start exactly?

Bhavesh Kakdiya: It is in process. In our Gandhidham plant, there was some problem in between. There was scarcity of power. Because of higher number of industries consuming power, the government had very less supply of power. We had to wait for 9 months for the power supply. So we have got power supply from April 2nd week onwards. That is how our plan to start the plant and the testing with power supply is going on in full swing. So with 100% accuracy I can say that by 12th July we will start operation full-fledged.

Vijay Gor: Sir, the volume in agro waste product, who are the key clients for this? I mean key industries, or which clients we are serving that from 3 quarters our volume has increased so much?

Bhavesh Kakdiya: The processed agriculture waste that we supply are to industries like textile industries, pharma industries where we used to sell briquette earlier. Then we noticed that the big size boilers which are there, they used to crush the briquette and put into it. So we have given

them a suggestion that the raw material which we have, processed agriculture waste can be used in a specific uniform chip size, asked them to experiment and see what benefit they get. We asked them to use this product on a trial basis and give us the feedback. We have given in a trial basis and we got a very good positive feedback. Then we started production on a commercial basis and all our existing clients and new clients who were using coal to who we started supplying processed agriculture waste. They were able to save the crushing expense (in case of briquette) which was not needed in this product. So we were able to improve much and we invested on a large volume.

Vijay Gor: Sir one important question. My question is, the retail client they started when and in this quarter and this year how much addition happened? Are we supplying from only Bhavnagar plant?

Bhavesh Kakdiya: We are still supplying only from Bhavnagar plant. If you see this has been the case for last one year and in many places we were doing it on a trial and error basis. So in last year we did around 150 installations in type of industries like Namkeenwala, Sweetwala, Bakeries and places like that. Whatever different type of clients need, we did modification and installed the burners there. And till now we have done 375 set ups which are in running condition. As soon as our Gandhidham project starts, the production capacity will increase. We are planning to cater to all the retail inquiries that we have, we will start supplying to those places.

Vijay Gor: How much is the average consumption for retail clients at our place?

Bhavesh Kakdiya: Per burner is like 5 tonne to 8 tonne.

Moderator: Thank you. The next question is from the line of Sanjay Bhatia from Active Alpha. Please go ahead.

Sanjay Bhatia: Sir, so who are the top clients of our company and what is the client concentration in terms of revenue?

Bhavesh Kakdiya: Our top clients, if you see basically, our subsidiary company is Jiya Eco India Limited, which manages retail portion, so that is one of our top suppliers and other than that there are distributors like VHP Tradelink, Chamunda and Aditya Enterprise. So in this, we have set distributor network in all these places. So all our clients, via distributors, get things set up there. So what we have done is in the industry segment and retail segment, in both, we have appointed distributors in different cities.

Sanjay Bhatia: So how much will be the industry portion, how much will be retail?

Bhavesh Kakdiya: In Industry, understand that our pellet, briquette and the processed agri waste, these three including it is around to 60% to 70% and ~30% is in retail.

Sanjay Bhatia: Sir I missed one point. How this revenue increased 118%, what is the reason?

Bhavesh Kakdiya: Sir, in our last quarter, our star performer was processed agri waste. Like I replied to the previous question, where we were using briquette in big size MPC boilers there they were crushing and using our briquettes. So there we replaced that with processed agriculture waste. There we are getting positive results for users and for us too. So lot of revenue has been generated from that space.

Sanjay Bhatia: The Gandhidham plant which is going to start in June end or July end, from that how much revenue are we expecting?

Bhavesh Kakdiya: The installed capacity is 1,20,000 tonne per annum and in that as we start processing we will start increasing production. So at end of the year our planning will be like we intend utilising 80% to 90%.

Moderator: Thank you. The next question is from the line of Padmaja Ambedkar from IRfluence Advisors, please go ahead.

Padmaja Ambedkar: Sir, one question about the export business. This approximately will start from which period? Any expected timeline?

Bhavesh Kakdiya: We would not be able to tell because there are certain formalities there. We need license of forest. Whoever is doing the export, since it is tree waste that we need, so to procure the license it will take 3 to 4 months. We have started the process two months back itself. Then they will visit our plant and complete the rest of the formalities. We have sent samples to some clients and they have approved the samples. So that formality is over. So as soon as we get the license from forest, it will start immediately.

