



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: 20th February, 2024

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 14th February, 2024.

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 8th February, 2024, intimating you about the earning conference call for Q3 & 9M FY24 with Analysts/Investors held on 14th February, 2024, 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- 102 / 103, D – 25, B – 97, D - 18, D - 10, MIDC Lote Parshuram, Taluka Khed, Dist. Ratnagiri Maharashtra, India.

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“Shree Pushkar Chemicals & Fertilisers Limited
Q3 and 9M FY24 Earnings Conference Call”

February 14, 2024



**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 AND
COMPLIANCE OFFICER, SHREE PUSHKAR CHEMICALS
& FERTILISERS LIMITED**

Moderator: Ladies and gentlemen, welcome to Shree Pushkar Chemicals & Fertilisers Limited Q3 and 9M FY24 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. If 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.

Before we begin, I would like to remind all participants that some of the statements or comments made on today’s call may be forward-looking in nature. These may include but are not necessarily limited to financial projections or other statements of the Company’s plans, objectives, expectation or intentions. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments. Kindly refer to slide number 17 of the Earnings presentation for a detailed disclaimer.

I now hand the conference over to Mr. Nitesh Pangle – Company Secretary and Compliance Officer of Shree Pushkar Chemicals & Fertilisers Limited. Thank you and over to you, Sir.

Nitesh Pangle: Good evening everyone and we welcome all the participants to Shree Pushkar Chemicals & Fertilisers Limited Q3 and 9M FY2024 Earnings Call.

Joining us today from the management side, we have Mr. Punit Makharia – Chairman and Managing Director and Mr. Deepak Beriwal – Chief Financial Officer.

Now I will hand over the call to Mr. Punit Makharia for his opening remarks. Over to you, Sir.

Punit Makharia: Thank you Nitesh. A very good evening and a very warm welcome to everyone for Q3 and 9M FY24 Earnings Call of Shree Pushkar Chemicals & Fertilisers Limited. I hope you all have got an opportunity to go through the Financial Results as well as Investor Presentation which has been uploaded on the stock exchange as well as on the Company’s website.

Friends, now I will take you through the Financial and Operational Performance of our Company for Q3 and 9M FY24:

During the year, our Company’s objective remains efficient operations of our manufacturing plants, with a strong emphasis on maintaining sound cash flow throughout the business cycle, rather than pursuing the rapid topline growth and without a long-term prospective we have adopted a measured approach prioritizing stability over short-term gains which have resulted very well. Our commitment to this is to avoid accumulating cost inventory and managing high debt that would negatively impact our financial well beings.

All while retaining our valued customers, we have also been attentive to monitoring commodity pricing and market trends to steer through the challenges and maintaining our financial stability.

I am pleased to share significant development in our operations particularly in Ratnagiri region of Maharashtra. Our efforts have resulted in a remarkable increase in the total sale and we are progressing in site development for Unit 6. This strategic initiative in Ratnagiri enhances not just our capacity within the fertilizer segment, but also contributes significantly to overall growth of our organization.

Friends, furthermore we are satisfied with our ongoing projects to establish a 3.8-megawatt DC solar power plant in Ahmednagar district of Maharashtra. The project compliments our previous strategic investment of 5.2-megawatt DC solar power plant in the same region and making a total 9-megawatt DC referring our commitment to sustainable energy solutions and broader environmental goals.

In our chemical segment, we saw strong growth this quarter in spite of global demand softening due to economic challenges and the energy crisis. Our efforts and initiative have enabled us to maintain stability and growth. Even amidst challenges such as climate change and geo-political tensions, we are currently operating our plants at almost full capacity. The signs of recovering indicating further production and demand of chemicals are gradually increasing.

Lastly, I am delighted to report that our Company maintains a robust balance sheet and non-lien deposits of Rs. 95 crores providing strong cash position for long-term stability and sustainability. Despite the challenging circumstances of geo-political tensions, demand pressures, global supply chain disruption, economic downturns and high inflation pressures, we have achieved remarkable growth. Our steadfast commitment to sustainable growth in the phase of adversity has been core to our business.

Looking ahead we are optimistic about our future and anticipating significant profitability and revenue growth improvements in the coming quarters. We remain dedicated to our goals and confidence that our steadfast efforts and strategic planning will continue to yield positive outcomes.

