



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: 23rd May, 2023

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 17th May, 2023.

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 11th May, 2023, intimating you about the earning conference call for Q4FY23 with Analysts/Investors held on 17th May, 2023, please find attached herewith the transcript of the aforesaid conference call.

The above information is also available on the website of the Company at <https://shreepushkar.com/>

This is for your information & record.

Thanking you

Yours faithfully,

For **Shree Pushkar Chemicals & Fertilisers Limited.,**

Nitesh Pangle

Company Secretary & Compliance Officer

Place: Mumbai.

Encl.: a/a



.....Stable, Sustainable & Smart Chemistry Company.....

• Speciality Textile Dyes

• Dyes Intermediates

• Acids

• Power

• Animal Health & Nutrition

• Fertilisers



Works at - B- 102 / 103, D – 25, B – 97, D - 18, D - 10, MIDC Lote Parshuram, Taluka Khed, Dist. Ratnagiri
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“Shree Pushkar Chemicals & Fertilisers Limited
Q4 FY23 Earnings Conference Call”

May 17, 2023



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 –
SHREE PUSHKAR CHEMICALS & FERTILISERS LIMITED**

MODERATOR: **MS. RASIKA SAWANT – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the Shree Pushkar Chemicals & Fertilisers Limited Q4 FY '23 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Rasika Sawant from Orient Capital Investor Relations Partner. Thank you, and over to you.

Rasika Sawant: Hello. Thank you, and welcome to the Q4 and FY '23 earnings conference call of Shree Pushkar Chemicals & Fertilisers Limited. Today on this call we have Mr. Punit Makharia, Chairman and Managing Director, along with Mr. Deepak Beriwalla, CFO. This conference call may contain forward-looking statements about the company, which is based on beliefs, opinions and expectations as of today.

Actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed safe harbor statement is given on page number 2 of company's Investor Presentation, which has been uploaded on the stock exchange and company's website as well.

With this, I hand over the call to Mr. Punit Makharia for his opening remarks. Over to you, sir.

Punit Makharia: Thank you very much. A very good afternoon to all my dear friends, and welcome to the Q4 FY '23 earnings call of our company. Today on this call, I'm joined with Mr. Deepak Beriwalla, our CFO, Mr. Nitesh Pangle, our Company Secretary and Compliance Officer, and Orient Capital, our Investor Relations partners. Friends, I hope you all have got an opportunity to go through the financial results and investor presentation, which we had 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 Q4 and FY '23.

In spite of all the challenges, business environments, we have reported a revenue growth of 17% in FY '23 as compared to the last year. Also, there is a revenue growth of 17% subsequently in the Q4 FY '23 versus Q3 FY '23. Considering the financial performance delivered for the year, the Board of Directors have further recommended a payment of INR1.50 per equity share as the final dividend of the financial year '22-'23. In the financial year '23, our main goal was to ensure the efficient operation of our manufacturing plants, while also focusing on maintaining a strong cash conversion cycle. Friends, we are very careful not to accumulate any kind of costly inventory or bad debt that could have a negative impact on our financial health of our company.

Rather than pursuing a rapid top line growth without considering the long-term implications, we took a measured approach and prioritized sustainability over short-term mindset. Additionally, we made sure to stay aware of the commodity pricing and market trends so that we could avoid

any unfavorable situation. By taking these precautions and making strategic decisions, we are able to successfully navigate the challenges for the year and maintain our financial stability. During the quarter, we have observed a slower growth in the demand of Dyes & Dyes Intermediates and the fertilisers leading to a lower than anticipated realization for the current financial year.

While the demand in both domestic and export markets have softened due to demand depression, energy crisis and cautious discretionary spendings, which ultimately affected the capacity utilization in textile and garment industry. Despite these market conditions, our efforts and initiative allowed us to maintain stable with the new figures.

The basic chemicals and intermediate pricing rose as the dye intermediate pricing up, forced to reduce the production drastically. However, there is a sign of recovery, and we expect production to improve gradually demand for dyes increasing again. And now the cotton prices have also started arriving at the market yards. Friends, with respect to the Madhya Bharat Phosphates Private Limited, our 100% owned subsidiary, we have achieved revenue of INR132.60 crores for financial year '23 versus INR100.9 crores for financial year '22, an increase of 31%.

