

“Shree Pushkar Chemicals & Fertilisers Limited  
Q3 & 9M FY21 Earnings Conference Call”

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**Moderator:**

Good evening, ladies and gentlemen. Welcome to the Q3 & 9 months FY21 Earnings Conference Call of Shree Pushkar Chemicals & Fertilisers Limited. This conference call may contain forward-looking statements about the company which are based on the 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 '\*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Punit Makharia - Chairman & Managing Director of Shree Pushkar Chemicals & Fertilisers Limited. Thank you and over to you, sir.

**Punit Makharia:**

Hello friends and a very good evening to everyone. First and foremost, I hope all you have been keeping safe and healthy. Today on call, I am joined by Mr. Deepak Beriwal, CFO and Mr. Nitesh Pangle, Company Secretary and Compliance Officer of our company Shree Pushkar Chemicals & Fertilisers Limited. Friends, we have uploaded our investor release and financial results on the stock exchange as well as on the company website. I hope everybody had an opportunity to go through the same. Now I will walk you through the industry updates followed by financial and operational performance for Q3 & 9 months FY21.

Post opening up of economy and ease in the lockdown restrictions across the country in phased manner, we have witnessed good traction in all our business on a sequential basis., the business was back to normal and to the pre COVID levels and we are also anticipating growth in the coming quarters. We have been witnessing month-on-month increased demand for our products across all our segments. Our fertiliser segment performed strong as always, and had shown a growth of 33% on the revenue on a sequential basis. Revenue from the fertiliser stood at 37.30 crores as compared to 28 crores in Q2 FY21. Dyes intermediates and dye stuff have also shown recovery on quarter-on-quarter basis and had been witnessing increased traction in the coming months.

Friends, post the Atmanirbhar initiative and Make In India movement picking up momentum and government's clear intention of becoming self-reliant in multiple sectors, India is emerging as a global player across industry and for the chemical manufacturing as well. We believe this will be one of the most significant opportunities ever seen in the industry up till now. Thus, long-term prospects are positive. During this temporary period of slowdown in H1 FY21, we had been focusing internally to improve efficiency and to be ready with our new capacities so that we can capture the opportunities once the demand revives. Now since we are ready with all the capacities and all the planned CAPEX are on track, we believe we are ready for the next big leap for growth going forward.

Friends, now let me update on Madhya Bharat Phosphates Private Limited. We acquired the entity Madhya Bharat Phosphates Private Limited, and have successfully integrated in our system and processes and we begun commercial production in our Jhabua plant that is in district Meghnagar from July 2020 onwards. We completed the acquisition of this entity in April 2020



and despite pandemic and nation wide lockdown during this period, we have been able to start our operations quickly and smoothly in July 2020. We have been ramping up our capacities on month-on-month basis and has seen increased utilization and revenue in this plant. Revenues from Jhabua plant in Q3 FY21 stood at 11.37 crores as compared to 5.11 crores in Q2, a growth of 120%. Our revamp and repair work for our Deewanganj plant which is another site of Madhya Bharat Phosphates Limited is also on track and we are expecting to begin commercial production by April 2021. By this doing so, we will be having 2 operation plants into Madhya Bharat Phosphates Limited, one is at Jhabua and another is at Deewanganj.

Friends, we have received all the necessary approvals from the Pollution Control Board as well as from other government statutory approvals and we are confident of starting this operation in the mentioned timeframe.

Now, update on planned CAPEX. Friends, our planned CAPEX at Unit V for 75 crores for expanding dyes and dye intermediates capacity to 22,000 tonnes per annum is on track and we have already incurred Rs. 66 crores in the capital work in progress till now. Friends, let me tell you that this all has been done from the internal accruals and your company has not taken any kind of a debt or equity dilution for this expansion and all has been funded through internal accruals. This shows the strength of the company and its business and its cash generation abilities. We expect the commercial production of this by Q1 FY22.

Company is also setting up a solar project under the open access scheme for which we have a planned CAPEX of 10 crores and we will be funding the same by our internal accruals. After commissioning of this solar project, we believe that there will be a significant savings in the power cost leading to operational efficiencies and enhanced margin. Friends, your company being a zero waste company and a zero debt company, all our new product capacities of the above CAPEX coming on stream with a strong brand presence, we believe it will further contribute to our long-term sustainable growth plans.

