



# Shree Pushkar Chemicals & Fertilisers Ltd

Investor Presentation

Q2 & H1FY17

November 2016



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# Q2FY17 Highlights



Total Revenue

**Rs 81.15 Crs**

**Consistently Improving Performance**

- Dye contribution of 10% in revenue
- Robust growth in Dye Intermediates



EBIDTA

**Rs 15.88 Crs**

**(Margin 19.6%)**

**Better operating leverage**

- Steady raw material costs



PAT

**Rs 9.05 Crs**

**(Margin 11.1%)**

**Higher expenses not a deterrent to performance**

- Better operational efficiency led by better utilizations across segment

**Strong Dye Stuff performance**



# H1FY17 Segmental Highlights

- Acid Complex Division had higher captive utilization leading to lower external sales

## Dye Intermediates

↑ 21% volume growth  
↑ 29% Revenue growth

## Acid Complex

Flat Volumes  
↓ 22.6% Revenue de-growth

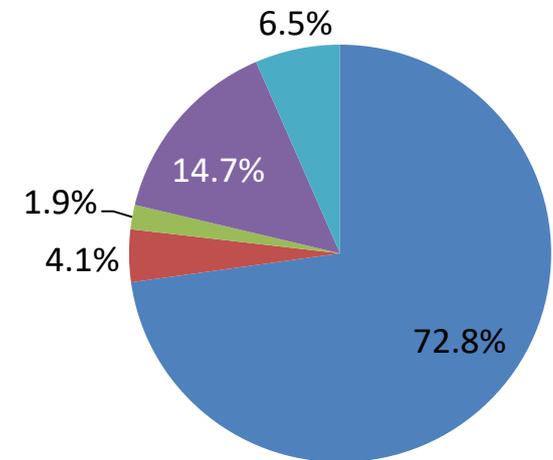
## Cattle Feed

↓ -2% volume de-growth  
↓ -1% Revenue de-growth

## Fertiliser

↑ 14% volume growth  
↑ 27% Revenue growth

## Revenue Break up H1FY17



# Financial Highlights



Particulars (Rs. In Crs)	Q2FY17	Q2FY16	Y-o-Y	Q1FY17	Q-o-Q	H1FY17	H1FY16	Y-o-Y
Net Sales	80.37	60.46		63.26		143.62	120.41	
Other Income	0.78	0.64		1.17		1.95	0.94	
<b>Total Revenue from Operations</b>	<b>81.15</b>	<b>61.10</b>	<b>32.8%</b>	<b>64.43</b>	<b>26.0%</b>	<b>145.58</b>	<b>121.35</b>	<b>20.0%</b>
Cost of Material Consumed	52.22	43.31		43.58		95.80	84.79	
Employee Expenses	3.60	2.59		2.78		6.38	4.97	
Other Expenses	9.45	6.87		7.12		16.57	13.89	
<b>EBITDA</b>	<b>15.88</b>	<b>8.34</b>	<b>90.5%</b>	<b>10.95</b>	<b>45.0%</b>	<b>26.83</b>	<b>17.69</b>	<b>51.7%</b>
<b>EBITDA (%)</b>	<b>19.6%</b>	<b>13.6%</b>		<b>17.0%</b>		<b>18.4%</b>	<b>14.6%</b>	
Depreciation	1.28	0.90		1.20		2.48	1.78	
<b>EBIT</b>	<b>14.60</b>	<b>7.44</b>	<b>96.2%</b>	<b>9.75</b>	<b>49.7%</b>	<b>24.35</b>	<b>15.90</b>	<b>53.1%</b>
<b>EBIT (%)</b>	<b>18.0%</b>	<b>12.2%</b>		<b>15.1%</b>		<b>16.7%</b>	<b>13.1%</b>	
Finance Cost	0.74	0.30		0.24		0.98	0.79	
<b>Profit before Tax</b>	<b>13.86</b>	<b>7.14</b>		<b>9.52</b>		<b>23.37</b>	<b>15.11</b>	
Tax	4.81	2.10		3.48		8.29	4.48	
<b>Profit after Tax</b>	<b>9.05</b>	<b>5.04</b>	<b>79.6%</b>	<b>6.03</b>	<b>50.0%</b>	<b>15.08</b>	<b>10.63</b>	<b>41.9%</b>
<b>PAT %</b>	<b>11.1%</b>	<b>8.2%</b>		<b>9.4%</b>		<b>10.4%</b>	<b>8.8%</b>	

# Balance Sheet



Liabilities (Rs in Crs)	Sept-16	Mar-16
<b>Shareholders Fund</b>	<b>178.21</b>	<b>163.13</b>
Share Capital	30.22	30.22
Reserves & Surplus	147.99	132.91
<b>Total Non Current Liabilities</b>	<b>7.46</b>	<b>5.73</b>
Long Term Borrowings	0.19	0.08
Deferred tax liabilities	6.88	5.37
Other Non-Current Liabilities	0.14	0.12
Long term provisions	0.26	0.16
<b>Total Current Liabilities</b>	<b>53.16</b>	<b>53.02</b>
Short Term Borrowings	14.87	17.41
Trade Payables	16.50	21.04
Other Current Liabilities	11.59	8.54
Short term provision	10.20	6.03
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>238.84</b>	<b>221.88</b>

Assets (Rs in Crs)	Sept-16	Mar-16
<b>Total Non Current Assets</b>	<b>120.11</b>	<b>105.93</b>
Fixed Assets (including CWIP)	109.79	95.07
Non Current Investments	0.05	0.05
Long term loans & advances	10.27	9.81
Other Non Current Assets	0.00	1.01
<b>Total Current Assets</b>	<b>118.73</b>	<b>115.94</b>
Inventories	35.79	24.50
Trade Receivables	48.32	43.92
Cash & Cash Equivalents	27.84	41.77
Short Term loans & Advances	4.89	3.85
Other current asset	1.89	1.91
<b>TOTAL ASSETS</b>	<b>238.84</b>	<b>221.88</b>



