



SHREE PUSHKAR CHEMICALS & FERTILISERS LTD.

CIN: L24100MH1993PLC071376

(A Government of India Recognised Export House)

An ISO 9001:2008 & 14001:2004 Certified Company

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Date: 1st June, 2022

National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051. Script Symbol: SHREEPUSHK	BSE Limited, P. J. Towers, Dalal Street, Mumbai - 400 001. Scrip Code: 539334
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Dear Sir/Madam,

Subject: Transcript of the conference call held on 27th May, 2022.

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 26th May, 2022, intimating you about the earning conference call for Q4 and FY22 with Analysts/Investors held on 27th May, 2022, please find attached herewith the transcript of the aforesaid conference call.

The above information is also available on the website of the Company at <https://shreepushkar.com/>

This is for your information & record.

Thanking you

Yours faithfully,

For **Shree Pushkar Chemicals & Fertilisers Limited.,**

Nitesh Pangle

Company Secretary & Compliance Officer

Place: Mumbai.

Encl.:a/a

.....*Stable, Sustainable & Smart Chemistry Company*.....

- Speciality Textile Dyes
- Dyes Intermediates
- Acids & Power
- Animal Health & Nutrition
- Fertilisers

Works at – B 97,B-102/103, D-10,D-18,D-25,MIDC Lote Parshram, Taluka Khed, Dist. Ratnagiri, Maharashtra, India

email: info@shreepushkar.com • www.shreepushkar.com

100% Wholly Owned Subsidiaries:-1. Kisan Phosphates Private Limited

2. Madhya Bharat Phosphate Private Limited (Unit I & Unit II)





**“Shree Pushkar Chemicals & Fertilisers Ltd. Q4 FY22
Earnings Conference Call”**

May 27, 2022



**MANAGEMENT: PUNIT MAKHARIA - CHAIRMAN & MANAGING
DIRECTOR, SHREE PUSHKAR CHEMICALS &
FERTILISERS LTD.
DEEPAK BERIWALA – CFO, SHREE PUSHKAR
CHEMICALS & FERTILISERS LTD.
MR. NITESH PANGLE – COMPANY SECRETARY &
COMPLIANCE OFFICER, SHREE PUSHKAR CHEMICALS
& FERTILISERS LTD.**

MODERATOR: MR. FARAZ AHMED – ORIENT CAPITAL

Moderator: Ladies and gentlemen good day and welcome to the Q4 and FY22 Earnings Conference Call of Shree Pushkar Chemicals & Fertilisers Ltd. 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. Faraz Ahmed, from Orient Capital, Investor Relations Partner. Thank you and over to you sir.

Faraz Ahmed: Thank you and welcome to the Q4 and FY22 Earnings Conference call of Shree Pushkar Chemicals & Fertilizers Limited. Today on this call, we have Mr. Punit Makharia – Chairman and Managing Director along with Mr. Deepak Beriwal – CFO.

This conference call may contain forward-looking statements about the Company which is based on the beliefs, opinions, and expectations as of today, actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed safe harbor statement is given on page 2 of the Company’s investor presentation which has been uploaded on the Stock Exchange and the Company’s website as well.

With this, I hand over the call to Mr. Punit Makharia for his opening remarks. Over to you sir.

Punit Makharia: Thank you Faraz. Good evening, friends, welcome to Q4 and FY22 earning calls of our Company Shree Pushkar Chemicals & Fertilisers Ltd. Today on call, I am joined by Mr. Deepak Beriwal – our CFO, and Mr. Nitesh Pangle – our Company Secretary and Compliance Officer, and our Investor Relation Partner – Orient Capital.

I hope all of you have got an opportunity to go through our Financial Results and Investor Presentation which has been uploaded on the stock exchange as well as on our Company’s website.

Friends, I will take you through the financial and operational performance of our Company for Q4 and FY22:

Our total sales volume for the year witnessed a growth of 21% for FY22 versus FY21. And the PAT saw a growth of 94.6 % for the year ending FY22 to Rs. 55.6 crore in comparison to the same period in the corresponding last year. For Q4 FY22, our PAT grew at 34.5% over the corresponding quarter last year.

We continue to monitor our real-time situation and are flexible to adjust our response in light of our further inflationary pressures, despite extraordinary hurdles faced by the raw materials and the utility price escalation, we as well have our supply chain distributions. We have weathered all the storms by remaining nimble and tightening our focus in order to build a high-quality Company and unravel execution capabilities. The focus has been to ensure, sustained and

consistent volume deliveries to the customers. Administering the global uncertainties which loomed in the previous quarters.

Friends despite the challenging global environment, the Company remains poised to witness further uptick in volume and is optimistic of volume and realization growth for the coming year with better capacity utilization and embrace higher efficiencies.

