



“Shree Pushkar Chemicals & Fertilisers Limited Q2 & H1 FY22 Earnings Conference Call”

November 11, 2021



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Moderator:

Good evening, Ladies and Gentlemen and welcome to Q2 and H1 FY22 Earnings Conference Call of Shree Pushkar Chemicals & Fertilisers Limited. This conference call may contain forward looking statements about the company which are based on the belief, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to difficult.

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 ‘*’ and then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Punit Makharia – Chairman and Managing Director of Shree Pushkar Chemicals & Fertilisers Limited. Thank you and over to you, Sir.

Punit Makharia:

Hello and very good evening everyone. Today on the call I am joined with Mr. Deepak Beriwal – our CFO and Mr. Nitesh Pangle – our Company Secretary and Compliance Officer and Orient Capital our Investor Relation Partners. Friends we have uploaded our investor presentation and financial results on the stock exchanges and the company website. I hope everybody had an opportunity to go through the same.

Now I will walk you through the industry updates followed by our financial and operational performance for Q2 H1 FY22.

As the situation is arriving to normalcy and economic activities are picking up. We are also witnessing business uptake across our business segments. We have been able to increase our sales volume by 42% on consolidated basis for H1 FY22 around 75% on Q2 FY22.

Similarly on consolidated levels volume in chemical business grew by 38% for H1 FY22 and for fertilizers the volume grew was 43%. The boost in volume is also because of enhanced volume from our subsidiary Madhya Bharat Phosphate Private Limited which we acquired last year. Since now we have enough capacities and are continuously increasing our capacities simultaneously and the fact that we are present across India, Kisan Phosphates catering to central and some part of the Eastern territories, Madhya Bharat Phosphates catering to Central and Western India territories. Shree Pushkar Chemicals & Fertilisers which is the holding company catering to West and South India. We are confidence of uptake in volume going forward because of the Pan India distribution network and presence in all our products across India. Now friends let me update you on the ongoing CAPEX of the company. Unit 5 CAPEX has been almost done out of the total plan CAPEX of Rs. 90 crores we have already incurred Rs. 86 crores from internal accruals and on the verge of finishing the construction and commercial production of the plant.

We anticipate to start the dry trail runs of unit 5 somewhere in the end of November and the trial production in the month of December and the commercial production by the end of December or maybe the first week of January. We have also started work for installation of two solar power projects for electricity generation for internal consumption under the open access scheme which

will decrease the power cost and increase the profit margin. Total plan CAPEX of these two solar plants would be Rs. 21 crores all will be funded through internal accruals of the total CAPEX of Rs. 21 crores. We have already incurred approximately Rs. 10 crores till date.

We anticipate these power plants will go on live in FY22 itself and hence anticipate cost saving from FY23 onwards. There are other few CAPEX plans also in the hindsight which we will speak at an appropriate time and will keep all of you posted for the same. Revenue for the quarter on consolidated levels grew by 77% as compared to the same period last year and compared to the quarter back it grew by 15% showing positive recovery signs not on year-on-year basis but sequential as well. On profitability front our EBITDA stood at strong 16.4% and PAT margin was as high as 11.6% volumes. Operational efficiencies and cost rationalization led to the margin expansion. With increased revenue we anticipate operating leverage play out this should flow down to the bottom line going forward.

Friends now I hand over this call to Mr. Deepak Beriwal who is our CFO to take you through the financial elaboration highlights for Q2 H1 FY22. Over to you, Sir.

Deepak Beriwal:

Thank you sir. Good evening and a very warm welcome to everyone. As mentioned by Punit sir we had a robust growth on the volumes, for H1 FY22 volumes grew by 42% and for Q2 FY22 it grew by 75% this had an effect of Madhya Bharat, since volume of the Madhya Bharat was not present in H1 FY21. Q2 FY22 volumes for chemical business was 7,262 metric tons as compared to 4,605 for Q2 FY21 a growth of 58% on H1 FY22 basis volume in chemicals grew by 38% to 12,786 metric tons. Fertilizer volumes for Q2 FY22 grew by 77% from 30,665 metric ton in Q2 FY21 to 54,402 metric ton in Q2 FY22. For H1 FY22 total volume for fertilizer segment stood at 1,07,192 metric ton a growth of 43% on year-on-year basis. On revenue front our revenues from Q2 FY22 stood at Rs. 136.1 crore as compared to Rs. 76.9 crore in Q2 FY21 a growth of 77% on year-on-year basis. Revenue growth on QoQ basis stood at 15% from 118.5 crores showing sign of positive recovery. For H1 FY22 our revenue growth stood at 81% from Rs. 140.7 crs in H1 FY21 to Rs. 254 crores in H1 FY22.

