



# 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: 23<sup>rd</sup> January, 2022

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

**Subject: Transcript of the conference call held on 18<sup>th</sup> January, 2022.**

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 13<sup>th</sup> January, 2022, intimating you about the earning conference call for Q3FY23 with Analysts/Investors held on 18<sup>th</sup> January, 2023, 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

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

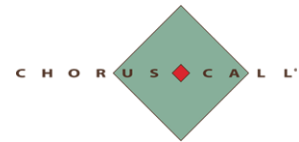
2. Madhya Bharat Phosphate Private Limited (Unit I & Unit II)





“Shree Pushkar Chemicals & Fertilisers Limited  
Q3 and 9M FY '23 Earnings Conference Call”

January 18, 2023



**MANAGEMENT: MR. PUNIT MAKHARIA – CHAIRMAN AND MANAGING  
DIRECTOR – SHREE PUSHKAR CHEMICALS &  
FERTILISERS LIMITED  
MR. DEEPAK BERIWALA – CHIEF FINANCIAL OFFICER  
– SHREE PUSHKAR CHEMICALS & FERTILISERS  
LIMITED  
MR. NITESH PANGLE – COMPANY SECRETARY – SHREE  
PUSHKAR CHEMICALS & FERTILISERS LIMITED  
MR. FARAZ AHMED – ORIENT CAPITAL**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Shree Pushkar Chemicals & Fertilisers Limited Q3 FY '23 Earnings Conference Call. 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 star and then zero, on your touch-tone telephone. Please note, that this conference is being recorded. I now hand the conference over to Mr. Faraz Ahmed. Thank you, and over to you.

**Faraz Ahmed:** Thank you, and welcome to the Q3 and 9M FY '23 earnings conference 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, and 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 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. A very good afternoon to all the dear friends and everyone, and welcome to the Q3 and nine months FY '23 earning call of our company. Friends, in the previous quarter, we have witnessed a huge decline in the export of chemicals from our country as the geopolitical situation across the globe and financial conditions and pressures over this currency pressure and the energy prices were not viable for the manufacturing hubs across the globe. Owing to this, we are yet to expect the kind of realization that we had anticipated for the current financial year. Going forward, we would expect to see much better utilization and realization for the same.

We can expect an increase in demand of dyes, especially from Bangladesh and Turkey and the industry expects demand will continue to rise. Friends, the unprecedented boom in the cotton prices has affected demand for dyes from the textile industry. And on the other hand, basic chemical and intermediates pricing rose as the dyes manufacturers are forced to reduce their production drastically.

However, now there is a sign of recovery, and we expect production to improve gradually, demand for dyes is increasing again, and now the cotton has started arriving at the market yards. We believe demand will be good for next few months. Globally too, demand from textile sector is also expected to recover.

Now friends, coming to the Fertilizer division of the company. With respect to the Fertilizer division, we are almost at similar levels when compared to nine months FY '22 volume numbers. Though the realization has increased by 33.3% per metric ton on the consolidated basis. With

respect to Madhya Bharat Phosphate Pvt. Ltd, we have achieved a revenue of INR 96 crores for nine months FY '23 versus INR 69.1 crores for nine months FY '22, an increase of 38.6%. For Kisan Phosphates, the revenue generated for nine months FY '23 was INR 107.5 crores versus INR 89.23 crores in nine months FY '22, an increase of 20% with this onset of Kharif season. We're expecting higher volume growth in SSP division of our business.

Further, as an initiative towards Aatmanirbhar Bharat Abhiyan, and government is putting much more focus on increasing the consumption of SSP, which is an indigenous fertilizers. For the previous quarter, our strategy has been to maintain volumes, not get stuck with high inventory cost and also on a steady healthy cash flow maintain. As you all are aware that we have been able to do so in tough scenario of geopolitical tensions, macroeconomics downturn and high inflationary conditions. With our steadfast growth attitude, we are expecting to increase profitability and revenue growth in the quarters to come.