On a consolidated basis, overall chemical segment saw a revenue growth of 48% of FY 22 versus FY21. For our fertilizer business, the overall revenue grew by 82%, the boost in revenue is because of the in-hand revenue from our subsidiary Madhya Bharat Phosphates Private Limited as well as Kisan Phosphates Private Limited. For FY22, Kisan Phosphates reported a revenue increase of 78.9% to Rs. 125.20 crore which comprises of revenue from fertilizers and animal health and nutrition feed. Similarly, Madhya Bharat Phosphate Private Limited reported a 224% increase in the revenue to Rs. 101 crore in FY22.

We look forward to the great momentum in our overall business in quarters to come. Since we have enough capacity and are constantly increasing it as well as the fact that we are present across India, with Kisan Phosphates catering to North India and Eastern territories, Madhya Bharat is catering to Central and Western India, as well as Shree Pushkar the holding Company is catering to the West and the South India. Because of our Pan India distribution and presence in our products, we are certain that our volumes will rise in significantly in near future.

Friends, now let me update you on the ongoing CAPEX of our Company:

Unit 5 CAPEX of Rs. 114 crore approximately has been completed. The Dry trial runs with respect to the SA Plant have been commissioned successfully and the trial production has been started on 27th of March, 2022. This shall further grow our dye intermediate volume and dyes in turn volume with respect to the Sulphur chemistry plant, the trial production is expected to commence within next 2 months.

The Dyes Intermediate plant CAPEX is ready to start commercial production pending approval from the explosive department, Nagpur which is currently in the advanced stages of approval and is expected to receive approval at any moment. As soon as we receive this approval from the explosive department, the plant will begin its commercial production with immediate effect. The total CAPEX plan is around Rs. 165-170 crore, which is totally funded through the internal accruals, out of which Rs. 114 crores is incurred on Unit 5, Rs. 28 crore is incurred on the acquisition of Madhya Bharat, Rs. 21 crore is incurred on the solar project and Rs. 5 crores is incurred on the revamp of our Unit 1.

Finally, we are one of the few market players with both forward and backward integration capabilities, our Company has 8 locations across India, plus one more which is of a solar and total is 9 locations and its progressive, we are highly regulated and we are proud to tell you that we are still a zero-waste Company organization.

With this, friends I would like to hand over this call to Mr. Deepak Beriwal who is our CFO and who will take you through the financial and operational highlights of Q4 FY22. Over to you Deepak.

Deepak Beriwal:

Thank you sir. Good afternoon and a very warm welcome to everyone.

Our total volume for Q4 FY22 grew by 14% and FY22 grew by 21%. On FY22 basis, volume in chemicals grew by 24% to 27,547 metric ton. Fertilizers volume for FY22 grew by 21% to 2,22,097 metric ton. For Q4 FY22 total volume for fertilizer segment stood at 65,976 metric ton, a growth of 11% year on year versus Q4 FY21.

On revenue front, our revenue for Q4 FY22 stood at Rs. 192 crore as compared to Rs. 140 crore in Q4 FY21, a growth of 69% on year-on-year basis. For FY22 our revenue growth stood at 65% from Rs. 584 crore in FY22 to Rs. 354 crore in FY22.

Our consolidated EBITDA for the quarter stood at Rs. 19.3 crore for Q4 FY22 as compared to Rs. 14.1 crore in Q4 FY21, a growth of 37% on a year-on-year basis. PAT for Q4 FY22 was at Rs. 14 crore versus Rs. 10 crore for Q4 FY21, a growth of 35% on year-on-year basis. EBITDA margin for Q4 FY22 stood at 10% and PAT margin for Q4 FY22 stood at 7.3%. EBITDA for the FY22 stood AT Rs. 80 crore as compared to Rs. 43 crore in FY21, a growth of 84%. EBITDA margin for FY22 stood at 13.6%. PAT for FY22 stood at Rs. 55.60 crore as compared to Rs. 29 crore in FY21, a growth of 95% on a year-on-year basis.

With this, we can now open the floor for discussion, thank you so much.

Moderator:

Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Subham Agarwal from Aequitas India, kindly proceed.

Subham Agarwal:

Yes, thank you for giving me the opportunity and first of all sir, congratulations on a very successful FY22. My first question would be around fertilizer division, so given that we are now standing at 5, 90,000 tons, I would rationally try to understand what kind of volume we can do this year, last year we did 2,22,000 at utilization of 52%. So, given that now, Madhya Bharat must have also stabilized, what kind of volume growth can we expect in the fertilizer division?