Now, I hand over the call to Mr. Deepak Beriwal, our CFO for the financial updates on the company. Over to Mr. Deepak.

**Deepak Beriwal:**

Thank you, sir. Good evening and a very warm welcome to everyone. Our revenue for Q3 FY21 stood at 96 crores as compared to Rs. 77 crores in Q2 FY21, a growth of 24% on Q-on-Q basis. Revenue growth on year-on-year basis is 12% from Rs. 86 crores in Q3 FY20 to Rs. 96 crores in Q3 FY21. Revenue for 9-month FY21 was down by 7% at Rs. 241 crores as compared to 260 crores in 9 months FY19-20. This was due to the loss of revenue during H1 FY21 due to all India lockdown and restrictions across the country. Revenue growth has been seeing momentum on month-on-month basis and we expect growth in quarters to come.

On segmental front, our fertiliser business stood strong and demonstrated a growth of 33% from Rs. 37.3 crores in Q3 FY21 compared to Rs. 28 crores in Q2 FY21. Dye intermediates segments also grew by 17% sequentially to Rs. 30.4 crores in Q3 FY21 as compared to Rs. 25.9 crores in

Q2 FY21. Dye stuff has been picking traction and is now back to pre-COVID level. Dye stuff revenue stood at Rs. 20.6 crores for Q3 FY21.

Our EBITDA for quarter stood at Rs. 13.5 crores as compared to Rs. 11.5 crores in Q2 FY21, a growth of 18% on Q-on-Q basis. EBITDA margins for Q3 FY20-21 stood at 14.1%. EBITDA for 9-month FY21 stood at Rs. 29 crores with an EBITDA margin of 12.1%. PAT for the quarter grew by 23% to Rs. 9 crores as compared to Rs. 7.3 crores in Q2 FY21. PAT margin stood at 9.4% for Q3 FY21. PAT for 9 months FY21 stood at Rs. 18 crores with the PAT margin of 7.5%. This has been increasing on a sequential basis with revenues coming back on track.

With this, I open the floor for discussion. Thank you so much.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Subham Agarwal from Aequitas. Please go ahead.

**Ritika:** Sir, this is Ritika. Sir, wanted to know in Madhya Bharat, what is the kind of capacity utilization we expect for FY22?

**Punit Makharia:** Ritika, if I talk about Madhya Bharat, let me take you with the current situation of Madhya Bharat. As we mentioned that we have started this plant in the July 2020 and the kind of a period July 2020 was that we have almost missed the kharif period, right where the majority of the sales in Madhya Pradesh takes place and now, we have got the season of rabi in Madhya Bharat especially in Madhya Pradesh and Chhattisgarh and till this period, company has sold almost 20,000 tonnes of the SSP in this quarter third and fourth. In this quarter 3, we have achieved almost 60% of the utilization in Madhya Bharat. Now for the next year, we see that we will be getting a full year in Madhya Bharat for our Jhabua unit, we will be also getting a complete period for the Deewanganj plant. The total capacity of both the plants would be 200,000 tonnes a year. We had targeted for a sales of around 125,000 tonnes out of this 200,000 tonnes from both the sides.

**Ritika:** And what kind of EBITDA margins can we expect in Madhya Bharat? I do understand that till now it has not contributed because we are ramping up, but what is the kind of EBITDA margins do we expect in Madhya Bharat?

**Punit Makharia:** As you are aware that Madhya Bharat is also completely debt free company in terms of the long-term loans and the total execution of Madhya Bharat has been internally funded by Shree Pushkar Chemicals & Fertilisers Limited. Based upon our past experience including Kisan Phosphates as on the fertiliser business of Shree Pushkar Chemicals, we believe that we should be able to achieve close to 8% to 10% of the PAT margins and EBITDA margins stood around 14-16%.

