



**“Shree Pushkar Chemicals & Fertilizers Limited
Q4 FY 2021 Results Conference Call”**

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**MANAGEMENT: MR. PUNIT MAKHARIA – CHAIRMAN & MANAGING
DIRECTOR, SHREE PUSHKAR CHEMICALS &
FERTILISERS LIMITED
MR. DEEPAK BERIWALA – CHIEF FINANCIAL OFFICER,
SHREE PUSHKAR CHEMICALS & FERTILISERS LIMITED
MR. NITESH PANGLE – COMPANY SECRETARY &
COMPLIANCE OFFICERS, SHREE PUSHKAR CHEMICALS
& FERTILISERS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q4 FY 2021 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 “*” 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, and a very good evening to everyone. First and foremost, I hope you all are keeping safe and healthy. Friends, today on call, I am joined by Mr. Deepak Beriwal, our CFO; and Mr. Nitish Pangle, our Company Secretary & Compliance Officer of Shree Pushkar Chemicals & Fertilisers and Orient Capital, our Investor Relations partner.

We have uploaded our investor presentation and financial results on the stock exchange and company website. I hope everybody had an opportunity to go through the same. I will walk you through the industry updates followed by financials and operational performance of the company for Q4 FY 2021. Q4 FY 2021 was more or less a normalized quarter, barring the last two weeks which impacted production and sales on account of second wave of COVID-19 pandemic and subsequent lockdown restrictions across the country. We saw gradual uptick in our volumes, both in chemicals as well as in fertiliser segments, especially in second half of FY 2021.

Friends, despite loss of production and sales in H1 FY 2021 on account of COVID-19 pandemic, our volumes on standalone basis for the chemical segment for FY 2021 stood at 16,573 metric tonnes as compared to 13,806 metric tonnes in FY '20, a growth of 20%. Our fertilisers volume has grown on 18% to 73,244 metric tonnes for FY 2021 on standalone basis. As the situation moves towards normalization, we are optimistic of growth momentum in volume going forward. Post opening up of the economy and ease of lockdown restrictions across the country in phased wise manner, we have witnessed good traction in all our businesses on a sequential basis.

Q4 FY 2021, the business was back to normal to the pre-COVID levels, in fact, above the pre-COVID levels and we are witnessing growth in the volumes. However, due to lockdown restrictions on account of the second wave of COVID-19 pandemic and subsequent lockdowns, the production and sales has been impacted for Q1 FY 2022. However, we believe that this is a temporary and business is resuming normalcy, and we are anticipating growth in the coming quarters also.

During the current quarters of May 2021, due to the severe cyclone storm Tauktae hitting the shore of Maharashtra and Gujarat on 18th May 2021, we have witnessed some disruptions at our Ratnagiri plant in Maharashtra, there were some damages to the factory sheds and temporary halt in the production at the plant. However, immediate actions were taken and now the production is back to the normal. The damages cost were fully insured, and the claim has been logged with the insurance company.

Now, an update on the CAPEX. Friends, our planned CAPEX of Rs. 75 crores for expanding dyes intermediate facilities to 22,000 tonnes per annum is slightly delayed due to the pandemic and we are witnessing some cost overrun of Rs. 10 crores approximately. We have already incurred Rs. 74.69 crores and this has been fully funded through internal accruals of the company. We are anticipating the plan to be operational in Q2 FY 2022 and the balance CAPEX will also be funded through internal accruals only.

Company is also setting up a solar under open access scheme for which we have planned a CAPEX of Rs. 20 crores and will be funded by internal accruals. After commissioning of this project, we believe that there will be significant savings in the power cost leading to operational efficiencies and enhanced margins. Our acquired entity, Madhya Bharat Phosphate Private Limited has been successfully integrated in our system and process, and we have begun commercial production in our Jhabua plant from July 2020 onwards.

Revenues from Madhya Bharat Phosphate Private Limited for FY 2021 for the nine-month period stood at Rs. 31 crores. Our revamp and repairing work for our unit second at Dewanganj plant of Madhya Bharat is also on track and we are expecting to begin commercial production by Q2 FY 2022. We have received all the necessary approvals from Pollution Control Board and are confident of starting the operations of Dewanganj unit in the said mentioned timeframe.