Our consolidated EBITDA for the quarter stood at 22.3 crore as compared to 11.5 crore in Q2 FY21 a growth of 95% on year-on-year. EBITDA on Q1 basis grew by 21% from Rs. 18 crore in Q1 FY22. EBITDA margin for Q2 FY22 stood at 16.4% as compared to 14.9% in Q2 FY21 a growth of 150 bps and 15.6% for Q1 FY22 a growth of 84 bps. EBITDA for H1 FY22 stood at Rs. 40.8 crore as compared to Rs. 14.6 crore in H1 FY21 a growth of 179%. EBITDA margin for H1 FY22 stood at 16% a growth of 560 bps year-on-year basis. PAT for Q2 FY22 stood at Rs. 15.7 crores as compared to Rs. 7.3 crores in Q2 FY21 a growth of 115 year-on-year basis. On quarter-on-quarter basis PAT grew by 18% from Rs. 13.4 crore H1 FY22 PAT stood at 29.1 crore as compared to 8.4 crores for H1 FY21 a growth of 250%. PAT margin for the quarter stood 11.6% as compared to 9.5% for Q2 FY a growth of 200 bps for H1 FY22 PAT margin grew by 550 bps at 11.4% margins. With this, I open the floor for question and answers. Thanks.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Shubham Agarwal from Aequitas India. Please go ahead.

Shubham Agarwal: My first question is regarding the dye division, I wanted to understand what was the total revenue that we registered from the dye and dye intermediary division and what was our average realization for key products H-Acid and Vinyl Sulphone and if you can also talk about how is the current realization of both the product and what is the current capacity utilization across our plant?

Punit Makharia: In the Q2 this total dyes and dyes intermediates we have sold is around Rs. 56.78 crores in which the dyes consist of around Rs. 28.08 crores and dyes intermediate is Rs. 28.70 crores so the total works out to be around Rs. 56.78 crores and the quantity distribution amongst these two segments is 1,945 tons and if you are asking about individual this price realization for the dye stocks it is working out to be in the range of Rs. 265, Rs. 270 a kg and in intermediates since it would be difficult to give us exact because as of now, I do not have individual volume for H-Acid and Vinyl Sulphone. I have a consolidated sales volume of Vinyl Sulphone and H-Acid which is 938 tons and out of the total production of 938 tons has been sold and the balance has been consumed internally for production of the dyes.

Shubham Agarwal: And what would be our capacity utilization for Q2?

Punit Makharia: I think as far as the dyes is concerned it is around 70% and around dyes intermediate. See if you talk about this capacity utilization of intermediates it would be around same around 72% to 73%.

Shubham Agarwal: Sir at the fagend of last quarter may be around starting of September we got news that Vinyl Sulphone and H-Acid prices have increased significantly, so I wanted to understand given in that context how is the outlook looking for this division going ahead and also if you can elaborate on the demand that we are looking at?

Punit Makharia: See that impact would be coming in Q3 because we have seen that there is a price upward in terms of the raw materials as far as in terms of the finished products also of H-Acid and Vinyl Sulphone, but that was somewhere visible by the end of September, but the effect of the same would be captured in Q3.

Shubham Agarwal: Sir given we must have also experienced increase in our raw material and at the same time our output product price have also increased, so do we anticipate increase in spread for our products in this quarter?