For Kisan Phosphates Private Limited, which is also our 100% owned subsidiary, the revenue generation for FY '23 is INR132.40 crores versus INR125.20 crores in financial year, which is an increase of 6%. We are pleased to announce that despite several obstacles, we have successfully commissioned the Deewanganj plant of Madhya Bharat Phosphates Private Limited in Q4 FY '23 with a rated production capacity of 1,32,000 metric tons of Single Super Phosphorous also. We have also completed the additional capacity of 32,000 metric tons in Kisan Phosphates Private Limited.

These represents significant milestones for our company, and we anticipate experiencing higher volume growth in our SSP division as a result of this expansion. Friends, additionally, we are proud to be supporting the Atmanirbhar Bharat Abhiyan initiative by promoting the use of indigenous fertilisers like SSP. The government is also actively encouraging the convention of SSP, which we believe will further drive the demand for our products and positive impact on our business. Despite a strong growth in recent years, the average intensity of fertilizer usage in India remains much lower than most of the developed and emerging countries around the world. There are currently a number of states in which we still have a very low penetration of the fertilisers. This leaves a lot of room for the future growth.

In recent budget also, the subsidy of the fertilizer and food for the financial year '23-'24 have been also reduced by 22% and 31%, respectively. While the present challenges, we are confident in our ability to adapt and navigate the evolving landscapes.

Now update on capital expenditure. Unit 5 has started its commercial production and trials further in the amount of INR120.48 crores has been capitalized as on March 31, 2023. When the demand is low, it presents an opportunity to prioritize repair and maintenance for our plants and equipments. Our company is taking advantage of this lean period to address any necessary

repairs and perform regular maintenance passed to ensure that our facilities are running at the optimum efficiency.

By doing so, we aim to reduce the risk of unexpected equipment failure or downtime when the demand increases. Our goal is to proactively maintain our facilities and equipment, which will ultimately position us for the long-term growth.

Lastly, I'm delighted to report that our company has a robust balance sheet with no lien deposits for INR94.91 crores on a consolidated basis. This strong cash position is a significant asset for the long-term stability and sustainability of our business models. Friends, as you are aware that, we have managed to achieve moderate growth despite the challenges, circumstances of geopolitical tensions, economic downturn and high influential pressures.

We attribute this success to our unwavering commitment for our sustainable growth. Even in the face of adversity, looking ahead, we are optimistic about the future and expect to see significant improvements in both our profitability and revenue growth in the next few quarters. We remain steadfast in our dedication to achieve our goal as confident that our hard work and strategic planning will continue to pay off in the months and years to come. Friends, despite the challenges that lie ahead, we are excited to tackle them head-on-head and build our success as we have achieved thus so far.

With this, I would like to hand over the call to Mr. Deepak Beriwal, who is our CFO, and now will take you through the financial operation highlights for the Q4 FY '23. Over to you, Deepak.

Deepak Beriwal:

Good afternoon and a very warm welcome to everyone. Our revenue for Q4 FY '23 was INR180.3 crores and a decrease of 6% on year-on basis. EBITDA for Q4 FY '23 stood at INR20.4 crores with an EBITDA margin of 11%. PAT for Q4 FY '23 stood at INR12.8 crores with a PAT margin of 7.1%. For FY '23, the company has reported turnover of INR684 crores versus INR584 crores for FY '22 and an increase of 17%. EBITDA stood at INR68.4 crores with an EBITDA margin of 10%. PAT stood at INR37.2 crores with a PAT margin of 5.4%.

With this we can now open the floor for question-and-answers. Thank you.

Moderator:

Thank you. Our first question comes from the line of Minak Sabnis with Sabnis Financial. Please go ahead.

Minak Sabnis:

So I had a couple of questions. So firstly, on a broad-based outlook for the fertilizer division for the company going forward? And the second question is with respect to when do you anticipate to add or have an increase in capacity utilization and there are any specific factors that will drive the increase in capacity in the future?

Punit Makharia:

Thank you, Mr. Sabnis. First of all, I will take your second question on the first priority. See, we are already in the process of adding over capacity in regards to the fertilizer business. For that, we are almost we have already started our Deewanganj plant. And that Deewanganj plant we have just started in Q4 of the last financial year.