Our Board has taken up issuance of up to 789,473 warrants convertible into equity shares of Rs. 10 each to the promoter of the company on the preferential basis in accordance with the guidelines of SEBI. The same is subject to the approval of regulatory authorities and the shareholders at forthcoming extraordinary general meeting scheduled on 5th July 2021. These funds will be utilized for the funding of CAPEX and the capital requirements of the company.

Our Board of Directors have also recommended a final dividend of 10% of face value of Rs. 10 each subject to the approval of shareholders at the AGM.

With this, I would like to hand over the call for Mr. Deepak Beriwal for financial highlights for Q4 and FY 2021. Over to Dipak.

Deepak Beriwal:

Thank you, sir. Good evening and a very warm welcome to everyone. Our revenue for the consolidations for Q4 FY 2021 stood at Rs. 113 crores as compared to Rs. 86.7 crores in Q4 FY 2020, a growth of 31% on year-on-year basis. Revenue growth on quarter-on-quarter basis is 19% from Rs. 95.6 crores. Revenue for FY 2021 were up by 2.5% at Rs. 354.9 crores as compared to Rs. 346 crores in financial year 2020. This is despite revenue loss in H1FY 2021.

Our revenue on a standalone basis for FY 2021 stood at Rs. 253.7 crores. Revenue from Kisan stood at Rs. 70 crores and revenue for MBPL stood at Rs. 31 crores. Our consolidated EBITDA for the quarter stood at Rs. 14.1 crores as compared to Rs. 10.8 crores in Q4 FY 2020, a group of 31% on year-on-year basis. EBITDA margin for Q4 FY 2021 stood at 12.4%. Consolidated EBITDA for FY21 stood at Rs. 43.2 crores with an EBITDA margin of 12.2%.

PBT for Q4 FY 2021 stood at Rs. 12.3 crores as compared to Rs. 7.7 crores in Q4 FY 2020, a growth of 59.4%. Our PBT for FY 2021 stood at Rs. 35.9 crores as compared to Rs. 39.9 crores in FY 2020, a dip of 10% and PAT for FY 2021 stood at Rs. 28 crores. Including MBPL acquisition, our CAPEX for the year stood at Rs. 102 crores. Despite CAPEX done over the years, we are still a net cash company with Rs. 59 crores of non-linked deposits lying in our bank accounts.

Our operating cash flow for FY 2021 stood at Rs. 45.9 crores and OCF to EBITDA was high as 95%, displaying the strength of the company to convert this EBITDA to cash for future expansion and shareholders value. 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 Shubham Agarwal from Aequitas India. Please go ahead.

Shubham Agarwal: Sir, my first question is regarding the fertilizer business. If we see the gross margin, this quarter the gross margin dipped to 37%, and I am talking about Kisan Phosphate and Madhya Bharat combined. Whereas the average gross margin over the last three years has been 45%. So, what explains this drastic fall in gross margin?

Punit Makharia: Shubham, your observation is perfectly correct. And we have also observed the same kind of issue that the profit margins in the fertilizer business has gone down. Let me tell you, Shubham, the basic reason for this which we found is that the transportation and selling and distribution costs for our outward distribution as well as for our inward distribution has gone tremendously high, which we were not expecting at all. Now, if you talk about that, why this cost has gone up? Mainly if you see that fertilizer was kept under rational commodity, except fertilizer, all other businesses were made to halt. Now during that period, company did the good volume growth in fertilizer business. For example, if you see in Kisan also, the top line last year was around Rs. 60 crores and this year is around Rs. 70 crores. But again, there is a depression into the profit margin, and that too also substantial depression into the profit margin on Kisan as well as also on to the consol basis also. The main reason for this is increase in the transportation cost. But when we saw that during this pandemic period we were not able to get any kind of a mode for the transportation of our finished products, we had to pay some extra charges because none of the transport company, none of the drivers were ready to go out for the business and provide the services to the company. Basically, that is the main reason that we have paid extra cost on the terms of the transportation. And earlier in Kisan also and others also if you see, it has gone up by almost 25% to 30% higher, that is the main reason this cost has gone up.