Punit Makharia:

See, the total volume of SSP itself is around 5,25,000 tons annually, Shubham. And out of these quantities, still we are yet to start our Dewanganj plant, which we have not initiated up till now, which itself has a capacity of 1,32,000 tons and plus additionally you know, our Kisan Phosphate which was at 1,00,000 ton since the last year, now it has been made to 1,32,000 tons. So this 32,000 tons additional of Kisan Phosphate and 1,32,000 tons of Madhya Bharat Phosphate, Dewanganj, so in totality, out of 5,25,000 tons, if you reduce this 32,000 tons as well as 1,32,000 tons, then the remaining is around 3,50,000 tons or so approximately of our SSP business. Out of this, we are hopeful that at least in this financial year, we would be achieving around 80%, 85% capacity plus additional what we achieve of Dewanganj as well as this Kisan Phosphate. In totality, I will personally believe that somewhere close to 3,75,000 tons to 4,00,000 tons of the

quantity of SSP we will be achieving in this financial year. Apart from that, the overall supply position in the market for the other products like DAP and other things, are in support to our existing products of SSP and we believe that around 3,75,000 tons to 4,00,000 tons of the quantity which we would be achieving in this financial year.

Subham Agarwal: That is great to hear, sir. And any timeline with respect to Dewanganj and this KP expansion of 32,000, that you would like to share?

Punit Makharia: Kisan Phosphate you are talking about?

Subham Agarwal: Yes, 32,000 in Kisan Phosphate and Dewanganj 1,32,000, when can we expect this to start?

Punit Makharia: As far as the CAPEX of Kisan Phosphate is concerned of 32,000, that has been completed and just 3 days back we had our PDIL inspection. PDIL is an agency who does an inspection on behalf of the department of Fertilizers, institute of Chemicals and Fertilizers and they give the report to the Ministry and on the basis of the Ministry report and approval from the Ministry, we can start producing that additional quantity but as far as the plant side is concerned, it is done from our side and we are just awaiting their approval for which the inspection was done just 2-3 days back. And as far as the Madhya Bharat is concerned, Shubham Madhya Bharat, Dewanganj plant is, we suddenly came to know that in 2016, prior to our acquisition, there was a closure from Central Pollution Control Board and that process we have already initiated and I hope that in next 10 – 15 days that closure should be lifted by CPCB. Once that is lifted, then immediately we will be starting the plant. We are trying our level best to capture this Kharif season as early as possible. As far as the technicality of the plant is concerned, it is completely ready to start with, except this CPCB closure order which is to be lift up and we are taking a support of our NCLT order also, which clearly states that all the earlier permission has to be restored and granted back but all because of the process period, it is taking a bit of the time. We are quite hopeful that immediately we will receive permission and approval from PDIL in Kisan and CPCB lifting up the, you know, this revoking of the closure order, we should be immediately able to start the plant.

Subham Agarwal: Great sir, that is very encouraging. And secondly, what would be the current realization per ton of SSP and the subsidy amount also per ton, can you share with us?

Punit Makharia: Subsidy remains the same as it is, it was done on 20th May 2021 and the government has not increased any subsidy on the SSP, Shubham right. On the adhoc basic, they have given some subsidies on the soluble NPKs and DAP. So as far as SSP is concerned, the subsidy has not been increased, so it is the same as it was in the earlier notification but we have increased the MRP also, we have increased our sales price also. Now in totality, it is around Rs. 16 a kg including subsidy amount.

Subham Agarwal: Sir but given that subsidy has not been increased, will this not hurt the demand for SSP compared to other fertilizers?

- Punit Makharia:** I do not feel up till now Shubham, because you know since this season has just initiated, we are on the just beginning of that season, of Kharif. In my personal opinion, I do not see that there should be any impact on the demand. Though the subsidy has not been increased because of the availability of other fertilizers, we should be getting good volumes of SSP.
- Subham Agarwal:** Okay and is there any issue with regards to the availability of raw material for our SSP division?
- Punit Makharia:** See as far as the availability is concerned, you know the price is a bit fluctuation and our Company is having sufficient stock of raw materials till the sale of its August 2022 and yes, prices are a bit on a higher side.
- Subham Agarwal:** Okay, so will we be able to meet our increase in realization with respect to increase in RM for the coming quarters?
- Punit Makharia:** Since whatever the raw materials we are holding, those are the earlier imports, somewhere in February or January, we have covered ourselves till August, so we are still covered for a further 3 to 4 months, you know these 3 months of further season going to be there, the balance quantity requirement we are in negotiation with the suppliers and we believe that there should be some correction in the prices.
- Subham Agarwal:** One more last question before I come back in the queue, so sir there was a recent announcement by one of our competitors in dye division, basically they closed their H-Acid plant because they said the RM price has increased significantly and they are unable to pass it on. So what is the current situation with regards to our plant, if you can detail around the same issue?
- Punit Makharia:** What you say is 100% correct. As of now, the pricing was specifically into the H-Acid is very adverse, because of the extreme sharp increase in the raw material prices and specifically the energy cost, producing of the H-Acid is become non-viable, that is correct. Most of the competitors have closed down the plant, we have stored down the production activities in relation to the H-Acid plant and as of now, we are not interested in selling H-Acid to the open market, rather we are using that H-Acid in our dyes production, wherein we are able to capture more of the customers and more of the volumes of dyestuffs. I believe that in coming month or so, or maybe less than a month also, these prices should be stabilized.
- Subham Agarwal:** Okay and last thing on a data point. So, because of this solar plant how much cost selling are we expecting per unit?
- Punit Makharia:** For Unit 1, we are already getting credits in our electricity bill as far as regards to the solar plant is concerned. And for Unit 5, I think we should be getting the credits from next month because there is an electricity meter, which has been recently installed and once that is verified by the department, then we should be getting the credit of those units also in our Unit 5 bill because this solar has been put up mainly for two units; Unit 1 and Unit 5, in which Unit 1 we have already started getting the credits. In sum up together, the payback of our solar should be around

3.5 years or so. We are generating around 3,60,000 units per month from the solar for our each unit.