**Ritika:** And the 5 crores that was sold prior to Q3 FY21, where has that been recorded?

- Punit Makharia:** That was not recorded because we got the final balance sheet from the reservation professional in the month of October itself.
- Deepak Beriwal:** In 9 months financial, it is included Q2 results of 5.11 crores in consol.
- Ritika:** Got it. Although we have some land parcel there that we plan to sell right, what is the update on that?
- Punit Makharia:** We have additional land parcel. There is a place called Mendori near Bhopal which is a noncore asset and which came along with this company through NCLT and we have plans of selling this land and using the funds in the working capital cycle of the company.
- Ritika:** So how much was the sale of land realized?
- Punit Makharia:** It is difficult for us to comment about the pricing, but I think it is not a big amount. I think it should get somewhere around 50 lakhs to 75 lakhs or maybe 5-10% upward or downward. I do not know. We have not checked up till now the prices of the land because right now we are busy in other issues like starting up of a Deewanganj plant, revamping of the capacities of Jhabua as well as the marketing setup now. We have setup a marketing team also in Madhya Pradesh. Company has started an office in Indore for its regional marketing and we are building up our entire sales team across Madhya Pradesh as well as Chhattisgarh. So post we complete all these issues, then we will be also looking into selling of a Mendori land. But as far as the value is concerned, I think it should be close to 50 lakhs or maybe 75 lakhs. Honestly speaking, I am not sure what could be the exact value. Once we go into the market, then only we will come to know what could be the proper price.
- Ritika:** And we can expect the 15% and 10% EBITDA and PAT respectively from FY22 onwards?
- Punit Makharia:** I am a bit conservative, Ritika. I believe let us do it and let us calculate ourselves close to 8%-10% of the PAT margins and 14%-16% of the EBITDA margins. This is what we have been doing in the past even in Kisan also.
- Ritika:** Regarding dyes and dye intermediates, there has been a ramp up from Q2 to Q3 and we do expect plant cycle to start commercial operations in April. So for the full year of FY22, what kind of revenues can we expect on unit 5?
- Punit Makharia:** See, in fact we were targeting to start the unit 5 in this financial year. Because of other issues which were not in our control, we had never thought that there would be COVID and labor issues and many other such issues. But, I think now we will be able to comfortably start the trial production of this unit in early Q1 FY22. I think by first quarter of next financial year, we should be able to complete the commercial production also for unit 5. Based upon the 3 quarters, we will be getting a full year of the operation. I think on this basis, we should be able to achieve on a very conservative figure of around 125 to 150 crores of the total sales.



- Ritika:** And what about unit 1 revamp?
- Punit Makharia:** That has been already started now, Ritika. In fact, that was ready for a very long time and we were beginning to start in the last quarter of the last financial year, but suddenly because of this COVID, everything was kept on hold. Now, we have started this unit just in the month of December.
- Ritika:** So in FY22, how much will unit 1 contribute?
- Punit Makharia:** I think we should be back to our pre levels. I think we should generate almost about 325 to 350 crores of the topline in Pushkar on standalone basis easily.
- Ritika:** This is excluding unit 5?
- Punit Makharia:** Yes.
- Ritika:** And if you could tell us about the current realizations of Vinyl Sulphone, H-Acid as well as how our raw material prices trending?
- Punit Makharia:** Raw material prices have all gone up. If I talk about beta-naphthol, if I talk about aniline oil, if I talk about nitric acid, naphthalene, sulfur which are the basic raw materials for these products, all have gone up. Simultaneously, the prices have also gone up fantastically. If I say the Vinyl Sulphone is prevailing somewhere around 240 plus minus Rs. 5-Rs. 7, maybe Rs. 10, H-Acid is in the range of 425 to 450.
- Ritika:** And how were these prices in Q3?
- Punit Makharia:** Q3 was in a range of, we say about Vinyl Sulphone around Rs. 210 to Rs. 215 or so. And H-Acid was in the range of Rs. 390 to Rs. 400. This is an average realization what we would have got in Q3. See overall, there is around 5% of a betterment in the price of H-Acid and around 10% betterment in the price of Vinyl Sulphone.
- Ritika:** So as we see these prices going up, do we see our gross margins improving?
- Punit Makharia:** Ritika, it is a very vast reply. It is difficult for me to say because we need to really see that how the global logistics scenario is going on. We have been seeing that the global prices of the sea freight has increased tremendously and availability from the China chemicals has become very scarce and definitely, we will be improving some margins on that, but what kind of percentage it could be, it is difficult to comment on that.
- Ritika:** Other expenses in the subsidiaries was pretty high, I can tell you the amount.
- Punit Makharia:** Are you talking about Kisan?
- Ritika:** Kisan plus Madhya Bharat combined, 8 crores?