Punit Makharia: This should be visible in Q3 and what we see is that since we had certain old price inventories also and over and above we are easily able to pass on the price increase of raw materials to the finished product because we need to understand that there is a supply constraint because of the global logistic problem because of the global energy problem because of these two major effects there is a supply constraint also and all the Chinese companies are facing lot of issues because of the energy crisis. This sub surge should be visible in Q3 yes there is a good demand of the products what we produce as far as the H-Acid and Vinyl Sulphone the prices have gone to a reasonably good level as of now to give you bit more information the Vinyl Sulphone is somewhere prevailing around Rs. 400 and H-Acid is around Rs. 600 to Rs. 625 a kg.

- Shubham Agarwal:** When it comes to our raw material are we facing any issue in terms of availability?
- Punit Makharia:** No in terms of availability we are not facing very great situation, we are not facing any such kind of a situation whereas we do not get a raw material and the plants get closed. We had planned our inventories well in advance and company has got sufficient raw materials for the basic key raw materials at least few are till December end or few are till January so we do not see any problem into that.
- Shubham Agarwal:** And when it comes to unit 5 so as you already mentioned in the opening remarks that commissioning may happen by first week of January, so what in terms of demand if you have some sense or if you can elaborate as to when we can ramp up to a meaningful capacity of this plant?
- Punit Makharia:** Unit 5 is extremely delayed beyond our expectations, but the delay has taken place the factors which were out of our control and there is a project cost increase also, unit 5 also because of the increased prices into the metal, cement and other products, but anyhow now we have covered all those things and we are on the verge of starting the production. In November end we would be the starting the dry trail run Shubham and we believe that this trial production would be started in December and we believe that January should be the period where we should have this commercial production and from January onwards slowly and gradually we will ramp up the production capacities on unit 5 and probably we may get one month or two month of unit 5 production in this financial year, but for the next financial year we will get in total 12 months of the operation of unit 5. As far as the sales of the product what will be manufactured unit 5 we do not see any kind of a problem into marketing of those products that is not a big problem.
- Shubham Agarwal:** And also in the fertilizer division the numbers that was mentioned in presentation is reflected that at standalone level fertilizer volume saw a significant decline both YoY and QoQ, so is there a specific reason that you would like to?
- Punit Makharia:** In fact there is only the seasonal impact on to this because in this season this monsoon continue till later period also. Now we believe that this loss of the volumes what has done in Q2 will be covered in Q3 and further in Q4 also especially in Maharashtra yes there is a degrowth into the volume. In Q1 we have sold around 18,000 tons of fertilizer and in Q2 it is only 8,000 tons of fertilizer. So, it has decreased by almost more than 50% and we believe that from 15th of November onwards the season would pick up in fertilizer and we believe that this would be covered in the coming time also.
- Shubham Agarwal:** And what would be our average realization for fertilizer it is around 13,000 am I right?
- Punit Makharia:** Yes close to 13,000 including the amount of the subsidy.
- Shubham Agarwal:** So in fertilizer division, we are getting various news feed around demand supply mismatch in the country currently so how are we place in the current situation?

- Punit Makharia:** See as far as fertilizer is concerned my personal belief is that because of the global supply issues and the global price increase DAP is an acute shortage and DAP has gone up tremendously high and now the farmers have started accepting replacement of DAP as a SSP. If you see on the basis of the ingredient and if you see on the basis of the cost level also one bag of DAP is equal to three bags of SSP and one bag of urea wherein if you put three bags of SSP and one bag of urea to replace DAP you get more ingredient in terms of the NP&K and as far as the cost wise is concerned as of now the DAP pricing is around Rs. 1,200 a bag wherein if you put these two different products in this specific quantity your cost of replacement of DAP is around Rs. 1,100. Otherwise, if you will see that this Rs. 1,200 product is replaced by some Rs. 1,110 products so because of all these kinds of issues the SSP is getting highly recognized and acceptable fertilizer in the whole country and thanks to the government and they are also promoting this home-grown industry and if you see in our Kisan Phosphates like we have achieved almost 90% of our production capacity we did a business of around 60 crores in H1 wherein last year we did a total business of Rs. 70 crores in the whole year. So, again 70 crores of the total business in whole year we did a Rs. 60 crore business in half year same way this responded to even Madhya Bharat also. So, we believe that there is a good time for the SSP business thereafter.
- Shubham Agarwal:** And in terms of spreads the cost of raw material must have also gone up in the current quarter the margin also drops slightly, so how do you see the spread trending up from next quarter onwards in this segment?
- Punit Makharia:** Which period you are talking about there is a decrease in the profitability.
- Shubham Agarwal:** The margins so QoQ if I see the EBITDA margin in fertilizer subsidiary drop from 15.7 to 13.8 so there was almost 2% decline as far as EBITDA margin is concerned in your subsidiary which is Kisan Phosphates and Madhya Bharat?
- Punit Makharia:** Let me go through the figure what you are pointing it we have that in. Shubham this point I am not having right now data in front of me, but surely, we will get back to you on this part, but as overall I can tell you is that I think the drop is minor or major?
- Shubham Agarwal:** It is a minor drop 2% drop as of now?
- Punit Makharia:** That would be some high price raw material or some kind of subsidiary implement or something like that so I do not think it is a major impact, but then too also we will look into this, and we will come back to you.
- Shubham Agarwal:** And again, last question regarding raw material availability for fertilizer division are we facing any issue?
- Punit Makharia:** Not so major issue in fact rock phosphate is available at a price which we have covered it if you will see that the stock level, inventory level in Q2 has gone up fantastically. The main reason of that is mainly because we have covered ourselves in terms of the rock phosphate almost till March 2022 onwards. Now the company has rock phosphate till March 2022 because of that