Shubham Agarwal: Fair enough, sir. But I would assume that transportation cost would come under other expenses, if I am not wrong, and that is why probably in Q3 the other expenses to total turnover was 32%, which kind of tapered down, but the gross margin itself fell.

Punit Makharia: We are classifying into selling and distribution expenses.

Deepak Beriwal: See, we are basically classifying these transportation expenses into selling and other distribution head.

Shubham Agarwal: Correct. So, I am excluding that, I am talking about purely gross margin.

Punit Makharia: See, basically you see, the raw material pricing is also very tight tremendously. Like for example, if I tell you, the basic raw material rock phosphate, which we earlier used to import from Egypt at a price of around \$62 to \$65, now it is being imported at \$119. And slowly and gradually it started going up high, that is the main reason the government has revised the subsidy also recently on 20th of May 2021. But that impact came later on. But before that, whatever the shipments we got from December, January onwards and February onwards, those were at a very high price, Shubham. Because what the problem went with the rock phosphate is that, basically major source of the rock phosphate to the Indian industry was Egypt. Now, we came to know in the month of November or December that Egypt has started its own phosphorous acid plant, they have diverted the entire rock phosphate produced in Egypt to their phosphorous acid plant. We were left with no other choice except to approach just this Jordan mining company. And that is a main reason the global inward freight also has gone on. For example, earlier we used to pay the freight charges for chartering a vessel from this port to Indian port was around \$17 to \$18. Now the freight is high as much as \$33. None of the crew was ready to come to India because of the pandemic situation. So, in account of all these things together, increase into the raw material cost, increase into the inward transportation cost, raw material, increase into the outward transportation cost of raw material, this issue has been done. And company was not immediately able to pass on the increase to the customers, that in fact came in May 2021.

Shubham Agarwal: Okay. So, now can we expect going forward to have an increased realization to cover all these expense?

Punit Makharia: Now the Government has given much more than what it was expected, Shubham.

Shubham Agarwal: Okay, that is great. And what was our capacity utilization average for Madhya Bharat last quarter?

Punit Makharia: See, Madhya Bharat we started the plant in July 2021 the first season had almost gone away. Because the first season of Kharif was almost till July end or mid of August. We could get the second season and that was our first year into the new area like Madhya Pradesh and Chhattisgarh, then too also we did close to Rs. 31 crores of the business and the quantities we did is around 36,298 tonnes of SSP, only for one season that was also a new area, a new team, everything was new. And let me tell you, in this 36,000 tonnes whatever we sold in Madhya

Bharat, some stocks are not accounted into this because certain stocks what we sell through MARKFED, which is Madhya Pradesh government owned arm, is not billed to them because it is dispatched to them on a consignment basis. And whenever it is sold, then only it is built. So, if you see that the production and the dispatch is much more than what this quantity has been sold. I hope I am clear, Shubham.

Shubham Agarwal: Yes. So, going forward, how do we see the capacity utilization Madhya Bharat this year? Can we expect the revenue north of Rs. 80 crores as guided previously for this year?

Punit Makharia: See, for this current financial year, we are targeting revenue of Rs. 100 crores, Shubham, when Madhya Bharat is concerned. Because now we are starting our second plant also of Dewanganj, which hopefully would be started in Q2 of this financial year. And if you see that in one season we sold 36,000 tonnes, we are targeting close to around 80,000 tonnes of sales in this particular whole 12 months period from Madhya Bharat Jhabua plant. And if you take around 80,000 tonnes also and as on today's pricing also it is close to Rs. 90 crores. Plus, we are also starting one another plant of animal and health nutrition also, which trial has already been started and commercial production will be on stream somewhere in July. So, that top-line is also going to be there, plus Dewanganj plant. So, somewhere we are quite confident and positive that Madhya Bharat would cross Rs. 100 crores in this financial year.

