



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: 17th August, 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 10th August, 2022.

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 9th August, 2022, intimating you about the earning conference call for Q1 and FY23 with Analysts/Investors held on 10th August, 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 • Dyés 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 Limited
Q1 FY 23 Earnings Conference Call”**

August 10, 2022



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

MODERATOR: **MR. FARAZ AHMED - ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY23 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, 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, their Investor Relations Partner. Thank you and over to you Mr. Ahmed.

Faraz Ahmed: Thank you and welcome to the Q1 and FY23 earnings call of Shree Pushkar Chemicals & Fertilisers Limited. Today on this call, we have Mr. Punit Makharia, Chairman and Managing Director along with Mr. Deepak Beriwal, CFO and Mr. Nitesh Pangle, Company Secretary. This conference call may contain forward-looking statements about the Company which are 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 two of the Company’s investor presentation which has been uploaded on the Stock Exchange and 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 afternoon, everyone and welcome to Q1 FY23 earnings calls of our company. I hope all 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 the Company's website. Friends, I will take you through the financial and operational performance of our Q1 FY23. Despite macroeconomic challenges, supply chain distributions and inflammatory scenario, we are pleased to deliver steady financial performance for Q1 FY23. Our focus had been to provide sustained and consistent volume deliveries to our customers and we have ensured that we deliver that to the best of our possible ability. Admitting the global uncertainties, which loomed in the previous few quarters, our chemical division has reported a volume growth of 13% in Q1, FY23 versus Q1 FY22, owing to an increased demand for dyes in domestic, as well as export segment, we are further optimistic on seeing better realization and volumes uptake over our entire chemical division.

The volumes in the fertilizer division saw some dip due to season ability impact. However, it has witnessed higher realization, which can be attributed to increase in the subsidy offered by the government. This has been a welcome move for the fertilizer segment as it was the need of the hour. And we’re sincerely grateful to the central government to address this issue. Despite the ongoing global challenges, the company is optimistic about overall growth and demand in the quarters to come and improve capacity utilization and the higher efficiencies. Friends, our consolidated total sales volume for the quarter, witnessed a drop of 9.3% on year-on-year basis, which is inclusive of 13% increase in the chemical volumes and 10% drop in our fertilizer volumes. Even after the drop in our total volumes, our revenue has grown by 42.4% on year-on-year basis. Our EBITDA has increased by 14.7% in comparison to Q1 FY22 and almost 10% in this comparison of the preceding quarter.

Our PAT has increased by almost 8% as compared to the corresponding quarter of the previous financial year and 3% in comparison to Q4 FY22. With the higher capacity utilization in the months to come we see a great scope of outperforming our past financial numbers. Now an update on the CapEx done by the company, our unit five of INR 119.5 crore approximately has been completed up to 30th of June 2022. The Dyes Intermediate plant is ready to start commercial production. The dry trial runs has been completed successfully. We were awaiting for the explosive department permission to start our The Dyes Intermediate plant at unit five, which has been received by the company on 8th August 2022 and the commercial production is likely to start very shortly. Sulphur chemistry plant the commercial production has already been commenced except the Thionyl chloride plant. Finally, we are one of the few market players with both forward and backward integration capabilities. Our company has eight locations across India, put one more, which is the solar and total is nine location and is progressing. We are highly regulated and we are proud to tell you that we are still a zero-waste company of the nation.

With this friends I would like to hand over the call to Mr. Deepak Beriwalla, who is our CFO and who will take you through the financial and operational highlights of Q1 FY23. Over to you Deepak.

Deepak Beriwalla:

Thank you, sir. Good afternoon, everyone. And a very warm welcome to everyone. Our total volume for Q1 FY23 dropped by 9.3% on year-on-year basis with the total volume being 49,485 metric tons in comparison to 54,543 metric tons in Q1 FY22. Volume in chemical sector grew by 13% to 1,981 metric ton in Q1 FY22 versus 1,753 metric ton in Q1 FY22. Fertilizers volume for Q1 FY23 dropped by 10% to 47,504 metric ton in comparison to 52,792 metric ton in Q1 FY22. On revenue front, our revenue for Q1 FY22 stood at INR 168.8 crore as compared to INR 118.5 crore in Q1 FY22 a growth of 42.4% on year-on-year basis. Our consolidated EBITDA for the quarter was INR 21.2 crore for Q1 FY23 as compared to INR 18.4 crore in Q1 FY22 a growth of 14.7% on a year-on-year basis. EBITDA was also higher on Q-on-Q basis by 10% where the EBITDA for Q4 FY22 was INR 19.3 crore. EBITDA margin for Q1 FY23 stood at 12.5% and PAT margin for Q1 FY23 stood at 8.60%. PAT for Q1 FY23 was at INR 14.4 crore versus INR 13.4 crore for Q1 FY22 a growth of almost 8% on year-on-year basis. And the PAT margin of 8.60%. With this, we can now open the floor for discussion. Thank you so much.