Padmaja Ambedkar: So how much will be volume, any numbers if you can give?

Bhavesh Kakdiya: We have said in the starting that we will be able to supply 3000 to 4000 tonnes maximum because our more importance was on retail at that time. Now as the demand increases then we have ways, we will increase our production and meet the demand. So both options are open right now.

Padmaja Ambedkar: And what is the realization, can we expect from the domestic share?

Bhavesh Kakdiya: Maám, in that there are a lot of opportunities. Based on the talks that we are having, we are negotiating higher profit margins compared to industries and retail. The other benefit is that we are also talking of technology upgradation. So with that we will have an upper hand in

quality control. This will not only benefit exports, but also the retail or industrial clients in the domestic market will also get the benefit of better technology. So our maximum focus is on that. This company is a large multinational company, having a huge annual demand. So going forward our effort will be able to meet the demand and second benefit we get is that, their credit period is very less compared to our domestic client, it is about 50 days credit period. So with that our working capital will also improve a lot.

Padmaja Ambedkar: How much period did you mention, credit period?

Bhavesh Kakdiya: 35 to 50 days.

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

Bharat Mehta: I have 2-3 questions. First question is, what is the expectation in FY20? Now you have done 213 crores sales, so what is your expectation for FY20, in sales and also in margin?

Bhavesh Kakdiya: Sir, we are now trying to open our second plant as soon as possible. So as soon as we open the second plant, minimum 50%-60% growth we are expecting in the next year. The other reason we have given is from burners, so we will establish as many burners as we can that much retail portion will increase. Our profit is also very good on the retail portion. So in this way if our topline or bottom line both increase and our maximum effort will be to implement as much as possible. The demand is there in both domestic market and foreign market. So there is no problem with the demand, but it depends on how well we are established.

Bharat Mehta: So margins can also improve in this?

Bhavesh Kakdiya: 100%. Sir, margins will also improve, and we are taking full effort to start the Gandhidham plant. While we are targetting higher production numbers, our bigger target area will be how to control our debtors? So till now we had to establish our credibility in the market. We used to explain our product to whoever is new to the market and we used to encourage trials. So they started looking at us. They were also wanting to monitor our production consistency during monsoons etc. Now what has happened is, we have reached a certain level that we are able to give commitment to all that we will have nonstop supply. We have reached that level. We are also able to tell them that the credit period on product will also reduce. Now our revenue, we are anyway focused on that, along with that our biggest focus is to decrease our debtors as much possible.

Bharat Mehta: How much is the debtor days?

Vipul Vora: Our last year's debtor day is 198, this year it is less, it is 171 days. Our full effort is we would reduce that to 120 days.

Bharat Mehta: Sir, the Gandhidham project which we were talking about, that it will be started by July, so will thereby any additional expense in that?

Vipul Vora: No. The project is funded from receipts of the preferential issuance done by the company earlier. There is no requirement to raise funds for this. All estimated expenses for this project are provisioned for.

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

Akshay Saxena: Sir I wanted to ask you, for your industrial and retail clients, how much is your receivables? How many days of receivables would these have, individually?

Vipul Vora: Sir, our industrial sales is pitched against coal and wood. So ideally between coal and wood there will be 120-150 days minimum, now it has increased to 200 days. So the goods that go to industrial, we account it only 100-120 days but they will take 180 days. But the goods that are going into retail, in that maximum is 45 days. So it will complete in 40 to 60 days approximately.

Akshay Saxena: So in future, your retail percentage sale will be higher, right, in total revenue percentage?

Vipul Vora: Yes sir.

Akshay Saxena: And second question sir, we have seen that your shares have decreased around 20%, and before two days before your results there was a change in the price, up and down. So do you know the reason for that?

Vipul Vora: Our focus is only on our business. We don't exactly know what happened or not. But it is market, it happens in market all the time. So we don't look into that too much.

Akshay Saxena: Okay. And last question sir, in both retail and industrial, it happens through distributors, right? So your sales, the goods that reach your customer, that reach to them through you or through a middle agent?

Bhavesh Kakdiya: What happens is, our retail distributors have created depot at all the places. So our dispatched truck load consignment goes there directly and from there it gets distributed through smaller vehicles to other cities. In industrial, many places we send to depot and also through some direct distributor, to some client directly.