**Punit Makharia:** Basically, let me tell you these other expenses, it is difficult to figure out individually, but in case if you need them, we can also pull out the figures from the system and give it to you, but let me give you an overall view on the subject. See, what has happened is that due to COVID levels, mainly these expenses have gone high in terms of the transportation cost and in terms of the labor cost because transport has become extremely problematic issue due to the high price of the fuel and labors to give an example, if we bring a labor then the labor goes into this quarantine period, but we have to pay the salary of those labors, this is just an example I am giving you. Suppose if one labor has infected with COVID, then the entire labor rushes away, then we have to bring and send them back, we have to spend money and then we have to pay high prices because we are operating in a state where no local people prefers to work. Because of these issues, the overhead cost has gone tremendously high, but let me assure you and let me also comment that this is not a permanent phenomenon, this is just a tentative phenomenon. As we went on the unit for revamping, restarting, getting labors, getting transportation because if you see that in this quarter, we have started all our operations and before this quarter, few of the plants were closed also. Now, we have to again start those plants like for an example if your acid plant is closed or any of your plant is closed then you have to fire the diesel in that, you have to do maintenance so these are one time of expenses and these plants run 24/7, 365 days but suppose that plant is closed then there is expense in restarting of that plant, there is spend on transportation, and on labors as well, these are the unexpected charges which has gone high. This is not going to be a permanent phenomenon. In coming quarters, we do not see that these kind of high expenses would be there.

**Moderator:** Thank you. The next question is from the line of Siddhant Shah from KBS. Please go ahead.

**Siddhant Shah:** Just following up actually on the previous participant's question, I guess what were sort of trying piece together is that other expenses as a percent of sales are pretty high. So when you look at it on a percentage basis, it is 22% versus 13% year-over-year and if you look at it on an absolute number basis, it is almost 9 crore increase. So would it be possible for you to share the larger buckets of this increase in other expenses?

**Punit Makharia:** Siddhant, where this 9-crore difference you got?

**Siddhant Shah:** Your other expenses are 20.75 crores versus 11.24 crores on a consolidated basis.

**Punit Makharia:** You are talking about 9 months to 9 months, right?

**Siddhant Shah:** No, I am talking to December 20 to December 19. So Q3 of this year versus Q3 of last year.

**Punit Makharia:** On consol basis?

**Siddhant Shah:** Yes sir, on a consol basis.

**Punit Makharia:** I think Siddhant, I am not handy with the reply of your question as of now, I am sorry for that. But I am sure that I will pull out the exact details and give you satisfactory reply on the same,



but I can give you an overall reply on the sort of a feel that these expenses have gone high, yes, we do agree these expenses have gone high. Exactly we need to look into the details, the nature of these expenses, but as an overall what we say it is mainly on account of plant restarting what we did in this quarter because of the COVID like salaries we paid in first 2 quarters in spite of our plants were closed right, like some restarting expenses what we incurred in this financial year which is not a regular phenomenon like the transportation cost we paid that was tremendously high in this period because even the first quarter and quarter 2, I can see that there were no labors available, there was no transportation available, then to also our fertilisers we keep on operating and obviously, it comes with an extra cost. It was not a normal pricing. It is an overall feel I am giving it to you, but yes, I can sense and I can realize these expenses are too high, I need to look into the details about it, I can get back to you on this.

**Siddhant Shah:** Fair enough. So maybe I can followup offline to get a sense on the actual breakup of the other expenses. So my other question was forgive for my ignorance, but so the price of H-Acid and Vinyl Sulphone has major sensitivities to your topline and EBITDA margin, correct?

