"Shree Pushkar Chemicals & Fertilisers Limited Q1 FY20 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to Shree Pushkar Chemicals & Fertilisers Limited Q1 FY20 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Punit Makharia – Chairman & Managing Director of Shree Pushkar Chemicals & Fertilisers Limited. Thank you and over to you Sir!

Punit Makharia: A very good afternoon friends. Ladies and gentlemen, a very warm welcome to our quarter ended June 2019 Earning Call of our company Shree Pushkar Chemicals & Fertilisers Limited. On the call I am joined with Mr. Sengupta – our Associate Director; and Mr. Deepak Beriwala – who is our new CFO and SGA, our Investor Relations Advisor.

Our results and presentations are available on the stock exchanges and uploaded on our website also, and we believe that you all had a chance to look at it.

During our first quarter performance of the financial year 2020 you will see that the operational performance has been good. Revenue from the operating unit grew by 10% on year-on-year basis to Rs 92 Crores. The product volumes have registered good growth compared to the same period last year.

Dyes saw a 10% jump in the volumes from Q1 FY19. Dyes intermediates volumes were down by 26% due to revamp of one plant of unit 1and also higher captive consumption of dyes production and also due to subdued market.

Fertiliser saw a robust growth of 47% ,and acid & other business also saw growth of 56%. On the realization front, we have witnessed softening of realization in intermediates and consequently the dyes also.

On quarter-on-quarter basis, revenue from operating units was down by 9%. Since Q4 is Seasonaly high quarter, we should not compare with quarter one. As informed in our outcome of board meeting disclosure dated 20th May, 2019 we will be revamping one plant at unit 1 for a major overhaul maintenance and replacement at MIDC Lote Parshuram in a phased manner throughout FY20.

We will witness a revenue impact of around Rs 60 Crores to Rs 65 Crores during this year. We have shutdown one plant at unit 1 which is at Lote Parshuram. We are just revamping plant and its equipment's for few of the plants and products. Post this revamp we will see a significant benefit in FY21 as it would strengthen our manufacturing capacities, yielding better quality and productivity with additional value-added products.

Considering unit 1 revamp, EBITDA is not comparable on a like-to-like basis, it stood at Rs 10.8 Crores in Q1FY20 against Rs 16.8 Crores in Q1FY19.. EBITDA also got impacted due to onetime payment of Rs.1.14 Crores to one customer for settlement and increase in other expenses due to increase in the transportation cost of the fertiliser division.

Now coming to the segmental performance of Q1 FY20, let us talk about dyes first. Our brand DYECOL™ witnessed higher single digit volume growth validating our brand product capabilities. Customer's response to our branded products has been positive and good. Going ahead with further increase in utilization of capacity, we will see higher contribution coming from value added segments.

Q1 FY20 revenue from dyestuff was Rs 19.6 Crores as compared to Rs 16.8 Crores in Q1 FY19, a growth of 17%. This segment contributes 21% of the consolidated sales. Dyes intermediates, Q1 FY20 revenue from dyes intermediates were Rs 37 Crores as compared to Rs 54.9 Crores in Q1 FY19.

Overall, volume and revenue of dyes intermediate segment has been impacted primarily due to one of the plant of unit 1is under revamp added with the increased captive consumption towards dyestuffs. Post revamp, we will see better product mix and healthy performance next year. This segment contributes 40% to the consolidated sales.

As far as the fertiliser segment is concerned, the overall performance of the fertiliser division has been satisfactory wherein the overall utilization of vertical has improved as compared to corresponding period of the last year. Remarkably, the SSP sales have been quite satisfactory followed by NPK products.

Overall Q1 FY20 revenue from fertiliser segment including Kisan Phosphates was Rs.30.1 Crores as compared to Rs 22.4 Crores in Q1 FY19. Fertilizer revenue from Kisan Phosphates stood at Rs 12.9 Crores as compared to Rs 11.1 Crores in Q1FY19 a growth of 16%. This segment contributes 33% to the consolidated sales.