inventory levels have gone up and if you will see the cash flow also there is a bit pressure on the cash flow because majority of the money is blocked into the stock which we have covered in future as far as the sulfuric and sulfur is concerned supply is a bit tight, but it is available at a price and which you are covering it and we have not stopped our plant even for a single day for the amount of the raw material.

Shubham Agarwal:

And coal is also not a concern for us?

Punit Makharia:

See concern is everything when the prices go up you have to only manage the things so that your plan does not get stopped. So, there is a concern for everything, but you have to manage yourself, so this year company is managing it well accordingly so that this plant does not stopped.

Shubham Agarwal:

One last question regarding the dye and dye division, so do we see a possibility of capacity utilization increasing in second half to 80%, 85%?

Punit Makharia:

It should be around 80% and that is a very practical figure what can be achieved.

Moderator:

Thank you. The next question is from the line of Sumesh Guleria from Green Portfolio. Please go ahead.

Sumesh Guleria:

My question is on the demerger part so since we have grown significantly, and I think both the division fertilizers and chemicals they are doing extremely well, so can we expect a demerger going forward in couple of years?

Punit Makharia:

Sir can you please repeat the question I am not able to follow your question please come again.

Sumesh Guleria:

Sir my question is regarding demerger of chemical and fertilizer division going forward in couple of years let us say?

Punit Makharia:

I cannot decide what would be the strategy down the line couple of years it would be difficult for me to comment on this question because as of now at least for two, three years we do not see any kind of a merger or demerger of this thing otherwise you can see that we have a subsidiary concern we are two subsidiary concern we are mainly into fertilizer. So, only we have one fertilizer business in Pushkar that is our Maharashtra plant. So, as far as Pushkar is concerned we do not have any such plans of demerging fertilizer business as of now neither we have any plans for merging Madhya Bharat and Kisan into Pushkar. The reason I will tell you is that because since we took over Madhya Bharat phosphate from NCLT root and therein we have some asset loss of around Rs. 30 to Rs. 32. First we would like to take the opportunity of the tax benefits of that and till such time we do not have any kind of planning for merger or demerger.

Moderator:

Thank you. The next question is from the line of Anshuman Mohta Individual Investor. Please go ahead.

Anshuman Mohta: I had a couple of queries how do we see the prices of H-Acid Vinyl Sulphone going ahead and the jump in prices we have been recognized in the dyes itself or dyes prices have not gone up, H-Acid and Vinyl Sulphone prices which has gone high that is correspondingly in dyes that has been realized that much or not?

