



# Shree Pushkar Chemicals & Fertilisers Ltd

Investor Presentation

May 2016



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# FY16 Highlights



Total Revenue  
**Rs 251 Crs**

## Period of soft Raw Material prices

- Pass through of declining Raw Material prices led to a correction in Finished Goods prices
- Stabilization of H-acid prices in the market leading to lower realisation
- Strong volume growth across all divisions



EBIDTA  
**Rs 35 Crs**  
**(Margin 14%)**

## Better operating leverage

- Benefits from lower commodity prices
- Led by better inventory management lowering Working Capital requirement



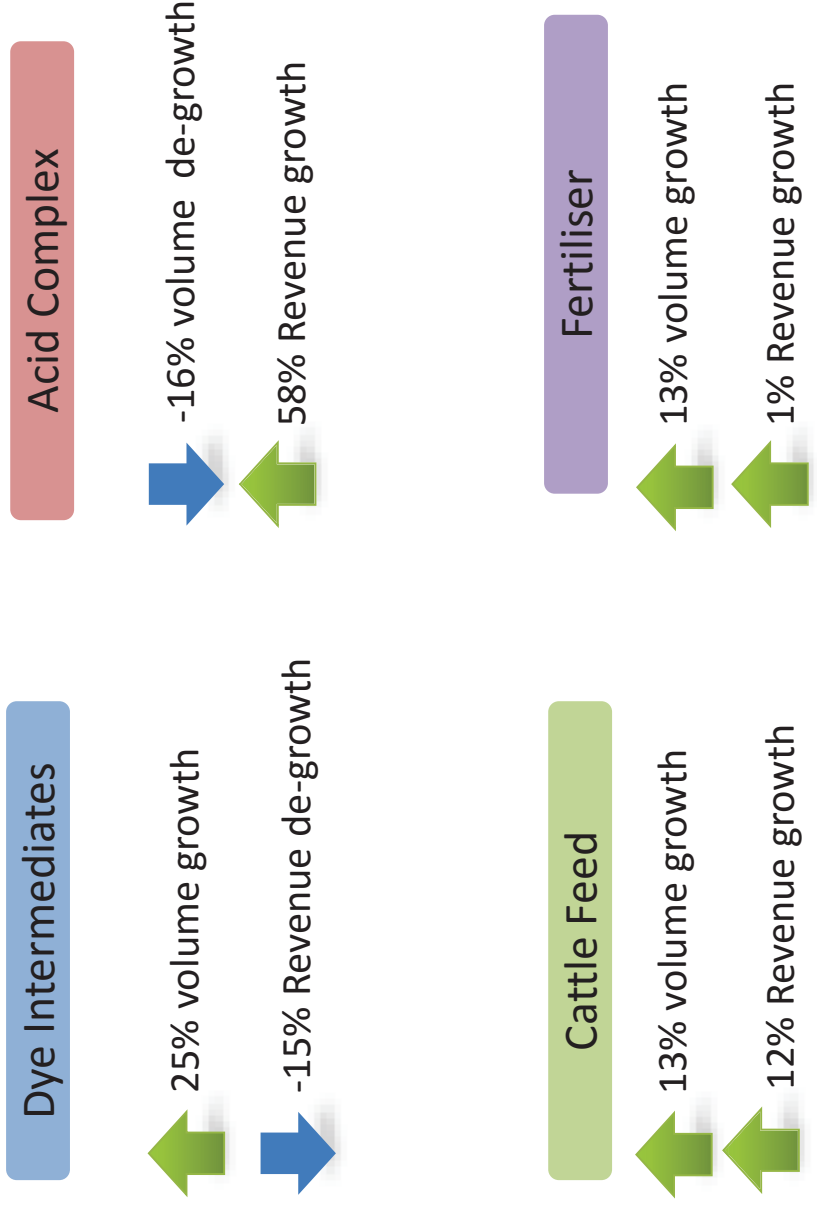
PAT  
**Rs 22 Crs**  
**(Margin 9%)**

## Lower Financial Expenses

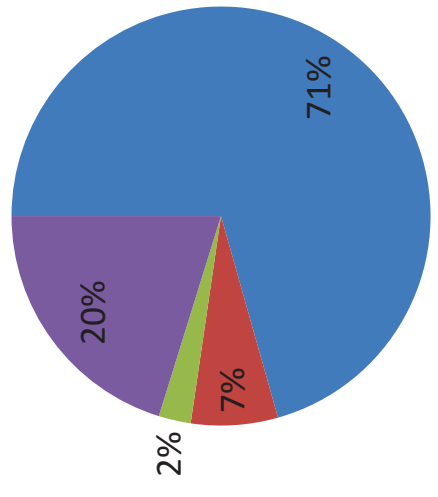
- Finance Cost lower by 64%

Marginal Revenue Decline however, PAT Margins up by 190 bps

# FY16 Segmental Highlights



**Revenue Break up**



- Dye Intermediates
- Acid Complex
- Cattle Feed
- Fertiliser

# Financial Highlights – Quarterly & FY16



Particulars (Rs. In Crs)	Q4FY16	Q4FY15	Y-o-Y	Q3FY16	Q-o-Q	FY16	FY15	Y-o-Y
Net Sales	78.38	70.72	49.61	248.70	266.52			
Other Income	0.90	0.04	1.00	2.54	0.29			
<b>Total Revenue from Operations</b>	<b>79.28</b>	<b>70.76</b>	<b>12.0%</b>	<b>50.61</b>	<b>56.7%</b>	<b>251.24</b>	<b>266.81</b>	<b>-5.8%</b>
Raw Materials	56.42	48.72	34.08	175.29	195.46			
Employee Expenses	2.53	2.50	2.67	10.17	9.11			
Other Expenses	10.56	11.42	6.42	30.87	30.41			
<b>EBITDA</b>	<b>9.78</b>	<b>8.13</b>	<b>20.2%</b>	<b>7.44</b>	<b>31.4%</b>	<b>34.91</b>	<b>31.84</b>	<b>9.6%</b>
<b>EBITDA %</b>	<b>12.3%</b>	<b>11.5%</b>	<b>14.7%</b>	<b>13.9%</b>	<b>11.9%</b>			
Depreciation	1.16	-0.24	0.85	3.80	3.62			