**Punit Makharia:** No, it is not like that, Siddhant. Basically, we are a multiproduct company. We are completely backward & forward integrated company. It is not only H-Acid or Vinyl Sulphone. There are a couple of intermediates, couple of dye stuffs and fertilisers, cattle feed, it is a multiple basket of few products. It is not only H-Acid and VS.

**Siddhant Shah:** No, the reason why I asked is, I think in the past con-calls, I do not remember which one, but I think there was a comment made saying that H-Acid and Vinyl Sulphone is around 70% of the current capacity. So I just wanted to refigure.

**Punit Makharia:** Siddhant, it is like this, that out of the total revenue, around 70% of the revenue is met through the chemical business in which it is dyes intermediates as well as dye stuffs and balance 28% or so comes from the fertiliser, Acid business and the cattle feed business, it is like this. So 70-72% is a composite business of intermediates as well as dye stuffs. And H-Acid and Vinyl Sulphone comprises of intermediates 2 products where as we make 5-6 different products of intermediates. I think it is not still clear to you. Let me again reiterate what I have said. The total 72% business of the company that comes around dye intermediates as well as dye stuffs. If we talk about dye intermediates, in that particular vertical, we make 6 different products and not even 6, rather 10 different products. Out of 10 different products, 4 products we again internally consume. Out of those 6 products, which is saleable, and which is further consumed by us in our dyes business as a forward integration, from that two products are H-Acid and VS.

**Siddhant Shah:** So basically what I am trying to understand is suppose if H-Acid if we have, I am not saying will but if we have a major run up in the price of H-Acid and Vinyl Sulphone like we did in 2013-14, would we see a big spike in margins? Or is that not the exact dynamic?

**Punit Makharia:** No. Obviously when the prices go higher of H-Acid and Vinyl Sulphone, yes, the majority of the revenue of DIL out of 70% comes from H-Acid and VS, but if the prices go high, obviously the company is going to benefit it.



- Siddhant Shah:** So in 2014-15, when the prices had increased, why did not we see a spike in EBITDA margins?
- Punit Makharia:** You are talking about 2014 and 15?
- Siddhant Shah:** Yes.
- Punit Makharia:** Siddhant, I am not carrying those data with me my friend of 14 and 15 and let me tell you 2014 and 15 was some kind of a peculiar year where we have seen the prices of H-Acid going up to Rs. 2,000. In the history of the whole industry, I have never seen in my career going the price of Rs. 2,000 and let me tell you that was completely unsustainable price. So let us not work upon Rs. 2,000 price category and that was almost 5-6 years back story, Siddhant. I do not think that story is going to be repeated again.
- Siddhant Shah:** No, I agree. Sorry, I did not mean to say that it was going to go to 2,000, but I just thought that because of the sensitivity, if there was sensitivity to the model, then we would have maybe seen at somewhere in those years in the margins. And I was just trying to understand why it was not reflected in the margins of that particular...
- Punit Makharia:** I do not have the figures of 2014 and 15, I think on those figures we did IPO in September 2015. So right now, I am not having the financials in front of me of 2014 and 2015. It is difficult for me to comment. Anyway, one more point about your previous question on expenses going up for this quarter, Siddhant, the question what you asked me is that you are comparing Q3 19-20 and Q3 20-21. Now in Q3 19-20, one point I would like to highlight here is that in Q3 19-20, the Madhya Bharat expenses were not included, that 9 crores difference what you are talking about.
- Siddhant Shah:** Got it. That makes sense sir.
- Punit Makharia:** Q3 19-20 Madhya Bharat figures were not included whereas in Q3 FY2021, Madhya Bharat figures are included. So I think the major impact would be of this Madhya Bharat expenses into this current financial year of first 9 months. I think this resolved most of the query.
- Siddhant Shah:** It does. Just a last one from my end. In your CAPEX assumptions for 650 crores topline, what are we assumed for H-Acid and Vinyl?
- Punit Makharia:** Like this?
- Siddhant Shah:** Yes sir.
- Punit Makharia:** Siddhant, I am not a speculative guy. I would expect the prices to remain as it is where it is and we make our projections and we plan ourselves on the existing pricings. What we get in future nobody knows. So whatever we had planned, we had planned on existing prices.