Punit Makharia: Dyes is a product which is used by the textile dye houses and very honestly speaking it is not immediate impact on the dye stock prices because of the increase of the raw material or there is increase of price of H and Vinyl Sulphone in dyes we always have an advance planning for at least two to three months always in here with us because dyes goes as per the fashion trend in the society like for the winter colors we have to start working in summers for the summer colors we have to start working in winter and this takes bit time, but yes somewhere in July, August when the prices started going high at that time the dye stock prices were not impacted, but now post September if you see in October as well as in November also even on the 1st of November also and in October two times the prices have revised of the dye stocks earlier the customers were bit hesitant of the acceptability, but as and when the stocks get drying up and the customer has to buy it. So now they have come forward to buy at increase price also. So, it takes around two months' time maybe this depends on customer-to-customer to accept the increased price also.

Anshuman Mohta: So, sir we will see the impact of higher prices, better realization for dyed as well as H and Vinyl Sulphone in Q3 as per what you said to last Mr. Shubham H-Acid and Vinyl Sulphone we will see a positive impact in the next quarter and like we will see in the Q3 quarter?

Punit Makharia: In Q3 that impact should come maybe partially of dyes and completely of intermediates. So, what happens in advance order planning because of the customer already it is booked.

Anshuman Mohta: Before Q2 our PAT margins which was there that was in the range of 9.5 to 10 which we have increased up to 11.5, 11.6, is it because we have revamped the unit 1 has it got impacted because of that?

Punit Makharia: See the individual impact does not come in this mixed impact comes and if I will talk about one impact that will be also wrong like you have said revamp we have started that impact is also there and if you will see half yearly consolidated basis 250 crore top line is there whereas if you remember I have been always saying in the past is that somewhere in this financial year we would be touching around 525 so now that is clearly visible also and the profitability terms also on console basis company did around 29 crores which is a complete full year of the last year. So, it is not only that we have done that revamp it has started and rather it is a mixed impact of the fertilizer business, better utilization also, some pricing benefit something about our revamp that has started all these things have mixed impact because our business model that is completely integrated, it is vertical in 6 stage backward, forward business model is there so in every vertical there is some contribution in that. So, it is difficult to stay that because of that since it is a completely versatile business, virility business every impact comes in that.

Anshuman Mohta: One more question is there regarding SSP in your last presentation and in this presentation, you mention that we have become countries largest SSP producers?

Punit Makharia: No sir we never said like that.

Anshuman Mohta: One of the largest?

Punit Makharia: You do not say largest.

Anshuman Mohta: One of the bigger producers of the country sir in that DAP and SSP correlation what you have said can you tell that again?

Punit Makharia: Sir what happens in that if you will go in ingredient basis if you will go one 50 Kg DAP luggage how much Kisan is getting the ingredient if you will see at 48 or end use something sulfur is nothing there in that is one thing and second thing is that three luggage if we take of SSP and one luggage of urea so P you will get it completely N you will get a little bit more which is there in DAP you will get more than that plus additional you will get sulfur which comes from SSP. So, if Kisan instead of one luggage of DAP three luggage SSP and one luggage urea so then Rs. 1,200 cost that will come down to around Rs. 1,110 and number two nutrients which is there in that DAP which we get there only we get the nutrient plus additional sulfur we get and point number three from the pocket of Kisan Rs. 90 on each luggage less expense is there point number four the government is giving the subsidiary on DAP and SSP which the government is giving subsidiary there the money of government is also saved in terms of the subsidy and the last DAP in today's date in India it gets imported, majority of the requirement is met through the imports. So, government is saving lot of money on the foreign exchanges also so because of all these things government is emphasizing more on the usage of SSP and DAP.

Anshuman Mohta: Which is very bright for our future like SSP their own production is more, what is the situation for SSP prices as compared to one, two quarters before has the prices gone up?

Punit Makharia: At the same what it was last year the retail prices are the same wherein the government of India has increased a subsidy in the May 2021 wherein before 2,643 now it is Rs. 7,513. So, the price increase has been taken care by the government in terms of subsidy.

Anshuman Mohta: Is the subsidy coming in better time than before or it is still delayed by the government?

Punit Makharia: The system is same only like the way it was coming earlier it is coming now also. Government is giving rather a priority to the local industries in terms of the subsidy the government is helping in promoting this SSP even the honorable minister is regularly taking meetings and asking the SSP the producers and addressing their problems on a very positive.

Anshuman Mohta: Sir one last question sir unit 5 product line you have not disclosed can you talk about that?