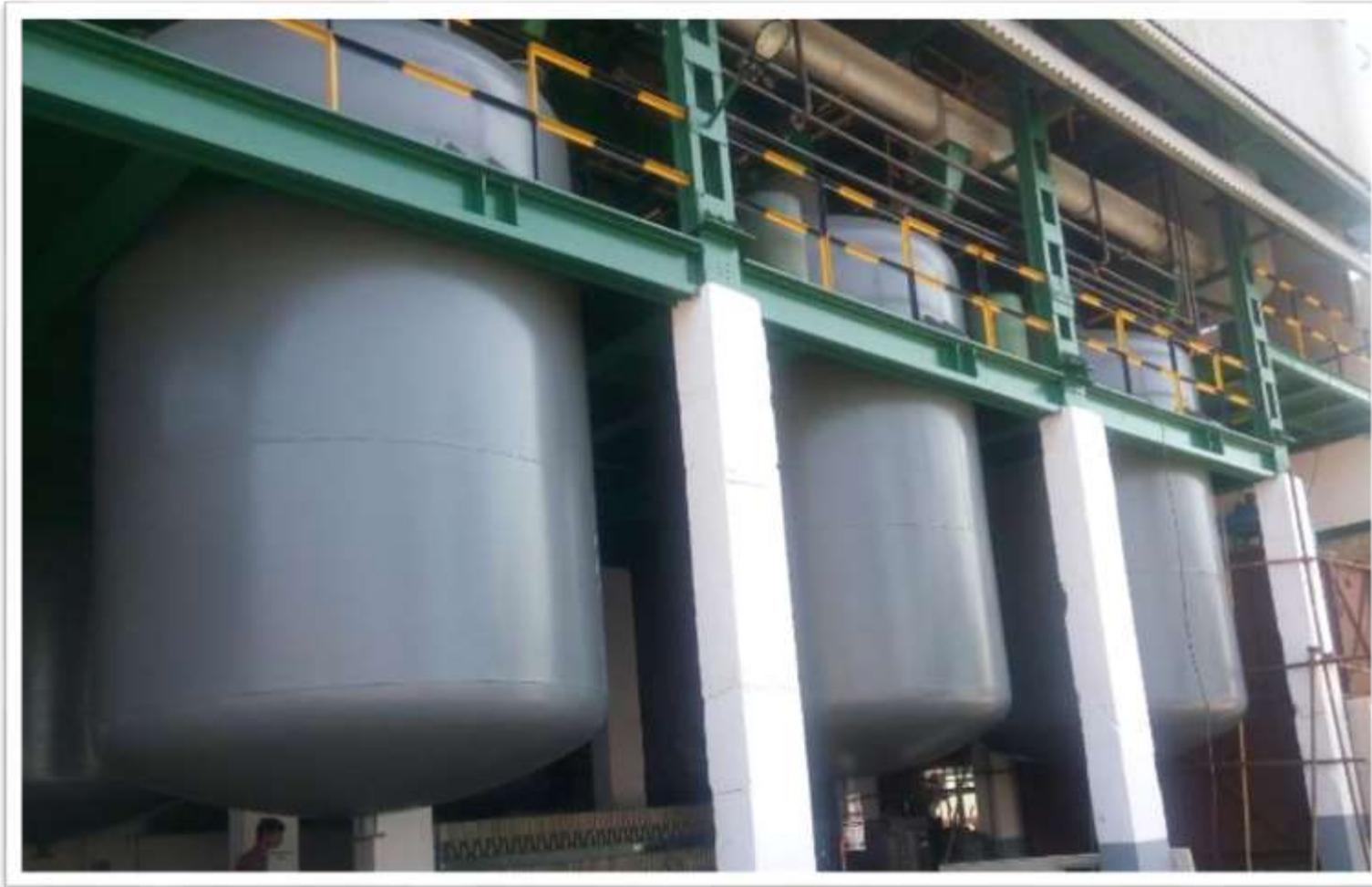
# Product launches pipeline

Description	Products	Current Capacity	New Capacity/ Expansion	Status
Forward Integration	Reactive Dyes	3000 MTA (On stream in Jan 2016)	3000 MTA	Marginal Capex of ~Rs 5Cr Expected by Q3 FY17
Captive Consumption in Dyes Plant	H – Acid	2,400 MTA	750 MTA	Expected by H2 FY17
	Vinyl Sulphone	2,700 MTA	1000 MTA	Commissioned in May 2016
Expanding Fertiliser portfolio	NPK (Nitrogen, Phosphorus and Potassium)	20,000 MTA	-	Commissioned in Feb 2016
	Sulphate of Potash (SOP)	10,000 MTA	-	Commissioned in August 2016
To use effluents generated in SOP	Granular Calcium Chloride		6,500 MTA	Commissioned in September 2016 (Under Trail Run)

Funded through IPO



# Commenced Operations for New Reactive Dyes Plant



Capacity of  
3000 MTA

At Lote  
Parshuram,  
Maharashtra

New Quality  
Control  
Laboratory

Sales  
commenced in  
May 2016



# Reactive Dyes... A Forward Integration

Reactive Dyes : a class of highly coloured organic substances, primarily used for dyeing textiles, for cellulosic fibers like cotton/flax & also wool that attach themselves to their substrates by a chemical reaction that forms a covalent bond between the molecule of dye and that of the fibre.



## New Manufacturing Capacity

- New Manufacturing Division for manufacture of Reactive Dyes at Lote Parshuram, Maharashtra
  - Installed capacity of 3,000 MTA
  - The plant is a Zero effluent Discharge Plant
- To meet the captive requirement
  - 2 additional plants for Dye Intermediates
  - H-Acid , Capacity of 750 MTA expected to be commissioned by Q3FY17
  - **Additional Vinyl Sulphone, Capacity of 1000 MTA commissioned in May 16**

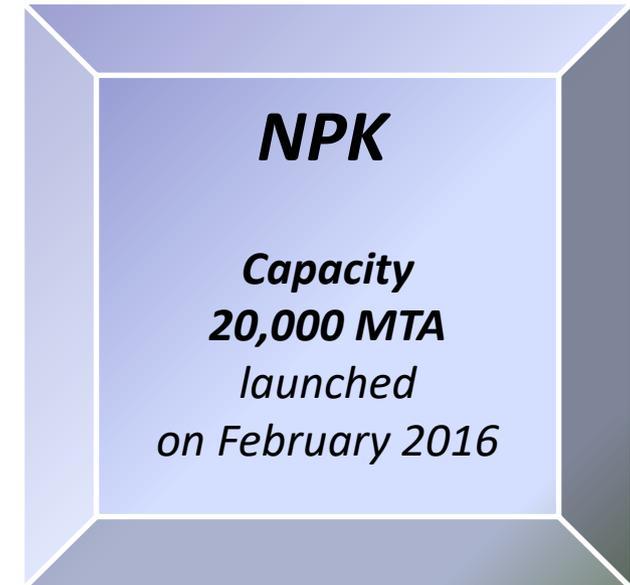
Reactive Dyes	In-house Inputs
Black	Vinyl Sulphone + H- Acid
Red	Gamma Acid + Vinyl Sulphone + H- Acid
Yellow	K- Acid, R-Salt + Meta Ureido Aniline + H- Acid

One Stop Shop for DyeStuff Manufacturers catering to Textile Sector



# Fertiliser - NPK

- NPK fertilizer is primarily composed of three main elements: Nitrogen (N), Phosphorus (P), and Potassium (K)
- Company has received a license for manufacture of Mixed Fertilizer NPK in the state of Maharashtra
- Sold under Marketing tie-up with DCM Shriram
- Launched under the brand 'Shriram Urja Mix' in the state of Maharashtra
- Commenced operations of NPK under its existing Fertiliser Division





# Fertiliser - Sulphate Of Potash (SOP)

- As Fertiliser
  - SOP is a preferred form of potassium in saline or sodic soil conditions and where irrigation water may have high chloride levels
- Commercial Production at SOP plant commenced in the end of September 2016
  - Commissioned on 1<sup>st</sup> August, 2016
- Continuing Zero Waste status
  - Commenced trial runs of Granular Calcium Chloride plant with capacity 6500 MTA. Commercial Production slated to begin end of November 2016
  - Calcium Chloride is designed for snow removal and deicing operations
  - To utilize HCL generated in SOP

**SOP**

**Capacity**  
**10,000 MTA**

*Commercial  
Production started in  
September, 2016*





# Future Growth Indicators

## Maintaining steady growth in current business

Consolidated business growth at a CAGR of 19% over the past 5 years



Plant Commissioned

### Reactive Dyes

- Capacity commissioned on 28<sup>th</sup> Jan 2016
- Capacity – 3,000 MTA

Plant Commissioned

### Additional Fertiliser Products

- Mixed Fertilisers (NPK) – 20,000 MT A
- Sulfate Of Potash (SOP) – 10,000 MTA

Plant Commissioned

### Environmentally Conscious

- Set up a Calcium Chloride plant - 6,500 MTA
- To utilize the HCl generated in the manufacture of SOP
- To commence commercial production from Q3 FY17

*“Continue the Zero Waste status”*



# Utilization of IPO Proceeds

Particulars (Rs Crs)	Objects of the issue as per prospectus	Total Spent/Utilisation upto September 30 <sup>th</sup> 2016	Amount Pending Utilisation
Acquisition of Existing Factory at B-97, Lote Parshuram	2.29	2.29	-
Construction of Godown at unit II	2.38	2.38	-
Amount Spent for setting up the facilities at B-97, Lote Parshuram for Dyes & Allied Products	41.59	39.26	2.33
Setting Up the ETP at Existing Unit I	4.88	2.49	2.39
Preliminary & Pre-operative expenses / Issue Expenses	7.00	5.51	1.49
General Corporate	4.00	1.37	2.63
<b>Total</b>	<b>62.14</b>	<b>53.30</b>	<b>8.84</b>

All the unspent Amount are kept with Bank in Fixed Deposit Accounts

The Company has in addition undertaken additional expansion

- For putting up a SOP Plant where the total capex made as on 31.06.2016 was Rs.18.34 Crs.
- For putting up a Calcium Chloride Plant where the total capex made as on 31.09.2016 was Rs.1.98 Crs.