And we are also in the process of doing some balancing equipment into that particular Deewanganj plant so that the proper capacities can be utilized. And I believe that the performance of Deewanganj plant will be visible in this particular financial year. And the main impact would be from Q3 because in the first two quarters, we need to overall do some balancing equipment act for the Deewanganj plant.

But definitely, we've already started the production in Deewanganj plant. We have already started dispatches from the Deewanganj plant. So during this financial year, we'll build up the capacity on Deewanganj plant. Now as far as the outlook of the Fertilisers business in India is concerned, definitely, Government of India is giving much emphasize on the domestic fertilisers like SSP.

SSP is basically Make in India concept by the Honorable Prime Minister. And government is giving a lot of this encouragement for improving the SSP. The government is just implementing few more qualities of SSP. Government is also considering very positively to add urea also into SSP, which is under the consideration with government so that the dependency on the import fertilizer, like DAP can be reduced. So we believe that in future times to come, there is good opportunity lying ahead in the SSP business.

Minak Sabnis: And with respect to the -- so I think does this answer the outlook question also for the Fertilizer division?

Punit Makharia: Yes, I think we can consider this also in a similar manner.

Manav Sabnis: Okay. And just last question, if I can squeeze in. So have you observed any increase in demand for Dyes & Dyes Intermediates from Bangladesh and Turkey in the current quarter?

Punit Makharia: Basically, Bangladesh and Turkey both these countries are facing acute problem in terms of the currency fluctuations. These three countries are on the globe are majorly like Pakistan, Bangladesh and Turkey. Pakistan we all know what is the situation of their internal financial situation. And regarding the dollar pricing in terms of the Pakistani Rupee, which I heard is almost PKR300 to \$1 almost.

And like Bangladesh also, they recently got some package from the World Bank in terms of the foreign exchange in terms of dollars. But yes, there are certain hiccups in terms of the demand pressure, demand in terms of the energy pricing and some foreign exchange. But I personally think that in coming few months, things should be stabilized, and there would be a good demand in the same sector.

Moderator: Thank you. Our next question comes from Harshil Solanki with Equitree Capital Advisors. Please go ahead.

Harshil Solanki: Sir, I had three questions. Can you help us with the revenue of both the segments that is Chemicals and Fertilisers for Q4?

Punit Makharia: For Q4, the total revenue of chemical is -- you are talking only about the Q4 or the whole year?

- Harshil Solanki:** If you can give both, that would be very helpful, sir.
- Punit Makharia:** Okay. For Q4, the Chemical business is INR85.42 crores. And Fertilizer business is INR94.90 crores. If you take on a complete year basis, Chemical business is INR305.88 crores, and Fertilizer business is INR378.15 crores.
- Harshil Solanki:** Okay. Sir, our realizations have dropped quarter-on-quarter. So how are the realizations right now? And what is the trend that we are seeing on realization?
- Punit Makharia:** Sir, I would like to put this answer of this question in another phase. And I would like to address this question as follows. Definitely, our bottom line has dropped significantly, almost from 9% to 10% in the earlier period to almost 5.5% to 6%. Rather, I would say, in this present circumstances, the last year, looking at all the geopolitical situation and the demand situation and overall looking at the industry, not only our company, but other companies also available in the same sector or another sector also, you will see that most of the company's business is almost flat. Wherein we have achieved a better realization -- we have achieved a better -- volumes and the values definitely, we have compromised a bit on the profitability.
- The whole idea for sacrificing of the profitability is to mainly maintain our cash mainly to maintain our inventories so that it doesn't fall into any such kind of a trap whereas we regret our decision -- we regretted our decision at a future later date. We are behaving very conservatively in this period, and we are trying to retain our customers and as well as trying to protect our inventory as well as cash. As far as the profitability in future times to concern, I think that can be rendered when the market permits us when there is a bit of a demand into the market. I foresee that should be by the end of the quarter two, we should be able to recover out of this issue.
- Harshil Solanki:** Got it, sir. Sir, last question, you have INR94 crores of deposit line with you. So what's the plan of deploying it?
- Punit Makharia:** Sir, definitely, those plans would be there. But as of now, we are not going very aggressively on any kind of new capexes. Recently, we completed a capex of almost INR175 crores, including Unit 5 Madhya Bharat and some balancing equipment including the solar also. So this particular financial year, we are behaving and we are planning to go on a consolidation phase, mainly to establish all these activities of the company as well as to achieve the maximum productivity for the new capacities of what we are built in.
- Looking at the current situation of the demand and other issues which are connected to the business, we want to, first of all, look at how it impacts when it gets stabilized. So before doing any further major this capex step, we are going for the consolidation phase. So therefore, as of now, with immediate effect, there are no such any plans for any major capex. Whenever it comes definitely it will be informed to all the shareholders when the announcement is there.
- Harshil Solanki:** Got it, sir. And sir, last thing, if you can give any guidance for FY '24, then that would be useful.
- Punit Makharia:** Sir, FY '24, definitely, there would be a growth in terms of the revenues of the company because last year, we did INR684 crores. Before that, it was INR584 crores. So there is a jump of almost