Punit Makharia: Once we will start then only, we will talk not now.

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

M Rao: My request is please arrange post concall transcript on the company's website that is possible shortest time?

M Rao: Please arrange post the concall transcript on the company's website and within 10 days to 15 days number two as per your earlier answers since we will be reaching 80% of capacity utilization in dye stuff and dye intermediate that is the match what we can produce and then when are you planning to go for expansion of dye stock fund dye intermediates?

Punit Makharia: On your first question to post the transcript on the company's website do we do that.

Nitesh Pangle: We do post the transcript, also the transcript was still to get uploaded on the company website because there were some technical issues, but now it has been resolved so you will be able to see soon, but simultaneously we also upload the same on the stock exchange website so we will be able to find the transcript there also.

Punit Makharia: Coming to your second question we will be announcing our next CAPEX post we start the commercial production of unit 5 till that period we are not going to take any new expansions until and unless we start our unit 5 production because if you will see in last period company has taken up a total CAPEX of around 140 to 150 crore including the overrun in the form of Madhya Bharat takeover and solar and unit 5 and this all amount around 150 crores has been met through internal accruals. So, first we would like to consolidate our unit 5 operations then only we will go for the further announcement of any new expansions till that time we would like to consolidate whatever we have done.

M Rao: firmness of margin is it sustainable for the second half also at the same level or can we expect some more improvement?

Punit Makharia: Up till H1 you are saying it is sustainable or not is it the question. We will be trying for the better one of this H1, but since it is difficult to predict, but yes, we are sure that we will try our level best to achieve something better than this.

Moderator: Thank you. The next question is from the line of Dhwanil Ketan Shah from IWealth Management. Please go ahead.

Dhwanil Ketan Shah: Sir I had couple of questions the first if I remember correct when we had met you before also so you said earlier that broadly the dye intermediate it is kind of on an average 15% EBITDA margin and dyestock is closer to 17%, 18% and in the current scenario when the prices are going up what would be this margin would be sir on an average to extrapolate going ahead?

Punit Makharia: Company EBITDA margins, profitability margins they are improving and in the coming time when the solar will start then also big impact will be there around Rs. 6.5 crores to Rs. 7 crores electricity bill will be impacted and if Rs. 6.5 to 7 crore electricity bill gets impacted then

profitability also there will be an impact. The second thing is that dye stock intermediate since it is a consolidated business, fertilizer business yes there is a price control by the government, government does not want you to make more than a specific profit of margins, and there are certain fluctuations also always available in the market in the past and in the future many things are there. I think in today's date in this quarter 16.5%, 17% EBITDA margin company has achieved and that is already improved one. So, in my view you should understand that this is a decent margin. We are trying for the better one, but we will try for in the past we have given 18% also we will be trying for that also.

Dhwanil Ketan Shah: Sir on an average it is around 14%, 15% it is there and now dye stock, dye intermediates?

Punit Makharia: In this also potential is also there 1.5% of improvement easily will be there.

Dhwanil Ketan Shah: So, you are saying that price which has been increased that is little difficult to tell as of now?

Punit Makharia: Sir there are many such factors if I will say anything on this concall any such figure if I tell you in the concall that will be not correct on my part. I must behave practically, and I have to talk conservatively I cannot talk over the board.

Dhwanil Ketan Shah: And sir my second question was on our unit 5 so sir once it starts in January so broadly maybe for FY23 what kind of volume you are expecting?

Punit Makharia: As I have said earlier also that unit 5 somewhere or the other Rs. 200 -225 crore yearly volume it will give, but the way there is a change in a pricing trend so we are hopeful that it can reach to around Rs. 275 to 300 also.

Dhwanil Ketan Shah: And in these also similar margins will be there which is there in our company?

Punit Makharia: Yes meaning 16.5% it will be around that level.

Dhwanil Ketan Shah: Sir currently demand side like you are saying no new product is coming from China, but we were reading something that lot of freights things, and all these are easing out in terms of imports and overall prices in China and even in India are you all seeing there is some kind of 5%, 10% correction happening, or it is still strong H-Acid and Vinyl Sulphone.