# The chemistry Behind colours...

## **Business Details**





# The Chemistry Behind Colours



India's largest manufacturer of K Acid

Established in **1993** as a Chemical Trading company

**Single location plant** at Lote Parshuram

Products across Dyes, Dye Intermediates, Acid Complex, Cattle Feed Supplement & Fertilizers

Marketing through **+300 dealers** across Maharashtra, Gujarat and Karnataka

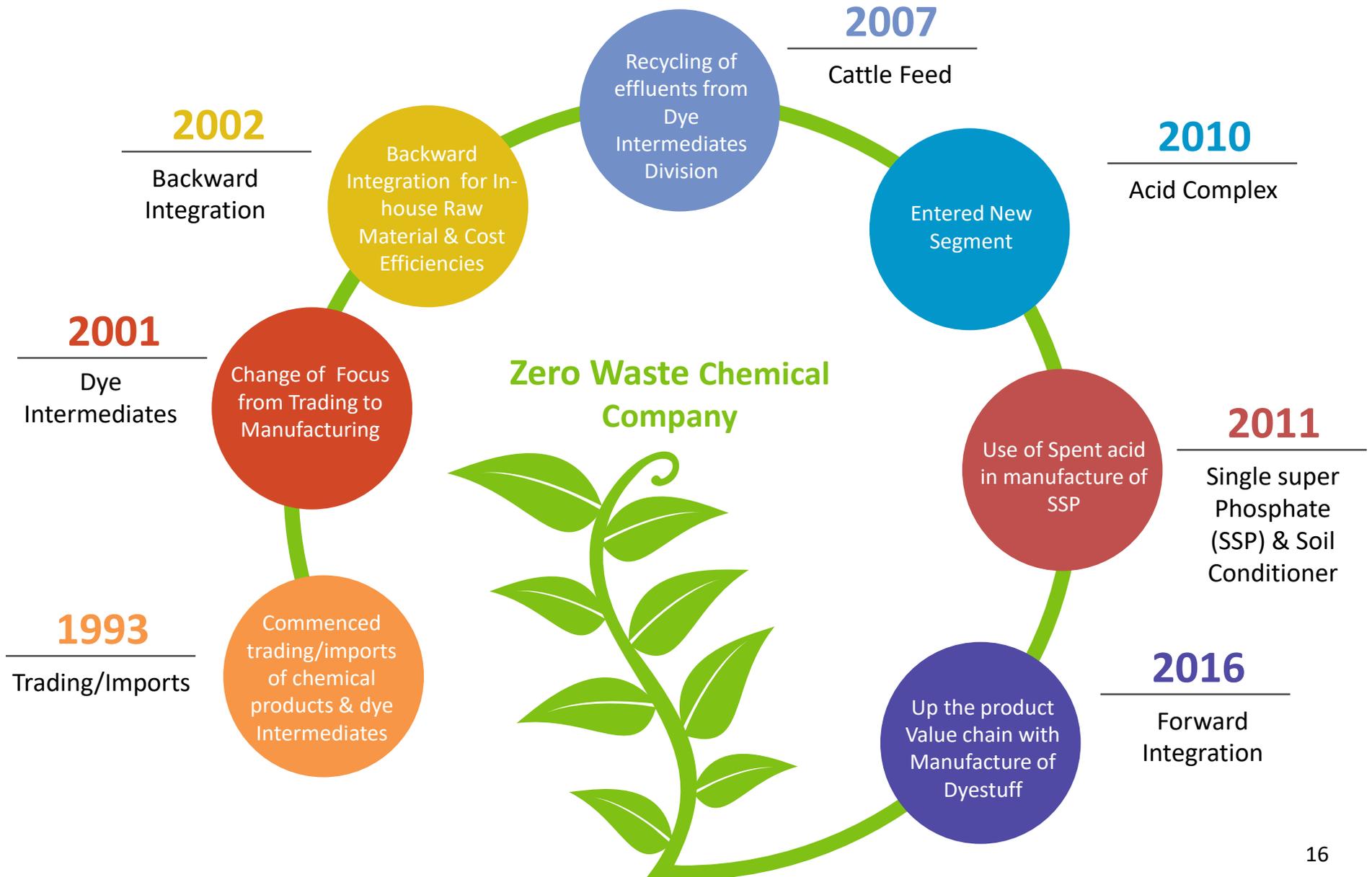
**Exports** to world's leading dye manufacturers Archroma and Bezema

**Moving up** the product value chain with manufacturing of Dyes

2 Key **Marketing tie – up's** for Cattle Feed & Soil Conditioner



# Key Milestones



# Single Location Plants in Lote Parshuram, Maharashtra



**Unit 1 – Dye Intermediates**



**Unit 2– Granulation Plant**



**New Reactive Dyes Plant  
Unit 3**



**Sulphuric Acid Plant**



**New Quality Testing Lab for Dyes**



Only manufacturing unit with a basket of Dye-intermediates  
“One Stop Shop for Dye Manufacturers”



# Key Management



**Punit Makharia**

Chairman & Managing Director  
A first generation entrepreneur, he holds a Bachelors in Commerce with a rich business experience of over 2 decades in dealing with chemical and dyes intermediates



**Gautam Makharia**

Managing Director  
With and BE in Electronics and an MBA(Finance), his experience spans across GE, P & G, Barclays, BARC



**Ratan Jha**

CFO  
CA with experience in accountancy and taxation



**Dilip Shah**

GM – Export Import  
Has 27 years of experience in the field of Import and Export



**R Purohit**

GM Marketing–Fertilizer  
20+ years of experience in strategic planning, marketing/ business development



**S N Sengupta**

Associate Director  
A chemical engineer with experience of 33 years in project financing and techno economic feasibility studies of industrial projects



**Rajkumar Sahani**

VP - Projects  
A chemical Engineer with over 42 years of experience in setting up various chemical plants and has worked with R.C. Fertilisers Private Limited



**Mahendra Kavadia**

GM of Unit I  
Over 28 years of experience in the field of dyes, chemicals and fertilisers



**R M Tiwari**

GM of Unit II  
29 years of experience in manufacturing of fertilizers



**Dolekar**

GM of Unit III  
With a B. Tech in Dyes & Pigments, he has over 20+ years of experience in the manufacture of Dyes



**Satish Chavan**

Company Secretary  
With experience of over 2 years he is a CS with BCom and Bachelors in Law qualifications