Now update on the capital expenditure plan. Unit 5 has partly been started as commercial production with respect to acid complex and intermediate division. Further, an amount of INR 85 crores has been capitalized up to 31st December, 2022. The last phase of commencement of Unit 5 will be completed by January, 2023 and trial runs will commence from February, 2023. Further delighted to report that, company is having a very strong balance sheet, and we have no-lien deposits of INR 74.9 crores on the consolidated basis.

We are confident that the strong cash position of the company is highly beneficial for the long-term stability and sustainability business model of our company. Further, after lots of ups and downs, we have finally acquired the access road of our Dewanganj plant of Madhya Bharat Phosphates Ltd, and we have initiated commencement of Dewanganj plant, which is expected to commence by January, 2023.

Fortunately, with a favorable change in the geopolitical situation predicted the end of the Ukraine war and tensions, and favorable changing into the energy crisis in Europe with a winter making its exit, the demand is expected to rise in the upcoming quarters, and we are optimistic about seizing the forthcoming opportunities. With this, friends, I would like to hand over the call to Mr. Deepak Beriwal, who is our CFO, and now who will take you through the financial, operational highlights of Q3 FY '23.

**Deepak Beriwal:**

Good afternoon, and a very warm welcome to everyone. Our revenue for Q3 FY '23 was INR 153.7 crores, an increase of 12% on a year-on-year basis. For nine months FY '23, the company has reported turnover of INR 503 crores versus INR 391.9 crores for nine month FY '22, an increase of 29%. EBITDA for Q3 FY '23 stood at INR 13.1 crores with an EBITDA margin of 9%. PBT for Q3 FY '23 stood at INR 10.20 crores, with a PBT margin of 7%. With this, we can now open the floor for discussion.

**Moderator:**

The first question is from the line of Forum Makim from Equitree Capital.

**Forum Makim:**

I have a couple of questions. What is the contribution from Unit 5 in this quarter?

- Punit Makharia:** Unit 5 contribution, I think, would be around INR 7 crores to INR 8 crores or so in this quarter, because we have started the Unit 5 in the month of September. It took us bit of the time in establishing the quality and the production. But looking at the market conditions, the demand is bit slow. So I personally believe it is around INR 7 crores to INR 8 crores for this quarter. For the exact figure, we will update you through our IR.
- Forum Makim:** So, we have seen a jump in the chemical volumes of 30%, so where is that coming from?
- Punit Makharia:** It is mainly coming from the Unit 5 contribution, major point into that. And but exact number has to be worked out. But I think this is mainly because of Unit 5 in which the acid is also there, which is of a low-value product, but a high-volume product, as far as the intermediates is also there.
- Forum Makim:** But sir, we are excluding acid volumes from the numbers that we are posting, right?
- Punit Makharia:** No, I think in the chemical sector, acid volume is also reported into the same.
- Forum Makim:** Sir, it says excluding acid, so just wanted to clarify.
- Punit Makharia:** Volume has been excluded Right? But it is included in value.
- Forum Makim:** So sir, acid is used for captive consumption, right?
- Punit Makharia:** Acid is used for captive consumption as well as selling into the other open market also. And acid is a low-value product, so if you just take in to that, by the terms of the value and volume, which is you will find two different scenarios with that.
- Forum Makim:** Would it be possible to share the volume numbers from Unit 5?
- Punit Makharia:** Yes. Surely, we'll share with you the numbers through our IR team.
- Forum Makim:** So what has been the capacity utilization for both of our segments?
- Punit Makharia:** Honestly speaking, capacity utilization is not much. But if you take on a consol basis, chemical, like in the last quarter on year on year basis, we did 1,829 tons, whereas in this quarter, we did 2,371 tons. So there is approximately increase of around 500 tons. So if you say this is just an 25% increase, but which is not a major increase, wherein fertilizer sector, you will see that there is a dip of around 15% from 48,000 tons, to 42,000 tons, of the fertilizer on the consolidated basis.
- Forum Makim:** So sir, what is the reason for the lower capacity utilization? Is there not enough demand in the market currently?
- Punit Makharia:** We think we should understand the basic concept that whatever the dyestuffs are produced in India, out of the total production of the dyestuffs almost 90%, 92% of the dyestuffs is being exported. Now if you talk about the intermediates also, intermediates are the basic raw metal for the dyestuffs.