- Moderator:** Thank you. The next question is from the line of Anshuman Mohta, an Individual Investor. Please go ahead.
- Anshuman Mohta:** I wanted to ask you one thing that as we are starting up the new plant, unit 5 and with the dyes we are selling, wouldn't our PAT margins increase from 8 to 10 which we are guiding as, would not it go to 10-12?
- Punit Makharia:** Unit 5 is altogether individual setup in its own. It is a different side in the same industrial premises. Obviously, it is going to have a different set of expenses, different set of management of its own. You being as an investor, I would suggest you to work upon on the same kind of margin what company is having on a historical basis for the last 5 years or 6 years or so.
- Anshuman Mohta:** And whatever we get extra is a bonus for us?
- Punit Makharia:** Yeah, but let me assure you separately yes, it is going to be better than what we have been doing before because ultimately operation levels will improve, other things would improve, but I do not want to keep you in any kind of a positive note. You are being an investor, you must work on a conservative basis. If I would have been at your place, I would work on a last 5 years performance.
- Anshuman Mohta:** And the other part of Madhya Bharat which we are going to start, that will start from this quarter or next quarter?
- Punit Makharia:** Sir, in fact we have kept a muhurat in the month of March itself for that Madhya Bharat, but then too also as an investor, I am informing April 2021. We are targeting to achieve full capacity for the next financial year for our Deewanganj plant of Madhya Bharat.
- Anshuman Mohta:** And 3 quarters for unit 5?
- Punit Makharia:** Yes.
- Moderator:** Thank you. The next question is from the line of Jason Soans from Monarch Network Capital. Please go ahead.
- Jason Soans:** So relatively very simple question. Just wanted to know, you know like textiles etc. also is in a good space and dye intermediates and dye stuff goes into textile, 70% of the demand emanates from there, just wanted to understand what is your outlook for dye intermediates, dye stuff, fertilisers from a 2-3-year perspective from now on?
- Punit Makharia:** Jason if you want my overall opinion you may differ with my opinion or other people may differ with my opinion. I do not want to comment on that, but as far as if you are asking for my opinion, I would like to tell you that I think that coming year is completely a V-shaped recovery. Like what we saw here in other part of the economy what we see everyday with us is nobody thought there will be such fast V-Shaped recovery. I think that in chemical sector especially in



intermediate sector, especially whatever companies which are based on the environment whereas in front of them, we are a zero-waste company, particularly if you see there is going to be a V-shaped recovery. I am very bullish on coming years. I do not know why I am so, but based upon my market intelligence for the last few years in which I am there, based upon my experience of the last few years which I am there, I see it is going to be tremendous. In the same way the capacity we have enhanced in Unit-5 in fact, but I think the coming year that is going to be very good that is the point number 1 in terms of dye stuffs and intermediates. In India whatever dye stuff are being made, almost 90% of the dye stuff are exported. If you take the data for a month minimum 12,000 to 14,000 tons or may be 5% here and there the reactive dyes gets import from India whereas the whatever production in India almost 90% gets export. If I talk about the textile industry in India, we are not that much, we do not have that much presence in textile industry in India. We sell some of the products in the Southern India. We sell some of the products in Northern India, but most of our dye stuffs are being exported to high priced paying countries also and apart from that, today as we have Blue Sign, ZESE which is a brand holder, so we are able to sell our product at a decent margin, not like a commodity, like a specialty products in that regard. In Unit-5, we are expanding our capacity. That too also backward-forward integration model same what we have existing. As far as the fertiliser is concerned, like in fertilizer we have 4 units of single super phosphate across country first unit is in North which we cater 6 states from there. Other two units one is in Jhabua which is on the Gujarat border, another unit is in near Bhopal from there we cater to Chhattisgarh. we will be catering Gujarat, Southern Rajasthan, entire Madhya Pradesh and some Northern eastern part of the Maharashtra. Fourth unit we have at Maharashtra where we do from Karnataka and Maharashtra. Overall, if you see the location advantage from Himachal Pradesh on the top till the Karnataka at the bottom, we are catering to a lot of the states. I personally see that after taking over Madhya Bharat both the units, we will have a good visibility in fertiliser business also. On capacity wise, Pushkar would be the fourth or fifth largest manufacturer of single super phosphate in India.. I personally see if this year you see the first quarter or the second quarter fertiliser business, we did pretty well. Intermediate business, dye stuff business because of the COVID and lockdown, we could not do much in these factors, but fertiliser was the business where it saved our company, and we did comparatively well than other quarters also. I am bit bullish on this point.