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

Karan Purohit: My question is, in this quarter, the sales were little flat. It was the same in last couple of quarters. So is there any specific reason that any distress in demand or something else?

Bhavesh Kakdiya: No, distress like that. But our concentration is more on Gandhidham now and Navagam facility volumes are also at near peak. Secondly, we are concentrating on reducing the debtor days. So we have stopped some sales to reduce debtor days. Sales would improve as soon as these will be achieved

Karan Purohit: Okay. Like what you have told, your new plant expenses will be covered in the preference shares income itself, but I see in quarter-on-quarter interest component has increased. It has increased from 50 lakhs to almost 2.4 crores. Any specific reason why it has increased so much?

Bhavesh Kakdiya: There are two reason for this. First thing is, till last time income tax doesn't apply to us, till last year. From this year onwards income tax is in place. So in that interest portion reported this year, Rs. 75 lakhs is interest on income tax. Secondly, impact of Ind AS is also reflected this year. It is the first year of Ind AS. So as reflected in balance sheet, our interest expense was negative. So it is not that our interest has increased so much, the negative figure of the previous year had to reported as positive this year because of the impact of Ind AS. Rest the company's interest ratio has not increased this much.

Karan Purohit: Okay. And this agro waste product, processing cost as compared to briquettes and pellets are less, right?

Bhavesh Kakdiya: Processing is the same thing. Excepting that it does not need to be fed into the machine, the other processes that apply to briquette manufacturing applies on this product too. Rather, manufacturing this product involves one added process, of making it into smaller chips. So while briquettes don't need to be chipped into smaller pieces, processed agro waste is supplied in chips. But it does not require to be put into the machine. So the process and costs are lesser when compared to pellet manufacturing, but not significantly different when companred to briquette manufacturing.

Karan Purohit: But the whole point was, if we densify this then the transportation cost will come down, right? If this agro waste is loose, then transportation cost will differ, isn't it, compared to briquette?

Bhavesh Kakdiya: The density of processed agri-waste is similar to briquettes. So there is not much difference in transportation cost too.

Moderator: Thank you. The next question is from the line of Prasenjit Paul from Paul Asset Consultant. Please go ahead.

Prasenjit Paul: Sir my question is, some days back, there was a notification of IPO proposal for Jiya Eco India in BSE, so any plans like that?

Bhavesh Kakdiya: We are thinking in that direction. We have a couple of plans simultaneously working. We have, under any circumstances, install 1000-1200 burners by this yearend or in maximum 18 months. We are in discussions with a few banks to raise debt to fund this. As of now, we have got some positive indications from the bank. The other plan being to raise money at the promoter level. And the last thing is IPO. If we are not successful in both, then we will bring the IPO. So that is the reason why we have started the process. We haven't confirmed anything yet.

Prasenjit Paul: So that means you will try for debt and if you do not get debt from bank, then existing shareholder, means follow on public offer and then IPO, right?

Bhavesh Kakdiya: Right sir, yes. If we get debt then there is no tension. Else we have to bring the other option.

Prasenjit Paul: So till what time you are planning this to open?

Bhavesh Kakdiya: Bank has given us timeline of June end, we will wait till July end and even after that if it doesn't happen then we will think about other option.

Prasenjit Paul: And sir, some other names are coming over here, you must know some in terms of preferential allotment or some other, like Rahul Sharma, Rathore Manoj, Yogesh Kumar Gavante. Actually the names that are coming here, that were because of volume traded at high frequency, so do you know any of those, or got preferential allotment or anything like that?

Bhavesh Kakdiya: No, we don't know anyone and I am surprised, I am hearing these names for the first time because we are not seeing all these. We are only concentrating on our business and in starting our Gandhidham project.

Prasenjit Paul: Actually lot of bulk deals happen which is reported on BSE. So it is a concern for shareholder, like a 20% up and down move, high volatility on stocks, lot of bulk deals are happening, in BSE. Anyway, fine. All the best.

Moderator: Thank you. The next question is from the line of Vijay Gor from First Global. Please go ahead.

Vijay Gor: Sir, my question is, actually this Gandhidham plant we will keep it aside, how much we can make at peak level from Bhavnagar, if we are talking on the existing capacity. I think there is some capacity is left in Pellet which we are utilizing only 75% or 80%, rest is pending. So can we increase the capacity there or what peak level revenues we can make from this current existing facility?