So basically, there is a pressure into the demand of the dyestuffs for the European market, for the Bangladesh and Turkey market because of the various reasons to these particular regions in terms of energy crisis, currency crisis, all this kind of inflation and recession. Mainly because of that reason, there is a pressure on the demand, as well as there is a fluctuations of the raw material prices also. Earlier the raw material prices were bit higher, now it is slowly and gradually coming down.

And if you will see that now, at least what personally I'm looking in this quarter 4 is that the things are coming to a stabilizing phase slowly and gradually. Like, if you talk about the energy crisis matter, energy crisis has also been diluted to a very large extent as it was there two months or three months before. Now in terms of the raw material pricing also, now the raw material pricing is also coming down and looking somewhere a space for its stabilization.

And as far as the demand is concerned, now there is a good inquires, which have been generating from December end onwards. And now recently in January, we have got good business as far as the dyes is concerned. So I personally see that in quarter 4 of this financial year, things would be bit more in pressure, and it will -- this whole quarter 4 would go for a kind of a stabilizing phase. And from quarter 1 of the next year, I see good opportunities in this particular sector.

**Forum Makim:**

And sir, on the fertilizer side, we've seen a drop in the volumes also on capacity utilization.

**Punit Makharia:**

And see, I would like to add one more outlook from my side in support of your question. See, let us understand basically on what outlook we are going for. The basic idea what we have given to our team is that knowing the global situation, because knowing all kind of situations, things are not bit this dicey. So what we are thinking is that not keeping a high inventory with us, maintaining the values and volumes, at the same time protecting our cash flows and retaining our customers.

We have intentionally selected that let us just collect the cash, let us maintain our cash flows, at the same time, keep on moving the products. As far as the profitability is concerned, if it is few percentage up and down, it doesn't matter. We are going through, particularly this phase, on a very cautious outlook. We do not want to take any such kind of a decision where as we regret at a later on time. So we are going this bit conservatively, particularly in last this Q3 and Q4 quarters.

**Forum Makim:**

And sir, what about the fertilizer segment, like we were expecting good demand, and it was also doing good. But this quarter, there's a drop in volume, so...

**Punit Makharia:**

Basically, this is not a season quarter. Now the season is going to start, and it has already been started. And I believe fertilizer sector is doing good overall. And if you see that the company has done this better performance in terms of the year-on-year basis for the last three quarters also. So I don't think there is any issue in the fertilizer business. Only a pricing and this currency valuation is a bit pressure. But otherwise, I don't think that fertilizers has got any issues. And rather, we are starting our Dewanganj unit also. The matter of that Dewanganj unit has already

been sorted out, which we were not able to do so for last couple of months, but now that has been also sorted out.

**Forum Makim:** So sir, what was your guidance for FY '23 and '24?

**Punit Makharia:** See, overall, if you see nine months FY '22 company did some INR 300-and-odd crores. FY this current year in the nine months company has done some INR 500-something-odd crores. So overall, there is an improvement. And I believe that by the year-end of this financial year, we should be touching somewhere close to INR 700 crores. In our earlier con calls we have been always stating that around INR 750 crores or so the top line will be maintained. But now we'll be -- I think, we should be somewhere around INR 700 crores or so. Now there will be issue only on the-- bit on the pressure on the profitability, maintaining the cost of the raw materials and the energy that we are trying to do our best into it.

Now as far as '23-'24 is concerned, we are bit excited about that particular year, because by that time, since our Unit 5 is also in operation, Dewanganj unit would be also in operation, and our balance capex of Unit 5, which is almost on the completion stage. And we also see the market is stabilized. We also see the industry to stabilize. Winter is also about to over, raw material price are also coming to its realistic price levels. So I personally see that '23-'24 would be a good phase for us.