this is close to 20%. We believe that in the similar year, we would maintain the growth trajectory of 20% to 25% in '23-'24 also.

Harshil Solanki: And margins would be back to the normal levels or is there still?

Punit Makharia: To comment on that because there are many factors which are impacting the margins but yes, we are trying our level best to improve the margins as much as possible, but it is not fair on my part to say something blanket or blindly on that part of the margin. But I personally believe that the margin should improve -- should not go below than what we achieved in the last financial year.

Harshil Solanki: Got it, sir. Thanks a lot for answering the question.

Punit Makharia: Thank you, sir.

Moderator: Thank you. Our next question comes from Samarth Singh with TPF Capital. Please go ahead.

Samarth Singh: Good afternoon, sir. Thank you for the opportunity. Sir, for our four fertilizer units can you please give me the capacity individually for each unit?

Punit Makharia: And you are seeing the capacity utilization?

Samarth Singh: Just the capacity.

Punit Makharia: Sir, installed capacity for all the units in terms of SSP is around 5 lakh tons a year. That is already covered in our PPT.

Samarth Singh: Sir, that is 1,00,000 tons of Pushkar, 1,32,000 tons out of Kisan, 1,32,000 tons out of Deewanganj, and 1,65,000 out of Meghnagar, is that right?

Punit Makharia: Right, sir. That's right, sir.

Samarth Singh: And for the year, what was the total sales from each of these units?

Punit Makharia: Sir, out of this 5 lakh tons of capacity, you can just straightaway take out Deewanganj capacity of 132,000 tons, which is a rated capacity. But very honestly speaking, the Deewanganj plant is a rated capacity of 132,000 tons. But this plant needs some balancing equipment addition. After that only because as you're aware that we just purchased this company for an NCLT -- so the way we got it is accepted -- was accepted by us.

On a rating capacity, this is 132,000 tons plant. But actually, this is not 132,000 tons of plant. This needs some balancing addition. So if out of 5 lakh tons, if you remove 132,000 tons, which we started in the Q4 last financial year. So it works out to be around 360,000-odd tons of the plant. Out of that, we have achieved some 207,000 tons, how much fertilizer we have done? Okay. 2,22,000 tons we have achieved.

Samarth Singh: Right. Sir, I'm asking for, I think our.

Punit Makharia: Sorry, my mistake. We have achieved 206,000 tons of the Fertilizer business in last financial year.

Samarth Singh: 206,000 tons. So the reason I'm asking is because I think our Kisan Phosphate plant run that like almost 80%, 85% utilization, but the Pushkar and Madhya Bharat plants run at a much lower utilization. And I'm not understanding why they're not able to ramp up with the same utilization as Kisan Phosphates?

Punit Makharia: Sir, every plant has its own strength, its own weakness. Every area has its own strength. See there is no issue in the plant. There is no problem in the plant, but it depends on many other sectors. What demand is going on in that particular area? If you see last to last year, Kisan did close to 80,000 tons, if I'm not wrong. Last year, Kisan did some 67,000 tons, 68,000 tons. So there is a dip in the Kisan also. If you talk about '21-'22, Kisan did 81,241 tons. If you talk about '22-'23 last financial year, Kisan did 66,238 tons. Whereas if you talk about Madhya Bharat, Madhya Bharat did in '21-'22, 66,000 tons, Madhya Bharat did 73,000 tons in the last financial.

So there is an increase in that. If you talk about Shree Pushkar, Shree Pushkar did 64,000 tons in '21-'22 and last financial year, it did close to 60,000 tons. So Madhya Bharat performed better. And now in this financial year, we'll add up Deewanganj also. We believe that there should be at least 20%, 25% growth in fertilizer volumes in this financial year.