Deepak Beriwal: Honestly speaking I have not seeing any kind of correction and today also if you talk of global freight to give you a fee that before we bring from Egypt the rock phosphate which we bring \$14, \$15 per ton we bring and in today flights rates have increased to around \$35 to \$38 Europe containers multiple times it has increase the container freight which is there from here to Bangladesh, China everywhere the freight has gone up. Definitely this situation is not going to remain forever things are going to get normalize, but personally I do not see that these things would get normalize at least for next 4 to 5 months there are couple of reasons behind it A the energy prices in China has not been resolved it is going to take a bit longer time, in China there is winter then new year is there and taking all these things into consideration plus new variant is

coming there are many such multiple issues are there and in that what happens is that every person has their own thought process and every person takes decision according to his thought process, but something has eased or sudden demand you're getting material or freight has come back to normal I do not see any such circumstances, but all these things today it is on the higher side and it will not remain at the same pace hopefully somewhere in next 5 to 6 months will come back to normalcy, but at least till February or March 2022 in my personal opinion things will remain as it is where it is because sir in today's date inside China we hear that I do not have much knowledge that there is a big issue of power, there are no container movement and 1,000 containers are stuck there and all these are unconfirmed news is there and what we feel on day-to-day basis into the industry that still the raw material prices are going high. In today's date if you pick up the basic chemical sulfur has Rs. 24.5 it has reached, caustic has reached to Rs. 70, soda in today's date it has reached around Rs. 37 per kg all these prices nobody has seen in life time.

- Dhwanil Ketan Shah:** Aniline it has increased to 40%, 50% in last two months?
- Punit Makharia:** Sir which item has broken that also can you tell me that. Let me tell you one thing that to increase the price it is very difficult and the increased price to come down that is also even more difficult.
- Moderator:** Thank you. The next question is from the line of Forum Makim from Equity Capital. Please go ahead.
- Forum Makim:** Sir I have two questions what is the status on the warrants does money has come and second is the rise in borrowing in short-term borrowing what is the reason for that?
- Punit Makharia:** See as far as the warrant is concerned company has already received 25% money from the promoter in Q2 itself this is the first question answer and 33 crores impact which you can see basically it is like since rock phosphate which we used to import around \$65 now the rock phosphate has gone around \$135 and as I have told on this call itself in the beginning that almost around March rock phosphate preparation we have done so we happened few LCs for the advance raw material. The borrowing which you are seeing this is not funded borrowing these are the LC which company has opened on console basis even the Madhya Bharat also if you will see in last year Madhya Bharat operational has been done in June, July only so that impact has come because inside that Madhya Bharat whole year cooperation is there plus, we have covered ourselves in terms of raw material till March.
- Forum Makim:** Sir fertilizer subsidy which is there who gets those farmers get or you get how does it work?
- Punit Makharia:** Company gets this money. You have to apply on the system and if documents are clear and if everything has been done properly by your team you will get it on the first come first serve basis.
- Moderator:** Thank you. The next question is from the line of Ritika Gupta Individual Investor. Please go ahead.