# Business Overview

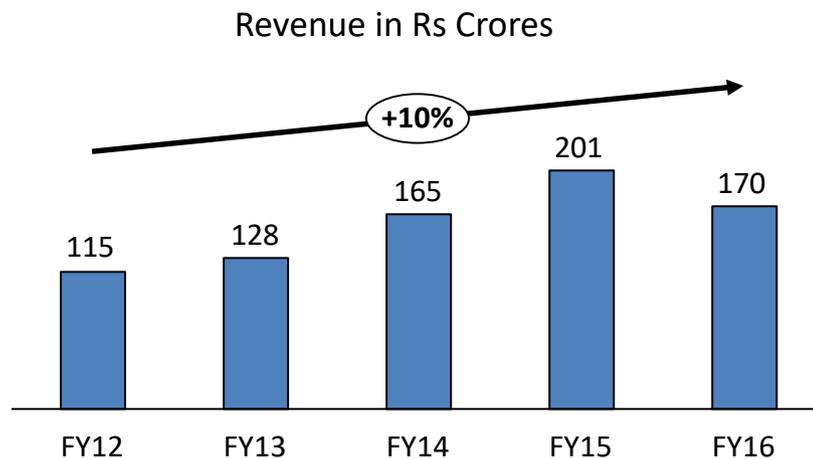


% of H1 FY17 Revenue	Business Verticals	Details	Products	Industries
72.8%	Dye Intermediates	Products manufactured from organic chemicals and are further processed to obtain dyestuff	Gamma Acid, K- Acid, R-Salt, Vinyl Sulphone, Meta Ureido Aniline and H- Acid	Manufacturers of Synthetic Dyes
4%	Acid Complex	A compound capable of neutralizing alkalis & containing hydrogen that can be replaced by a metal to form a salt	Sulphuric Acid, Oleum and Chloro Sulphonic Acid (CSA)	An acid reagent typically used for Sulphonation reaction
2%	Cattle Feed Supplement	Mainly used as a dietary supplement in animal feed products	Di- Calcium Phosphate (DCP)	Used by Cattle & Poultry Feed manufacturers
14.7%	Fertilisers	Phosphatic fertiliser & a fertiliser used to improve the soils quality and for improving / Building soil	Single Super Phosphate (SSP) Soil Conditioner, Nitrogen Phosphorus Potassium (NPK), Sulphate Of Potash (SOP)	Agriculture
6.5%	Dyestuff	Commenced commercial production in May 2016	Reactive Black, Reactive Red, Reactive Yellow	Used for Dying of Textile / Yarns commonly cellulosic material

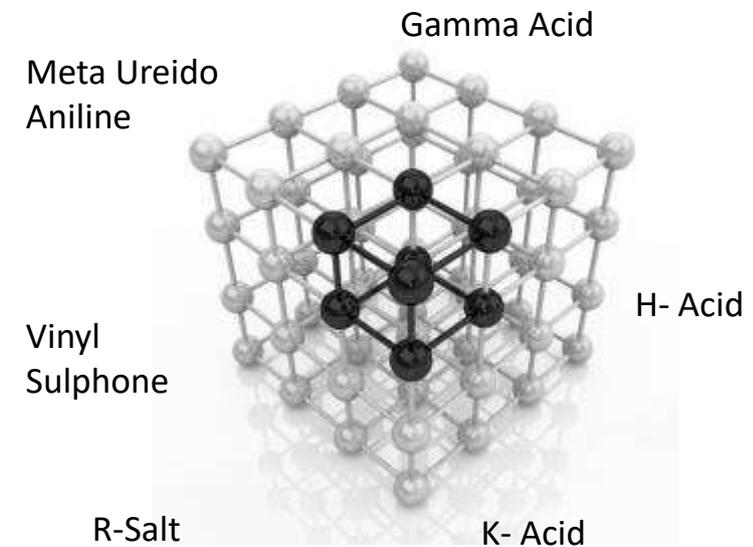


# Dye Intermediates

- One of the few manufactures of wide range of dye intermediates in India with zero waste
- State of art integrated manufacturing facilities located at Lote Parshuram, Maharashtra
- Total Capacity of 7,836 MTA
- Amongst India`s large manufacturers of K-Acid
- End Use in manufacturing of Dyes for Textile Industry



## Product offerings for Dyestuff Manufacturers



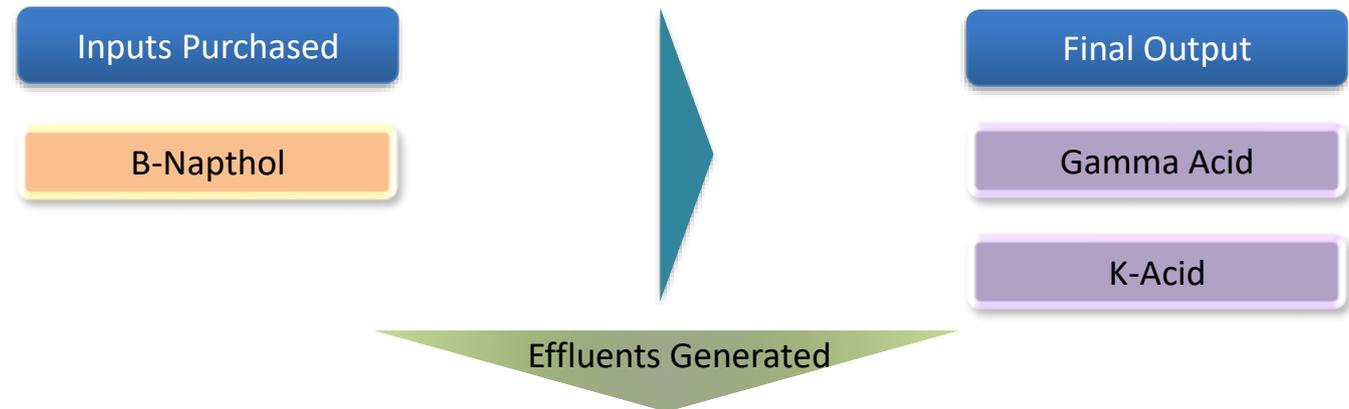
One Stop Shop for Dyestuff Manufacturers



# Dye Intermediates

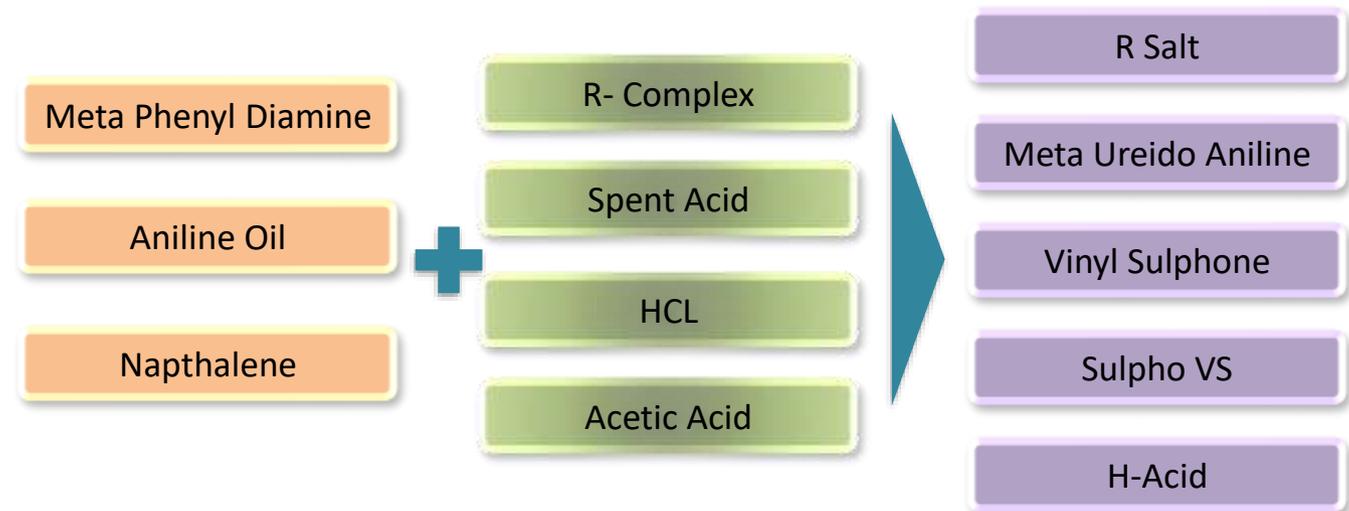
## 2001 – 2006

- Production of Gamma Acid and K – Acid
- Lower cost efficiencies due to Effluents generated