Samarth Singh: Okay, sir. And sir, this is individually area-wise you're talking in terms of demand and supply or is it also just some time taking in getting our marketing and distribution?

Punit Makharia: No sir, what happens in that, I will tell you, we cannot push the product of Kisan into Madhya Pradesh. At the same time, we cannot push the production of Madhya Bharat into Haryana, Punjab because transport plays a major role into the whole business. So it is not viable for us to move the material from one area to -- we have one plant where it is situated it needs to cater the area of that nearby particular of that plant. At the maximum -- this area we try to capture is around 300 kilometers in the circumference of our various plants. So whatever area it gets covered into that because we have to take care about the transportation cost also. But I'm sure that after addition of Deewanganj in this particular financial year, we should be able to build better volumes in terms of the fertilisers.

Moderator: Thank you. Our next question comes from Ankur Agarwal with RC Wealth Solutions Private Limited. Please go ahead.

Ankur Agarwal: Sir, as you said that last quarter, single wise 94 crores, dyes turnover was INR85 crores, so if we look at the profitability, what is the profitability of this single wise??

Punit Makharia: Look, Mr. Agarwal, it is very difficult for us to extract individual profitability here because there is a company in which there are various verticals and it is practically difficult to extract individual profitability along with various verticals. Even if we try, we cannot get the right data because a lot of things are common. And if you will talk about my experience, sir, the majority

hit by the chemical business or any kind of depression that is showing in profitability, that is mainly because of the chemical business.

Fertilizer, the business has fairly performed well. If you look at the profitability of Madhya Bharat, it is maintained somewhere above the old levels and there is not much dip in it. I mean, because of the chemical, which we all know very well, the whole industry is showing a little bit of a depression. But because of our business model, which is completely integrated and the six-stage-backward-forward-integrated has zero-waste business model, because of that we have been able to survive ourselves at a much better position than others. Then too, also, we have done almost, you know, EBITDA levels of 10% over. On a consol basis, we have been able to achieve EBITDA levels to close to 10% levels. You know, that is mainly because of the fertilizer business we have been able to do so.

Ankur Agarwal: When can we expect chemical business to revive? Will it happen in this financial year or will it take one more financial year?

Punit Makharia: So, if you look at the revival, there is no such thing as a dead thing. If something is dead, then it will be revived. Actually, there is no such thing as a dead thing. Okay, today there is a little pressure, there is a demand pressure, there is a price pressure. But this thing is not going to remain forever. Sir, today, the business that we do, we have to be completely positive-minded. We have to believe in our business. And sir, this is such a thing that without which demand is coming, even though it is not today, it will come tomorrow. So, there is no such thing as a revival, no business has become sick or no dead thing has become.

Okay, we have got a little less money, more money, doesn't make much difference. We have to see one basic point is that we have to be in business, we have to retain the volumes, we have to build the volumes and we have to see that we manage our cash flows and inventory at an optimum, best possible level. And if we have to earn more than two, then we will earn at any time.

I believe that there will be no such thing as a revival. In my opinion, in the second quarter, I am hoping that the second quarter will go much better than today's situation. Because in the first quarter, you can see that half quarter gone by already. And there is no such thing as a revival. This is just a little current. So, where will it go? -You will not understand it, I will not understand it. Yes, one more thing is certain that the level of today, there is no hope of going below it. This is my point, write it down and note it down.

Ankur Agarwal: This will be an effect on March quarter, right?

Punit Makharia: There is no hope of going below the level of today. Write it down in bold words and note it down. What will happen now is better than that. Now you will ask when will it happen, how will it happen, how much will it happen, why will it happen. By talking about that story today, if there is no point, then the time will come and it will be very close.

Ankur Agarwal: This is the focus of the nano urea of the government, does it benefit our business in any way?