Moderator:

Ladies and gentlemen, we will now begin with a question-and-answer session. We have the first question from the line of Shubham Agarwal from Aequitas. Please go ahead.

Shubham Agarwal:

Sir, firstly, I'd like to congratulate the entire team because we have posted a great set of number in a tough environment. Sir my first question was related to the fertilizer division. So last quarter you mentioned that Dewanganj facility, we had faced some closure notice and we were working to get it lifted so I wanted to know what's the current situation of that closure notice? And secondly with regards to the expansion in Kisan Phosphate of 32,000 ton, we were supposed to get report post which we were supposed to start the plan. So again, I wanted to know the current status of both this plant.

Punit Makharia:

Thank you, Shubham. First of all, let me take you through the Dewanganj plant. Dewanganj plant there was a Central Pollution Control Board notice, which was issued in the year 2016 prior to the CIRP process began with Madhya Bharat and, that was not in our knowledge, but when we took over the company, then it came to our knowledge that the CPCB had already issued a closure notice. Now, finally, as on date, the update is as follows : **CPCB closure order has been revoked that has been lifted. All the statutory approvals has been already received in pertaining to the Dewanganj plant.** Now, the biggest challenge, what still we are facing is an access road entry to the Dewanganj site. As we have mentioned in our resolution plan that this particular factory, plant is under a land logged area, which is owned by the earlier promoter. And though we have order issued by NCLT that same access is to be provided to us, we are in regular touch and very close follow up with the local administration for providing us access to the road. After almost a year of negotiations and follow ups, finally the company has decided to purchase that access road from the earlier promoter. And that is in the final stage of in the documentation. And we hope that in next 10 days or 15 days, because the August month has a lot of holidays because of the Krishna Janmashtami and Rakshabandhan and all these things. We believe that in next maximum 10 to 15 days or so, we would be closing the registration of that particular access land. Once we are done with that Shubham then I don't think any hurdles will be there for us. And this plant is fully ready to start the production, this inspection and induction into NBS policy and pollution matter and other statutory approvals all are well in place have been received, except this access road, which we believe that should be completed in next 10, 15 days immediately after that, we should be able to start this plant though, we have missed this season in the Dewanganj plant, but we are quite hopeful to catch up with the next season coming there on. Secondly, coming to your Kisan Phosphate's expansion, that expansion is completed. We have already received the PDIL approval for 132,000 tons of the capacity. Now this Kisan is 132,000 tons capacity plant. And this particular season, the sale of Kisan has dropped in comparison to the last year because of the pricing issue because of the abatement of the subsidy revision. So, but now we are quite hopeful that in the coming season we'll be able to make up the loss disburse.