Acid complex and others are mainly supported our in-house requirements of our dyes and dyes intermediates division. If any surplus is there we sell it in to the market. Revenue from acid complex and other was Rs 5.34 Crores which contributes 6% of the consolidated sales.

Friends, we have cancelled the preferential allotment of convertible warrants in which application was filed with Stock Exchange and which was pending for in-principle approvals.

As far as the capex plans of Rs 124 Crores is concerned, this is to be totally funded by internal accruals. The planned capex was Rs 75 Crores in dyes intermediate segment is in advance stage of obtaining EIA and MPCB clearances. The said expansion is expected to be commenced by FY21.

We are in a process of acquiring Madhya Bharat Phosphates Limited through NCLT process with a total cost of Rs.28 Crores including refurbishment of the plant. Further, Rs.5 Crores for revamping of the manufacturing faculties of our plants at unit 1. Additionally, the company is also planning for Rs.12 Crores capex for the Solar Park for its Lote Parshuram unit.

Friends, we are an environment friendly company and we have been constantly investing in pollution treatments for our plants since many years. Our company puts lot of efforts on adhering to the environmental norms and regulations pertaining to affluent treatment expenses.

Just to sum up, the company's strong business model of being completely integrated Textile specialty chemical and zero waste company also initiative taken to upgrade this manufacturing capabilities along with the planned capacities, and the same will enable company to achieve its long term sustainable growth.

Now I will hand over the call to Mr. Sengupta about the financial details of the company.

S. N. Sengupta: Thank you, Mr. Punit. Good afternoon, Ladies and gentlemen, this is Sengupta.

Coming to our key financial highlights for Q1 FY20, the consolidated results includes financials of Kisan Phosphate as well. The revenue from operating units grew by about 10% on a year-on-year basis. Revenue from operating units de-grew by 9% on a quarter-to-quarter basis since Q4 is seasonally high sales & high-volume quarter in every year. Normally, we have roughly about 30% to 31% of annual sales in last quarter, whereas in the first quarter roughly about 18% to 19%.

EBITDA stood at Rs.10.8 Crores for Q1 FY20 as highlighted earlier, considering unit 1 revamp EBITDA is not comparable on a like-to-like basis with the Rs 16.8 Crores of Q1 FY19.There is a onetime payment of Rs.1.14 Crores to a customer for settlement.

Other expenses have increased substantially mainly on account of increase in transportation cost of fertiliser division which has impacted the overall margin. Therefore profitability has been impacted. Our PAT stood at Rs 6.4 Crores as compared to Rs 9.1 Crores in Q1 FY19. Our consistency in performance on quarterly basis is a testimony of the strength of business model. Being a completely integrated manufacturer, we will be able to deliver a sustainable growth on consistent basis.

With this I now open the floor for the question and answer session. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Kushal Khandwala from KIFS. Please go ahead.

Kushal Khandwala: Sir what would be the EBITDA if we have adjusted for the unit 1 shutdown?

Punit Makharia: See Kushal! Overall if you see, in the Q1 FY19, we did approximately Rs 14 Crores of the sales from the plant which we have shut. If you do reverse calculation, I think it was around 16% of EBITDA at that particular time, and if you exactly do a same calculation, it should be like Rs 14 Crores sales we have lost in Q1 FY20.

Kushal Khandwala: Is it fair to factor in a 10% to 12% sales growth rate also?

Punit Makharia: That is mainly done because of the this fertiliser segment which has performed extremely well. If I give you some more details about the fertiliser segment, last year in the same quarter of Q1, we sold around 23000 tonnes of fertilisers. Whereas in Q1 FY20, we have sold approximately 33000 tonnes of fertilisers. So if you see, there is additional 10000 tonnes which we generated from the fertiliser division. If you calculate this, approximately the price of the fertiliser which is around Rs.8000 to Rs.8300 a tonne which works out to be around Rs 8.5 Crores or so sales in the fertiliser segment.

Kushal Khandwala: Sir is it possible for you to give a segmental EBITDA breakup just to simplify?