- Punit Makharia:** We do not have business with urea. Urea is a nitrogen component and we are providing phosphatic consumption. You know this content.
- Ankur Agarwal:** Thank you, sir.
- Punit Makharia:** Thank you, sir.
- Moderator:** Thank you. Our next question comes from Pawan with Compound 26 Capital. Please go ahead.
- Pawan:** I missed the part -- one participant previous question that you might have answered. What is the capacity utilization right now for our Chemicals business and the Fertilizer business right now?
- Punit Makharia:** Fertilizer business if I take out the Deewanganj facility because that has just started recently in Q4, then I believe, around 60% should be the utilization in Fertilizer business. And Chemical business, do we have figure in front of us right now, Deepak? Pawan, I don't have an exact figure, we'll submit the figures through our IR to you. But in my opinion, it should be around 60% or so in the Chemical business, but I'm not sure about it. Give us some time. We'll give the proper details on the subject.
- Pawan:** Sure. No problem. And generally, in kind of a normal cycle, what is the optimum capacity utilization that these plants can operate at?
- Punit Makharia:** Sir, if I talk in terms of the value, like we did INR684 crores after expansion of Unit 5 and Unit 5 also, we got some, I think, one quarter in the last financial year for achievement. Now all the capacities have been built up and has been properly established quality and other things have been properly well-established and accepted. On the same production volumes and the facilities, capacities, what we have, I believe that now the company has the potential to cross INR1,000 crores in the same capacity.
- Now the question here is that how do we achieve INR1,000 crores above and when this can be achieved? I think in this financial year, we should closely touch close to somewhere INR900 crores in a similar kind of a situation, position, market demand and supply as we are into it. And probably, once we see a bit of the improvement, I think easily, we can touch INR1,000 crores. I think this is what was your question, if I'm not wrong?
- Pawan:** Yes. That's fair. And sir, this INR1,000 crores assuming that including Deewanganj capacity that is coming online and things remaining as they are right now, right?
- Punit Makharia:** Sir, as you can see, where the capacity is already there, we have to do some balancing equipments like Deewanganj, plus as I told you in the first introduction, that we have been repairing each and every plant, this preventive maintenance, we have been doing all this, a lot has happened and a lot has been left out, we have been doing it. Because being it's a lean period going on, so we are keeping ourselves fully prepared that you know, whenever the time and opportunity comes, we should be ready, fully loaded our bullets into the gun.

So in Deewanganj, we are doing such things. After doing all these things, if the market is a decent, reasonable market, I'm not talking something very positive or something great expectations, but if a normal period may be as a business, then we should be able to achieve INR1000 crores. This is what I want to convey. I hope that I am able to convey what I'm thinking.

Pawan: Yes, you are. And in terms of -- you mentioned something about the demand outlook I remember like, the first quarter is already halfway through and you're expecting some kind of a turnaround by Q2. And when you're speaking to your customers, what kind of demand projections or what kind of order feedback do they give? Is it like more of a spot-based feedback or is it they say, that for the next three months, this is what our requirements would be? What kind of that lead time is what you get?

Punit Makharia: Sir, look, if I share this question very straightforwardly, and it is my duty to share my thoughts on a very straightforward manner to whosoever person who is connected with the company and whosoever person who asks me a question, it is my moral duty to give what I'm thinking. I don't want to make any, this cook-up, any answer. If you ask me an opinion on this, then I, sir, consider it as a quarter one, as it is going on and on. In quarter two, there is some kind of improvement. Look, sir, we are sitting on hope.

From a very long time, this kind of a depression period is going on. It is going on for about two to six months. We are looking at this kind of situation over the period of almost a year or so. And there is some kind of improvement. Because if you look at it today, the pipeline of the consumer is also empty. And basically, sir, what has happened is that the consumer is not catching goods for a very long time. Because of that, there is a little pressure on demand. So, I feel that since this has been going on for quite a long time, there is a little bit of a depression in demand. We are almost at the end of the dark tunnel now. And I believe any moment we should see, the light of hope and somewhere in Q2, I will be able to see that thing in front of me.

Pawan: Okay, got it. Thank you so much.

Moderator: Thank you. Our next question comes from Forum Makim with JHP Securities. Please go ahead.

Forum Makim: Congratulations on a great set of numbers Q-on-Q. It was nice to see this number. Sir, what is your gross margin?

Punit Makharia: I appreciate you have understood the industry. I appreciate that you have understood the atmosphere, prevailing in present market conditions. Thank you very much for your comments. Please go ahead.

Forum Makim: Sir, you can tell us about the gross margin of both the segments?

Punit Makharia: See, it is very difficult to get the right gross margin of both the segments. But yes, I can definitely give you the Kisan.

