GANESH BENZOPLAST LIMITED

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Date: November 10, 2022

To

The General Manager, Department of Corporate Services – Corporate Relations Department, BSE Limited, Pheeroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001. Scrip ID: 500153	**The Manager, Listing Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Scrip ID: GANESHBE**

Dear Sir,

<u>Sub: Transcript of Conference call held on November 07, 2022</u>

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Conference Call held on Monday, November 07, 2022 with the Investors and Analysts.

This transcript of Conference Call is also posted on the website of the Company at www.ganeshbenzoplast.com

Kindly take the same on your record.

Thanking You,
For Ganesh Benzoplast Limited

EKTA DHANDA
Digitally signed by EKTA DHANDA
Date: 2022.11.10 11:09:36 +05'30'

Ekta Dhanda
Company Secretary and Compliance Officer

Encl: as above

"Ganesh Benzoplast Ltd. Q2 FY23 Earnings Conference Call"

November 7, 2022

MANAGEMENT: **MR. RISHI PILANI – CHAIRMAN & MANAGING DIRECTOR - GANESH BENZOPLAST LIMITED**
MR. AMAR KABRA – GENERAL MANAGER (FINANCE) GANESH BENZOPLAST LIMITED

MODERATOR: **MR. PRIYADARSHI SRIVASTAVA - MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Q2 FY23 Earnings Conference Call of Ganesh Benzoplast Limited hosted by Monarch Networth Capital. As a reminder, all participant lines will be in 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. Priyadarshi Srivastava from Monarch Networth Capital. Thank you and over to you.

Priyadarshi Srivastava: Thank you. Good evening everyone. On behalf of Monarch Networth Capital, I welcome you all for the Ganesh Benzoplast Q2 FY23 Earnings Call. Today, we have with us Mr. Rishi Pilani - Chairman and Managing Director; and Mr. Amar Kabra - General Manager (Finance). Over to you, sir, for your opening comments.

Rishi Pilani: Thank you so much. Good evening everybody. Thank you for joining us for our Q2 FY '23 Results Conference Call. We would like to take this opportunity to explain to the investors a little bit about our businesses, and then we can open the floor for question answers.

So, as you may be aware, we are presently in two broad segments. One is the liquid storage tank farm or the infrastructure business. And the second is the specialty chemical business. Under the infrastructure business, we are providing complete storage solutions and end-to-end logistics services to our customers. We have a total storage capacity of 310 lakh KL on three busy ports of India, JNPT, Cochin and Goa. The company has a total of 80 tanks of all types including mild steel, stainless steel, EPI coated that cater to wide range of product requirements like storing liquid chemicals, acids, phenol, oil products and edible oils. Our JNPT and Cochin terminals are running at 100% capacity utilization, and Goa is running at about 40%.

The company also provides end-to-end bulk liquid storage and transportation facilities to our customers from shore to plant through its subsidiary company Infrastructure Logistics Systems Limited, which utilizes Indian Railways' infrastructure for transportation of liquids and having loading and unloading facilities at JNPT, Nagpur, Dahej, Daund.

Under the LST segment, the company also provides EPC services to its clients through its wholly-owned subsidiary GBL Infra Engineering Services Private Limited, which delivers quality services like technical consultancy, design and engineering, procurement, construction, and implementation of projects from concept to commissioning for industrial and other service sectors.

Under the chemical segment, we manufacture Benzoic acid, Sodium benzoate and Benzoate plasticizers in one unit and Lube oil additives in another unit. The company has manufacturing facilities at MIDC Tarapur with a total capacity of 24,000 metric tons per annum.

So, as a company, we are very, very focused on capital allocation. Therefore, over the years, we have allocated incremental capital towards the high growth and high margin infra LST segment. Further, we have recently acquired 11 acres of land at JNPT for further expansion. Our capacity addition program for 19,000 KL in JNPT is on track which will be used for specialty chemicals, and which have higher realization and higher EBITDA margins than the current company average. Especially, chemical segment has also shown the signs of revival where we have seen ramp up in solution-based offerings to new customers.

Moving on to 2Q FY '23 consolidated results where the company has performed very well, we have achieved a revenue of Rs. 95.83 crores as against Rs. 81.68 crores in the corresponding quarter of last year registering a YoY growth of 17.3%. Our EBITDA is at Rs. 23.26 crores versus Rs. 10.4 crores in 2Q FY '22 registering a YoY growth of 123.65% mainly on account of turnaround of chemical segment and operating leverage in LST segment.