Subham Agarwal: Okay, so almost Rs. 3 crore to Rs. 4 crore we can add every year to our EBITDA.

Punit Makharia: Pardon.

Subham Agarwal: Almost Rs. 3 crore to Rs. 4 crore we can add to our EBITDA because ...

Punit Makharia: You mean annually?

Subham Agarwal: Yes.

Punit Makharia: No, it should be around Rs. 5 crore to Rs. 6 crore annually.

Moderator: Thank you. The next question is from the line of Forum Makim from Equitree Capital, kindly proceed.

Forum Makim: Hello sir, congratulations on a good set of numbers. I had a few questions, firstly, related to the chemicals business. In FY19, we did a revenue of around Rs. 400 crore for the chemical business, with volumes of around 20,000 metric tons, am I right?

Punit Makharia: Yes, maybe more than that, but you continue with your question.

Forum Makim: And sir, this year we have done revenues of around Rs. 260 crore with volumes of 27,000 tons, so what am I missing here?

Punit Makharia: Are you talking about these figures on a standalone basis or on a consolidated basis?

Forum Makim: Consolidated basis. I am only talking about the chemical business, so I think it is only standalone?

Punit Makharia: See as we have mentioned before also, this Rs. 400 crore figure of 2019 if you remember or so, this is a figure of almost 3 years before, thereafter we had closed down one of our plants, which was totally revamped, which I mentioned in my first introduction speech also that, that entire unit was sent into the revamped and then thereafter in 2020 the total volume of the Company went down from Rs. 450 crore to close to Rs. 350 crore, so there was a downfall of Rs. 100 crore that is mainly due to that one plant we had switched off and at that time we had not much of the chemical business. Now slowly and gradually, it is coming back to the normal, therefore in this particular financial year we have done Rs. 267 crore of the chemical business and the fertilizer business total is Rs. 316 crore.

Forum Makim: No, sir but on higher volume my revenue is the same, so that means there is a significant drop in realizations?

- Punit Makharia:** I think that Rs. 400 crore figure what you are saying, this includes our total business of our fertilizer and chemicals, not only the chemicals.
- Forum Makim:** No, sir in your presentation, you have given dyes and dyestuff revenue, so the total is around Rs. 335 crore.
- Punit Makharia:** You said the total chemical business is Rs. 335 crore or Rs. 400 crore?
- Forum Makim:** Sir, I think Rs. 400 crores is including acids and everything.
- Punit Makharia:** So, that is what I also said. But that includes our fertilizer business also, Rs. 335 crore, includes our fertilizer business also of Shree Pushkar Chemicals. Anyways, what we will do is that, we will just read out the exact data that has been highlighted by you. And we will come back to you on this point. So, in 2019 the chemical business was Rs. 335 crore, now it is Rs. 267 crore. Her question is that why it has declined?
- Punit Makharia:** Because of Unit 1 revamp.
- Forum Makim:** No, sir but that means there is a drop in my realization, right? Because our volumes have increased.
- Punit Makharia:** Madam, we will get back to you with the proper numbers and what was the volume and price realization at that point of time. If I am not wrong, in 2019 the intermediate pricing was quite high and thereafter there has been a dip but do not worry we will come back to you with the proper details and exact reasoning for your question.
- Forum Makim:** Sure Sir. Also, sir our chemical capacity is of 14,000 metric tons, right? Almost 14,000 but our volumes are 27,000 tons. So, are we doing some trading also?
- Punit Makharia:** No, we do not have a trading business.
- Forum Makim:** So, how can our volumes be higher than our capacity?
- Punit Makharia:** Our total capacity of the chemical, including the acid business is much higher than that and the sales quantity what you see, of 27,547 tons, this includes the total chemical volumes and the quantity of 9000 tons what you are talking, is only for the dye intermediate. You please refer to page number 40 of our PPT. This clearly written is that, that this excludes our acid capacity. There is a '#' tag at the right-hand side bottom of the slide that excludes acid capacity.
- Forum Makim:** So, how much would be our total capacity including acid capacity?
- Punit Makharia:** I think Madam you give your detailed question to our Investor relations; we will come back to you because this needs to take out more details existing but let me tell you right now the existing capacity of acid is around 40,000 tons. Out of which we use some quantities in captively also, this is excluding Unit 5.