Forum Makim: Sir, I actually need to understand a little bit about the deviation and what is your average and how far are we off?

- Punit Makharia:** Look, Deepak ji is sitting in front of me. He has opened the slide. What we have to say is that gross margin in the quarter 4 is 42%. And on a year-on-year basis, it is 37%. In comparison with FY '22, it was 39%.
- Forum Makim:** Are you talking about the fertilizer?
- Punit Makharia:** No, I am telling you the console, including all the sectors.
- Forum Makim:** Sir, can we get fertilizer and chemicals separately?
- Punit Makharia:** See, it is not yet available. But I have informed Mr. Deepak that he will give it to you through our IR.
- Forum Makim:** Okay, sir.
- Punit Makharia:** Right now, it is not handy with us, but definitely we will give it to you.
- Forum Makim:** So, sir, how much is the deterioration in the gross margin compared to our...
- Punit Makharia:** Mainly, the deterioration that you are seeing is largely from the chemical sector. Plus, the margin of the fertilizer business has been absorbed by the chemical sector to a certain level.
- Forum Makim:** So, yes, the Q-on-Q improvement that we see in has come from the gross margin of the fertilizer, right?
- Punit Makharia:** Overall, it should be something like that, but it is difficult for me to comment at this point of time until and unless I have the proper numbers in front of me, which Mr. Deepak will pull out from the system and we will share it to you, then we can have a detailed discussion over the matter, over the subject. Because right now, I do not have the data in front of me, so it would be difficult for me to answer this question. I mean, honestly, if you ask me.
- Forum Makim:** Right. So, sir, do we expect an improvement in the margin on Q-on-Q basis, right?
- Punit Makharia:** Look, this particular ongoing Q1 of this financial year, I do not have much hope. Let me tell you clearly. But yes, I do have good hopes from Q2. Because Q1, almost half of the Q1 has already gone. I do not have much hope I am not too optimistic Today, we have to be very careful. And look, today, I will tell you very clearly that today, the customer has to be very careful. What is the condition of a good customer? He keeps telling us more because we are, a complete day in and day out.
- We are in business. And on one thing, we have to be very careful and very close. We do not know anyone. We do not have to get our money somewhere. We will get less profit, we should protect our money. We should not be built in an inventory house. The customer should not go out of the house. At the same time, we should not get stuck in such a place where you get more profit. You get more profit. We get more money there. We have to be very careful. And in today's situation overall, everybody knows about it. I think you guys know better than us because you people track a lot of industries, you track a lot of sectors.

We look at our sector. We track our industry. So, our area of visibility is limited in comparison with your area of visibility. So, overall situation is a little bit conservative. I understand this. I believe this at this time. And in a similar manner, we are behaving conservatively. We are ready to compromise on our margins. And we don't want any such kind of situation that we see ourselves that we have landed into this difficult soup, which becomes difficult for us to get out of it. Sometimes, I feel that in business not taking a bold decision is also a good decision.

- Forum Makim:** Right. Sir, in this quarter, have you received any revenue from Unit 5?
- Punit Makharia:** Yes, its there from Unit 5, INR16.84 crores of revenue, which is only in Q4. the capacity of Unit 5 I have already discussed in my previous call also.
- Forum Makim:** Sir could you please explain what is the total capacity Unit 5?
- Punit Makharia:** You will target this whatever I say now, so let the time come.
- Forum Makim:** Okay, sir. What we mention Sulphur Derivative Chemistry Plant is part of Unit 5, right?
- Punit Makharia:** It is a part of Unit 5 as well it is the part of back ward integration. We'll be producing a particular product raw material into that, which we existingly consume in our Unit 5 also as well as in our Unit 1 also. Definitely, intentionally, we are not disclosing the name of the product because of the competition. Because this is a public platform where we are talking and we don't want to disclose the product to avoid our competitors know our next move.
- Forum Makim:** Right sir. So just one last question. We have said in the past that we will do INR250 crores of revenue from Unit 5. We have already said it sir. So we have said that we will do INR900 crores for the next year, that should come from unit 5 and we have added in fertilizer, so are you like being conservative or?
- Punit Makharia:** I would like to behave more conservatively, if I'm permitted to do so, but I don't see any area or any plays going down below the INR900 crores in spite of my all conservative formulas.
- Forum Makim:** Okay sir. Thank you so much and all the best.
- Punit Makharia:** Thank you very much.
- Moderator:** Thank you. Our next question comes from Sanjeev Kumar Damani with SKD Consulting. Please go ahead.
- Sanjeev Damani:** Sir, my first question is regarding subsidies that are to be received by is if at all from government. So is it all clear or there are delays in realizing subsidies?
- Punit Makharia:** There is a routine process going on. As such, there is no significant major delay. At any given point of time, X quantity of the production is always unsold on the costand that is part of the business. It is always the same quantity plus, minus, 5%, 10%, Mr. Damani.