Friends, we are excited to face the challenges that lie ahead building on the success so far.

With this I would like to pass on the baton to Mr. Deepak – our CFO who will provide you with the operational and financial highlights of Q3 and 9M FY24.

Deepak Beriwal:

Good evening and thank you all for joining us today.

I would like to provide an overview of our Operational and Financial Performance of the Q3 and 9M FY24:

In Q3 FY24, our consolidated volume in the Chemical Sector shows a remarkable 45% surge reaching 15,875 metric tons compared to 10,969 metric tons in the same period of FY23. Similarly, the fertilizer sector observed a significant 10% increase with a volume totaling 46,713 metric tons in Q3 FY24 from 42,537 metric tons in Q3 FY23. This contributes to a net worth of

70% year-on-year growth in our consolidated volume which amounted to 62,588 metric tons compared to 53,506 metric tons in Q3 FY23.

For 9M FY24, the chemical sector continued an upward trajectory giving a 31% increase in volume reaching 45,889 metric tons compared to 35,115 metric tons in the corresponding period of FY23. However, the fertilizer sector saw a slight decline of 2% with volume totaling 1,52,415 metric tons in 9M FY24 down from 1,55,796 metric tons in 9M FY23. Nevertheless, our consolidated total volume grew up significant 4% year-on-year basis amounting to 1,98,304 metric tons compared to 19,951 metric tons in 9M FY23.

Now turning to our Financial Performance in Q3 FY24:

Our consolidated revenue amounting to Rs. 174.60 crores marking a significant 14% increase from 153.7 crores in Q3 FY23. Our consolidated EBITDA for the same period was Rs. 14 crores reflecting a 6% growth from Rs. 13.1 crores in Q3 FY23 with a robust margin of 8% in Q3 FY24. The PAT for Q3 FY24 was Rs. 7.6 crores representing a significant 49% growth from Rs. 5.1 crores in Q3 FY23 with a PAT margin of 4.3%.

Moving on to the 9M FY24:

Our consolidated revenue for 9M FY24 amounting to Rs.535.4 crores indicating a considerable 6% growth from Rs. 503.7 crores in 9 months FY23. However, our consolidated EBITDA for 9M FY24 decreased to Rs. 41.9 crores from Rs. 48 crores in 9M FY23 making a decline of 13% year-on-year basis. The EBITDA margin for 9M FY24 was 7.8% with a PAT margin of 4.4%. The PAT for 9M FY24 was reported at Rs. 24 crores reflecting a 2% decrease from Rs. 24.4 crores in 9M FY23.

With this I would like to open the floor for any questions and discussion. Thank you all of you.

Moderator: Thank you very much, Sir. Ladies and Gentlemen, we will now begin with the question-and-answer session. We will take the first question from the line of Sanjeev Damani from SKD Consulting. Please go ahead, Sir.

Sanjeev Damani: Sir, if you can kindly help me in chemical division whether we consider Intermediate Dyes and chemical and Sulphuric Acid and other chemicals that we make for making dyes only or this chemical division means only Dyes division?

Punit Makharia: Chemical division consists of Dyes, Intermediates and chemicals and like acid division. Intermediates we consume also; intermediates we sell also as well as the acids we consume also and we sell also.

Sanjeev Damani: This Sulphuric Acid when it goes to the fertilizer division, so that will be reduced from the sale of fertilizer?

Punit Makharia: Obviously, we cannot capture the double sales.