Shubham Agarwal: Perfect. And come into the dye and dye intermediary business, given that in your opening remarks you have said unit five will now get delayed by one quarter, how much of the revenue can we expect out of this in the six-month period? Because earlier I think the guidance was around Rs. 125 crores for nine months.

Punit Makharia: Are you talking about unit five?

Shubham Agarwal: Yes.

Punit Makharia: Very honestly speaking, Shubham, unit five is delayed. And if you ask me on a very personal note, it is delayed beyond my expectation. Now the problems what we are facing for the last few weeks or last two months is that unavailability of the labours and as well as unavailability of the other ancillary facilities like oxygen and some other issues are also there. In which we are totally helpless, these are certain kind of issues which are totally out of our control. If you ask me, in unit five, there is hardly any pending work which is left out. Its almost one to one and a half months or so. If I give you a brief on the unit five, civil erection is completed, receipt of all the plant and machinery is completed, only utility services, pipeline, electrification is going on, for that we are facing some issues. In the last concall I had said that we would be able to start unit five in quarter one, but second wave hit us and now we are facing these issues. But now I am confident that we will be able to start unit five somewhere in Q2. At the worst, if we start Q2 also and I am just presuming so, right. If we do so also, then I think it should take another around a month or so for this cooling period of establishing or streamlining trial production into commercial production. Somewhere I believe that we should be able to get a revenue at least for

five to six months, that should be in a range of around Rs. 100 crores or so or maybe 10% here and there.

Shubham Agarwal: Got it. So, as far as I understand, demand side there is no issue, only the production side is where you are facing major challenges, correct?

Punit Makharia: That's correct.

Shubham Agarwal: Okay. And what would be our order book right now?

Punit Makharia: Order book, as far as dyes is concerned, we already have order book of around 1,150 tonnes, which I saw almost a week back. And fertilizer, there is no problem, it is a full season going on at all the three sites. As far as intermediates is concerned, there is no such issues or hiccups on any kind of order book, Shubham. As far as sales is concerned, that is not a major problem, please understand.

Moderator: Thank you. The next question is from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.

Pritesh Chheda: You know what, Rs. 350 crores revenue that we have on consolidated, the fertilizer business in this is about Rs. 70 crores, am I right?

Punit Makharia: Sir, fertilizer business all put together is around Rs. 100 crores or so.

Pritesh Chheda: And my second question is, once when the capacity gets fully utilized on, let us say, so there are two parts of capacity, dye intermediate is one where you are expanding, and fertilizer is where you are expanding. And on dye intermediate I see about Rs. 180 crores of business that we have. So, on the expanded capacity of dye intermediate, what should be the expanded revenue for us once you fully utilize it?

Punit Makharia: If you look at it on a totally consol basis for whole year operations because the plants are starting in a phased wise manner. And like unit five, which we were hoping to start much earlier now which is delayed. If you look at it from a consol basis, it would be in a range of around 65% business would be from the chemicals and 35% of the revenue of the company on consol basis would be from the fertilizers, including the Kisan as well as Madhya Bharat. I think this was your question, this is what you want to know?

Pritesh Chheda: No, I wanted to know, once now you expand the capacity, basically you are taking it to 30,000 tonnes, right, you had the capacity of your presentation says...

Punit Makharia: You are talking about chemicals, right?

Pritesh Chheda: Yes, chemicals, which was 14,000 and 30,000.

Punit Makharia: See, if you are talking about chemicals, then let me tell you that after starting of the unit five in the chemicals business this will go to a top-line of around Rs. 375 crores to Rs. 400 crores.

Pritesh Chheda: Okay, 400 minus 250, so let us say additional top line of Rs. 250 will be there?

Punit Makharia: It will definitely be more than unit five, but I have given you a very conservative figures.

Pritesh Chheda: Sir, if you can give a realistic figure.

Punit Makharia: See, please understand that if I say so, then you will come to the next concall and say that it does not happen this way and that way. At least if we project a conservative, it will be better for us. But if you go through my previous concalls, for this year we had given an idea of around Rs. 375 crores to Rs. 400 crores only, whereas company has achieved Rs. 350 crores.