- Forum Makim:** So, sir what would be our capacity utilization in the chemical business?
- Punit Makharia:** Madam, for that I think we just mentioned in our PPT know, am I right or wrong? We will get back to you with all the detail Madam, we have to go through the other things because there is a total consolidated capacity of Unit 1, Unit 3 and Unit 5, dye intermediate is separate and acid is separate. So, we have to give you the entire capacity slide and we will ask our IR to give you the details.
- Forum Makim:** Okay sir sure. Sir now moving onto the fertilizer segment, could you explain why on a standalone basis, our volumes are down 9% year on year?
- Punit Makharia:** Madam this is mainly because of a certain grade of fertilizers for which the raw material was not available, see the last year figure of 73,244 tons, this includes our SOP business, this includes our NPK business as well as our SSP business. In the similar way also in 2021 – 2022 66,961 tons includes all three of these products. Let me tell you that as of now, regarding the NPKs and regarding the SOP, there is an issue in the availability of the raw material which I just said before also, that there is an issue with the raw material availability of the DAP, MOP, urea because of these, there is a slowdown into this NPK production. So, the quantity dip is mainly because of that but otherwise if you see that, the SSP volume has gone up. SPP volume last year was, I think it is mainly because of the raw material availability of MOP, DAP and urea.
- Forum Makim:** Right and so sir our current capacity utilization in fertilizers is around 60%?
- Punit Makharia:** See it depends from site to site. If you talk about Kisan Phosphate it is around 80%, if you talk about Madhya Bharat Phosphates that only for Unit 2 because Unit 1 is not yet started, it is around 55% - 60% and on similar lines in Pushkar also is 60% - 65% or so.
- Forum Makim:** So, sir we have enough capacity utilization to grow for the next 1-2 years, so why are we going ahead with the expansion in fertilizer segment?
- Punit Makharia:** For which site? Because see Dewanganj we already have in our possession, and that asset is lying idle and it is always advisable to start that asset. We are not putting up any new plant, as far as the Kisan Phosphate is concerned, we are just doing a balancing addition into our plant and machinery, so that this can be increased by 32%. We are not doing any major CAPEX as far as the fertilizer capacity creation is concerned.
- Moderator:** Thank you. The next question is from the line of Ninad Sabnis from Sabnis Financial, kindly proceed.
- Ninad Sabnis:** I have two brief questions; while going through your financial statements, I noticed something and if you could just help me understand, our volumes in fertilizer segment seem to have dropped on a standalone basis, what could be the reason behind this drop?

Punit Makharia: See basically, if you will see that there is a drop of 8.6% in our standalone basis fertilizer business and this has been mainly dropped in NPKs and SOPs and which I answered in the last question also, that this drop is mainly because of the non-availability or the poor availability of its raw materials, which were not freely available because raw materials required for NPKs and SOP is DAP, urea and MOP and because of the acute shortage which is continuing for the last year in fertilizer key nutrients, prime nutrients is the drop into the volumes but if you will see about the SSP business, there is an increase into the SSP.

Ninad Sabnis: Okay got it. So, on the CAPEX front, how are our plans lined up for FY23 and say even going further in FY24? Have we thought of expanding the SSP division? Further any CAPEX plans on the chemicals front?

Punit Makharia: Recently, the Company has completed the CAPEX of around Rs. 165 crore to Rs. 170 crore out of the internal accruals, right? Now, we do not have any such major plans of any major CAPEX, except few balancing equipment's CAPEX, which we are doing and which we have done, also like increasing capacity of Kisan Phosphate of SSP from 100,000 tons to 132,000 tons that just required some of the balancing equipment investment, which we did. As far as Dewanganj is concerned, we are not doing any major CAPEX, that unit is lying idle with us because since we bought it through NCLT, so we got two units. Out of two units, we have already started one unit and this Unit 2 is lying idle which we are in the process to start this additional CAPEX which is lying with us.

Ninad Sabnis: That is encouraging to hear.

Punit Makharia: Yes, so first of all we are not doing any major CAPEX, whether it is fertilizer or it is a chemical. Our total focus as of now is on three major things, a.) Starting of the Dewanganj plant which is capacity is lying idle, b.) Stabilizing and utilizing the total capacity of unit 5 which is still yet to be done. Until and unless we make and feel these existing capacities fully stabilized, we will not be doing any additional CAPEX. We want to go on a consolidation phase for the next few months and make the quality and other things properly stabilized, start the Dewanganj plant, utilizing 132,000 tons capacity of our Kisan Phosphate, utilizing utmost capacity of Unit 5, then post it is completely stabilized, then we will talk about the new CAPEX, till then nothing.

Ninad Sabnis: Really appreciate the in-depth answer and it's worth noting that the focus is really good for the next few months to consolidate the operations. Just one last macro question, any idea about the availability of the SSP in India and the market size and market share you can capture?