## 2006 – till date

- Creating a **Waste to Wealth** manufacturing model with smart use of Effluents to create new products
- Now offer a basket of Dye Intermediates with best cost efficiency
- Current Product basket cater to ~80% of dye stuff industry



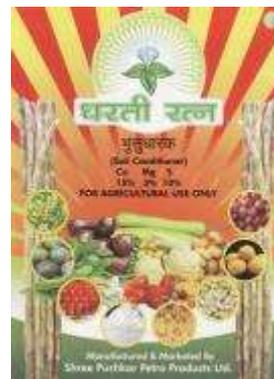
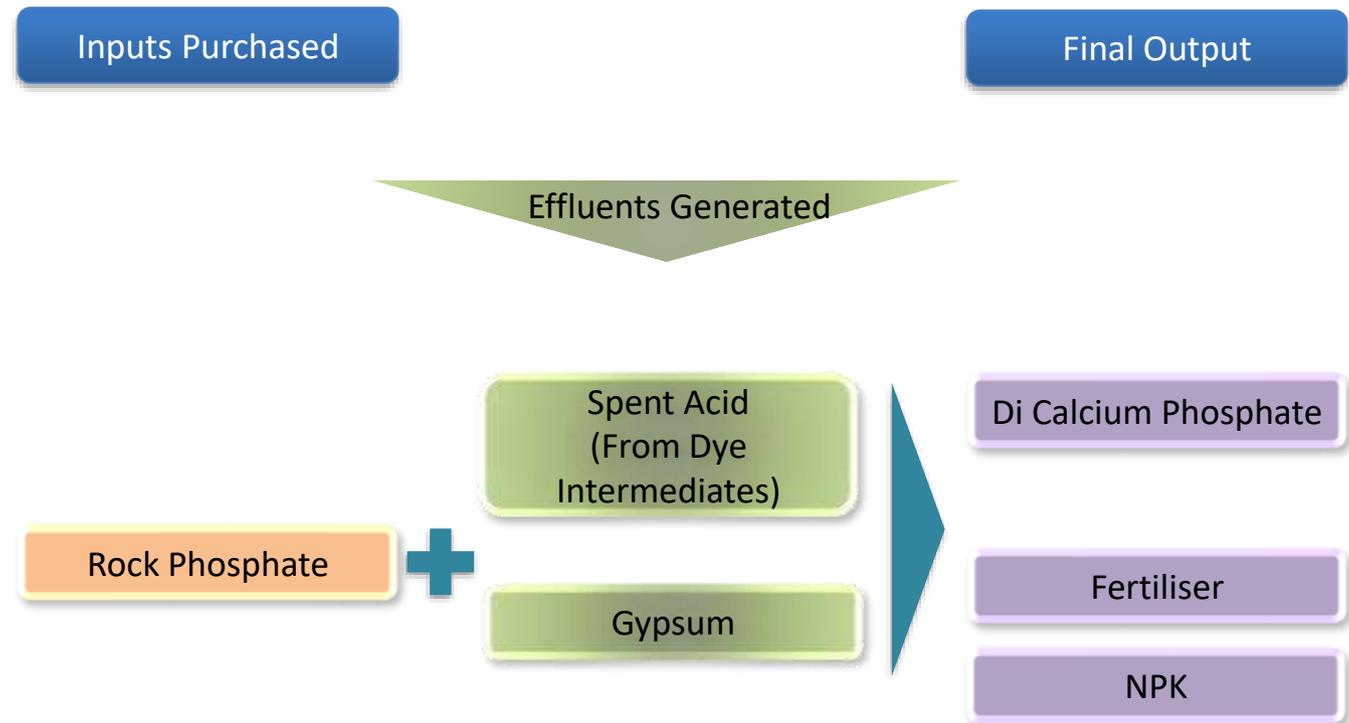
Increased product basket from 2 to 7



# Evolution Towards Cattle Feed and Fertiliser

## 2007 – till date

- Exclusive marketing arrangement with Shriram Chemical & Fertilizers for Single Super Phosphate in Maharashtra and Karnataka
- Tie-up with Shivam Chemicals for marketing of Di-Calcium Phosphate in Karnataka
- Launched its own soil conditioner brand '**Dharti Ratna**' in Western Maharashtra





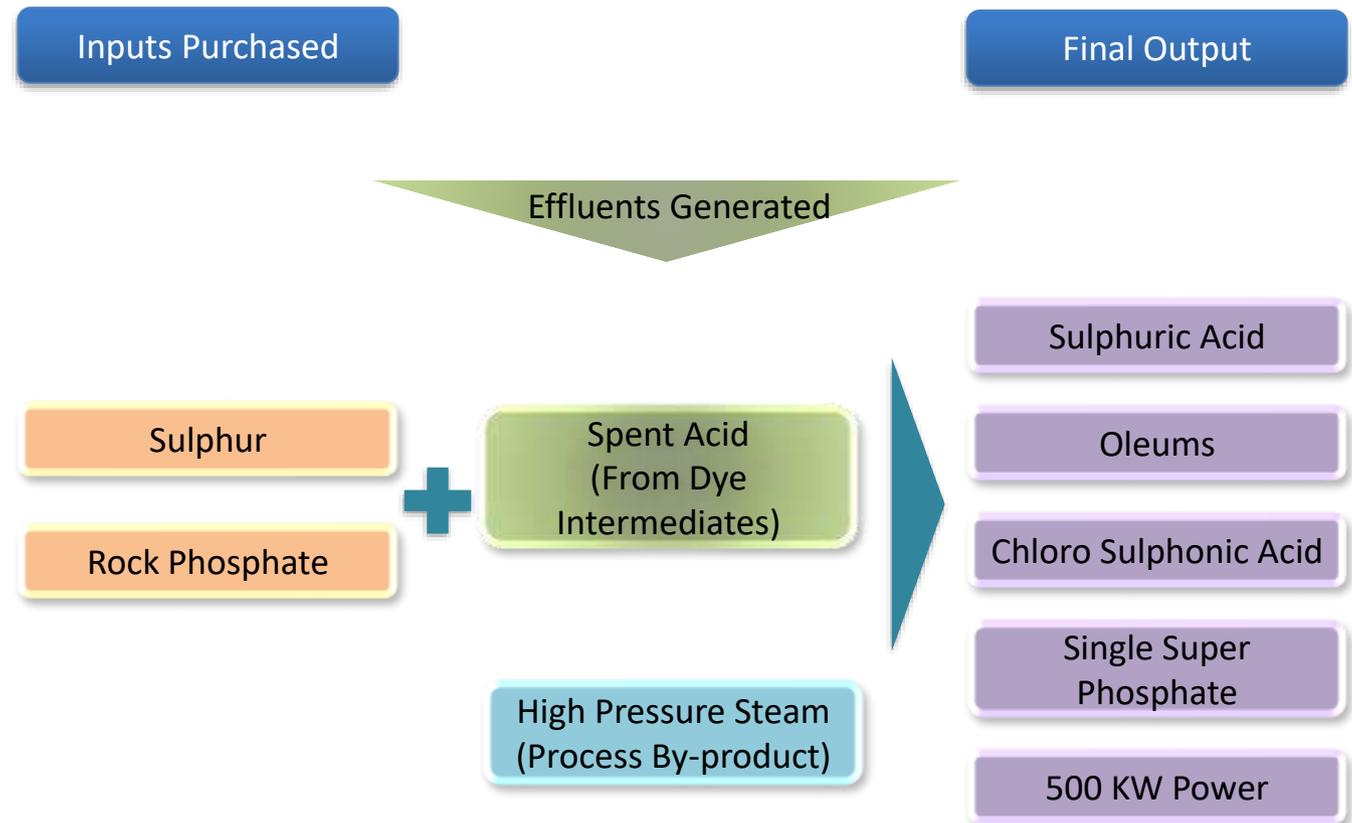
# Evolution Towards Acid Complex and Power