Pritesh Chheda: 14,000 tonne of chemical capacity going to 30,000 tonnes, which means Rs. 250 crores of chemicals revenue going to Rs. 500 crores.

Punit Makharia: Sir, the dyes intermediate production will be consumed back into the dyes business also. So, the revenue of it will not be accounted, because that will be a captive consumption. You should consider it in the range of Rs. 375 crores to Rs. 400 crores.

Pritesh Chheda: And the incremental capacity of fertilizers, how much revenue will come from there, from whatever 1.5 lakh tonnes going to 4 lakh tonnes?

Punit Makharia: Sir, like Kisan did 70 crores, that will go around 90 crores, 95 crores. Madhya Bharat did 30 crores, that will go around 100 crores. So, we estimate a revenue jump of about 125 crores to 150 crores in fertilizer business.

Pritesh Chheda: On a full utilization?

Punit Makharia: Yes.

Pritesh Chheda: Okay. And at this level of business, which is 350 plus 150 from chemical business, which is 500 plus let us say 150 from fertilizer business, so 650. At this level, what should be the margin? And the solar CAPEX that you are talking about, in which there is a saving, what is that saving if you could tell us?

Punit Makharia: Sir, basically we are putting solar in open access, and we will be paying some kind of wheeling charges to the electricity board, there we will give them the energy and at these sites we will take the energy. Overall, today the electricity that we get of around Rs. 10 per unit, that we get to around only Rs. 3.5 per unit. So, the payback period of around 3.5 years.

Pritesh Chheda: And sir, what will be the expanded margin on 650 crores, and when will you achieve peak revenue, is it possible next year?

- Punit Makharia:** See, in this year we can touch somewhere around 550 crs, so take a range of 525 to 550. For next year the same things will for 650 to 700.
- Pritesh Chheda:** Perfect. And margins?
- Punit Makharia:** Margins, this year they have been 8% to 8.25%, but you should not take this year under consideration because in this year overall the first six months of this year should not be considered, because practically they went really bad, everyone knows that. Then the fixed expenses and all, they kept on accruing. I feel that in this current financial year the margins should expand to at least 10% to 11% or 12%.
- Pritesh Chheda:** This is net level you are talking about?
- Punit Makharia:** Yes, net PAT levels. If you take our history of last eight years, we have always been in the range of 9% to 10%.
- Moderator:** Thank you. The next question is from the line of Forum Makim from Equitree Capital Advisors Pvt. Ltd. . Please go ahead.
- Forum Makim:** Congratulations on a good set of numbers. Sir, I had a few questions, first is on the fertilizers side. What will be the impact of subsidiary increase and are we thinking of increasing the prices since it is long overdue?
- Punit Makharia:** See, subsidy has been increased quite handsomely as per the notification from the government on 20th May. And they have taken care of the price, the raw material input cost increase into the cost of the production. So, the industry will definitely benefit by the subsidy increase. And as far as the finished product pricing is concerned, definitely pricing has been impacted because subsidy has been increased almost by three times recently and was not there before. Now, the prices have been corrected by range of around 10%, in comparison with the March pricing or the April pricing onwards.
- Forum Makim:** So, sir, can we expect any inventory gains?
- Punit Makharia:** Inventory gain is included in that, but we have not identified the volume and the quantum of the inventory gain. But definitely it would be there.
- Forum Makim:** Okay, sir. And sir, how is this subsidy collected? I mean, who collects the subsidy and how is the distribution done?
- Punit Makharia:** See, basically it is all digitalized by government. And whatever the sales takes place, it takes place on POS, POS means point of sales. It is a kind of a portal designed by Department of Fertilizer, it is linked to the SMS and ISMS system of government of fertilizers. Whosoever farmer buys your fertilizer from anywhere from any dealer across your distribution channel, they have to give their thumb impression on the POS. And that thumb impression is connected to their Aadhaar card and further thereon they lend documents which are already all digitalized.

On the basis of their thumb impression and punching in their Aadhar card details and sales details punching by that dealer, then it goes on the ministry portal that so and so stock has been sold at so and so taluka or village or district like that. Then on that particular sale, they are eligible for the subsidy. For that, we have to only file an online claims on the ministry portal, then the subsidy is received automatically.