**Moderator:** Our next question is from the line of Kaustav Bubna from BMSPL Capital.

**Kaustav Bubna:** Yes, I have two questions. So the first one is, how has the China zero-COVID policy affected the dye intermediary and dye industry for a player like you. And any relief on the zero-COVID policy, do you see it improving the industry and hence your performance?

**Punit Makharia:** Mr. Bubna, as far as China COVID policy is concerned, it has not affected largely on us on a negative side, but some of the other it has affected us positively in our business. But it is not visible mainly because of the demand is subdued this globally. Because if we see overall as an industry pattern that China is having its own production of dyestuffs and having its own huge consumption also of the dyestuffs.

Whereas to other parts of the world, it is Pakistan, Bangladesh and Turkey, which is a global supplier. Now because of this China issue, and again this energy crisis, specifically in Bangladesh and currency crisis in Pakistan and bit currency pressure on Turkey also, the demand is a bit less. But now we don't think that China is anymore kind of in competition as far as the dyestuffs and intermediates are concerned. If you look at the old data and just compare those data with current data, you will see that import of intermediates from China is continuously on a declining -- this trend.

**Kaustav Bubna:** The next question, could you tell me the current price of Vinyl Sulphone and H-acid per kg?

**Punit Makharia:** H-acid as of now is in a range of around INR 430 plus/minus INR 4, INR 5 depend on the company-to-company and customer-to- customer. And similarly, the Para Base Vinyl Sulphone is in a range of around INR 235 to -- or so.

**Kaustav Bubna:** What was in the last decade, what is the highest-level Vinyl Sulphone went to? I mean where is that compared to its peaks and lows? I'm trying to understand where the price is now compared to its decadal peaks and lows.

**Punit Makharia:** It depends on the raw material sector as well as demand also. If I just give you like that, that we have sold even H-acid at INR 2,000 somewhere in 2015, and we have sold Vinyl Sulphone, if I'm not mistaking, around some INR 400 or so also. But see, that is not the question, whether we sold it for 400 or 2000. It depends on what kind of the value addition, what kind of EBITDA margin we are getting into that particular product.

As of now, pricing is extremely depressed. Honestly, if you ask me, the EBITDA that we used to get earlier, is not what we are getting today. There are two, three reasons for that which I have already explained in -- before also. And we are only maintaining one formula with us is that let us not keep the inventories, let us do the full volume productions.

**Kaustav Bubna:** But what are the reasons? The reason you said was the energy cost going up because of the war and high cotton prices.

**Punit Makharia:** No, apart from that, see, in today's date, coal is also a very important factor. You know what the coal price was six months or a year ago and what it is today. We don't have the gas in our particular industrial estate. We are running all our plants on the coal. So, coal which we used to cost INR 7,000- INR 7,500 per ton, today it costs INR 13,000- INR 14,000 per ton. So, it's going to impact somewhere or the other.

**Kaustav Bubna:** Of course, understood.

**Punit Makharia:** It will impact somewhere or the other. I mean, let me tell you a simple thing. For example, caustic flakes was INR 72 a month and half ago but today it is INR 50. So these are all things, I think let us, you know, I have a belief, Bubnaji, that give us some time, let the things get settled, which is almost on the way of getting it settling down, coming to the realistic price of the raw materials and the energy. If we talk about coal, then price of coal has also come down. It has fallen from INR 13,000-INR 14,000 to INR 11,500-INR 12,000 per ton today. So, coal is also recovering. Secondly, if we talk about other raw material prices, then they are also coming to a stabilizing phase. The demand is also increasing slowly.

So let us sail through with this tough period because we-- basically sir, India's economy is strong. India's home consumption is also very high. and there is a population of 130 crores-135 crores, in that India's consumption is very high, but any such product which are on an export base are under pressure, this is my personal opinion and things are getting settled to a large extent, let us not do any such kind of a thing, because of which we will have to regret in the future, let's walk slow, it is a bit tougher time. Let's be cautious, let's behave conservatively. I have already given you know-- I have always given a message to my team that sell two rupees cheaper but bring money. Maintain cash, don't maintain inventories.