Our PAT is at Rs. 13.5 crores against Rs. 4.3 crores in the corresponding quarter of last year, registering a year-over-year growth of 215%.

With this, I would like to request the moderator to open the lines for any question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Anurag Roonwal from Moneybee Investment Advisors. Please go ahead.

Anurag Roonwal: Sir, so this capacity expansion that we have announced of 19,000 kiloliters, if you could spell out the progress on this and, you know, when do you expect the commercialization to happen?

Rishi Pilani: So, thank you so much, Anurag. First of all, welcome, and thank you for your good wishes. See the 19,000 Kl expansion is already underway, and we are expecting that by the first calendar quarter, that is Jan, by March of 2023, we should be fully ready to realize the revenue. We are building totally 19 tanks in this new expansion phase, which I am happy to say that all of them have been contracted with our customers for sale. So, as soon as the project is up and running, then the entire capacity should be able to see commercial realization.

Anurag Roonwal: So, like you mentioned JNPT is already at 100% capacity and for this 19,000 also you are saying that, you know, it will get contracted. So, after that, what is the plan? So, if my understanding is right, only partial land is being used for this chemical expansion. There is still lot of land which is still left post this 19,000 expansion as well. So, what are the plans for that?

Rishi Pilani: So, see, what we are doing right now is we have a couple of options for the expansion, for the balance land. One of them is the, you know, development of an LPG storage facility there in which we are, you know, having advanced talks with certain customers for giving us a contract for the same. So, either that or there are other products that we are looking at. So, I think very soon I should be able to conclude something on it, and probably by Jan of 2023 end we should have the plans in place for which option we are going for.

Moderator: Thank you. We will move on to the next question from Niket Shah from SN Finvest. Please go ahead.

Niket Shah: Sir, can you explain how the solution-based offerings help us increase in our throughput of the existing site?

Rishi Pilani: So, what happens is that, generally, if your evacuation from your tanks is via trucks, then it takes a very long time, because each truck can carry, let's say, 20, 25 tons of material. So, to evacuate a 10,000-ton parcel, you effectively need to put in 400 trucks, 400 to 500 trucks over a period of, let's say, 15 or 20 days to evacuate the product, whereas what we do is with our rail-based logistics, we can evacuate 2,700 each trip. So, within four trips, which takes about 8 to 10 days, we can evacuate the entire tank and then utilize the tank again, before we get the other parcel for the same customer. So, it helps us to rotate the tank capacities faster, and let's say, twice in the same month as opposed to doing it once a month.

Niket Shah: And what is the expected revenue growth for the second half of the year and next year?

Rishi Pilani: See, as of now, what we are looking at is we are very, you know, we are very steady in our thing, but with the increased capacity that is expected to kick in, and we should fully get utilized in the next year, we should see that that margins come into the business. And apart from that, we are also, you know, focusing on converting our more and more tanks from low-end products to high-end products. So, that should also give us a bump, but I can't obviously have any specific numbers. But what we expect is that by doing these two things, we should see some jumps in our numbers.

Moderator: Thank you. We have our next question from the line of Heeral from 4R Investments. Please go ahead.

Heeral: I have a couple of questions. One is, when we expect that the balance land after utilizing for the 19,000 Kl capacity, we will be probably using it for the liquid storage, LPG storage, right? So, how much capacity we should expect that could be built for that LPG storage? And what would be timeline to achieve the full or partial utilization of that storage?

Rishi Pilani: So, like I explained, Heeral, we are still finalizing what exact facility has to be put up. See, you have to recognize that the land was allotted to us only recently. So, we are still finalizing the best profitable business to be put up on it. But just to give you some ideas, let's say, if we do go for LPG, we are expecting to put up approximately 80,000 to 1 lakh Kl of LPG storage there. And the timelines for LPG would be two years for the entire capacity to come up, but some partial capacity may kick in in one year. But like I said, by the end of January, I would probably have a better idea of all of these things.

Heeral: Jan '23 we will have more further clarity on this, right?

Rishi Pilani: Yes.

Heeral: So, just a ballpark number as you rightly said, it will be available or visible more by January, but any projection on the revenue and the profitability number for this LPG storage also as you mentioned for 80,000 or 1 lakh KLD?

Rishi Pilani: See, right now all those details are being worked out. So, I mean, what I can tell you is that in competing ports, generally, what we have come to understand is that LPG storage is generally ranging from Rs. 1,200 to Rs. 1500 a Kl in competing ports. So, you can conclude on your own the top line and everything.