- Ritika Gupta:** Sir, I wanted to know what is the average price for H-Acid and Vinyl Sulphone in Q2 of FY22?
- Punit Makharia:** Ritika, we do not have as of now, but I can give you in approximate idea based upon my knowledge. H-Acid would be in a range of around Rs. 400. Rs. 390 to Rs. 400 H-Acid price realization should be there in Q2. As far as Vinyl Sulphone is concerned Vinyl Sulphone realization it is around Rs. 1.25 this I am telling by my estimation subject to I go through and give you the exact number.
- Ritika Gupta:** So, we can see an increase of about 50% in the realization of H-Acid?
- Punit Makharia:** No, you do not do like this you calculate and bring around 50% it does not happen in this. There are always certain commitments which are to be supplied by the company even in this current period also in which we cannot get back plus as I told before also that the dyes orders price impact it takes a bit time, and the company has almost three months of dye pending orders. So, if you see the weighted average that is straight away 50% it will not be increased, but yes there would be good amount of increase, but to exactly frame the number is difficult.
- Ritika Gupta:** What is the current realization for dye stock for this quarter for the ongoing quarter?
- Punit Makharia:** I think current realization there would be an improvement of around 25% to 30% range also.
- Ritika Gupta:** Sir Madhya Bharat I understand has done about 23 crores of sales in this quarter in that way what is like the EBITDA for Madhya Bharat?
- Punit Makharia:** Madhya Bharat EBITDA would be in a range of about 11%, 12% or something like this we have the number with us 13.37% for H1 and 12.81% for Q2.
- Ritika Gupta:** What was the absolute EBITDA for Madhya Bharat for Q2?
- Punit Makharia:** That is what I am saying Ritika in Q2 it is 12.81% EBITDA margins and on H1 basis it is 13.37% on EBITDA margins.
- Ritika Gupta:** And what about the PAT?
- Punit Makharia:** PAT is in range of 10.02, 10.04% on H1 basis and 10.20% on Q2 basis.
- Ritika Gupta:** And what kind of capacity utilization are we on Madhya Pradesh?
- Punit Makharia:** Madhya Bharat we should be in a range it should be around 40%, 50%. See what happens in Madhya Bharat is that in Madhya Bharat 50% of the sales takes place through the MARKFED, MARKFED is a Madhya Pradesh Government organization they take the material on consignment sales basis we dispatch them more, but whatever is sold till that period is only accounted in sales balance stock is kept into the godowns of MARKFED, but it is on the books of the company. So, exact sales to capture on that particular day is bit difficult because this sale

is on a consignment basis. Now you are saying that the sale of 23 crores actually the dispatches are much more than these Rs. 23 crores.

- Ritika Gupta:** But then it is hitting us inventory in my own books?
- Punit Makharia:** Yes, inventory is on to your books, but it is kept into the godown of the MARKFED,
- Ritika Gupta:** What kind of sales do we expect from Madhya Bharat for the whole year?
- Punit Makharia:** Madhya Bharat I expect somewhere close to 100 crores and Kisan close to 120 crores.
- Ritika Gupta:** Do we want to realize the guidance that we have given for FY22 and FY23 considering there is a realization increase?
- Punit Makharia:** What the guidelines we have given.
- Ritika Gupta:** Rs. 525 to 550 crores.
- Punit Makharia:** No, at least for FY20 this current financial year we would stick to the same number what we have been saying before because earlier those number whatever we have given we have taken into the consideration at least three months, four-month operation of unit 5 also wherein I personally see that without unit 5 operations we will reach somewhere 525 so we would like to be the same number.
- Ritika Gupta:** Without unit 5 you will reach 525?
- Punit Makharia:** Yes, without unit 5 we should be 525 on console basis. If you see that on this H1 also we have done without unit 5 is around 250 crores.
- Ritika Gupta:** So, what kind of sales do we expect in cost of unit 5 not much?
- Punit Makharia:** See unit 5 if we talk there is no use when it will start in January then we will talk about that without unit 5 we should be around 525 crores.
- Ritika Gupta:** And what about FY23 we will have unit 5 also there and that time we had given a guidance of 650 to 750
- Punit Makharia:** Should be above 775 or maybe 25 crores plus minus around 750 to 800.
- Ritika Gupta:** And we will also see the cost savings from solar of 6.5 crores from FY23 onwards, right?
- Punit Makharia:** Yes, it should come.
- Ritika Gupta:** And sir Madhya Bharat coming back to it what kind of EBITDA margins do we expect at better capacity utilization which company you are saying?

Punit Makharia: See Madhya Bharat will remain in a same kind of profit margin you know hardly marginal negative, but it would remain into the same because it is a fertilizer business. There is a specific guideline by the government of India and there is a price restriction by government of India. So, we should be in a similar range around 10% or so.

Moderator: Thank you very much. I now hand the conference over to Mr. Punit Makharia for closing comments.

Punit Makharia: Thank you friends with the growth opportunity we foresee across all our segments and timely completion of our projects. We believe we are ready for the next level of growth and also well positioned to capitalize on the opportunity. Thank you everyone for joining on call. I hope we have been able to answer all your queries in case you require any further details you can please contact there was an investor relation advisor Orient Capital. Thank you very much.

Moderator: Thank you very much. On behalf of Shree Pushkar Chemicals & Fertilisers Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.