- Shubham Agarwal:** Got it. So, with both this Dewanganj and Kisan Phosphate is it safe to assume that the entire 590,000 tons that we have estimated, so this will be now available for entire H2?
- Deepak Beriwal:** 132 is Kisan, 165 is Madhya Bharat, 132 is Dewanganj, it is 529,000.
- Punit Makharia:** 590 Pushkar also.
- Deepak Beriwal:** Yes Pushkar also, it is around 590,000 Shubham.
- Shubham Agarwal:** So this entire will be available for entire H2 is what we can?
- Punit Makharia:** Yes. This should be entirely available.
- Shubham Agarwal:** Okay. And secondly, so our volume target of 3.70 lakh to 4 lakh ton, do you think this is now achievable because there is delay, in starting production for the current year?
- Punit Makharia:** I think Shubham, we should be able to achieve close to 300,000 tons of SSP, because first season has already, is on the verge of getting over. So we now only have the second season with us and we are quite hopeful achieving our targets in that.
- Shubham Agarwal:** And the realization would be around INR 15, INR 16, right now?
- Punit Makharia:** Realization would be around 16,000 or so.
- Shubham Agarwal:** So, then it is safe to assume that for the current year we can do close to INR 450 crore or INR 480 crore of revenue from that our fertilizer division.
- Punit Makharia:** Yes. Approximately INR 450 crore of the business we should get from the fertilizer business in this current financial year.
- Shubham Agarwal:** Perfect. Got it. Now, secondly, coming to the chemical division. So, we have witnessed that across the industry, chemical companies who are basically till DI they are facing a problem with regards to the cost and, because they don't have dye stuff, they have toned down their DI production and some of them are facing loss of profitability also. So I wanted to know in the current scenario how we are basically seeing the market going ahead. And is there any dumping that we are witnessing in the chemical market currently?
- Punit Makharia:** See what you said is, right Shubham as of now, there is definitely pressure on the volumes, pressure on the sales and also pressure on the pricing and the cost of the product also. And if you see, and that this pressure is going on practically for the last eight, nine months or so, few of our competitors are even facing closure also because of some other environment issues also. And those plants are also closed for quite two to three months or so. Definitely, selling pressure is there cost pressure is there, what happened is that, in the last three, four, five months the raw material prices had gone too high, because of some sentimental issues or maybe because of Ukraine, Russia war. For an example, let me tell you a product called Sulphur, which is our raw material. This is just an illustration I'm giving you; Sulphur was prevailing around \$450 almost a month back. You'll be surprised it has come down to \$100 now. Even the local refineries have dropped their prices by almost 30% to 40% or so. So there is definitely pricing pressure in terms of the basic raw material. There is a pricing pressure in terms of the fuel, what we use like the coal is there, and because of that the pricing pressure is there. I believe that in spite of the pressure, also we have maintained our volume growth. We have focused on, two, three main focuses, A) let us maintain the volumes B) let us maintain our receivables, our debtors, let us be a cash rich company. We have collected cash and maintained our volumes in Q1. So we believe that in a similar lines, we will continue our Q2 also because I personally see a pressure in Q2 also, from Q3 onwards, like from the Diwali onwards, I believe that situation will come back to normalcy, because right now this is a very short time phase, which the industry is facing, that this raw material pricing pressure is there because of that, the sales volume pressure is also there. And I think that this pressure should be released somewhere by the mid of Q2 or so, any moment we are expecting release of this pressure and in this

pressure full environment, we are focusing on two issues. Let's not have the inventories at the factory let's build our volumes. Let's not lose our business volume at the same time let's have a parity in our realizations and our book debts.

- Shubham Agarwal:** Got it. So, it is very fair to assume that the Q1 was a bottom result. Hence forward, we see only improvement in chemical division, barring Q2, most likely.
- Punit Makharia:** Shubham I would be very honest to you because see, I would see a similar pressure in Q2 also. What you said is 100% visible and expected in Q3 onwards because we are almost one third of the Q2 has already been passed. And I see a similar kind of a pressure in Q2 also, as we did, you know as we realized in Q1.
- Shubham Agarwal:** So, for the current FY23, let's say we have done INR 262 crore revenue last year for entire FY22 in chemical division, dye division.
- Punit Makharia:** You are saying in H1 '21- '22 we did 260. How much?
- Shubham Agarwal:** No, total FY22 we delivered INR 262 crore revenue last year.
- Deepak Beriwal:** INR 260 crore? No.
- Punit Makharia:** No, no. It is more than that.
- Deepak Beriwal:** INR 350 crore on standalone and INR 584 crore on consol basis.
- Punit Makharia:** It is INR 350 crore on standalone in the whole last year and on consol it is INR 584 crore something like that.
- Shubham Agarwal:** No, I'm talking specifically of chemical division.
- Punit Makharia:** Okay. That figure is not, maybe let's go ahead with your question.
- Shubham Agarwal:** Yes. So chemical division last year, it was 262. Now, given the current circumstances and order visibility, how do you guide for FY23?
- Punit Makharia:** See, I don't have right now individual vertical wise figure, but I can give you overall insight what I feel for '22- '23. I think you can take inference from my feelings as per your own this thing. I personally feel like, if you see that in Q1 FY22, we did INR 118 crore. And Q1 FY23 we did INR 168 crore. So there is a volume growth of 40%, approximately I believe that the similar growth we'll maintain in the whole financial year of FY23 plus Unit 5 Intermediate plant is yet to commission means yet to start the commercial production. So that business would also be added into the total revenue. In all the probability I personally believe that we should be able to minimum achieve INR 850 crore to INR 900 crore of business in this financial year taking into a pressure of Q2 and starting Unit 5 with immediate effect than the Q3 and Q4 also.
- Moderator:** We have the next question from the line of Sanjeev Damani from SKD Consulting. Please go ahead.
- Sanjeev Damani:** Congratulations for excellent results. I mean, really you have created a very fine enterprise Sir and congratulations to the promoters and management of this company. I want to start with one thing that can you kindly explain me the subsidy mechanism as far as single super phosphate fertilizers are concerned, and as far as urea et cetera is concerned because we understand that government is now doing direct payment to the buyer. So is it that way and what are the quantum in single super phosphate? So can you kindly explain me for my understanding?
- Punit Makharia:** See as far as SSP is concerned, Damaniji, there is NBS policy, which has been notified by the government of India based upon its nutrients into the product. The government has allocated, the amount of subsidy on per nutrient basis. So on the basis of the total nutrients held into SSP, the subsidy figure is derived by the government of India. On