Punit Makharia: See in fact the total production in India as per the data available in public domain is around 49,00,000 tons of SSP is produced across India.

Ninad Sabnis: 49,00,000 tons, am I getting that right?

Punit Makharia: Yes, 49,00,000 close to 50,00,000 tons. Out of the 50,00,000 tons, our share is close to 4.5% - 5% till the last year it was there and the government is giving a great focus on the domestic

fertilizer as we have mentioned in our last earlier conference call that three bags of SSP and one bag of urea are equivalent to one bag of DAP and accordingly, the kind of production capacity has been achieved, the kind of sales that have been achieved, we see that in future at least SSP has got good potential.

Moderator: Thank you. The next question is from the line of Anshuman Mohta an Individual Investor, kindly proceed.

Anshuman Mohta: Congratulations on a very great set of numbers in these difficult times, in this high inflation time. Just wanted to know a couple of things that the new plant, the Unit 5 which we are going to start is like, you had mentioned there is Sulphur chemistry is there but are we planning to do dyes as well in this facility. Dyes and chemicals that

Punit Makharia: See sir there are 3 plants existing in this facility. First is the acid plant, which we have already started on the 27th of March. The second, is connected to the acid plant, one is the sulphur Chemistry plant which will take 1.5 - 2 months before it is fully operational. And, the third one is our Dye Intermediate Plant.

Anshuman Mohta: Okay, the one which we were not able to do trading, which we were using captively.

Punit Makharia: No, this is altogether a new facility, what we have created for the Dye Intermediate business, Anshuman. So if you put all together, there are total three different plants at Unit 5, which we call a Unit 5, it has got three different plants, out of three plants; the first plant of Acid which we already started on the 27th of March, another is Sulphur Chemistry plant, which is connected to the Acid plant because the further process of the Acid is the Sulphur Chemistry, that will take another 1.5 – 2 months more to get it streamlined into the production and the third one is the Dye Intermediate Plant, which is completely ready to start, with which we have taken the trials also. We are only awaiting one explosive department permission, which is in an advanced stage of, you know, we are expecting that we should be receiving any moment. Maybe today in the evening by mail, maybe tomorrow or maybe it may take 10 – 15 days more also. We are rigorously following with the department to obtain that permission and the moment we get that permission; we should be starting commercial production of that Dye Intermediate Plant also immediately. As far as the CAPEX and commissioning concerned, it is almost completed to the fullest of its extent.

Anshuman Mohta: And sir you had said last time that we were to give some Rs. 500 crore to Rs. 600 crore topline which we almost achieved this time more than Rs. 500 crore, around Rs. 550 crore, you had guided last time that after the Unit 5 we would be reaching somewhere around Rs. 750 crore to Rs. 850 crore, I just recollect something like that?

Punit Makharia: Sir we still maintain that thing, Mr. Anshuman. I am well aware that you have been connected with the Company since 2015. You were the first early investors in the Company and we have been witnessing that we have been always talking very consistently and steadily and by virtue of your good wishes and blessings of God we have been achieving what we have been always

saying and committing. Now, as far as the year 2022 - 2023 is concerned, close to Rs. 584 crore on a consolidated basis we have already achieved. Now sir I am quite hopeful that for 2022 – 2023, I think we should be easily able to do it around Rs. 800 crore to Rs. 900 crore and the reason for me to come on these figures is as follows. Let us say, close to Rs. 600 crore we have already done. So, though we have already done specifically Rs. 584 crore but just for the sake of calculation I am talking for the sake of calculation, let us take it as a Rs. 600 crore we have done on a consolidated basis, plus Unit 5 is yet to come. Unit 5 business is not there because we started our acid plant just on 27th of March, so just in 3 days there is no sale generation of unit 5. Unit 5 on a yearly basis should give us around Rs. 225 crore to Rs. 250 crore of the business annually, plus we are expecting Dewanganj to start, plus we are expecting 32,000 tons increased capacity of Kisan Phosphates also. If you put all of these together, I am quite sure that we should be able to get to Rs. 800 crore to Rs. 900 crore of the revenue in this current financial year.

Anshuman Mohta: Sir I think even more, because Rs. 600 crores we have done, Rs. 250 crore from Unit 5 and rest Dewanganj and this, we should cross Rs. 850 crore.

Punit Makharia: Sir the funda of “Dil Maange More” is always there, let us see where we achieve but my duty is to give you the most conservative numbers, at least from my side because if you remember that last time also, we have been always talking that in this financial year we will be doing close to Rs. 525 crore to Rs. 550 crore, whereas Company has achieved almost close to Rs. 600 crore. So, let us try and let us keep our efforts in a similar direction, so that we achieve your desired number.

Anshuman Mohta: Sir, and last question, when can we expect any new announcement for, you did say that we will not be doing but you had mentioned that at the right time, I will announce the new thought process going on for...