Forum Makim: So, the company gets the subsidy, right?

Punit Makharia: yes, company will get it.

Forum Makim: Sir, now fertilizer contribution will increase our sales, so how will it impact our working capital?

Punit Makharia: See, working capital has never been an issue for Pushkar. If you will see that we are almost zero debt company in terms of a short-term working capital also. So, I do not think working capital is going to be any question to that. We are a cash rich company, and I do not think working capital would be any kind of impact or any kind of a pain in our head. We are able to manage our recoveries, we are able to manage our stock movement on a very comfort zone. So, we do not think that that would be an issue.

Forum Makim: Okay, sir. And on unit one, before upgradation it used to contribute around Rs. 50 crores to Rs. 60 crores, right, in revenues?

Punit Makharia: No, it was much higher than that. Anyways, you please go ahead with your question, what is it, let me understand it.

Forum Makim: So, sir, how much revenue contribution can we expect from this?

Punit Makharia: Are you talking about specifically unit one?

Forum Makim: Yes.

Punit Makharia: So, really I have to calculate, because we have never done on a unit wise basis, we have always done on a product vertical wise basis. Because see, in unit one we produce acids also, we produce animal and health nutrition also, we produce dye intermediates also. At the same time, we produce dyes intermediate in unit three also. So, we have never done such calculation of unit wise we can give you the volumes and the sales on a vertical wise, unit wise we have not done, but in case if you need it, we can give it to you, that is not a problem.

Forum Makim: Okay. So, just one last question. What is our long-term vision, like a three, four-year vision in terms of growth, product, then how much CAPEX or capacity would it take, what is the long-term vision?

Punit Makharia: Honestly speaking, if you look at the past history of the company, it has been growing continuously for the last five, six, seven years or so, it has been always a zero-debt company and a zero-waste company also, which we are trying to make it on a most compliant manner also.

Now, going forward, we did topline of Rs. 350 crores in this financial year, FY2022 we are planning for around Rs. 500 crores to Rs. 550 crores or so, let us say Rs. 525 crores to Rs. 550 crores. Then for FY 2023 it would be close to Rs. 650 crores or so. We are also coming out with our Phase 2 expansion which we have discussed earlier that Phase 2 expansion we would be coming out with our further details post Diwali, not at this time. But you need to understand the basic thought process and vision of the company is that it is continuously in a growth mode. We plan ourselves to tap somewhere in a four-digit figure in somewhere in FY 24-25.

Moderator: Thank you. The next question is from the line of Nitin Kamlesh from Bafna Marketing and Management. Please go ahead.

Nitin Kamlesh: Sir, I wanted to understand, out of your dye intermediate consumption, how much is captive in percentage?

Punit Makharia: See, as of now I think it would be around 35% of the intermediate production would be actively used in dye stuff.

Nitin Kamlesh: Okay. So, the 65% which you sold out to the market, how does prices of H-acid, vinyl sulphone, etc. affect your margins and realizations for the 65% that you sold out to the market and is not captive? And how has that trend been over the last, let us say, one year to what the current situation is?

Punit Makharia: The prices of H-acid is around in the range of 360 to 370 you can say, and vinyl sulphone is also in a range of 260 plus/minus Rs. 5. And basically these prices are decided by market forces, Nitin, honestly speaking. But we have been always doing this business in such a manner that the kind of gross margin, or a delta we try to are always retain or maintain, if the raw material prices goes up then we try to maintain our delta i.e. gross margin.

Nitin Kamlesh: No, so how does that work, let us say H-acid prices go up, vinyl sulphone prices go up, you pass on the full price to the customer and then you hence you get volume benefit and margins remaining the same, how does it work?

Punit Makharia: See, basically there is no fixed formula or something like that to this. Basically, it is decided by market forces demand and supply. It is not such kind of a formula, but I am sharing my past experience with you that we are always able to maintain the delta into this.

Nitin Kamlesh: No, so right now you are saying prices around 300 to 200, how is it compared to what it was like six months ago, has it increased, has it decreased? And how have your margins been in this business?