## 2009 – till date

- Sulphuric acid is a major raw material in solphonation in all chemical industry and phosphoric acid industry
- Capacity of 40,000 MTA
- Excess Spent Acid from Dye Intermediates division used for

## High Pressure steam

- Used to generate 500 KW Power at zero direct cost for Captive Consumption
- Rest converted to low pressure steam for internal consumption



# Client Profile



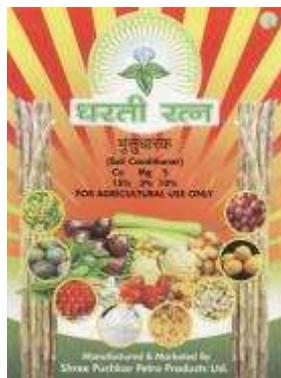
## Domestic Clients



## International Clients



## Own Brand



- **Exclusive marketing arrangement** with DCM Shriram Chemical & Fertilizers for Single Super Phosphate in **Maharashtra and Karnataka**
- Tie-up with Shivam Chemicals for marketing of **Di-Calcium Phosphate** in Karnataka
- Launched its own soil conditioner brand '**Dharti Ratna**' in **Western Maharashtra**

# Key Strengths



**01** Zero Waste  
Recycle of Effluents to generate new products

**02** Internal Power Generation  
Use of High Pressure Steam generated from Acid Plant for Power Generation and Internal Consumption

**03** Cost Efficiencies  
Led by Backward Integration of Raw Material manufacturing

**04** Own logistics Fleet  
For smooth transportation of raw material and products to Clients

**05** Low Financial Leverage  
A Zero Debt Company with Debt to Equity nearly NIL

**06** Single Location Plant  
All Facilities within MIDC, Lote Parshuram, Maharashtra



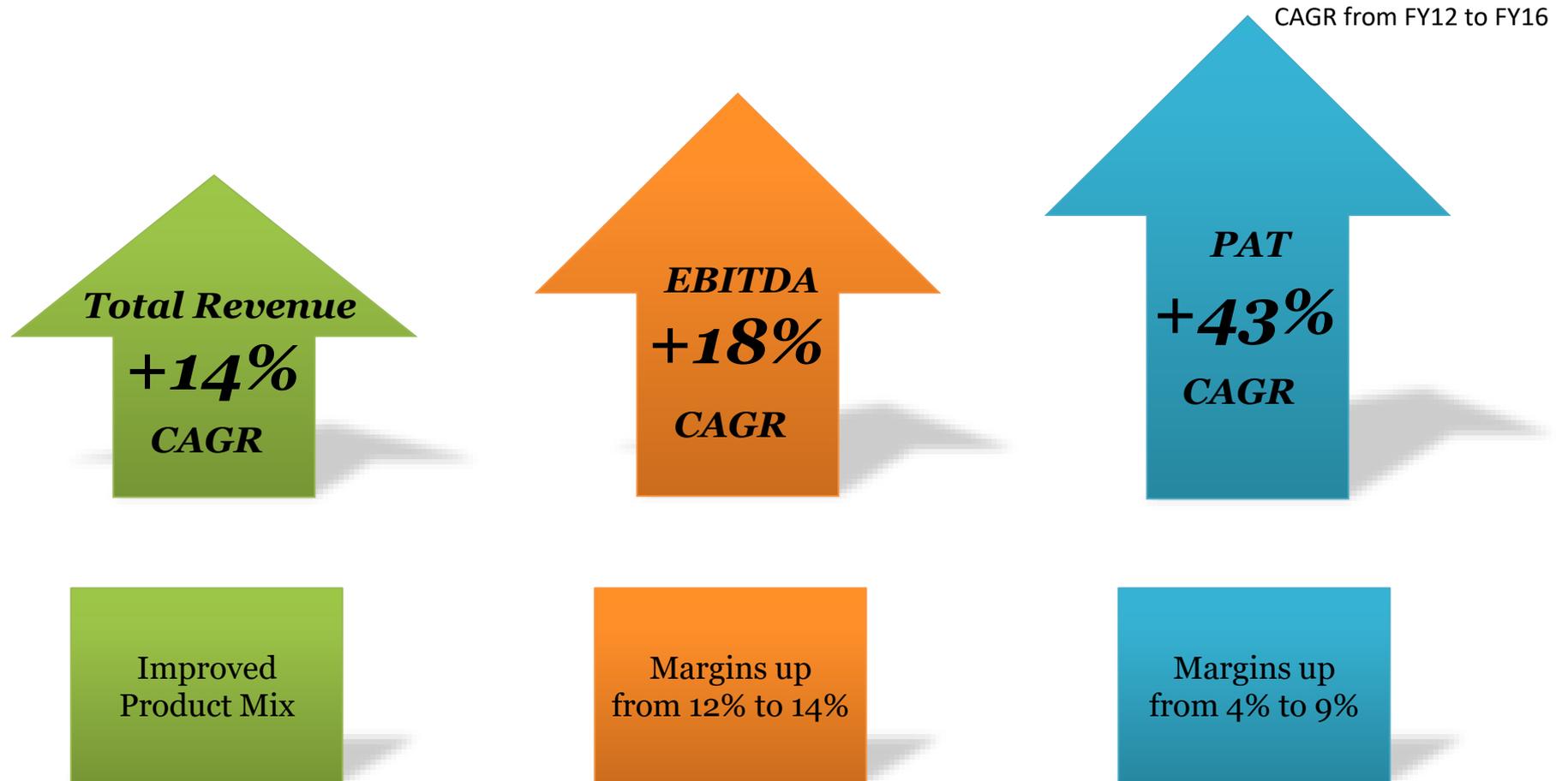


The chemistry  
Behind colours...