Punit Makharia: Sir I am of a complete thought process what you said but at this point in time my total that is also working and we will definitely announce as the time comes and until and unless I get my approvals from the board, I will not be commenting on this subject but yes there is something cooking into the pipeline but for next few months, I am not saying months, at least for the next few months we are focusing on consolidation.

Moderator: Thank you. The next question is from the line of DR Varun from Stock Gems. Kindly proceed.

DR Varun: Sir I have a couple of questions, sir if we see that in the quarterly numbers the sales are very good but the margins are suffering, is that the operating margin is at 10%, what can you guide for the next year sir?

Punit Makharia: Sir basically, there is quite big pressure on the business mainly because of the steep increase in the energy cost, you need to believe it sir. And Company consumes coal if I talk about it specifically in the range of around 3000 tons a month and coal has gone almost double. Rather it has gone for more than double also but right now it is double than in comparative in the last 6-8 months pricing. So, sir you can calculate the sale easily that is the Company consumes 3000

tons of coal, right now the pricing of coal is around more than Rs. 15000 a ton, which was earlier at Rs. 7000 a ton, so what is the cost increment into that. I think taking into that account also, Company has still maintained 9% PAT levels on a consolidated basis. I believe it is a decent number the Company is able to maintain and yes it has got a potential of rather 9.51%, rather I believe the Company has got quite a good potential of doing at least 11.5-12% of PAT levels but right now, the basic commodity pricing is very high, you know that very well better than me sir.

DR Varun: Yes sir. Sir and my next question are that, as unit 5 commences on all the three units, what are the demand for those products and how is the energy cost going to affect that products also?

Punit Makharia: Can you repeat the question Mr. Varun, please?

DR Varun: Sir as unit 5 goes on full strength, what are the margins that we will get there?

Punit Makharia: Sir you should consider the similar kind of margins what the Company is achieving in the last 5 years.

DR Varun: And how is the demand of those products?

Punit Makharia: Sir as far as the demand is concerned, we do not see any issues into that because Mr. Varun, in today's date we are at the completion of, we have already completed the plant and now you are asking the question on the demand. This question you should have asked two years back when we considered this project.

DR Varun: Yes, sir demand but sir main thing is that..

Punit Makharia: We have confidence in our organization and into the market and until and unless there is a belief, or else we would not have spent such large amount of money. So, demand was definitely there, market is there and then only we have done it sir. We do not take any such kind of big step without ascertaining the demand and certain other parameters.

DR Varun: Yes, sir but in today's world the environment is so changing that many problems come.

Punit Makharia: Which environment?

DR Varun: Especially the inflationary environment that changes. Inflationary environment, price rise?

Punit Makharia: Mr. Varun inflationary and all is a part and parcel of business don't give us this kind of stories

DR Varun: Okay sir and my last question is...

Punit Makharia: Please do not ask vanilla questions, like inflationary environment, demand is there or not? Plant has been setup, look for positive questions and think positively, why are you going towards this inflation and all.

- DR Varun:** Okay sir. In an earlier conference, you had told that we are thinking of CAPEX in the future but at the moment you have placed it on the back burner I guess, can you guide on that front please?
- Punit Makharia:** Can you repeat the question, I am not able to understand?
- Moderator:** Thank you. The next question is from the line of S A Narayan from Capricorn. Kindly proceed.
- S A Narayan:** Punit, I must congratulate you and your team for excellent performance in FY22. I also admire the presentation that you have uploaded. It makes it easy to understand. You have also become a net cash Company for a couple of years now. Given all this, I have one observation. The Company has earned an EPS of Rs. 18 for the year, while the dividend for the year is Rs. 2. Normally Punit, good companies have a fair dividend distribution policy, such as 1/3 for expansion, 1/3 for working capital they keep aside and 1/3 as dividend for shareholders.
- Punit Makharia:** Mr. Narayan, a very good question and I was expecting this ..
- S A Narayan:** Maybe you should have a similar dividend distribution policy but I thought I must leave it to you.
- Punit Makharia:** Is your question completed, can I answer it?
- S A Narayan:** Yes.
- Punit Makharia:** It is a very good question, Mr. Narayan, and I was expecting you know, a similar kind of a question. What you say is correct, the Company is having a good cash flow, Company has got capacity and capability of converting its EBITDA into the cash, Company has spent close to Rs. 170 crore out of internal accrual, in spite of spending Rs. 170 crore still Company has got no lean investments of more than Rs. 50 crore or so, on a standalone basis, on a consolidated basis or Rs. 70 crore, then why only Rs. 2?
- S A Narayan:** Correct.
- Punit Makharia:** My same question was there also to the board, the same question what you asked me, I also asked the same, a similar kind of question to the board, Mr. Narayan but thereafter you know, that was my personal wish but after the new discussions into the board, the board has approved a 20% dividend and reasoning for this decision is that, just before two questions before, Mr. Anshuman Mehta asked me a question, after the question on the call that what is next? So, there are a few CAPEXs lying down in the pipeline, Mr. Narayan which we are not announcing at this point of time. We are waiting for the right time and right approval for us to have it and there are, you know as I mentioned in my last conference call also, that Company is already into a process of so some inorganic acquisitions also for which some DD is going on and apart from that we are also in a process of evaluating and announcing a grassroots new expansions also. So, Company would be requiring its funds for the new growth also and whatever the Company has earned and retained, out of that some amount has been given for the dividend but definitely this

is a suggestion, we will keep in our mind and at least for our next board meeting I will be fighting on behalf of you and other investors for getting it more.