Punit Makharia: Price was lower than this, then in January it went high, now again it is around 360 levels. As I told you Nitin, it depends on many other factors, certain other factors also there which decide the pricing strategy. We cannot go on this simple plain vanilla formula, you understand. And this is basically on demand and market supplies. This is what I can tell you.

Nitin Kamlesh: Okay. And I had another question. I just wanted to ask you straight forward, promoter holding has increased from the current, so wanted to understand what is the promoter so bullish about in the next three four years or where is the bullishness coming from, what are you all so positive about in the company going ahead?

Punit Makharia: I am surprised why I should not be bullish about my company when I am fully confident of whatever we are doing, will be achieving. And we have shown it in the last five, six years, we have done it in a phased wise manner, we have converted the whole business model into stable and sustainable business model, we have converted the whole company into zero debt as well as zero waste. When we have a such kind of a business model where the entire waste is generated into a byproduct and converted into the revenue of the company and the kind of expansion plans we are having in future, the kind of this inorganic growth we have done in the past also and in future they is good pipeline, so why we should not be bullish?

Nitin Kamlesh: Okay. No, I just wanted to understand from your point of view, that is it.

Punit Makharia: I think I am clear.

Moderator: Thank you very much. Next question is from the line of Shubham Agarwal from Aequitas India. Please go ahead.

Shubham Agarwal: Sir, I was looking for some data point. So, what was the total volume of dye stuff and dye intermediary for this quarter and last quarter? And similarly if you can give us the complete fertilizer volume also?

Punit Makharia: Shubham, right now we are having year-on-year basis. Will that do? Or in case if you want quarter-on-quarter basis that can be shared with you through our Investor Relations team, that is not a problem. But if you wish to have a year-on-year basis, I can give you right now also.

Shubham Agarwal: No worries, I think the year-on-year is mentioned in the presentation, so that will suffice. You can give me the subsidiary volume of fertilizer, because I believe only standalone is mentioned.

Punit Makharia: Hold on, I think fertilizer I have. In Kisan we did fertilizer of around 72,000 tonnes Shubham in the FY2021, and last year FY2019-2020 we did fertilizer of 63,518 tonnes. So, from 63 to 72, almost 15% growth in the volumes. Same like animal and health nutrition what we did from Kisan last year, FY2019-2020 it was 2,057 tonnes and this year we did 2,466 tonnes. Acid business we did in Kisan FY2019-2020 was 7,738 tonnes. in FY2020-2021 we did acid business of 4,782. If you will see, the acid business has gone down by almost 3,000 tonnes, mainly because of increase into the fertilizer business, sulfuric acid plant we have put up for captive consumption and only additional quantity we sell. So, whatever we produce, most of the production has gone into the captive consumption.

Shubham Agarwal: Right. And for Madhya Bharat the total was?