**Financials**



# Strong Financial Performance

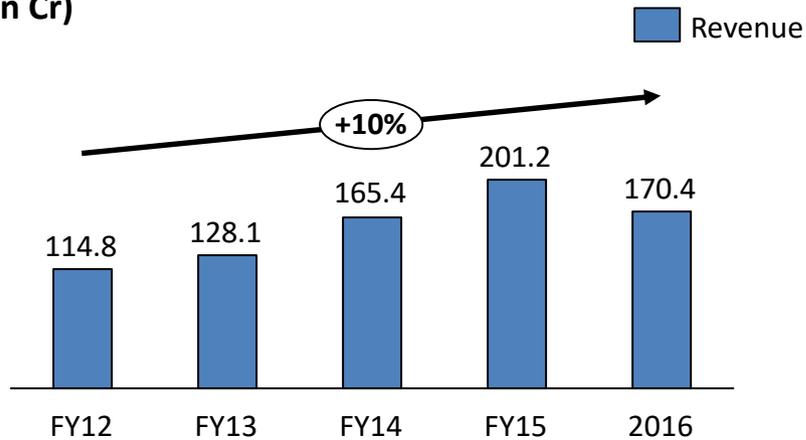


Along with a strong Balance Sheet

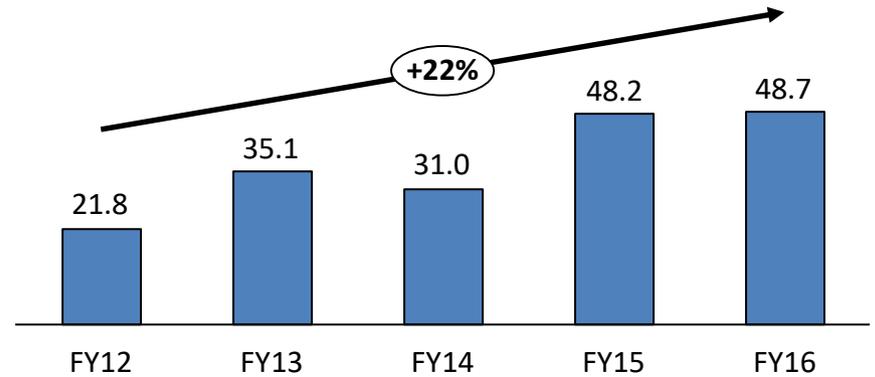


# Segmental Performance

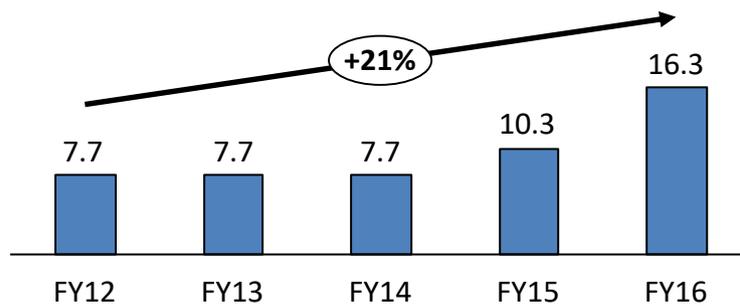
(Rs in Cr)



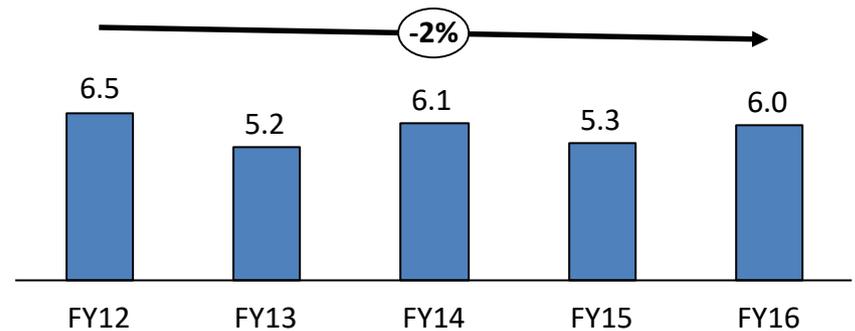
**Dye Intermediates**



**Fertilisers**



**Acid Complex**



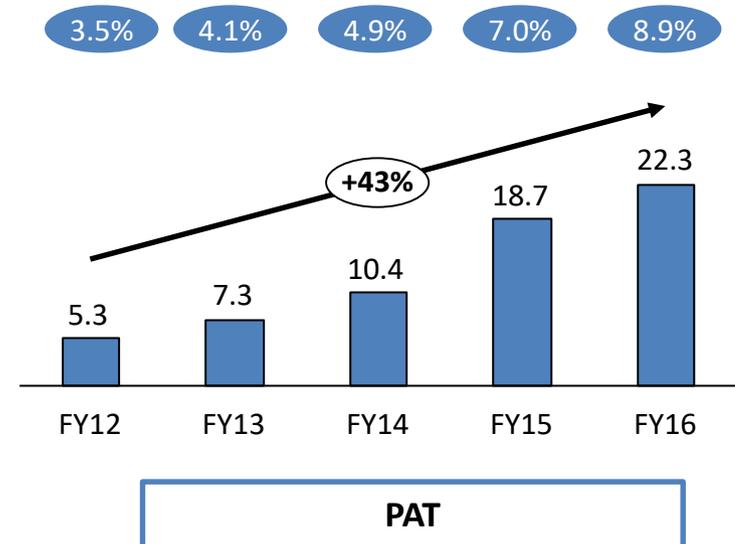
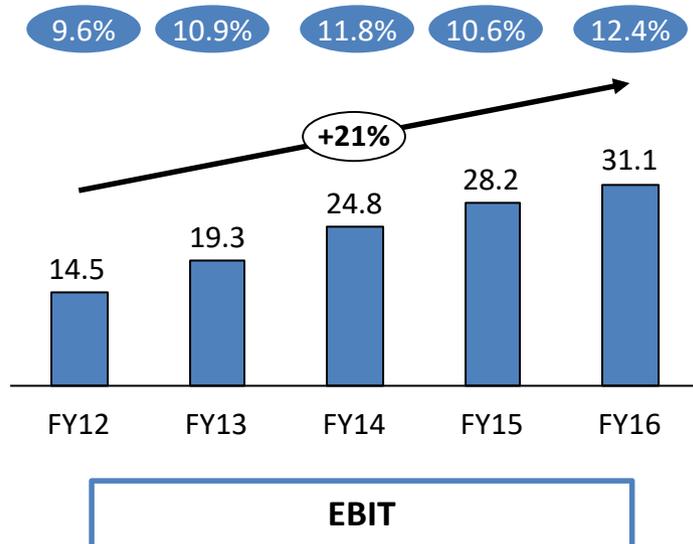
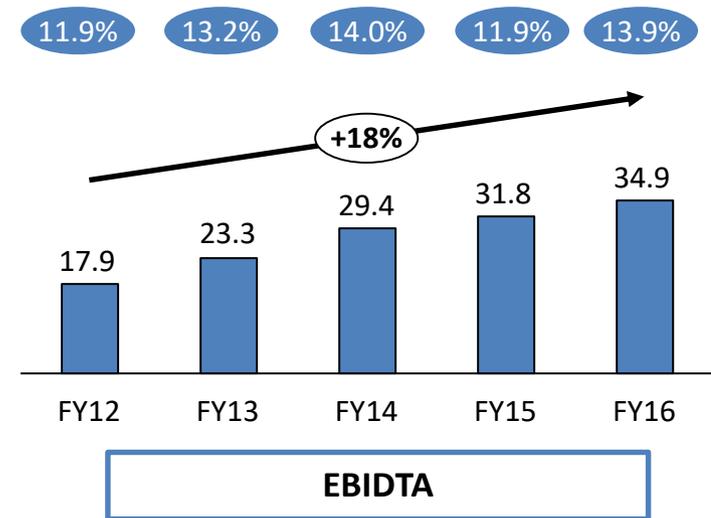
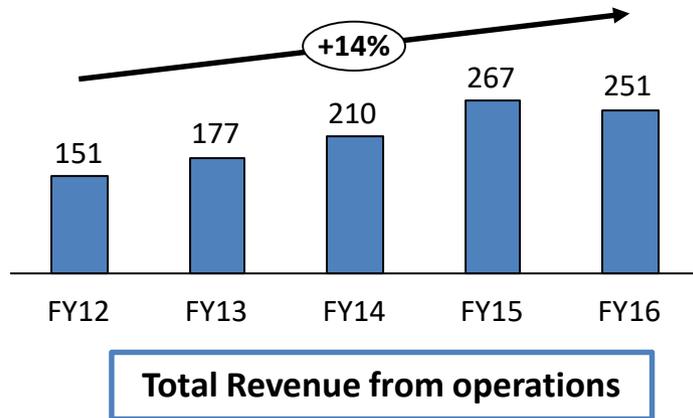
**Cattle Feed**