S. N. Sengupta: Segmental EBTIDA breakup we have not really carried out.

Punit Makharia: Sir that is not practically possible because I will tell you the reason why is that because it is a completely integrated plant. We have common facilities and common expenses for most of these plants. So to calculate the segmental wise EBITDA and to work out exact EBITDA segmental wise is practically not possible.

Kushal Khandwala: What are the H-Acid and VS realization?

Punit Makharia: In this quarter, it is bit low. Let me put it in this way that as of now, there is extremely low demand in the textile sector because of all this heavy meltdown going on around us. The prices of the H-Acid is approximately you can say Rs.370 plus minus Rs.5 and Vinyl Sulphone around Rs.190 to Rs.195.

Kushal Khandwala: This is as of today or as of Q1?

Punit Makharia: If I talk about this Q1, it would be 5%, 6% more than as of today's pricing. Prices have depressed in comparison with Q1 as of now.

Kushal Khandwala: Thank you Sir.

Moderator: Thank you. The next question is from the line of Amit Shah from AM Securities. Please go ahead.

Amit Shah: Sir my question is, our margin has dropped due to increase in other expense led by transportation cost and customer settlement, and can you tell this who is that customer and reason for the same?

Punit Makharia: See we would not like to disclose the name of the customer at this platform Mr. Amit. It is not correct on our part and also not ethical to disclose the name of a customer. He is a very big customer to our company. Looking at the present downtrend which is there since very longtime, we would not like to disclose the name of the customer and to retain customer, sometimes we have to do some sort of compromise with a present trend going into the market. So we have passed in some kind of a discount which is amounting to Rs.1.14 Crores that not only belong to the transactions what we did in Q1 that was even for the Q4 of the last financial year also, and even if you see that the prices are going down continuously from Q4 to Q1.

Amit Shah: And on Transportation cost?

Punit Makharia: Transportation cost is mainly because of fertiliser division, we have sold last quarter 23000 tonnes. Basically, till last year, we were under marketing arrangements with the DCM Shriram. Those were the guys who were our marketeers and for the marketeers, we had to take permission from Department of Fertiliser in Delhi. To take that kind of permission generally requires two months' time and from this quarter onwards, Now, we are selling our fertiliser on our own. So in this situation, we do not have to take any kind of permission from the government regulatory bodies. So because of that we have taken decision in this quarter and we sold around 33000 tonnes of fertiliser and that has increased transportation cost. If I give you some more better outlook on this, Rs.1.14 Crores is just this onetime expenses, this is not going to be repeated or this is not in our operational expenses. If you add Rs 1.4 Crores to our bottom-line, then we have PAT of around 8%, 8.5%.

Amit Shah: Sir what is our export contribution for Q1 FY20?

Punit Makharia: I think it is approximately Rs 15 Crores.

Amit Shah: In which market it is showing traction?

Punit Makharia: It is basically to globe, you can say it is to European countries also Bangladesh also and some this South America also.

Amit Shah: Last question what is current status of environmental clearance for dye intermediate expansion?

Punit Makharia: That is in the final stage of clearance. We have changed its site also which we have mentioned in our last concall.. We have shifted that entire facility to a new site which we have acquired recently. That is in the same Lote Parshuram Industrial Area. Hence, we have to change our application number and make further amendment into the earlier application. So that has taken a bit time now. It is in the final stage of clearances.

Amit Shah: Thank you.

Moderator: Thank you. The next question is from the line of Ayush B from Equitas. Please go ahead.

Ayush B: Good afternoon Sir. Sir on the realizations of Vinyl Sulphone and H-Acid coming down so one of our peers have mentioned that in China the intermediate capacities which were operating at low capacities are back to normal now because the government has reversed their policy. And that is why the realization has come down and they have actually to remain low were in the next few quarters, until things change otherwise. So what would be your view on the same?