- Punit Makharia:** Madhya Bharat we did in this year was 36,298 tonnes, and in FY2019-2020 there is nothing, that company we took over in March 2020 itself.
- Shubham Agarwal:** Correct. And what would be our total proportion of exports in the Q4 in dye and dye intermediary business?
- Punit Makharia:** Only Q4 is Rs. 18 crores, on a year basis this is Rs. 55.95 crores.
- Shubham Agarwal:** So, I would assume the proportion of exports to go up, correct? But Q-o-Q it seems like it is going down.
- Punit Makharia:** Yes, export has gone down, Shubham, when compared to earlier periods. And if you will see, in 2019-2020 exports were Rs. 72 crores, in 2021 total export is Rs. 55 crores. So, there is a dip of around 24% in the export volumes.
- Shubham Agarwal:** But right now, the export market is better compared to domestic market, am I right?
- Punit Makharia:** See, we have got good business in exports, but you need to believe that the whole globe was under the hit of this pandemic. The story ends up there itself only. But still, we believe that in coming financial year we should be at least able to cross Rs. 80 crores, Rs. 85 crores of exports.
- Shubham Agarwal:** Got it. So, what would be our average capacity utilization of dye and dye intermediary business in Q4? If I do not have the volume, it is fine, but what would be our capacity utilization on an average for Q4?
- Punit Makharia:** I think it should be somewhere close to around 70% or so, this is what I am hopeful.
- Shubham Agarwal:**
- Shubham Agarwal:** So, I am saying that given that our capacity utilization has been at around 70% in Q4, and our unit five is up for commissioning in next two quarters, which will be a substantial addition to the total capacity. So, what makes us believe that the capacity will get tied up based on the order book that we foresee from exactly where the orders will flow from?
- Punit Makharia:** It all basically depends on the confidence in our team, the confidence in our sales and marketing on the basis of which we have taken up a function of unit five also. So, basically, it all comes from there. And we have been into this industry for quite a long time, almost more than 20, 21 years or so. We believe that there is a huge demand going to come, I mean is already there,. Slowly and gradually if you will see that the share of Indian dye stuffs and intermediate industry is increasing year-on-year basis. If you will see, the share of Chinese industry is decreasing on year-on-year basis. We see that in coming times, with many issues in China because of the compliances and environment and other kind of feelings towards the Chinese business for the other European world, we believe that the majority of the business is going to flow to India. Based upon our various interactions with our existing customers and potential customers and with the market intelligence with over the years' experience, we are very confident that there is

a huge opportunity lying there, and so we are going with unit five expansion. And as far as sales and volumes are concerned for unit five also there is no problem,. Number two, whenever we talk about 100% utilization in these kinds of industries is not practically possible, Shubham. If we achieve a range of around 80%, 85% or, let us say, 85%, 90% of the utilization also, that is considered to be a fairly good achievement.

Moderator: Thank you. The next question is from the line of Deepak Mehta, an individual investor. Please go ahead.

Deepak Mehta: So, my question is, when our CAPEX will be fully in place, so the asset turnover will be at similar levels as it is no, or will it improve?

Punit Makharia: So, your question is, the CAPEX of Rs. 75 crores, Rs. 80 crores that we are doing, what will be the improvement in the top-line after that? Deepak, is it the same question what you had?

Deepak Mehta: Kind of.

Punit Makharia: I understand that you are asking, the CAPEX that we are doing right now of Rs. 75 crores, Rs. 80 crores, how much revenue we are going to generate out of that?

Deepak Mehta: The assets will grow by Rs. 175 crores, so what will be the turnover of the total assets, will it similar as it is today or will it improve?

Punit Makharia: In unit five we are doing a new CAPEX of Rs. 75 crores to Rs. 80 crores. After doing this CAPEX, unit five on a standalone basis would generate close to Rs. 200 crores to Rs. 225 crores of revenue. Am I able to answer your question?

Deepak Mehta: Yes, sir, I will calculate. So, new CAPEX is Rs. 175 crores and Rs. 200 crores annual revenue.

Punit Makharia: Please understand that multiple will be of 2x to 2.5x, just for your reference. So, 2x to 2.5x of revenue of the total CAPEX.

Deepak Mehta: Sir, like you said the anti-China sentiment is there in many international customers, hence these customers are in touch with your companies and Indian companies, so they are looking for long-term shifting business from China to India, and what kind of opportunity size can be for our company?

Punit Makharia: Basically, I would not like to disclose the strategies or the details about our company policy in terms of the marketing on this platform. I would not like to give you the details to whom we are talking, what we are negotiating, this is something information which we cannot share on this platform, sir.

Deepak Mehta: Got it. Sir, not internal, like what is the general trend?

Punit Makharia: See, obviously as I said before, we are fully confident otherwise we would not have invested such a huge amount of money from internal accruals.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that will be the last question for today. I will now hand the conference over to Mr. Punit Makharia for closing comments.

Punit Makharia: Thank you. With the growth opportunities we foresee across all our segments and timely completion of all our projects, we believe we are ready for the next level of growth, and also well positioned to capitalize on this opportunity. Thank you everyone for joining us. I hope we have been able to answer all of your queries. In case you require any further details, you may contact us or Orient Capital, our Investor Relation partners. Thank you very much.

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