- Sanjeev Damani:** So, the effect would be like that?
- Punit Makharia:** Yes, see whatever acid we consume in our Fertilizer business whatever the intermediates we consumer captively in our Dyes business those quantities are never captured in the revenue figures.
- Sanjeev Damani:** Coming to the dyes chemical market, so how is the scenario of the finished dyes and how is the scenario of dyes intermediates?
- Punit Makharia:** Both are different, we must have a viewpoint on that. The customers who we cater in dyes intermediates in terms you can call them our competitors also in dyes business because the other companies who are buying intermediates from us, they are making dyes out of that and we are competing in the international market as well as in domestic market in terms of dyes. The only benefit what we have is that we have our own intermediates which we use captively as well as we supply to the dye manufactures also.
- Sanjeev Damani:** I wanted to understand whether the dyes market is better or intermediates is better in Indian conditions and international condition both because earlier we had lot of problems of demand and all other things in international market also and in our local market also, so this quarter performance has been better, but how is the realization and how is the future view also, Sir this I want to understand?
- Punit Makharia:** Let me tell you basically Dyestuff is a value addition of dyes intermediates and since we make intermediates as well as downstream products like acids also, so this provides complete stable sustainable strength to the Company and keeps Company away from the market volatilities. As far as this demand and supply condition of the Dyestuff is concerned, as I mentioned earlier in the last concall that markets are slowly and gradually improving. If you look at our this Q2 concall and you can easily visualize that yes, there is a growth into the chemical business at least in Q3 which we are significantly looking for the stabilization, price betterment and stability of the raw material prices as well as the demand into the finished product prices. I believe that this will continue and will be in a normal stage somewhere by the end of quarter 1 of next financial year, but now I don't see any prospectus or any chance of furthermore depression into the market. I am quite positive on the market and which I mentioned in my last concall also and we can see easily that the growth structure is visible in our Q3 results as far as the chemical vertical is concerned.
- Sanjeev Damani:** Last question about the outstanding of our subsidy the amount if you can tell me and secondly how much value of sales, we get out of our cattle feed item that is Di-Ammonium Phosphate or something like that which we manufacture?
- Punit Makharia:** Sir DCP in quarter 3 on consolidated basis we have sold around Rs. 13 crores.
- Sanjeev Damani:** Rs. 13 crores in the last 9 months?
- Punit Makharia:** No, I am only telling you this is for Q3.

- Sanjeev Damani:** Q3 all alone the item which goes for cattle feed is worth Rs. 13 crores?
- Punit Makharia:** Yes, Rs. 13 crores.
- Sanjeev Damani:** And subsidy amount if you can reveal outstanding subsidy to be received from government?
- Punit Makharia:** Sir we have to dig out the figure, but we will give it to you through our Investor Relations, which is not a problem. We are not having that figure handy with us right now.
- Sanjeev Damani:** But we are getting it regularly, Sir not much a problem?
- Punit Makharia:** Regularly received there are no issues into that.
- Sanjeev Damani:** I would also congratulate you on fine management and very good performance financially and operationally.
- Moderator:** Thank you, Sir. We take the next question from the line of Pravin Agarwal, an Individual Investor. Please go ahead, Sir.
- Pravin Agarwal:** Sir, can you provide us a breakup of the chemicals into volumes for Acid and Dye and Dyestuff?
- Punit Makharia:** Dyes and Dyes intermediate in Q3 FY24 is 3,600 tons. The dyestuffs and intermediate all put together is 3,600 tons in Q3 FY24.
- Pravin Agarwal:** What will be for 9M FY24?
- Punit Makharia:** 9M FY24 is 9,900 and in the past 3 months this Q3 FY24 it is 3,600 this is the figure.
- Moderator:** Next question is from the lines of Saket Kapoor from Kapoor and Company. Please go ahead, Sir.
- Saket Kapoor:** Utilization levels for both the segments can be looked forward?
- Punit Makharia:** Sir, as of now what I believe is yes, there is an improvement scope in this chemical segment. Sometimes I believe that there is at least improvement scope of around 12% to 15% in chemical segment, but if you talk about the fertilizer segment particularly the fertilizer segment, I think in the next season starting from May, June to September things will improve Mr. Kapoor.
- Saket Kapoor:** From raw material front there is much relief in fertilizer that will add to the margins going ahead?
- Punit Makharia:** I believe that in raw material front there is no relief in fertilizers, the reason being is this majority of the raw material in fertilizer is being imported and due to the nature of the raw material is that majorly we are depending on the imports and due to the logistic cost and tensions in the red sea what we read in the various newspapers on day-to-day basis logistic cost has gone up tremendously. So, we have to balance out not keeping high-cost inventories and balancing out

looking at the market potentials we have to be very cautious. Now recently government has reduced the subsidy also in terms of fertilizers, so honestly speaking and looking at this environment issues specifically if I talk to you in this Northern India if you remember initially in May, June, July this entire Punjab and Haryana was under the flood if you remember so and this farmers agitation is going on, so major of this putting a lot of issues and we are closely watching the situation. I believe that in the coming few weeks fertilizer business should be improved and accordingly the pricing should be also stabilized, logistic cost should be also stabilized.