**Kaustav Bubna:** But what would have to happen for these price fall, something like for these prices to go back towards upper end of the band, what would have to happen? Like what is your outlook?

**Punit Makharia:** Volatility is not healthy for any industry. And you know again, if you have sold something in the past for INR 2000, or INR 400, INR 450, INR 500, it's a thing of past,. Let us not expect that those prices are going to come...

**Kaustav Bubna:** Sir, so what are good stable prices according to you for Vinyl Sulphone and H-acid is my question?

**Punit Makharia:** It keeps on changing. If I give any kind of a number, it doesn't help in any way, right? It keeps on changing depending on various factors. Just for the sake of telling you, if I tell you it should be INR 300, INR 500 it does not make any sense. I think if it gets improved by slight around 5% to 10%, then it should be normalized.

**Moderator:** Our next question is from the line of Varisht Sheth from V.K. International.

**Varisht Sheth:** So, what is the current situation for Bangladesh, Pakistan and Turkey? So like are they importing and are the payments being cleared on the time? Or is there a lag over there?

**Punit Makharia:** See with Pakistan, we are not doing any business because there are trade barriers with Pakistan. We stopped business with Pakistan for almost one, 1.5 years or so, because when there was an embarkation from Pakistan government, were importing products from India, we stopped doing that business.

And honestly speaking, as of now up to the best of my knowledge, Pakistan has already stopped the import of all nonessential products because of their currency pressure. Bangladesh is improving slowly and gradually, their energy crisis is also improving. And as far as since they were having some kind of a currency issues some \$30 billion they got, this is what I heard. I don't have the data and sources of that. They have also--their banks have also started opening the LCs from Bangladesh.

And there are quite these impressive business inquiries also from Bangladesh. Our team is already sitting into Bangladesh for the last three years, they're already in Turkey also, another set of team. We see now lot of inquiries are generating from Turkey and Bangladesh. And the kind of impression we were having in November or in the first week of December is on a positive improvement side.

Now if I talk about dyes, in the last month or so, we have confirmed the orders of more than 900 tons. So when I say more than 900 tons, so it is a business of all put together for two months. So this kind of a business was not there in October and November. Now the things are getting started improving and people are coming out for buying also. Now a new season is also starting. Winter is almost gone. So we see lot of improvements coming in...

**Varisht Sheth:** I just have one more question over here. So with the government announcing nano-DAP, Do we see that as additional competition or in the long run the SSP demand will sustain?

**Punit Makharia:** In nano-DAP, government is trying to introduce a new concept, and I believe that would be a better concept for the Indian agriculture and fertilizer industry. And we are yet to get some more inputs about nano-DAP. And I can't comment at this point of a time without having much knowledge on the nano-DAP as of now.

But I can give you one basic idea or the basic thought process of the government is that, government is promoting SSP. They are also suggesting some new products also in SSP in combination with nitrogen also, so that DAP can be replaced. Right now the total consumption of SSP in India is around 50 lakh tons. Government is committed to take this 50 lakh consumption... this annually to 1 crore tons.

Recently we had a conference with honorable minister of 12th of this month in Delhi. There he clearly said to the entire industry almost 45 people were present into that industry. That whole this conference was called by the honorable minister for the promoting SSP into the India. And since the government has a total thought process of lowering down its import on the DAP and on this Atmanirbhar Bharat and this foreign currency outflow. So in times to come, looking at the government's attitude and belief, I think SSP business is going to improve.

**Moderator:** We'll take our next question from the line of Shubham Agarwal from Equitas. It looks like sir's line is disconnected in the meanwhile, we will move to our next question that's from the line of Pawan Kaul from Compound 26 Capital.

**Pawan Kaul:** Just a couple of questions. On the chemicals business, where do we export or which country do we export our business to in the chemical business?

**Punit Makharia:** See, we mainly export to Bangladesh and Switzerland. Mainly, it is to Bangladesh and Switzerland, but leaving apart Bangladesh and Switzerland, there are other areas in Americas also. But if I say the major volume of the business comes from Bangladesh and Switzerland.