- Sanjeev Damani:** Okay. So is there an outstanding amount on the 31st? What are the other current assets? Sir, there is a huge amount in the balance sheet?
- Punit Makharia:** Sir, the figures will be given to our CSR. But I will tell you in an approximate way that there will be a good amount of subsidy somewhere. Sir, there is a routine process going on. There is no such thing as a new thing, Mr. Damani.
- Sanjeev Damani:** Okay. Now coming to dicalcium phosphate sir, I was able to see the manufacturing of animal feed in two or three places. So what will be the quantity of dicalcium phosphate? Sir, how much quantity will be sold in the last year and what would have been the turnover??
- Punit Makharia:** 11,000 tons from all three places.
- Sanjeev Damani:** Okay. And its approximate realizable sales, how much will be the sales value?
- Punit Makharia:** So, sir, multiply it by INR40 to INR42.
- Sanjeev Damani:** Okay. Sir, this should be a very profitable business.
- Punit Makharia:** Sir, there is not much or less going on. And when you do so many products, then you cannot pay attention to every product. Sir, please understand that we are totally integrated. We have to pay the cost of the individual product. Because, one product's waste in other and other one's waste in this it's bi-product in that & the other bi product in this, it is a multiple-chemistry. So it becomes very difficult to pay the cost of every product.
- Sanjeev Damani:** And I want to re-confirm from you that all the single-super phosphate plants, do you have to use a certain amount of sulfuric acid or do you have to transport it?
- Punit Makharia:** Sir, we do not have an acid plant in the Meghnagar, Madhya Pradesh plants that we buy from the local market. Rest, in Haryana and Maharashtra, our sulfuric acid is our own plant.
- Sanjeev Damani:** Thank you very much, sir. And all the very best.
- Punit Makharia:** Thank you, sir.
- Moderator:** Thank you. Our next question comes from Varun Sharma, an Investor. Please go ahead.
- Varun Sharma:** First question is that can you give the guidance for the revenues for the next year?
- Punit Makharia:** Sir, we have just discussed that particular question or the last two questions. I think you were on the line. You would have been listening to all the communications and various questions.
- Varun Sharma:** Yes, sir. And I have one question as an individual shareholder. The share price of our company is continuously falling. We want like some promoters should buy from the open market so that it gives confidence with investors.

Punit Makharia: Sir, my job is to perform. I mean, my job is to work in the best-of-best capability and ability for the company. Sir, my job is not to see if the price of the share market has fallen or increased. I do not believe in such things, sir. We are away from such things, sir. So, sir, what is the share price? What has not happened? No, sir. I cannot reduce it. Neither is it in my control, sir. I cannot take it away from me, sir. My job is to work in the best-of-best capability. I can work hard. I can maintain transparency. And, you know, I can give the best-of-best capability to all the investors. That is my ethical duty. Sir, I perform it in the best-of-best capability.

Second, sir, as far as you have said that the promoter should buy or not, what should the promoter decide in his individual capacity? And, sir, what should I comment on this platform? Should the promoter buy or not? So, I think, sir, that is not a question to be asked. What should the promoter do? Sir, if you have any questions about the company's performance, I would request you to please ask.

Moderator: Dear management members the line of Varun Sharma has left the question queue. Ladies and gentlemen, in the interest of time, that was the last question. And I would now like to hand the conference over to Mr. Punit Makharia for closing comments.

Punit Makharia: Thank you, everyone. I would like to thank all for joining this call. I hope we have been able to respond all your queries adequately. If you have any further questions, we request you to please get in touch with Orient Capital, our Investor Relations Advisor. Thank you very much, friends, and take care. Bye.

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.