<b>EBIT</b>	<b>8.61</b>	<b>8.37</b>	<b>2.9%</b>	<b>6.59</b>	<b>30.7%</b>	<b>31.11</b>	<b>28.22</b>	<b>10.2%</b>
<b>EBIT (%)</b>	<b>10.9%</b>	<b>11.8%</b>	<b>13.0%</b>	<b>12.4%</b>	<b>10.6%</b>			
Finance Cost	0.55	1.15	0.63	1.97	5.42			
<b>Profit before Tax</b>	<b>8.07</b>	<b>7.22</b>	<b>5.96</b>	<b>29.13</b>	<b>22.80</b>			
Tax	2.35	1.96	0.00	6.84	4.15			
<b>Profit after Tax</b>	<b>5.71</b>	<b>5.26</b>	<b>8.6%</b>	<b>5.96</b>	<b>-4.1%</b>	<b>22.29</b>	<b>18.65</b>	<b>19.5%</b>
<b>PAT %</b>	<b>7.2%</b>	<b>7.4%</b>	<b>11.8%</b>	<b>8.9%</b>	<b>7.0%</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 Q3FY17
Captive Consumption in Dyes Plant	H – Acid	2,400 MTA	750 MTA	Expected by Q2FY17
	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	Expected by Q1FY17
To use effluents generated in SOP	Calcium Chloride		7,000 MTA	To be Commenced on June 2016

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  
April 2016

80 MT WIP  
Inventory as of  
31<sup>st</sup> March 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 Q2FY17
  - **Additional Vinyl Sulphone, Capacity of 1000 MTA commissioned in May 16**
- NDA with Huntsman Corporation for manufacturing of Dyestuff for their textiles division

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



**NPK**

**Capacity  
20,000 MTA  
launched  
on February 2016**



# 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
- As Deicing Agent
  - SOP is designed for snow removal and deicing operations
- SOP plant soft launched on 15<sup>th</sup> May 2016
- Continuing Zero Waste status
  - Setting up Calcium Chloride plant with capacity 7000 MTA
  - To utilize HCL generated in SOP

**SOP**  
**Capacity**  
**10,000 MTA**  
**To Commence**  
**Operation**  
**from June 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