the base of that notification and based of that, the individual nutrient subsidy base, the total subsidy works out on SSP is INR 7,513 a ton. And the mechanism on the subsidy is that the subsidy is not given to the farmers directly. It is given to the manufacturers, once we have to sell that product through the POS, that is a point-of-sale machine on the basis of POS and FMS and MMS, and the IFMS system, we have to feed in the data's into the government portal on the basis of the data, feeding into the government portal. Whenever the product is sold, the farmer has to put his thumb impression, which is linked to his Aadhar card and his land data records. Then the subsidy is authorized, on the POS. POS is a point-of-sale machine, which is linked to their thumb impression, linked to their Aadhar card and based upon that, this entire system is mechanized and completely digitalized. On the basis of the material sold on the POS. We are eligible for the subsidy. Then we get 100% subsidy by government of India on this basis. As far as urea you said, is that urea is a completely different ball game altogether, not with the SSP, in urea, it's the canalized product, nobody can import for selling into the domestic market. It is allocated by the government of India, on the port wise, then it's a different, business altogether, but the business of SSP and the business of urea is totally different.

Sanjeev Damani: Here I would like to know, how many days it takes to get our subsidy. Is it very prompt or delayed or how it works?

Punit Makharia: It has improved much than the last time and it is still improving and it is completely digitalized. This is on the basis of first come first serve basis.

Sanjeev Damani: Okay. So the subsidy part is what is government fixing? And do we have liberty to fix our selling prices, independent of subsidy components?

Punit Makharia: No, but for that, we have to give the cost data to the department on the basis of the cost data analysis we can fix our own pricing, but yes, government has, they have not controlled it directly, but yes, they oversee the pricing pattern of the MRP also.

Sanjeev Damani: It is regulated and sir, in that sense that is it being considered monthly basis or quarterly?

Punit Makharia: It is season basis sir.

Sanjeev Damani: Season basis before that so during the period of the season, if the raw material prices goes up, then we have to only bear such expenses?

Punit Makharia: No, it is generally, we always keep that much of margin looking into the market fluctuations.

Sanjeev Damani: Okay. Sir one more request regarding capacity utilization of our various products I mean, if these data's are somewhere available, I can access it or else if they can be published that we have XYZ number of products, and these are the capacity utilization for this quarter I mean, if we can get that?

Punit Makharia: That sheet our investor relations team would provide you, that is not a problem. You can share your contact details, with Orient Capital. They will provide you that detail.

Moderator: We have the next question from the line of Forum Makim from Equitree Capital. Please go ahead.

Forum Makim: Congratulations on a great set of numbers in a challenging environment. Sir my first question would be on the chemical side, as you mentioned, there has been a lot of pressure in the industry, and we are also seeing closure of some factories in Gujarat, due to the pricing pressure and the demand pressure. So what have we done differently this quarter that we have been able to post a volume growth for the quarter?

Punit Makharia: For that the basic difference between ourselves and our market competitor is the business model. As we have been always mentioning that we are a zero-waste business model and whatever waste we generate from various plant is consumed by a different

plant as if in a form of a by-product or its raw material. And that is the beauty of the whole business model. And that has given a completely stable and sustainable business model to our company that has been a winning edge for us. And because of that we are much better compliance stage than others. So that is a reason, those plants might have been closed during the first quarter of maybe fully, maybe partially, I don't know, but we have been able to use our facilities, on a whole quarter basis. So because of that, we could generate better volumes in terms of our sales, as well as like the dealer network, what we have for our dyestuffs and intermediaries. We had good orders and we maintained the volume of that.