- Moderator:** Thank you. The next question is from the line of Gaurav Sachdev from Furtel Investments Kindly proceed.
- Gaurav Sachdev:** Hello, sir in the last conference call, you had given the Rs. 1000 crore revenue and in that you had told about some acquisition also, are you looking for some acquisitions also, in this fertilizer
- Punit Makharia:** In the same lines what we had said in the last conference call, I just replied in my last question that Company is in a process of some acquisition also, which I said the DD is going on, due diligence is going on, I cannot talk much on that part at this point of time because we have signed the NDA also and but yes, we are working on the same similar lines what we had said in the last conference call.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor Company. Kindly proceed.
- Saket Kapoor:** Good evening, sir and thank you for this opportunity. Sir firstly, for the chemical segment, which are the key user industry such which we are catering to, if you could throw some more light into this, sir?
- Punit Makharia:** So basically, if you talk about our particular chemical segment, like we manufacture dyestuffs for which we cater to mainly the textile industries, as a user and then we make acids also, which has got multiple and multipurpose uses for the various kind of industries, in which we cater to all kind of industries because sulphuric and acid is such kind of a product which is used by all the major industries. Then we are producing Dye Intermediates also, which is catering to all our competitors on Dyes also.
- Saket Kapoor:** In this challenge sir, do we have long term contracts with the customers or this selling of the chemical is totally on the spot basis?
- Punit Makharia:** Sir, as far as the long-term contracts are concerned, they are, we do not have any such long-term contract where the price is locked, right? There is always a clause in as a variation that if there is a price increase of more than x percentage, then you know all this, it depends on various terms and conditions but for your knowledge we do not have any such long-term contracts, where the price escalates.
- Saket Kapoor:** Okay and the concentration of the customers, sir, for the chemical segment, one of your customers is the biggest contributor r it contributes what percentage of the sales?
- Punit Makharia:** Please repeat your question.

- Saket Kapoor:** I am talking about the customer concentration that those who are purchasing your chemical, in that what is the highest contribution from a single customer?
- Punit Makharia:** No sir, there is no such single customer, highest customer with us because you know we have got our customer book is more than 1000 customers, including fertilizer business also. And we do not have any such customers, which is the highest or we are depending on that particular any kind of a customer.
- Saket Kapoor:** No single client, okay sir.
- Punit Makharia:** We do not have any such single client customer who is generating 10% volume or 15% volume, we do not have any such customer.
- Saket Kapoor:** Sir in case of fertilizers, mainly the, your SOP that is there, which are permanent, in which crop is this applicable the most?
- Punit Makharia:** Soluble fertilizer is SOP, it is made soluble into the water and used as a sprinkler, mainly if you see into this, then the tea is there, coffee is there, tobacco is there, it goes into all this.
- Saket Kapoor:** Right sir and the raw material's basket that is there for the fertilizers, what is our integration for that because you said that ...
- Punit Makharia:** Raw materials are the major imports for all the fertilizers, Rock Phosphate is also an import, DAP is also an import, MOB is also an import and UREA is anyways an import.
- Saket Kapoor:** In this, I mean, none is in your control, it has its complete dependance on the international market.
- Punit Makharia:** If it is not in the control of the Indian government then how will it be under my control?
- Saket Kapoor:** Yes sir.
- Punit Makharia:** India's complete fertilizers depend on imports only.
- Moderator:** Thank you. The next question is from the line of Suman, an individual investor. Kindly proceed.
- Suman:** Hello, congrats sir on your good numbers and most of the questions have been answered by you, so yes, we are hoping for a good year ahead.
- Moderator:** Thank you. In the interest of time, that was the last question. I now hand the conference over to Mr. Punit Makharia for closing comments.
- Punit Makharia:** Thank you, everybody, with the growth opportunities we foresee across all our segments and the completion of our projects, we believe we are ready for the next level of growth and also well positioned to catalyze this opportunity. Thank you everyone for joining us, I hope we have been

able to answer all of your questions. In case, you require any further details, you may please contact our investor relation, Orient Capital team. Thank you very much.

Moderator:

Thank you. On behalf of Shree Pushkar Chemicals & Fertilisers Ltd., that concludes this conference. Thank you for joining us, you may now disconnect your lines.