Heeral: That is helpful. And any margin probability in that?

Rishi Pilani: Margins, like I said, all these are very much dependent on how the final contractual conclusions happen with our customers. So, as of now, giving a margin call would be very, very difficult for me.

Heeral: Any other plan between this after this 19,000 Kl tanks and then before we go for an LPG storage? Any interim plan to expansion or any other expansion possible in this place?

Rishi Pilani: There will be some small spare land available after this where again, we are talking to various customers to either develop an ammonia storage facility or a normal chemical tank facility, but those plans are still in discussion mode.

Moderator: Thank you. We have our next question from the line of Harsh Beria, a professional investor. Please go ahead.

Harsh Beria: I have a question about your JNPT expansion of 19,000 kiloliters. I think in the last call you had mentioned that this can contribute incrementally 15 to 18 crores in revenues, but when I look at like your JNPT operations, currently, you have 2.4 lakh kiloliters capacity with which you are doing about 114 crores of revenue. So, how can we increase the capacity? So, won't the incremental capacity only add 10 crores of revenue?

Rishi Pilani: See, the thing is that the incremental capacity is being specifically designed to and the tank sizes and the tank MOCs like the stainless steel, and the EPI coatings and all that we are using, they are specifically designed for customers who require these higher end tankages. So, today my 2.4 lakh is across the spectrum of edible, base oils and specialty chemicals. So, it's an average mix of all the revenues, but this 19,000 is specifically for specialty chemicals. So, you will see the higher end revenue spectrum in this.

Harsh Beria: And what is the EBITDA margin, which this capacity can bring in?

Amar Kabra: It is for EBITDA of around 70, 75%.

Harsh Beria: So, it's much higher than your existing.

Amar Kabra: Yes, because many of the fixed costs will be across the 2.4 lakh capacity also, right.

Harsh Beria: Make sense. Thanks for that clarification. Another question that I have is about your plans of going into LPG gas also at some point, I think, which is hinted in the last call. So, this LPG gas would be different from the LPG storage containers, which you were just talking about.

Rishi Pilani: No, so we don't plan to go into trading of LPG at all. So, our business will be storage and the logistics associated with that, but not in any way would do the trading of LPG.

Harsh Beria: And what is the kind of asset turns that these kinds of capacities can have? So, how many times in a year can you use the containers?

Rishi Pilani: See, generally, LPG tanks in the terminals in India, they generally do a turnover of about eight to nine times a month.

Amar Kabra: Throughput.

Rishi Pilani: So, that's called a throughput. So, if you have, let's say, an installed capacity of 1 lakh Kl, generally, they are doing 8 lakh to 9 lakh Kl a month.

Harsh Beria: So, that would imply a throughput which is much higher. And with that, and you are guiding for revenues of about 120 to 150 per Kl, right?

Amar Kabra: No, no, 1,200 to 1,500 is the range.

Harsh Beria: 1,200 to 1,500. One last question that I have is, if I look at your chemical stimulation, and if I try to compute the net capital employed, it comes out to be negative. Why is that the case?

Amar Kabra: Yes, because chemical plants are set up somewhere in 1988 to 1990. So, it's already a depreciated asset, and that's why there is a, it's almost negligible book value for the fixed asset. And in past, Chemical division has made the losses, and that is why that capital employed eroded for chemical segment.

Moderator: Thank you. We have our next question from the line of Manan Shah from Moneybee Investment Advisors. Please go ahead.

Manan Shah: Can you provide me the throughput number for the half year and for the quarter?

Rishi Pilani: Throughput number for the chemical tanks?

Manan Shah: Yes, for the liquid terminal division.

Rishi Pilani: Manan, if you don't mind, we will just revert back with those numbers to you.

Manan Shah: No problem. Secondly, on the LPG, can you please let us know what sort of capacity is already there in and around JNPT, and as well as Mumbai port?

Rishi Pilani: See, in JNPT, there is only PCCL. And it has as of now 2 times approximately 16,000 tons total. And in Mumbai, I believe it's about 20,000 tons. So, this is the existing capacity for the entire Mumbai region and Maharashtra, but LPG gets transferred all over India from any of the locations, because depending on need. This is the existing capacity.

Manan Shah: And would you have any sort of estimate what would be the requirement for Mumbai or MMR as a region for LPG?

Rishi Pilani: See, our estimate is that over the next decade, the requirement in this region would be approximately 3 to 3.5 million tons a year, which is 35 lakhs.