Saket Kapoor: We are in the half of the quarter already we have done, so how do you see the environment in terms of the pricing and margins what we exhibited in December? What are the trends telling?

Punit Makharia: If we talk about the fertilizer segment then very straightforwardly, I will say I am not seeing much visibility in the fertilizer business in these 1.5 months or in this quarter 4 because this now it is not a season. In this season whatever production, sales and dispatches are to be done is for the next season placement. What is the new subsidy policy of the government in the placement of the next season which will be known in the coming time, but if you want a very straightforward and honest answer from me then I would say that this current quarter 4 seems not much good in terms of fertilizers and in this quarter, I don't expect any improvement from what is going on.

Saket Kapoor: What is the trend towards chemicals?

Punit Makharia: I believe it is not a problem, Sir chemical has already come to an improvement stage which is visible in our results also and in the coming times what I am able to see in chemical business I see that there is a good amount of demand and growth and as well as crisis has also started improving, demand has also started coming in. The same phase will come even for the fertilizers also probably not in this quarter but maybe in the first quarter of next year.

Saket Kapoor: As you have mentioned in your presentation and in your opening remarks the Ratnagiri project is worth of Rs. 106 crores, Sir what capacity would be augmented and what kind of turnover ratio the chemical mix is going to be? And how long will it take for us to complete the CAPEX?

Punit Makharia: This CAPEX is in two different segments, one segment is of chemical and other is of fertilizers and these both CAPEX will be improving A) in part of the backward integration for which we already have 6 stages backward-forward integration and this would be the seventh stage of the backward-forward integration another is towards the fertilizers and this new fertilizer expansion will totally turnaround the image of the Company and if you talk about the topline then I don't count on the sales revenue of the backward integration because there is no sense in counting that, but if I talk about the other product then somewhere from Unit 6 a topline growth of Rs. 400 crores should come on the basis of almost 65%, 70% utilization in the first year.

Saket Kapoor: Till when this CAPEX will be commissioned?

- Punit Makharia:** This is a big CAPEX, so some time will be required. It will take at least 1.25 year. We will try to complete it till March FY25 rest the time will tell because immediately after completing our first phase of CAPEX of Rs. 175 crores from internal accrual now we have taken up a new CAPEX that too also our efforts will be to complete it through our internal accruals. If I talk as on date, then Company has almost Rs. 100 crores non-lien investments. We have time till 1.25 to 1.5 years. The Company doesn't have any term loan, there is no loan against the Company, so we believe that within 1.25 Company should be able to generate sufficient amount of money plus promoter has also placed a Rs. 15 crores warrant towards the same expansion, so this is already Rs. 115 crores and the rest the Company will generate it in one and a quarter year, we will see later if rest we have to balance out, otherwise we will complete this new second phase CAPEX also through internal accruals.
- Saket Kapoor:** This year itself this Rs. 95 crores to Rs. 100 crores will put in CAPEX for Unit 5?
- Punit Makharia:** It is very hard to say, as the work progresses it will be done, but there is no possibility of stopping any work for money.
- Saket Kapoor:** Sir what I mean to say is that what factors you will see in the CAPEX and CAPEX will be completed in a time-bound manner?
- Punit Makharia:** The target is of one and a quarter year, there is no chance of Rs. 95 crores this year. It is very simple we are doing a CAPEX of Rs. 106 crores, where we would invest 90% immediately? When we give money for machineries, we don't give the full amount after a successful operation trial only we give the full money. And here something would be generating additional cash also during this operation next year.
- Saket Kapoor:** As you are saying that with the completion of this CAPEX it will be a game changing aspect for the Company, so earlier our gross profit margin used to be like we are seeing an overall dip because of the market conditions, so in which trajectory you are seeing the gross profit margins?
- Punit Makharia:** I think what you want to ask, are you sure that we will go back to our old times wherein from 14% to 16% EBITDA levels and a range of around 10% PAT level, I clearly have a vision to see in next financial year.
- Saket Kapoor:** And the 5.5% which we are in this quarter?
- Punit Makharia:** We cannot take this 5.5% as historically. The time is different, and I believe in a conservative approach. Sometimes it is better to do nothing, sometimes it is better to walk slowly.
- Saket Kapoor:** Yes, I agree with you, and you also told in previous 2 quarters that we are at bottom and from here our numbers will not be weak anymore and it is showing like that also even though everything is showing negative, still we are reporting consistent set of numbers.
- Punit Makharia:** Let me try to explain one more thing to you in this that chemical segment is in improvement, fertilizer segment is towards dip and if you see any other peer competitor you can see negative