## Additional Fertiliser Products

- Mixed Fertilisers (NPK) – 20,000 MT A
- Sulfate Of Potash (SOP) – 10,000 MTA – to commence production in June 2016

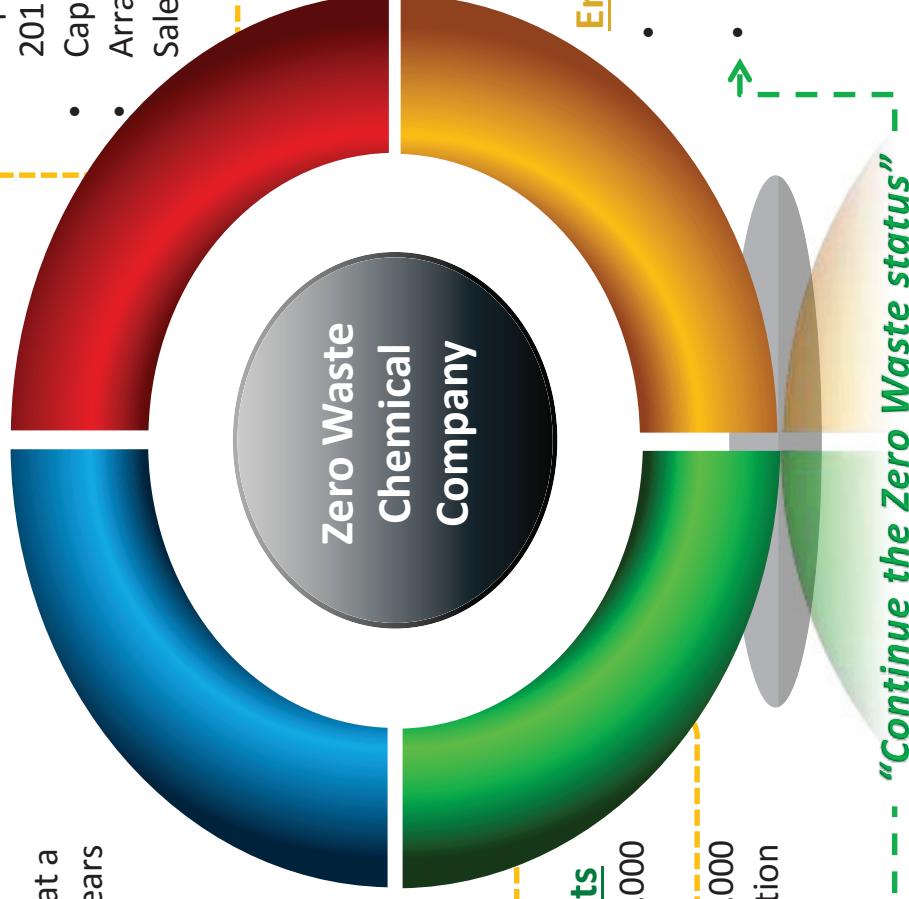
Plant Commissioned

## Reactive Dyes

- Capacity commissioned on 28<sup>th</sup> Jan 2016
- Capacity – 3,000 MTA
- Arrangement with Huntsman for Sales of Dyestuff

## Environmentally Conscious

- Set up a Calcium Chloride plant - 7,000 MTA
- To utilize the HCl generated in the manufacture of SOP



*“Continue the Zero Waste status”*



## Utilization of IPO Proceeds

Particulars (Rs Crs)	Objects of the issue as per prospectus	Total Spent/Utilisation upto March 31 <sup>st</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	30.16	11.43
Setting Up the ETP at Existing Unit I	4.88	0.24	4.64
Preliminary & Pre-operative expenses / Issue Expenses	7.00	5.51	1.49
General Corporate	4.00	0.06	3.94
<b>Total</b>	<b>62.14</b>	<b>40.64</b>	<b>21.50</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 31.03.2016 was Rs.8.99 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