**Pawan Kaul:** So given the increase in gross margin on a quarter-on-quarter basis, I just wanted to check was that driven mostly by materials or has the energy cost also come down?

**Punit Makharia:** See, improving margins in each and every sector is helpful into that. Energy cost is now not a very great issue because the energy prices are similar what it was nine months before also. And the major what I personally see is that the fluctuation into the basic raw material pricing, the kind of volatility the raw material pricing has. Over and above, this kind of a pressure on to the demand is more importantly into that.

And I can see now there is a profit margin hit of around a few percentage in the overall company balance sheet. But what we think that making a few percent less is not so important, maintaining stability and sustainability and keeping our cash flows healthy, not sitting on a higher value or not sitting on this high-priced raw materials is more important. Therefore, we are not giving much focus on the profitability. We are giving more focus on the volumes and values and retaining our customers and collecting cash. So I think in future, specifically if I talk about, this

whole quarter would take bit of the more time in the stabilizing, but I see quarter one for the next financial year that the things will be normal and looking for a brighter time.

**Pawan Kaul:**

So my question was, the production for the last nine months was about 1.5 lakh tons in the fertilizer business and our total capacity is about 4.5 lakhs. So I was trying to understand what is the optimum capacity utilization that you look at in the fertilizer business? So why is it so low? And is there some capacity that has not come in online, which you expect in the next year to come on?

**Punit Makharia:**

If I talk about the fertilizer thing, we have four units specifically for the SSP. One unit is in Haryana that is operating, last year it did the operational capacity utilization was around 82%-83%. This year also, we'll be achieving somewhere around the same. And now in Haryana, particularly, we have also expanded that plant from 100,000 tons to 132,000 tons.

So there, we are achieving around 80%. Now coming to Madhya Pradesh, we have two plants. One plant is of 165,000 tons, another plant is of around one lakh tons. That one lakh ton Dewanganj plant was closed, which we just settled and we are starting in the month of January. In this particular year, I don't expect any kind of a very great result from Dewanganj, but next year, that will add to our capacity.

So out of total four tons, 4.5 lakh tons of capacity, this one lakh ton Dewanganj has not been started up till now, will be starting now. So then simultaneously, the Meghnagar and then this Maharashtra plant. I think last year we did some 2 lakh, 2.25 lakh tons, we did some around so. And this year also, we'll be doing around a similar quantity of two lakhs to 2,25,000 tons of SSP.

From next year onwards, being the Dewanganj plant would be in operation as well as Haryana plant has been also expanded, I believe we should somewhere fetch around three lakh tons of the capacity. And utilization is concerned, on an average around 65% to 70% utilization is quite possible.

**Moderator:**

We'll take our next question from the line of Shubham Agarwal from Equitas.

**Shubham Agarwal:**

Sir, my question was, first related to the Chemical division. So for Unit 5, the products that we are manufacturing, where we will get the majority of the demand from? Is it domestic market or export market?

**Punit Makharia:**

It is both, Shubham. Like the acid we have only the domestic customers. But for the intermediates, there are overseas customer also.

**Shubham Agarwal:**

But any, like a proportion of revenue or is it 50-50?

**Punit Makharia:**

There is no pre-decided proportion in that. It depends on the pricing and it keeps on changing time to-time, what kind of business from which region we have and what is the pricing and the other commercial terms. It is local also as well as domestic also.

**Shubham Agarwal:** And sir, globally, in our Chemical division, which are the key geographies where we get majority of our orders from?

**Punit Makharia:** It is mainly, as I just replied in the last question that presently, we are doing mainly to the Switzerland, Europe and Bangladesh. Now we are entering into Turkey also. In the month of November, company did a great showcase in Turkey, and we've got a good response in Turkey, initially. Hopefully, we'll be getting good amount of businesses from there.