Manan Shah: So, on that basis, we would be pretty confident that this, our capacity, whenever it comes, we would be able to fully utilize it at a very high throughput.

Rishi Pilani: See, we are fairly confident that the facility should do well. Yes.

Manan Shah: Secondly, coming again to the throughput and the rent per metric ton that we as a company enjoy, if I look at the trend over the years since the data which you have shared in the presentation from FY '18 to FY '22, our rent per metric ton has fairly gone up from roughly say Rs. 558 per metric ton to around Rs. 726 per metric ton in FY '22. So, what has been the primary reason for this sort of increase in our rental? So, have we constantly taken price hikes? And is there a supply side constraint because of which we have been able to increase this prices?

Rishi Pilani: See, I will have to recheck the numbers that you just said, but yes, there should be definitely an increase in the pricing that we have experienced mainly because this is mainly driven by, you know, we have changed the product mix. Like I said, we are always striving to go to higher revenue and higher profitable products. And also, we have seen a very good increase in demand for storage business. So, it's a combination of both.

Manan Shah: So, is there further scope for us to take further price hikes in our current facilities or you think we peaked out over there? And also on the throughput number, the throughput that we achieved in FY '22 especially for the JNPT terminal, is there further possibility that we can further increase it?

Rishi Pilani: See, we are always striving to get more price hikes, obviously, at the same time, adding value to the customers. So, it has to be a balanced price hike. But yes, I do believe there is scope for it.

And throughput, yes, we are focused on it. We are working with a fairly large customer to also convert him to real business so that we can utilize those tanks also faster and better. So, we are working towards the price hike and throughput.

Moderator: Thank you. We have our next question from the line of Niket Shah from SN Finvest Ltd. Please go ahead.

Niket Shah: How is Stolt adding value to our business?

Rishi Pilani: See, Stolt acts as a technical partner to us, but we also, you know, like to take their expertise in the real business since they are owning the largest piece of containers, understanding the shipping rates and the shipping channels, the shipping lines, because our main business is related to shipping. Plus, any new projects we like to run by them to understand there and, you know, their take on how the project should be structured, and according to them, what are the profitability and everything in it. So, we use them as a sounding board as and when required. But I would like to make it clear, they are a shareholder like anybody else. So, they are not obliged to provide us any information that they do not wish to. But since we have such a long association, yes, we do feed off each other's trends when required.

Niket Shah: What is the realization of our specialty products versus the non-specialty products?

Rishi Pilani: See, on average you would expect your specialty products to give you upwards of Rs. 500 to Rs. 600 per Kl range, whereas the non-specialty would be in the range of Rs. 300 to Rs. 400.

Moderator: Thank you. We have a next question from the line of Heeral from 4R Investments. Please go ahead.

Heeral: Just a couple of questions. Any timeline for completion of the demerging process of the two business which we asked you? Understand there are some part of businesses connected with the litigation, but any development in that? And the second question is how we are planning to utilize further capacity of Goa plant, which is currently 40% utilized?

Rishi Pilani: Thank you, Heeral. So, I will answer both the questions. So, number one, see, I can't really comment much on the development, because this is a sub-judiced matter. So, hearings are going on, but there is no conclusive order that has come out. But what we have managed to do is we have managed to segregate the financials for the Chemical division into the wholly owned subsidiary GBL Chemical Limited. So, all the buy, purchase transactions of Chemical division are now through GBL Chemical Limited. So, we are creating a separate P&L for the company which is easily recognizable by our shareholders. So, they can guide us, advise us better.

Regarding Goa, yes, we are striving to, so we are looking at a couple of products to improve the visibility of, to improve the utilization of the tanks. Unfortunately, Goa being Goa, there is, it's not a major industrial center. It's more of a tourist center. So, you know, there is no upfront, you know, commitments from customers, but we do try to see in the surrounding areas. As far as Karnataka, Andhra Pradesh, we try to explore for customers who may benefit by using Goa terminal. And hopefully, this year, we should be able to achieve better utilization than we have done before.

Moderator: Thank you. We have a question from the line of Harsh Beria, professional investor. Please go ahead.

Harsh Beria: I have a question about the evacuation mechanism of LPG at JNPT, and what access Ganesh Benzoplast has?

Rishi Pilani: See, like I said, right now the project is still under finalization. So, accesses and all are being finalized, but in general, any LPG terminal would ideally have three types of evacuation processes. One would be truck. One would be rake by rail. And one would be by a pipeline. And obviously, we are looking at all three.