Forum Makim: What would be total volume growth in the chemical segment I think, this quarter we have excluded the acid volume if I'm not wrong?

Punit Makharia: Acid volume I also believe that we have kept separately, earlier we used to put it like dyes, dyes intermediaries and acid, as a one chemical sector. Now this time to give a better visibility, we have shown every division in a separate manner instead of showing it in a single chemical sector. So I think we have divided into three phases is dyes intermediate dyestuffs and acids. So this has been shown separately.

Forum Makim: The volume number given in the press release is of dyestuffs or dyes intermediates?

Punit Makharia: In the press release.

Deepak Beriwal: Dyes and dyes intermediates.

Punit Makharia: Dyes and dyes intermediates we have shown.

Forum Makim: Earlier we used to report a higher number.

Punit Makharia: Chemicals, right?

Deepak Beriwal: Chemicals include so many dyes and dyes intermediates.

Punit Makharia: And where is the acid?

Deepak Beriwal: Acid hasn't taken separately.

Punit Makharia: Acid hasn't been taken separately. We have only put chemicals.

Deepak Beriwal: Chemicals, dyes and dyes intermediates.

Punit Makharia: What we have given in the press release is the chemical which include dyestuffs and intermediates. Acid I don't think, we have given into the press release, but can be given to you separately, vertical wise, the data's of the production, what we did, what we sold, but for your information, acid we have sold around 4,668 metric tons in this quarter in comparison with 1,777 tons of acid, what we sold in the last quarter. So there is almost growth of 2.5 times into acids in comparison with Q1 '21-'22.

Deepak Beriwal: We will share a sheet with you through our investor relations team, which will have the individual capacities of individual vertical wise, that will be more visible, slide for you.

Forum Makim: Right. And sir what has led to the improvement in margins Q-on-Q?

Punit Makharia: I think, if you ask me, though, we see improvement margin in comparison with Q1 to Q1 in the last two in last financial year to this financial year. But then if you ask me personally, that INR 118 crore business did give INR 13 crore, INR 168 crore business gave you INR 14 crore. So 40% improvement into the revenue, but hardly 8% improvement into the PAT in my personal view there is much scope of improvement, but only because of the pricing pressure we could not do so. We believe that Q3, Q4 would be much better.

- Moderator:** We have the next question from the line of Chirag from Keynote Capital. Please go ahead.
- Chirag Maroo:** Sir, most of my questions are answered. There are a few questions in my mind right now. One is, could you give me revenue bifurcation of how much did we earn from Kisan Phosphate and Madhya Bharat?
- Punit Makharia:** Yes, we have that Chirag, Pushkar did INR 110.20 crore, Kisan did INR 33.68 crore, and Madhya Bharat did INR 24.86 crore in Q1 '22- '23. Total is INR 168.8 crore on consol basis.
- Chirag Maroo:** Another question, sir, as we have given a similar guidance of what we are going to achieve the total top line for the year, which we have given earlier, could you give me what kind of margins are we expecting, on operating levels will it be stable around 13%, 14%?
- Punit Makharia:** You're talking about PAT levels or EBITDA levels?
- Chirag Maroo:** EBITDA levels.
- Punit Makharia:** I think yes EBITDA levels we should be able to maintain minimum 13% to 14% level Chirag and we are hopeful for achieving better results from Q3 onwards.
- Chirag Maroo:** Sir my last question is, what kind of CapEx have we planned for FY23?
- Punit Makharia:** Chirag as of now, for FY23, for coming year we have not announced any such CapEx and our total focus is on consolidation phase as of now Chirag because company did almost INR 170 crore of CapEx in last two to three years from its internal accruals without any single debt, around INR 120 crore of CapEx company did in Unit 5, then INR 22 crore, INR 23 crore in solar, then INR 28 crore in Madhya Bharat acquisition. So, in spite of doing all this CapEx also company is able to maintain its cash flow, company is able to maintain its tagline for the zero debt also. And we are able to maintain good amount of cash reserves also in spite of spending INR 170 crore. Now the focus, what we have is that, to be focused on the consolidation phase, let us achieve the full capacity utilization to the maximum capacity utilization for the CapEx, what we have made in the last couple of two years or so then we talk about the next CapEx though, those are in paper in plan, but we would not like to discuss at this point of time. Our first focus is, to consolidation phase and achieve four-digit revenue as soon as possible probably in '23-'24 or so then we will talk about the next CapEx.
- Chirag Maroo:** My last question is on, as you have given a guidance of that Unit 5 has already completed its Dry trial. So, should we expect that from Q2 or Q3, we would start doing a quarterly revenue of about INR 40 crore INR 50 crore from this unit?
- Punit Makharia:** Chirag I would not like to say much on this point because honestly we have been talking this subject for the last few quarters, but we have not been able to deliver because of unforeseen circumstances, which were out of control. Now, if you will see that, we have covered all the major hurdles, except one permission was left out and without that explosive department permission, we couldn't get a raw material, which requires this license. Now that license we have received on 8th of August on mail, right? So we are working out the possibility of getting the raw material as soon as possible. The moment we start that, this plant and if this plant is started completely, Chirag I think around annually basis, Unit 5 should give you minimum INR 200 crore to INR 250 crore of the revenue on a year basis. On a conservative side, you can say yes, INR 225 crore on annual basis, there is no problem in getting these kind of revenue numbers.
- Chirag Maroo:** Which means we will have an asset turn of two times, correct?
- Punit Makharia:** Pardon?
- Chirag Maroo:** On a full utilization base we might have an asset utilization of two times for Unit 5?