# Key Financial Parameters

(Rs in Cr)

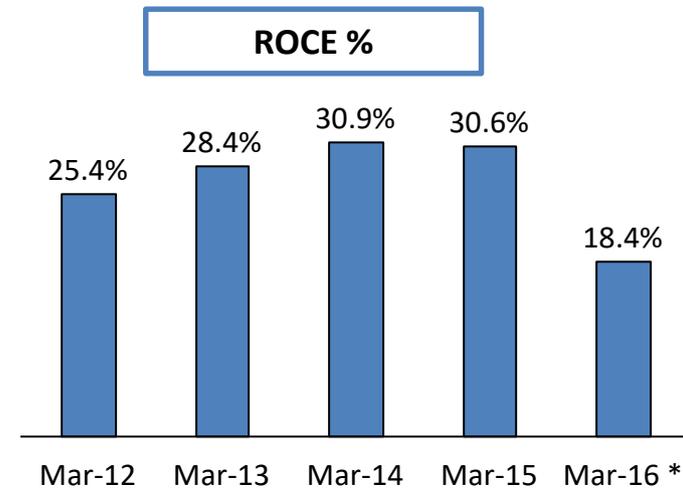
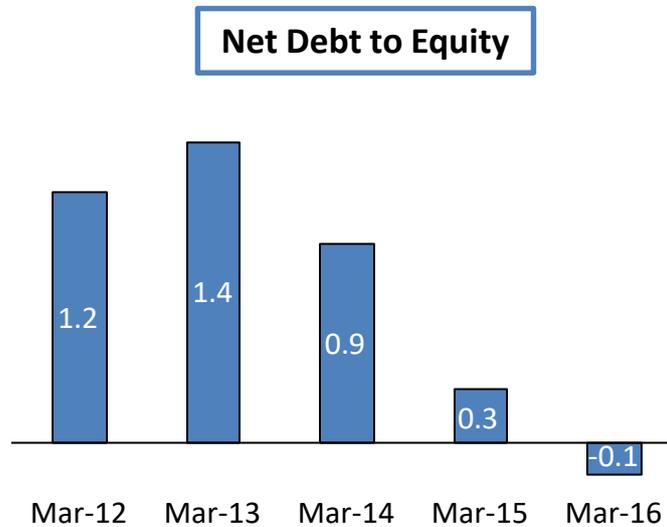
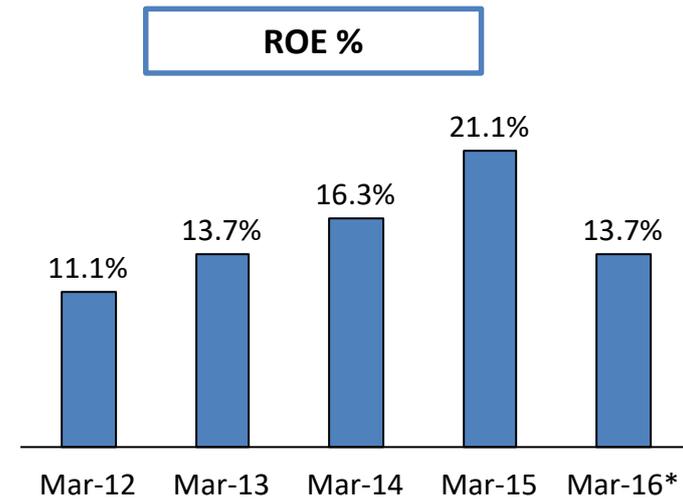
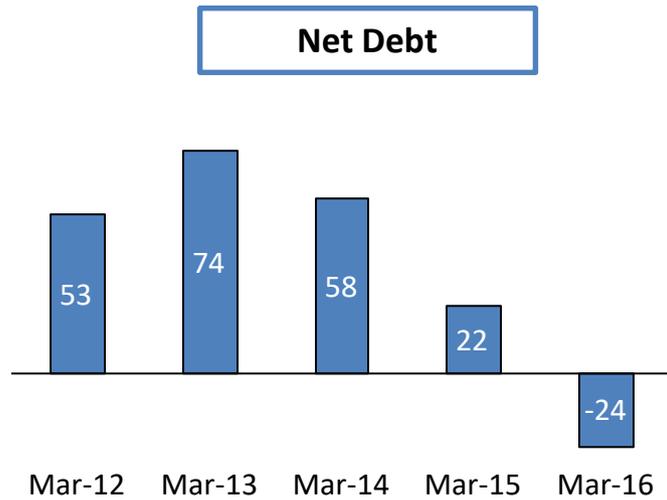
Margin %





# Key Financial Parameters

(Rs in Cr)



\* Lower return ratios led by increase in Shareholder Capital post IPO



# Historical Profit & Loss

Particulars (Rs. In Crs)	FY16	FY15	FY14	FY13	FY12
<i>Total Revenue</i>	248.70	266.52	210.09	175.98	150.71
Other Income	2.54	0.29	0.28	0.59	0.26
<b><i>Total Revenue from Operations</i></b>	<b>251.24</b>	<b>266.81</b>	<b>210.37</b>	<b>176.57</b>	<b>150.97</b>
Raw Material	175.29	195.46	150.58	129.88	116.39
Employee Expenses	10.17	9.11	7.97	4.79	3.76
Other Expenses	30.87	30.41	22.42	18.56	12.91
<b><i>EBITDA</i></b>	<b>34.91</b>	<b>31.84</b>	<b>29.40</b>	<b>23.34</b>	<b>17.91</b>
<b><i>EBITDA %</i></b>	<b>13.9%</b>	<b>11.9%</b>	<b>14%</b>	<b>13%</b>	<b>12%</b>
Depreciation	3.80	3.62	4.64	4.05	3.39
<b><i>EBIT</i></b>	<b>31.11</b>	<b>28.22</b>	<b>24.76</b>	<b>19.29</b>	<b>14.52</b>
<b><i>EBIT (%)</i></b>	<b>12.4%</b>	<b>10.6%</b>	<b>11.8%</b>	<b>10.9%</b>	<b>9.6%</b>
Finance Cost	1.97	5.42	10.62	10.28	7.28
<b><i>Profit before Tax</i></b>	<b>29.13</b>	<b>22.80</b>	<b>14.14</b>	<b>9.01</b>	<b>7.24</b>
Tax	6.84	4.15	3.75	1.73	1.93
<b><i>Profit after Tax</i></b>	<b>22.29</b>	<b>18.65</b>	<b>10.39</b>	<b>7.28</b>	<b>5.31</b>
<b><i>PAT %</i></b>	<b>8.9%</b>	<b>7.0%</b>	<b>4.9%</b>	<b>4.1%</b>	<b>3.5%</b>



**For further information, please contact**

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**Company :**

**Shree Pushkar Chemicals & Fertilisers Ltd**

CIN: U24100MH1993PLC071376

Mr. S N Sengupta, Associate Director

[sengupta@shreepushkar.com](mailto:sengupta@shreepushkar.com)

[www.shreepushkar.com](http://www.shreepushkar.com)

**Investor Relations Advisors :**

**Strategic Growth Advisors Pvt. Ltd.**

CIN: U74140MH2010PTC204285

Ms. Ruchi Rudra/ Ms. Samantha Francis

[ruchi.rudra@sgapl.net](mailto:ruchi.rudra@sgapl.net) / [samantha.francis@sgapl.net](mailto:samantha.francis@sgapl.net)

[www.sgapl.net](http://www.sgapl.net)