Bhavesh Kakdiya: There are two calculations in this. First is our installed capacity which is not fully utilised. We can increase it by another 20% to 25%. And the second thing is that, what all the production we do in peak level, at maximum utilization, also depends on how much we manage to sell in retail and how much in industrial. This would reflect in our Bhavnagar revenues going forward.

Vijay Gor: Broadly if we discuss?

Bhavesh Kakdiya: We now supply 30% to 40% of our pellet production to retail clients. If we increase this to 50% of our total pellet production, with our capacity utilization increasing to 90-95%, a 50% increase in our revenues is possible, with no increment to our capacities.

Vijay Gor: Sir, my second question is, our Gandhidham plant, if one average client takes 5-8 tonne per month, so we will be left with lot of excess capacity. It is 1,20,000 MTPA. So initially we can reach 1000, like how you are targeting on conservative ways, I think we will have more additional capacity. Are you trying to add some international clients too or what will you do with those capacity?

Bhavesh Kakdiya: Sir, at the Gandhidham plant, like you have said, even with 1000 burners installed, we will have additional capacities. Now we have 2-3 options. One is exports which we are thinking about, now that we are getting lot of response and our samples have got approved. And the other benefit is that this facility has close proximity to the port. The third option is that we can supply this to industrial and retail customers, who already have set up equipment at their own expense. So we can supply there too. There are lot of boilers, pellet fired boilers, which retail customers already have. They don't need to procure burners from us. We have two types of clients; one with whom we sign agreements with and to whom our pellets are sold at retail rates. Then there are other customers whose businesses are also retail, but they have set up burners at their own expense. We supply our products to such clients at slightly lower prices.

Vijay Gor: Sir, like this capacity is there of Gandhidham, is it exclusively for pellet, which has excess capacity which you said you have launched good product agro product which you also did good volume in market. So can't you do like some time there is excess capacity here also, so that we can produce combined way. Anything like that or you can produce only pellet?

Bhavesh Kakdiya: We have different agendas with both of our capacities. While we retain our Navagam facility largely for industrial supply and should reach 90-95% utilization, our Gandhidham facility is intended either for retail supplies and/or exports. Once we commence our Gandhidham facility, we intend slowly adding to our capacities; starting with 2 pellet lines then 4 and late 6 lines etc.. We are hopeful of getting a response from exports similar to that we have experienced with our retail segment. Our feeling is backed by our discussions with some of the clients who have solicited export enquiries with us, in which they have indicated the kind

of their annual requirements. On the other hand, we have currently indicated lower supplies as compared to their demand and intend ramping up once this facility is set up.

Vijay Gor: Sir what is the margin in retail, approximately?

Vipul Vora: It is better than industrial margin.

Moderator: Thank you. The next question is from the line of Sanjay Bhatia from Active Alpha. Please go ahead.

Sanjay Bhatia: In FY19, trade receivables have increased by 100%, from 55 crores to 109 crores. What is the reason of it?

Bhavesh Kakdiya: Sir, more than 50% of our volume sales is on account of processed agri waste which is supplied to users of either wood or coal. These are industries who are normally used to a credit period of 200-220 days. Our strategy is to start supplies with them and get them used to our product. Once they realise the benefits of our product, we look forward to improving our credit period with them. You may have seen our debtor days in the previous year, which was at 191-198 days. This has currently come down to ~170 days. As also, from February of this year, we have started a new scheme, in which our customers are offered a discount of Rs.150 per ton if they pay in ~80-90 days. And this discount is offered only on receipt of our sales in 90 days. We have seen a fairly good response to this scheme. And this gives us the confidence to reduce our debtor days as much as possible.

Sanjay Bhatia: In FY18, our cash flow from operation was negative, negative 13 crores. So for FY19 what would be the cash flow from operations and why it was negative?

Bhavesh Kakdiya: There was a requirement for working capital. That is why the cash flow is little negative. I have told you earlier that we are approaching a few banks to increase our limits. Some banks have already indicated a positive response, barring a few pending formalities. As an when our retail sales increase, increased profit margins from retail sales will help improve our cash flow situation. We intend to be operationally free cash flow positive by the end of next year.