- Punit Makharia:** Yes, you're right.
- Moderator:** We have the next question from the line of Yogesh Tiwari from Arihant Capital. Please go ahead.
- Yogesh Tiwari:** Just if you can share, so we completed and commercialized, the Sulphur Chemistry. So if you can share the details on it, did we install a Sulphuric Acid plant what would be the capacity and if you can share the details on it?
- Punit Makharia:** See, Mr. Tiwari as far as the acid plant is concerned, we have got two blowers and out of two blowers, this plant can easily come out with a production of 150 to 175 tons on a daily basis. As of now, we have commissioned only one blower. The reason being is that the second blower which we have not commissioned is that our Dye Intermediate unit is yet to start, which we will be starting it shortly. So once we start our Dyes Intermediate expanded capacity, then we will be putting it on a second blower also, then we will have almost 150, 175 tons of production. If you see in Q1 '21- '22, we sold around 1,777 tons of acid and in Q1 '22- '23, we sold around 4,668 tons. So this extended volumes have been achieved from Unit 5, this acid plant.
- Yogesh Tiwari:** And sir, if you can share what was the average realization for sulphuric acid in Q1 and what is the current prices now for sulphuric acid?
- Punit Makharia:** See sulphuric acid that individual, do we have individual product pricing at present? We don't have sir, but I can give you that approximately Q1, this year, the acid was sold in a range of around the INR 12,000 to INR 13,000 a ton, approximately this I'm giving you. And now in Q2, since the Sulphur prices has gone down, it should be around INR 9,000 to INR 10,000 a ton.
- Yogesh Tiwari:** And sir lastly, we did, we have this backward integration for sulphuric acid. So if you can quantify what would be the savings per KG for this backward integration for this Sulphur Chemistry?
- Punit Makharia:** This requires a whole calculation, we can feed you these details, because what you are asking is extremely business operational issue, right? So, we can give it to you. That's not a problem. You can post this, your query to our investor relations team. They will get in touch with our CFO and they will submit you the detailed calculation of that. That's not a problem.
- Yogesh Tiwari:** Sure sir, just last question on this Sulphur Chemistry, the expansion which we have done, this is for backward integration or this is for external fields?
- Punit Makharia:** This is for the external also as well as for the backward also both ways.
- Yogesh Tiwari:** So 50:50 like external, 50% backward if I am correct?
- Punit Makharia:** Almost, almost.
- Moderator:** We have the next question from the line of M Srinivasa Rao an investor. Please go ahead.
- M Srinivasa Rao:** My questions are answered.
- Moderator:** We have the next question from the line of Rajesh Jain from NB Investments. Please go ahead.
- Rajesh Jain:** Sir it's regarding the Sulphur Chemistry, wherein the press release where it is mentioned that except Thionyl chloride the approval has been received, I am curiously wanted to know any problem with this product?
- Punit Makharia:** No, sir, basically that approval what we received is from the explosive department and that permission is pertaining to our Dye Intermediate plant. As far as the Thionyl

chloride plant is concerned that doesn't require any such kind of a permission. There are certain work pending in completion of the plant and that has not been started, which will take around 30 to 45 days more to start that plant.