**Shubham Agarwal:** And lastly, on the Fertilizer division. So if we see Y-o-Y number in terms of volume, there was no growth, but earlier we had guided for decent growth. So what could be the reason for that? And in terms of margin in the Fertilizer division, so historically, we were very consistent at 15% EBITDA margin. But obviously, because of raw material and various other costs it has gone down dramatically. What I'm trying to understand is, how do you see this margin progress back to the stable margin in the future?

**Punit Makharia:** Look Shubham the last quarter, this present quarter, this cannot decide the future of the company. This is a bit of a phase which we are passing through. And otherwise, if you will see fertilizer business has got the potential of making around 10% PAT levels and around 18% to 19% of the EBITDA levels. Leaving above this existing time frame, I have a strong belief that fertilizer business can easily make minimum 10% of the PAT margins and EBITDA around what I said just now.

And right now, there's a big fluctuations into the freight charges for the rock phosphate what we import. You'll be surprised that earlier the freight charges we imported earlier was in the range of \$32 to \$34 per ton. Now the freight has gone down to almost \$18 to \$19 per ton. So can you imagine the kind of Impact company would have.

**Shubham Agarwal:** Yes.

**Punit Makharia:** Sir, earlier when the freight was \$32, if you see what was the sea freight three to four months ago. And what is the sea freight today? You must know this too. But this situation is not a situation of a year. Otherwise, fertilizer business has got a potential of easily making 10%, which we have done also in the past.

**Shubham Agarwal:** Correct. And that's what I wanted to understand that, by next year the outlook seems to be very good and our volume guidance is also very good.

**Punit Makharia:** To give you more view on the subject, suppose the company is doing fertilizer around 2.25 lakh tons, next year somewhere it will do around 3 – 2.75 lakh tons easily. So the revenue of INR 500 crores will come from the fertilizer division only. The revenue of INR 500 crores will come from the fertilizer division only. If you add the subsidy cost in today's date, it is INR 15.5, INR 16 per kg. So, the revenue of INR 500 crores will come from the fertilizer business only. After that, Unit 5 has already started. And today's date is a little demand there. Now, the business of INR 300 crores is done in this quarter only. Somewhere it will go above INR 700 crores in the whole year.

- Shubham Agarwal:** Correct. Fair enough. I think '24 looks to be very good. And sir, historically, you were talking about some inorganic acquisition also, so any update on those sides?
- Punit Makharia:** No sir, nothing is there. Let us sit tight and quiet and handle what we have efficiently.
- Moderator:** Our next question is from the line of Ajinkya Jadhav from Kamakhya Wealth Management.
- Ajinkya Jadhav:** Yes. my questions have been already answered.
- Moderator:** Our next question is a follow-up from the line of Forum Makim from Equitree Capital.
- Forum Makim:** Sir, I just wanted the realization number for this quarter and the corresponding quarter for both our segments, the realization per ton?
- Punit Makharia:** For which product?
- Forum Makim:** For both our segments, sir?
- Punit Makharia:** That we will share with you through our IR team, because we produce lot of chemicals and these products in specifically in the chemical sector. And the various products, you give us which products pricing you need, that we'll give it to you. As far as SSP is concerned, I just said it is around INR 16,000 a tons, including the subsidy amount.
- Forum Makim:** So sir, directionally, in the Chemical segment, could you just guide us how has the realization moved?
- Punit Makharia:** I think realization has in terms of the raw material cost thing, if you will see we are bit able to down our price. But on the terms of the other expenses, which has increased by 3% or so in terms of this sales turnover wise that is mainly because of this cost pressure what we are having.
- Moderator:** Ladies and gentlemen, in the interest of time, that was a last question. I now hand the floor back to Mr. Punit Makharia for closing comments. Over to you, sir.
- Punit Makharia:** Thank you very much. We think we are in a good position to take advantage of the overall growth potentials, and we are really excited about them. I want to thank everyone for attending, and I hope we are able to address all of your concerns. If you need any more information, please get in touch with our IR partner, Orient Capital. Thank you very much. Thank you.
- Moderator:** Thank you very much. On behalf of Shree Pushkar Chemicals & Fertilisers Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.