Sanjay Bhatia: And this promoter holding is around 40%. So why the promoters have diluted so much?

Vipul Vora: Sir, there was no dilution of the promoter. One of our promoters, Mr. Harshad Bhai Monpara, had resigned from company last year. So the company has only 2 core promoters. As Harshadbhai is no longer a promoter, he has sold off some of his holdings and that too within his family circle. The core promoters have not sold a single share. The dilution in promoter stake is because of Harshad Bhai Monpara's stake sale and that too within his family circle.

Sanjay Bhatia: So if we include family members shares as well, so what will be the total promoter shareholding?

Vipul Vora: Core promoter holding is currently 43%, in total. If we consider the stake that Harshadbhai has sold within his family, it may amount to a total of 53%. But we do not look at the promoter stake in that ways.

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

Chaitanya Kulkarni: Sir, my question is, your business now and the focus on the retail customer, it is mainly in Gujarat State, right?

Bhavesh Kakdiya: Yes.

Chaitanya Kulkarni: So outside Gujarat, the other opportunities lying there, what do you have to tell about that?

Bhavesh Kakdiya: Our focus is currently in Gujarat. There are opportunities (2-3X) in excess of our capacities, only in Gujarat, currently. Because of which our production from Bhavnagar plant as well as Gandhidham plant is meant for sales within Gujarat currently. Upon a fair amount of penetration within Gujarat, we intend exploring neighboring states like Madhya Pradesh, Rajasthan and Maharashtra. Even otherwise, raw material availability as well as presence of SMEs (demand generation), pan India, implies sufficient opportunities domestically. Over a period of time, we are open to looking at pan India expansion via an asset-light model of using franchisees in different states.

Chetanya Kulkarni: Okay. My second question is regarding BSE filing you have said that your subsidiary Jiya Eco India, the plant going to start in Gandhidham, that is given under that, right?

Bhavesh Kakdiya: Yes.

Chetanya Kulkarni: So, I wanted to ask, your main holding company, Jiya Eco Product and the remaining subsidiaries if you could tell in detail, it will be good.

Vipul Vora: Sir our mother company is Jiya Eco Product Ltd. Jiya Eco India is its 100% subsidiary. But we have made this subsidiary because we have separated the businesses. In our mother company, all the sales (pellet, processed agri waste etc) will be focused on industrial sales, while sales from Jiya Eco India is towards retail and exports. The difference in business models is precisely why we have separated it. And the second thing is, according to 84 JJ section, we get benefit of MAT. We need to only pay MAT, @18%, and the enjoy tax exemption for the next 5 years. Jiya Eco India will also enjoy that benefit.

Chetanya Kulkarni: Just now you replied to a question that if you need requirement of fund, you have to list Jiya Eco India, right?

Vipul Vora: Yes.

Chetanya Kulkarni: So if Jiya Eco India, if it is listed as a separate entity and if you look at the business model it goes mainly to retail and export, right?

Vipul Vora: Yes sir.

Chetanya Kulkarni: So in that the margin structure will be higher and if I am not wrong then the performance structure will also be good. And if we look, Jiya Eco Product, which is mainly industrial and processed agro waste based, so because of that will there be any difference between two company on performance basis? I am talking on behalf of investors.

Bhavesh Kakdiya: Sir, what differentiates the 2 business models is the volume sales done per client. In our mother company, industrial sales will mean much higher supply per client. While in our other company, we will have more retail clients but with much lesser sales per client. Here we get much more profit. Product wise, there wouldn't be much of a difference, the only difference being the kind of end user both these businesses are targeting.

Moderator: Thank you. The next question is from the line of Vijay Gor from First Global. Please go ahead.

Vijay Gor: Sir, just like you told, there is a lot of scope in this product line and lot of growth has also come. So sir, in India who are other people in India who does similar work and in your area who are your key competitors?

Bhavesh Kakdiya: In our knowledge there are 2-3 big players. One is an Gujarat, Ahmedabad, based company, Abellon Clean Energy, which is in Pellet manufacturing segment. Their focus is more towards exports. Then there is a Pune based company called First Energy, in which Thermax has some stake. Then I think from North there is Nevita, which I don't know much, only know that there is a company like that in North.

Vijay Gor: Sir, in this overall working days, if we leave debtors, overall working capital days, what is your view on that? Means, how much working capital days overall will be there sir for this year?