Punit Makharia: See my view is bit different on that. We need to basically understand the fundamentals of the same industry. See in China basically the things are not coming to the normalcy. Second, it is a mixed impact of the China and America trade and since now the Chinese products are bit difficult to sell in America because of the higher duty slabs. So they are targeting the new markets. But as far as the production capacities are concerned, I do not think that there is much revamp on to the production capacities that are existing in China. Third, Overall, impact is mainly due to the low demand across the globe and that is the main concern due to which the prices are going down. I don't think that, this Chinese have restarted and they have come back to the same kind of a capacity. To strengthen my view on this concept, if you go through the data of even Q1 also, we will see that the exports are there of H-Acid and Vinyl Sulphone, net-to-net India is the exporter of these products not an importer of these products.

Ayush B: You expect the realizations to not remain at these levels. Once the demand situation improves the realization also should come back to normal?

Punit Makharia: 100%. In my view this is purely because of lack of demand and plus further there is a catalyst of this China and America trade war and this mix reaction to few factors like that. But in long-term, you will see that this economy is not finished, it has not died, it will come back to normal again and I believe that the things would be much better than what we have currently.

Ayush B: On Kisan Phosphates, so we have now started the 100 TPD sulfuric acid plant and the power capacity so has that contributed to our revenues during the quarter?

Punit Makharia: Definitely, if you see the Kisan EBITDA on the last Q1, it is much better in this financial year. And in coming quarters, we will see a much better realization in terms of the Kisan Phosphates. Further, Mr. Sengupta will give you some more details on this.

S. N. Sengupta: Actually, we have commissioned the plant somewhere last week of March and there we had sold hardly about 150-odd tonnes, which were basically an output of our trial runs. But this current quarter, we have been doing well and we have sold substantially in this quarter.

Ayush B: So in revenues terms that would be how much?

S. N. Sengupta: Revenue terms will be roughly about Rs 11 lakhs.

Punit Makharia: Ayush, that is not so huge quantum or very huge volume. But let me tell you, since, we started the plant in March last week, but the plant has come in commercial stream in the month of May end or so. In June, we have hardly bought very less quantity of what we consume. We have started this capturing in the normal market also for sulfuric acid and now this completely on in the stream. Our turbine is also this completely online. We hope from July onwards, , there would be good impact of acid plant as well as the power plant into the Kisan Phosphates working.

Ayush B: So mainly it will contribute at bottomline or topline for the whole year?

Punit Makharia: It will not contribute much on your topline but it will definitely impact very strongly on the bottomline because a) we will be saving onto this electricity cost, b) we will be saving lot of money into the raw material input cost which includes the transportation cost also.

Ayush B: For the full year basis, I can assume that topline will be remain on similar levels but the bottomline my EBITDA margins can go up to 20%?

Punit Makharia: We expect that the last year Kisan Phosphates did approximately Rs 51 Crores of the total revenue. This year we believe including the fertiliser sale pickup as well as the this acid sale pickup should be somewhere around Rs 75 Crores and if you see the EBITDA of Q1 of Kisan Phosphate is around 18% that is also better than the last quarters.

Ayush B: Last thing can I have the dye intermediate volumes sold and captively consumed numbers?

S. N. Sengupta: I have an overall figure, sales of intermediates was 1147 tonnes having a turnover of about Rs 37.14 Crores and our captive consumption has been to the tune of about 450 tonnes that was for the dyes manufacturing.

Ritika Garg: I just wanted to know also what the status of the Madhya Bharat NCLT takeover. When do we expect to get it right?

Punit Makharia: Basically Madhya Bharat the case is through but it got stuck-up into NCLT because of this Essar judgment. Wherein NCLAT has passed a judgment in Essar's case that the operational creditors and financial creditors that are there they should be given an equal weightage and whereas what I have been made to understand by my lawyers that we have got a stay from the Supreme Court that some kind of a blockage is there on Essar judgment or I think so there is a bill being passed on that by the Rajya Sabha. This was told to me by my lawyers. So now the next date is on 28. We believe that on 28 this matter should be sorted out completely.