results in them where in some positive is there somewhere within us even though there is a dip compared to the last period and we have to be very careful. I believe in pertaining of one strategy that one wrong decision in business may keep you out of the business for ever. So, we have built a business with great effort and if the time is not good then move a little more cautiously.

Saket Kapoor: The topline which we are seeing this year for 9 months in that one minus growth is there, so at the end of the year as you were telling the trend, this percentage gain for 9 months will we be able to maintain this traction for the year as a whole?

Punit Makharia: I think that in the entire financial year somewhere we should be 725 plus.

Saket Kapoor: On consolidated level?

Punit Makharia: Yes, on consolidated level.

Saket Kapoor: And the margin profile that we have kept in 9 months?

Punit Makharia: There won't be much change in it. You just understand this. It is not going to change drastically. The time will tell, I can't say anything right now, but I don't see slipping it down further.

Saket Kapoor: One request is there like we see that our numbers are coming in fag-end like 13, 14 when the quarter ends like window is closing in next couple of days?

Punit Makharia: Our CFO is sitting in front of us to ask him.

Saket Kapoor: CFO, Sir the question is towards you, I propose to bring our numbers by 20 days, 25 days, or maximum 30 days after the quarter ends as this will improve our attitude towards investors plus this fag-end there is lots of rush.

Deepak Beriwalla: You are absolutely right and every time we are trying to do in that direction only and I am sure we will be able to do as per the expectation at least in the next quarter. Every time I say that why should we do in the last time let us do it before.

Saket Kapoor: Yes, Sir at the last moment a lot of rush is there and yours is a quality management. This is not bracket for you, kindly review it, Sir.

Moderator: Thank you. The next question is from the line of Pravin Agarwal an Individual Investor. Please go ahead, Sir.

Pravin Agarwal: I was asking that our current capacity utilization both in the chemical division as well as fertilizer division how much it will be right now?

Punit Makharia: Chemical division somewhere is around 65% to 70%. And fertilizer division in today's date is almost around 40%.

- Pravin Agarwal:** What is the utilization we are expecting on this next year-to-year basis?
- Punit Makharia:** Under chemical I believe that there is a scope of growth of almost 10% and under fertilizer there is a scope of growth of almost 20%-25%.
- Pravin Agarwal:** Sir are you saying this for the next year or for 2 years?
- Punit Makharia:** No, I am talking about next year.
- Pravin Agarwal:** Sir I heard a bit of what you were saying regarding Unit 6 and missed some. Who will this Unit 6 feed? Will it feed our fertilizer division or our chemical division?
- Punit Makharia:** Basically, in Pushkar two types of expansions are coming, one backward integration is coming in chemical and another is coming in fertilizer business, so the backward integration will support our existing business which we will be producing our own raw materials for that and the one which is coming in fertilizer segment that we will be catering to the market.
- Pravin Agarwal:** In Unit 6 both is happening?
- Punit Makharia:** One is coming in Unit 5 and other is coming in Unit 6. This is coming in Unit 5.
- Moderator:** Ladies and gentlemen, which was the last question for the day. I would now like to hand the conference over to Mr. Punit Makharia for closing comments.
- Punit Makharia:** Thank you everyone for joining our Q3 and 9M FY24 Earnings call. If you have any further questions, please feel free to connect with our Investor Relation Advisor Churchgate Partners and we will be happy to address all your queries. Thank you very much. Have a safe day.
- Moderator:** Thank you. On behalf of Shree Pushkar Chemicals & Fertilisers Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Notes:

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings
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