Bhavesh Kakdiya: We are reducing our debtors slowly. So as we reduce this, our requirement of working capital will also reduce. Despite that, our working capital requirements are high for which we have approached some banks which have disbursed loans to us already with another Rs.4-7 crs being disbursed to us by the end of June

Vijay Gor: Sir, I am talking about working capital days?

Bhavesh Kakdiya: Our working capital days will be maximum 90 days. That is our effort to try and bring it down to 90 days.

Vijay Gor: Sir, how much in conservative level and in optimistic level we are targeting revenue for FY20 and FY21?

Bhavesh Kakdiya: Sir, exact number we cannot give you.

Vijay Gor: That is why I am telling, in plant also work is going on, so it is somewhere up and down, so that is why I asked conservative level and optimistic level, how much revenue you are targeting?

Bhavesh Kakdiya: I cannot give exact number. But as per our internal target, we are aiming @ 50%-60% growth in revenues next year. Our revenue growth will depend a lot on how much industrial sales we do versus how much retail sales we manage to do.

Vijay Gor: For the two years or only this year?

Bhavesh Kakdiya: Next year only. After that if capacity increases, then it could even be more.

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

Akshay Saxena: Sir, you told that you were trying to raise debt or trying IPO or FPO if debt doesn't happen. How much money you are trying to raise?

Vipul Vora: Sir, the proposal given to bank is Rs. 6.5-7 crores. And if we get that from bank then there is no tension. But if it gets rejected from there, then we are planning for IPO of a similar amount. But that is in process. We have not pushed on that. We will work according to the situation.

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

Karan Purohit: Sir, in retail market, at what price are briquettes are being sold, per tonne?

Bhavesh Kakdiya: We do not sell briquettes in retail, we only sell Jiya Eco India's pellet. We have two quality in that, silver pellets and gold pellets. The silver pellets are only for industries which is not sold in Jiya Eco India, but in Jiya Eco Products. The pellets sold in Jiya Eco India (for retail) are gold pellets. So the realization is Rs. 10,000 per tonne for Jiya Eco India.

Karan Purohit: Okay. And briquettes are supplied directly to industries?

Vipul Vora: We sell with the help of distributors. For that the price is around Rs. 5500-6000.

Karan Purohit: And machine used for briquettes and pellets are produced in-house or they are purchased from outside?

Bhavesh Kakdiya: Briquette machines are from Indian vendors and pellet machine is from foreign vendors.

Karan Purohit: And are these briquettes sold to power plants?

Bhavesh Kakdiya: No, we are not supplying to power plants. Actually we are getting demand from them, like NTPC and all, those are big tenders. But the situation is that the rate we get there is very less compared to our customers and the second thing is they need it in Dadri which is in Haryana, so the transit cost is very high there.

Karan Purohit: So what do power plant generally demand, briquettes or pellets?

Bhavesh Kakdiya: Both.

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

Abhishek Sharma: Sir, I wanted to ask, what are the threats for the next year because monsoon will be little bit low. So in terms of the supply side, the agriculture waste will you be able to procure the complete requirement of your customers?

Bhavesh Kakdiya: Sir, the thing is, in our procurement area there is a well-developed canal network. So whatever agriculture is happening there is not completely dependent on monsoon. Second thing, we have tied up with 52 gram panchayats, from where we can cut and use the wild trees etcetera. So even with slight fluctuations in monsoons, our raw material availability remains unimpacted. Secondly, agricultural waste generated in 25 kms range, from which we currently source only 25-30% of the total availability to fulfil our production. So we are basically set up in those kinds of areas where they are very rich areas in terms of raw materials and canal network also is very much developed, so we are not dependent on monsoon.

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

Purvesh Shelatkar: So thank you very much. First of all, let me thank the both the promoters who has enlightened the entire research community about the way Jiya Eco is functioning. Thank you Vipul Bhai and thank you Bhavesh Bhai for that. And on behalf of Jiya Eco Product, I would like to thank all the participants who have taken out their precious time and have joined our conference. And we wish to assure you that we will continue to do such conferences in future which will be beneficial for both company as well as investors. Thank you very much all for joining us. Now you may disconnect your lines.

Moderator: Thank you members of the management. On behalf of Jiya Eco Product Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.