Ritika Garg: So when do we hope to complete the revamp of Madhya Bharat and it will contribute to my revenue? by FY21?

Punit Makharia: If the 28th dated judgment comes in from the court then I think by Diwali we should be able to start this plant. It will not take more than two to three months for us to revamp and to restart the plant.

Ritika Garg: What was the rationale for cancellation of the preferential allotment?

Punit Makharia: Ritika, see the company is doing about Rs.120 Crores capex and out of Rs 120 Crores the company has already invested approximately more than Rs.25 Crores till Q1. Apart from that company is also having Rs.50- Rs.55 Crores of the FDs into its bank accounts. So we do not think that, the company would be requiring any money. Therefore, the company does not want to liquidate on its equity or to take any kind of a debt. Company is fully sufficient to do a capex of Rs 120 Crores that is the main reason why we have canceled these warrants. Mr. Sengupta.

S. N. Sengupta: Yes, actually what has happened because of the change in the plot for our expansion at Lote Parshuram, Earlier Add. loteMIDC area was marked as a chemical zone but later there was a certain amount of problem by the local people. Now, Add. Lote MIDC has been converted into a nonchemical zone. Hence, that entire area, we have to surrender and in view of that we have purchased one more plot in Lote Parshuram. The whole process took nearly about 8 to 9 months or rather we were delayed by about a year or so. Now this has been probably a boon in disguise because the economic situation has also not been very good within the last one year, and now with this we are getting one more year's earnings. So earlier what was happening that we had factored in certain amount of money which was required in addition. But now we are getting one more years earnings. If at all you recollect we had said that by mid of FY20 we should be able to start commissioning. Now that has been pushed off by about a year. So instead of Mid of FY20, we are now talking in terms of mid of FY21. So there we have one more years of earnings which are there and that should take care of all that. So in that case why should we unnecessarily dilute by issuing warrants and then ultimately the EPS gets diluted. So that was the basic fundamental which we had taken into consideration to cancel these warrants.

Moderator: Thank you. Ms. Garg may I request you to join the question queue for any follow-ups, as we have several participants waiting for their turn. Thank you. The next question is from the line of Bhagwan Choudhary from Sunidhi Securities. Please go ahead.

Bhagwan Choudhary: Sir on this other expenses side incrementally there was around Rs 3 Crores additional other expenses along with adjusting for Rs 1.14 Crores as compared to the first quarter last year?

Punit Makharia: The expenses which are there, these have increased a lot. From this is you deduct Rs 1.14 crores, then too there is enough increment in other expense. First of all, we have notice this increase in the expenses and we are trying to control these charges where all it has gone. But to address your question, there are three things which are included. First, there is that the RS 1.14 Crores. Secondly, there is incremental transport cost and thirdly the plant which we have shut down, there are some portion of expense from that which is included in this. But definitely, this is a concern for us also and we are looking into it and further we are just evaluating the situation that how we can control these charges.

Bhagwan Choudhary: Second question was related to your gross margins, as you mentioned that there was some price pressure compared to Q4 into Q1. So even I consider that and look at year-over-year as well, there has been some gross margin improvement. So how do you justify that?

S. N. Sengupta: Basically, what has happened our estimation of this revamping which is there in this year in unit 1, we will be taking one by one these three four plants to be revamped. On an average, we have estimated that this will impact our topline by roughly around Rs 60 Crores to Rs 65 Crores. Now normally what happens in the first quarter our aim is roughly about say 16% to 20% is the sales revenue. Now what we have found out that this revamp had not taken place and even in normal course it would have operated then we would have a little further yield. So that was the depression which we have shown. So that is the whole issue, if at all you would compare it with some part of the plant being closed down and with another quarter where the entire plant is running, it will not be right comparison. So therefore, we have tried to figure out that and find out what exactly is the impact.

Bhagwan Choudhary: But Sir my question was related to gross margins they have improved actually. We are higher by 100 BPS?

Punit Makharia: Wait, you please ask the question again, honestly speaking I have not understood your question, please come again?