**Jason Soans:**

Just wanted to know that if I see your financials, the PAT has been in a range, north of 30 crores if you see the consolidated financials for the last 3-4 years. Now you are saying that 2021, yes, everybody has an upbeat look on 2021 including you. So would you want to give a guidance or something of that sort from a PAT of 30 crores in FY20, what are you looking at? I know we are 9 months down the line in FY21 as well, but what are you looking at it for the next 2-3 years say in terms of CAGR or something? Would you want to...

**Punit Makharia:**

I will give a very conservative view from my end; I would not give you an exciting view. I do not believe in that. I am a bit conservative, but at the same time we are bit aggressive also. But I would like to give you a mixed reaction on this point from my side. Being an investor or being a look out for investor also, what you should you do, if I would have been you, what I should have done is that, net-net if you see that company is giving the PAT of 10% to 10.5% net and

whatever 30 crores PAT is on the basis of the top line. It is a simple thing if in this year if the company does the top line of 325 crores to 350 crores top line and in the next year if you go on a very conservative mode then Madhya Bharat would add Rs. 100 crores, Unit-5 three quarter operation, if you take very conservatively then it would do Rs. 100 crores to Rs. 125 crores easily. This figure should come somewhere near Rs. 550 crores to Rs. 600 crores. But we have to see how the future unfolds.

- Jason Soans:** So Rs. 550 crores to Rs. 600 crores should be done in FY22 conservatively.
- Punit Makharia:** I don't see any issue in that and if we cannot do this much then what is the point in working?
- Jason Soans:** If you see that way then PAT also should go to 55-60 crores at the rate of 10%.
- Punit Makharia:** Take it conservatively, , why are you going at 10%?
- Jason Soans:** So you are seeing this visibility for FY22?
- Punit Makharia:** I am saying this visibility for FY22 and if we talk about next Diwali 2022-23 then there will be something new then we will discuss at that point of time. Let the right time come.
- Jason Soans:** And just wanted some confirmation points, I wanted to say that. You also said that you are targeting 1,25,000 tonnes of sales from the 2 lakh tonnes capacity from Madhya Bharat of Deewanganj and that Jhabua plant, so that is in FY22, right?
- Punit Makharia:** That is right.
- Jason Soans:** That is for FY22.
- Punit Makharia:** For the next financial year.
- Moderator:** Thank you. The next question is from the line of Subham Agarwal from Aequitas. Please go ahead.
- Ritika:** Again, I wanted to know once our CAPEX is over, what is the complete revenue potential of our company as a whole?
- Punit Makharia:** For the whole year?
- Ritika:** Yes, for the whole year, out of optimum capacity, what is the maximum revenue we can generate?
- Punit Makharia:** See, we will take it one by one. If you talk about Kisan, this year we will be touching close to 75-80% of the utilization. This year Kisan will come to Rs. 70 crores. For your information, we have put up another 85,000 tons, we have planned in Kisan. For your information we had put up another Dana plant in Kisan Phosphates also. That has also been done from the internal accruals.



After coming of second Dana plant Kisan will come to 85,000 tons. After coming of that 85,000 Kisan's total revenue will be Rs. 100 crores. Today it is 70 crores next year you assume 25-30 crores incremental sales in Kisan. In Madhya Bharat next year we are talking about 1.25 lakh tons, but of this 1.25 lakhs tons we are talking a bit on a conservative basis because being a MP a new market for us but then too also we want to give it a year's time to settle the thing. If you talk about '22-23 then somewhere we add more 25,000 tons incremental in this which will again contribute to around 25-30 crores. Unit 5, we are talking 100 crores to 125 crores the potential of that is near about 275 crores. If we talk about all put together then there should be incremental optimal sales 100 crores in the year '22-23 what we have been talking for next year.