Rajesh Jain: So it is a civil construction or whatever the other pending work that is to be done by the company?

Punit Makharia: Construction is completed the last leg of certain pipeline and wall fitting and utilities and instrumentation is going on. The major time-consuming job is already completed, sir.

Rajesh Jain: Sir DI capacity, which you are assuming that it'll get commissioned by the end of this month, how much time based on the current demand, will it take to ramp up to full capacity, sir?

Punit Makharia: I think by Q3, we should be able to ramp up to the full capacity.

Rajesh Jain: Okay. So that means by Q4, you will have all the CapEx which we have done, running at their full capacity, maybe?

Punit Makharia: 100%.

Rajesh Jain: Except in the case of fertilizer?

Punit Makharia: 100% Mr. Jain.

Rajesh Jain: Sir okay my last question, you've already mentioned that you do not want to discuss anything about the next CapEx, but knowing that nowadays for the chemical industries, the environment department takes more than a year or two to give the approval. So as you see, by Q1 of next financial year, we should be running all the facilities in full capacity. So would it not take more than a year or two to get the approval for whatever the new CapEx that you want to start?

Punit Makharia: Sir that is already in the pipeline, but I would not like to talk much on that, issue Mr. Jain, because we want to be focused on our existing activities, which are our handful things we have to complete and consolidate, till we complete that we will not discuss on this point, sir, probably in our this Q4 con call, which would be in Q1 '23-'24, we would discuss on this point in a more elaborate manner.

Rajesh Jain: No, sir, I do not want any details about what products or what is the CapEx and all just from the delay in getting these approvals, does it not make sense to apply for the approval and all those formalities now itself?

Punit Makharia: Sir, we will not comment on that, please.

Moderator: We have the next question from the line of Forum Makim from Equitree Capital. Please go ahead.

Forum Makim: Sir, we have been mentioning since the past two quarters that you'd be doing a revenue of INR 800 crore to INR 900 crore, but that was assuming that we would start our Unit 5 facilities from this quarter, at least. So, what gives you the confidence of achieving, the same revenue number despite a delay in the commercial production of Unit 5?

Punit Makharia: Very good question. If you will see that in Q1, we did 42% growth in Q1, '21- '22 in comparison, if you see. So if you put that same formula just as a mathematical formula, this also, you will get this answer that, if we did INR 118 crore and on a year basis, we did INR 584 crore on a basis of INR 168 crore, how much is it going to be, it is just a mathematical formula. And generally we have always seen that Q3 and Q4 have been always a better performance quarters in our business in terms of the fertilizer, in terms of the dyestuffs business. I personally don't see any hiccups though we start our Unit 5 somewhere in Q3 or maybe Q4 completely random. I personally don't see any hiccups

or any challenges in achieving the set numbers, what we have said. For that if you want a detailed calculation sheet, it can be also shared whenever, you can write down your details, about the query and the questions to our IR team. And we can give you the entire feedback of the prospective calculation that how this number of 850 looks to be achievable. Number can be also that detail calculations can be also shared. Definitely. That will be just a projection.

Forum Makim:

Sir my next question would be on the fertilizer side. So, a lot of fertilizer companies have been reporting good numbers and given the shortage in the fertilizer in the country, it was quite surprising to see de-growth in the volume for the quarter. So could you throw some color on the same?

Punit Makharia:

First of all, there is no shortage of the fertilizer in the country and Government of India has maintained, its supply volumes in terms of a DAP in terms of a urea also, though inspite of, Ukraine and Rashia war also, the farmers have got sufficient supply of the nutrients of the fertilizers, right and, I don't want to comment on other fertilizer company's results. I can comment on my results. I can see that there is a dip of around 10% in the total volumes of the fertilizer. There is de-growth into Kisan Phosphate. There is a growth into the Madhya Bharat phosphates and Kisan Phosphate de-growth is mainly because we were expecting some subsidy enhancement by the Government of India, which government did in the first quarter of '22- '23. But unfortunately that enhancement was done mainly for the DAP out of NBS policy SSP was not given any single penny for the enhancement. We were expecting that the government would increase the price of subsidy. So on the basis of that, we can decide our MRP, but, after the subsidy was announced, then we released our MRP. So I think it took almost the April month, whereas there was extremely poor sales. And there was bit of the confusion by the farmer and the dealer and the company that what pricing to be kept, after the announcement of the subsidy announcement then only we released our prices. So based of that, we have lost some business, no issues, but that's not a major issue. That's just short time and a small issue, which we will cover up in coming quarters.