Bhagwan Choudhary: Yes, my point is that if I compare the gross margins the raw material cost side it has been declined in the first quarter compared to Q4?

Punit Makharia: Q4.

Bhagwan Choudhary: Yes, though you mentioned that there was some pricing pressure in the Q1 and secondly even if I look the contribution in the Q4 I think the contribution from the dyes was much better?

Punit Makharia: Q4 last year or Q1 are you comparing with?

Bhagwan Choudhary: No, 100 BPS is more when I compare with the last year and it is more than 400, 500 BPS compared to the last quarter?

Punit Makharia: Bhagwan Bhai! Last year Q1 FY19 it was 67.01% and in this quarter, it is 66.34%.

Bhagwan Choudhary: That is what I am saying Sir even I compare to the last the first quarter last year then also your raw material cost has gone down?

S. N. Sengupta: Yes. 0.5% yes.

Bhagwan Choudhary: And 400, 500 BPS it was 72% in the fourth quarter and this is 65% in first quarter?

S. N. Sengupta: Correct.

Bhagwan Choudhary: Roughly, so 500, 600 BPS difference?

S. N. Sengupta: If at all you remember last year the depression in the market started from the third quarter and it was highest was in the fourth quarter. In the Fourth quarter, the margins were really low because.

Punit Makharia : Apart from that there is one more thing because what you need to see is that in the Q4 of the last year, the performance was not as good as it was in Q1 of this financial year. So if you are talking about this increase into the raw material price then too and overall there is the sales impact also.

Bhagwan Choudhary: But Sir gross margins, okay Sir I will take it offline.

S. N. Sengupta: Our Gross margins more or less remain the same. See what Mr. Punit has explained to you that it was 67.01% of Q1 of last year and this year Q1 it is 66.30%. If at all you take it is roughly about 0.55% difference. What I was trying to say is that last year from the second quarter, there was a certain amount of depression in the overall economy and went more down in the fourth quarter. Therefore, you will find that there is a lot of difference between the fourth quarter margins as compared to the first quarter margin. Now, this has started improving slightly. We hope if at all it improves further then we will come back to a normal stage. Normally, if at all you take the previous year ending you see the margin was about 68.01% as against which we have in this year is about 66.54% and the last year quarter one was 67.01%. So this is a slightly improving trend in the margins but overall demand is also a factor which is there that is what we have been trying to stress on that. Overall demand has gone down basically because of the economic factors, am I clear please?

Bhagwan Choudhary: Alight Sir, I will take it offline. Just one more question if I can, Sir earlier you were anticipating that there will be the margin improvement at the net level in the current year. Normally, you do the 10% at margins so this year you said that it could be more than that?

Punit Makharia: We have mentioned in our earlier discussions also that this FY20 will be a bit dip on to the results comparison with the last year in terms of the topline. Whereas, we are confident that we will achieve at least the bottomline into the similar kind of the levels. Definitely, this Q1 is not that good as we had anticipated but this is just a beginning of the financial year. We believe that the things are going to come back on the track and we believe that we should be able to achieve the results of what we have projected. But as far as this topline is concerned, last year the company did around Rs.450 Crores of the total sales on this consolidated basis. This year we should be somewhere around Rs 425 Crores or so on. But looking at the next FY21, we believe that the company would be achieving approximately Rs.650 Crores of the sales. We have stated earlier also that this Rs 65 Crores of the revenue we will lose in this particular financial year which will come back in next financial year plus the new capacities new facilities will also be on a streamline in next financial year. So this particular financial year is I believe is going to be bit dip on this topline.

Bhagwan Choudhary: Sir and just one on the bottomline do you think is to you will be able to make the Rs 40 Crores after this first quarter.

Punit Makharia: Sir, I will tell you, to be very straight with you,. If you see the overall economy, there is a change in demand which we could not see. But now if you see in this particular quarter we have got 7% PAT approximately. So if you exclude the deduction of about Rs 1.14 Crores then the PAT goes above 8% level or so, whereas we have been always talking about 9% to 10% of the PAT levels. I believe your question is answered Bhagwan bhai.