- Ritika:** Right, you said this also.
- Punit Makharia:** If you take an x figure in the year '21-22 then in '22-23 it would be x plus what we have discussed just now and plus if we have another CAPEX plan from internal accruals which we will come out after few months, once we successfully implement the existing expansions.
- Ritika:** And my next question is pertaining to the industry as a whole, how do we see the demand supply situation currently and also like how is the situation from China?
- Punit Makharia:** We are almost back to pre-COVID levels and we see that in times to come at least in quarter 1, there would be better demand as of now. All the orders are received in a very good sense. If I say we have dyes order book up till now also of almost 900 tonnes. You can just see that what kind of flow is there.
- Ritika:** Earlier I think it was 700 tonnes in the last quarter.
- Punit Makharia:** That was in the last quarter.
- Moderator:** Thank you. The next question is from the line of Mohit Agarwal, an individual investor. Please go ahead.
- Mohit Agarwal:** Sir, I just wanted to confirm as we had discussed about the margin and the revenue, is there any other scope for further acquisition by the company?
- Punit Makharia:** Mohit, very honestly speaking, we are always open for the growth in terms of inorganic acquisitions also.
- Mohit Agarwal:** And sir as of now we have been hearing the agrochemical space is evolving, so do you think we can have a presence in that space?
- Punit Makharia:** Obviously, Mohit, we are here for the growth and we would like to prefer our existing line of business, but at the same time diversification into a similar kind of a segment is also welcomed and for your information, let me tell you that we have already given a mandate of inorganic growth to one of consultants also, and your company is also having no lean FDs which is a

reserve fund which you have kept aside for this kind of an inorganic opportunity if we get so far. And even after investing 28 crores in Madhya Bharat and investing 66 crores in unit 5 till Q3, your company holds 49 crores of **no lean** fund in FD amount which we have kept aside for some kind of another inorganic growth or whatever the opportunities we get in future, we are always open for this kind of scope also.

- Mohit Agarwal:** What are plans for reducing the debt, how do we plan to paid it down?
- Punit Makharia:** Which debt?
- Mohit Agarwal:** I was told there is some debt in the company, let me just cross check that.
- Punit Makharia:** We have no debt.
- Mohit Agarwal:** My bad and sir, how does seasonality affect our business?
- Punit Makharia:** Round the clock business, why to get scared of season, where the season will affect, it has been so many years which season you are talking about, I failed to understand.
- Mohit Agarwal:** The seasonality as in I am saying about is it like 12 months demand is constant or there is a seasonality sequel to?
- Punit Makharia:** There is no big seasonality effect in this.
- Moderator:** Thank you. The next question is from the line of Anshuman Mohta, an individual investor. Please go ahead.
- Anshuman Mohta:** Government is clearing the fertilizer subsidy very fast; they have cleared many since December.
- Punit Makharia:** No, they have not even cleared September.
- Anshuman Mohta:** Chambal has told us
- Punit Makharia:** Government does the monthly budget. In the monthly budget there are some MOP subsidy, some urea subsidy and subsidy of phosphate.
- Anshuman Mohta:** Urea subsidy has come.
- Punit Makharia:** It depends government every month according to their plan give to urea, sometimes they give to phosphates some time to transports subsidy but as of today if you talk about SSB still the September's subsidy is still pending so we have been assured that whatever they are going to disburse in February they are going to do till December that is what they have been saying. But September subsidy is still pending. As on date if you see all three units put together Rs. 20 crs subsidy is pending which is a receivable from the government. This subsidy is such which is already approved subsidy. Claim is already filed.



- Anshuman Mohta:** From this our cash position will get more strong...
- Punit Makharia:** It is just a routine matter, don't keep high hopes on this. It is keep on going. These are operation issues Anshuman. We are debt-free, money is there in spare, this all routine will keep on going today is in subsidy, tomorrow it will be something else. This is all routine matter. Don't take this into consideration.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraints that was the last question for today. I now hand the conference over to Mr. Punit Makharia for closing comments.
- Punit Makharia:** Thank you for joining us on this concall. I hope we have been able to answer all your questions and queries. In case you require any further details, you may get in touch with Mr. Deepak Beriwal – our CFO of our company. Thank you very much.
- 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.