Harsh Beria: So, in case once we finalize everything, we still have access to the pipeline as well. So, it's not already contracted by another logistics company.

Rishi Pilani: I don't understand. Can you please repeat the questions? What do you mean it is already contracted by another logistics company?

Harsh Beria: Because in some ports, you have like a dedicated customer uses the pipeline, and the other one has to use, let's say, another mode of evacuation which can be truck or rain. That was where I was coming from. Does this kind of arrangement also exist in JNPT?

Rishi Pilani: No, see, basically, we are just a service provider. So, if, let's say, a customer owns the pipeline, we will provide service to that customer for storage. So, they can evacuate using their pipeline. We are not doing our own trading. So, we don't need the infrastructure to sell my product.

Harsh Beria: I see your point. So, you are using the customer. You are basically providing storage for the customers to store it at the port, and you are just moving it from the PLGC to the evacuation method that the customer wants.

Rishi Pilani: Yes. Correct.

Moderator: Thank you. We have our next question from the line of Niket Shah from SN Finvest Ltd. Please go ahead.

Niket Shah: Can you give me an example of the value addition done by the Stolt?

Rishi Pilani: So, let's say, when we are expanding our rail business, like I said, we are discussing with another customer to convert to rail. So, that time we take Stolt's expertise and understanding what exact

ISO tank should be fit for that particular product to go on rail, what's the availability of those ISO tanks all over the world, what's the costing, what's the pricing, how can we do it on a rent basis, you need to (order 00:32:36). So, we run all these questions by, because they have a very big expertise in handling ISO tanks. So, this is one of the ways we bounce off things with Stolt.

Moderator: Thank you. We have our next question from the line of Manan Shah from Moneybee Investment Advisor. Please go ahead.

Manan Shah: I had a bookkeeping question. So, there has been a reduction in our other expense on a sequential basis from around 32 crores to 26 crores. So, just wanted to understand what has led to this reduction, and whether there is any one-off? Or is this is a sustainable number going forward?

Rishi Pilani: So, see, the other expenses consist of mainly the operating expenses in our LST business. So, that includes your rent, labor, and all this thing. And apart from that, there is a maintenance CAPEX. So, obviously, in some quarter, there are heavy maintenance CAPEX, and in some quarters, there are reduction in maintenance CAPEX. But on an overall yearly basis, you will find the EBITDA level of 50, 52% as a constant level.

Manan Shah: So, are you trying to say that the maintenance CAPEX in the current quarter was on the lower side compared to previous quarter?

Rishi Pilani: Correct.

Moderator: Thank you. We have a next question from the line of Girish Shanbhagh, an individual investor. Please go ahead, sir.

Girish Shanbhagh: For this proposed expansion, will you need to raise capital? Or how are we placed with respect to the capital requirement?

Rishi Pilani: See, as of now, we don't see any need to raise capital, because the company has sufficient cash flows of its own. And obviously, we can draw bank lines whenever we need to. So, as of now, we are not envisaging any capital raise.

Girish Shanbhagh: So, what I understand is probably somewhere around January, you will be able to give us a better picture of what exactly is the --

Rishi Pilani: Towards the end of January, yes.

Girish Shanbhagh: End of January, yes.

Moderator: Thank you. We have a next question from the line of Manan Shah from Moneybee Investment Advisor. Please go ahead.

Manan Shah: Can you talk a little bit about our Chemical division? So, now we have been in the positive range over here. So, can we see further improvement over here? Or what are we posting over here? How is the demand supply scenario? How is the pricing scenario and the raw material scenario, if you can just talk a little bit about this division?

Rishi Pilani: See, Manan, the Chemical division, we are very happy to see that it is doing better and better. See, like any other chemical industry, since we are petroleum-based in both in terms of raw material for both the plants, so, obviously, we are subject to any volatility of both foreign exchange and crude oil prices that get experienced including, you know, small things like shipping costs, which are at an all-time high.

But having said that, we expect that, you know, that chemicals should have a global demand, because India itself is growing. Chemicals are required and hopefully, we should be able to sustain from here. And obviously, we always strive to grow. So, that is where we stand with the chemical.

Manan Shah: So, would we continue to remain in the positive trajectory in the second half as well?

Rishi Pilani: That's what we would want, yes.

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

Rishi Pilani: Thank you to Monarch for organizing this call and thank you to all the speakers and the people who participated on this call. Looking forward to having you on our calls regularly and help and guide us on a way forward. Thank you so much.

Moderator: Thank you. On behalf of Monarch Networth Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.