Moderator:

We have the next question from the line of Yogesh Tiwari from Arihant Capital. Please go ahead.

Yogesh Tiwari:

I just wanted to understand on the chemicals part. So if we look at the sales volume, it's like Q1 is always like, about 1700 to 2000 metric ton, while like Q2 is 5,000 plus. So is there any seasonality with regards to the chemical business?

Punit Makharia:

We cannot call it a seasonality. We can call it a buying pattern of the customers, and generally based off our experience and on the market intelligence in production, what we have seen is that what happens is that all the basic multinationals they plan their inventory levels, because their financial year ending is from Jan to December our is different. So generally they plan their inventory levels in a different manner. So based upon their requirements and their demand, we have seen that Q3 and Q4 always is a better performing quarters than in comparison with Q1 and Q2.

Yogesh Tiwari:

And sir, we did about 1,981 metric tons of sales volume in chemicals while last year in Q2, we did about 5,500. But as you mentioned that there's a slowdown in this, dyestuffs and dye intermediates. So, just wanted to know if we would be able to ramp up our sales volume to 5,000 and above?

Punit Makharia:

If you see that in Q1 '21- '22, we did a total sales of around 1,753 tons of dyestuffs and intermediates. Whereas in this quarter we did some 1,900 some odd quantity of sales close to 2000 tons of sales. So there is already an improvement of around 15%, into around this, 13% into the sales volume, what we have reported. And we believe that in coming quarters, we'll be able to ramp up these figures to a better stage.

Yogesh Tiwari:

And sir, just one last question, like, are you seeing any structural, disruption in the client space, or in the textile industry, in the dyestuff, in the dye intermediates segment?

Punit Makharia:

Sorry, I couldn't understand your question, please come again.

- Yogesh Tiwari:** Yes. So as you told that, there is some pressure on the demand side for a dye intermediates and dyestuffs in Q1, and it might remain in Q2. So are you seeing any structural disruption in this?
- Punit Makharia:** No hold on. There is no such structural disruption. The problem is that, when the prices have a very large volatility, customer gets confused and when the pricing is following, generally it's a human tendency, generally, it's a mental thought process of any person whosoever is doing business in any kind of commodity that, whatever the pricing are following, as I said earlier, that the Sulphur has become almost 20, as your Sulphur has dropped almost up to 25% in last 30 days, or so this kind of, this fluctuation makes a customer confused. Then in that situation, the customer is not able to plan its inventories, its requirements on a phase wise manner. Then, he goes on a spot basis and when a customer goes on a spot basis in that situation, the whole things get disturbed. So this is a human tendency, whether it is your stock market or any commodity when the price fluctuation is so high and suddenly then a customer becomes bit cautious. If you would have been into the place of the customer, I'm sure you would also behave in a similar manner, but there is no any kind of structural changes. See people have not left, like wearing clothes, right. There is no such big economical changes. There is no other substitute of these products. So there is no structural change.
- Yogesh Tiwari:** Yes sir. So basically it is more of sentimental and price volatility driven, rather than.
- Punit Makharia:** It's a very short time phase. That's a very cyclic issue, nothing so great when the prices went so high quickly, it comes down also, quickly.
- Yogesh Tiwari:** Sure. So it is not linked with the financial position of the customer, right?
- Punit Makharia:** No sir, what is the relation with financial position? I mean I don't know where are you bringing structural changes, financial positions from? I fail to understand Mr. Tiwari I am sorry.
- Moderator:** Ladies and gentlemen, in the interest of time, that was the last question I would like to hand the conference over to Mr. Punit Makharia for closing comments. Please go ahead.
- Punit Makharia:** Thank you friends. We think we're in a good position to take the advantage of overall growth potential and we are really excited about it. I want to thank everyone for attending and I hope we have been able to address all of your concerns. If you need any further information, please get in touch with our investor relations partner Orient Capital. Thank you very much.
- Moderator:** Thank you members of the management. Ladies and gentlemen, on behalf of Shree Pushkar Chemicals & Fertilisers Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.