Moderator: Mr. Choudhary may I request you to join the question queue for any follow-up as there are several participants waiting for their turn. Thank you. The next question is from the line of Rohit Nagaraj from Sunidhi Securities. Please go ahead.

Rohit Nagaraj: Thank you Sir. Sir what was the volume for dyes during this quarter, sales volumes?

S. N. Sengupta: Sales volume of dyes was 685 tonnes fetching a total amount of Rs 19.58 Crores as against which the last quarter it was 624 tonnes fetching a topline of Rs 16.77 Crores.

Rohit Nagaraj: Sir any pressure on dye prices as well and can you give some view about raw material prices also the VS and H-Acid prices have declined. So is there a similar kind of trend we have seen in the raw material prices?

Punit Makharia: In my personal view, definitely, there is a pressure on demand. We are trying to maintain our market share, we are trying to maintain our sales in full force irrespective of we get. At the same time in this slow economy and the slow demand, we are still trying to maintain our market share well as trying to keep the customers trust. We are not holding on with inventory and running our system. As far as the pricing pressure is concerned, definitely, the pricing pressure & demand pressure is there. Now, we have to balance out between this kind of a pressures. We are undertaking multiple steps to curb it. In short, we are not leaving the business. If you see the topline, on consolidated basis, company has grown by 10%. So we are stabilizing ourselves and selling the items even if we get around 1% or 1.5% less. We will recover this margin later, but once we lose customer, then it will be very difficult. So we are going to maintain this strategy. We believe, this kind of strategy will to be relooked upon at every stage.

Moderator: Thank you. We move to the next question that is from the line of Irshan Kavesh as an Individual Investor. Please go ahead.

Irshan Kavesh: Most of my questions have been answered. Sir if you can help me out that EBITDA guidance for FY20 and FY21 as well?

Punit Makharia: Irshan! you are asking us a very difficult question. Due to economic slowdown, it is very difficult to comment on that. Let me give you my outlook on the subject, as of now, company has achieved a PAT level of around 8%. On the financial results it is 6.9%, but in my opinion, it is around 8% because of Rs 1.14 Crores, that is not going to a regular phenomenon. We have achieve around 8% of the PAT levels despite slowdown. Company has also done better sales around 10% in the volumes terms. We believe we should be able to maintain our 9% to 10% of PAT levels margin.

Irshan Kavesh: Sir EBITDA margin can you comment on that?

Punit Makharia: EBITDA margin should be around about 15% - 16%.

Irshan Kavesh: Thank you so much.

Moderator: Thank you. Next question is a follow-up question from the line of Ritika Garg from Equitas. Please go ahead.

Ritika Garg: Sir we were talking about the delay in the capex for the dye intermediates. So despite this delay this FY21 sales revenue of Rs 650 Crores could be achieved?

Punit Makharia: Based on our internal calculation, this dye intermediate capex of Rs 75 Crores should be streamline latest by H1. By that time, we will also have the results of Madhya Bharat. Additionally, the plant which we have taken for revamp this will also again come back into the stream. Considering this capex, I think Rs 650 Crores should not be an issue to us.

Ritika Garg: So Madhya Bharat is likely to contribute how much to my revenue?

Punit Makharia: The total capacity of Madhya Bharat is about 150,000 tonnes. We understand that we will be able to sell 1 lakh tonne very easily because Madhya Pradesh is highest SSP consuming state in the whole country. So if we can bring about 1 lakhs tonnes, we can have about Rs 80 Crores to Rs 85 Crores of topline for the Madhya Bharat. Additionally, it has a Lapsa plant which we are not accounting for as of now.

Ritika Garg: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Makharia for closing comments. Thank you and over to you Sir!

Punit Makharia: Thank you, friends for joining us on the call. We hope that we have been able to answer all of your queries. For any further queries, please get in touch with us or with our Investor Relation Advisors, SGA. Thank you once again.

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