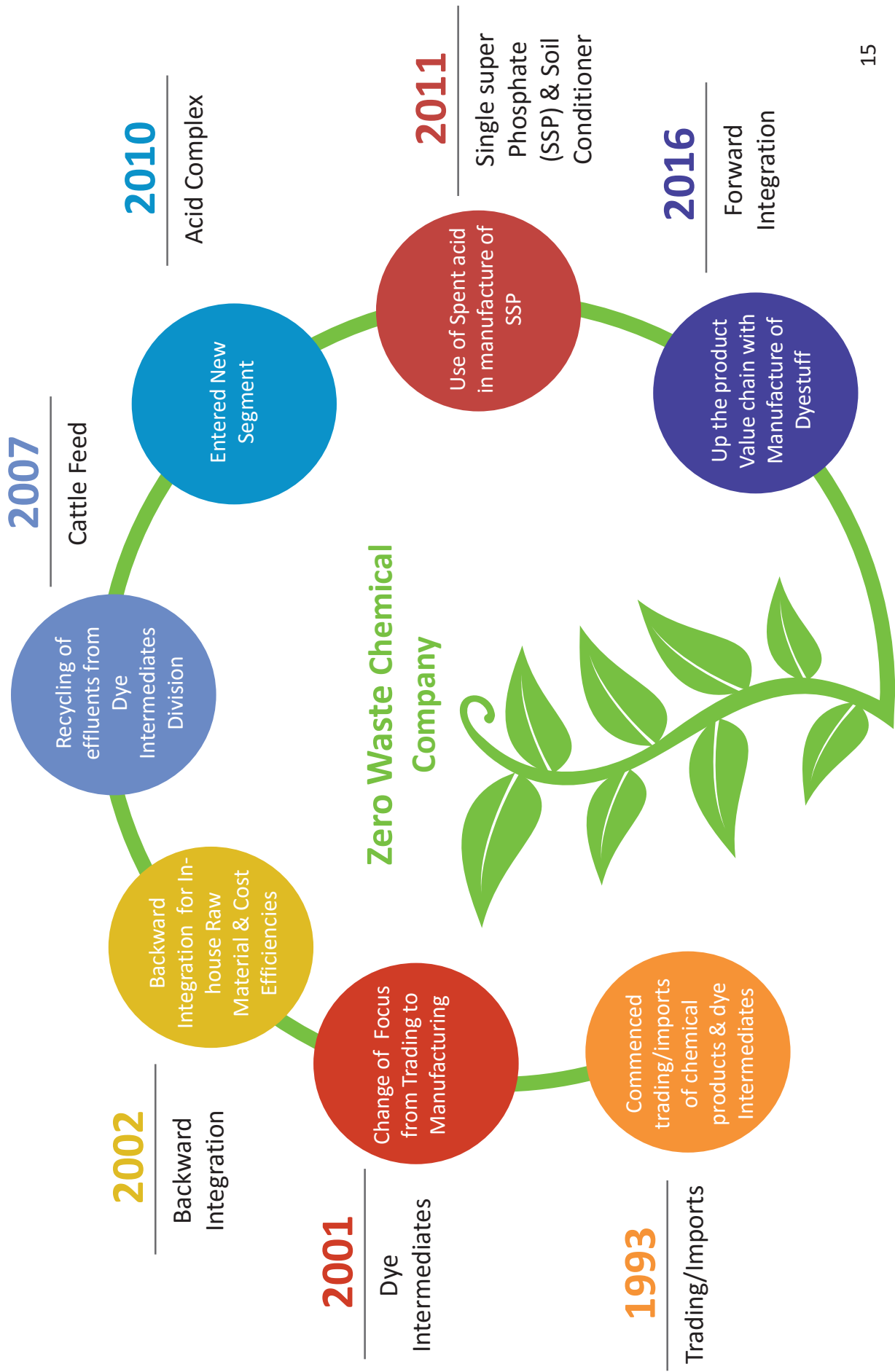
**Exports** to world's leading dye manufacturers Huntsman Corporation in USA

**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



Sulphuric Acid Plant



Unit 2– Granulation Plant



New Quality Testing Lab for Dyes



New Reactive Dyes Plant  
Unit 3



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





# Key Management



**Punit Makharria**  
 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 Makharria**  
 Joint 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 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 an B. Tech in Dyes & Pigments, he has over 20+ years of experience in the manufacture of Dyes



**Kishan Bhargav**  
 Company Secretary  
 A CS with Bachelors in Law and Diploma in HR Management, has experience in corporate compliance and secretarial



# Business Overview

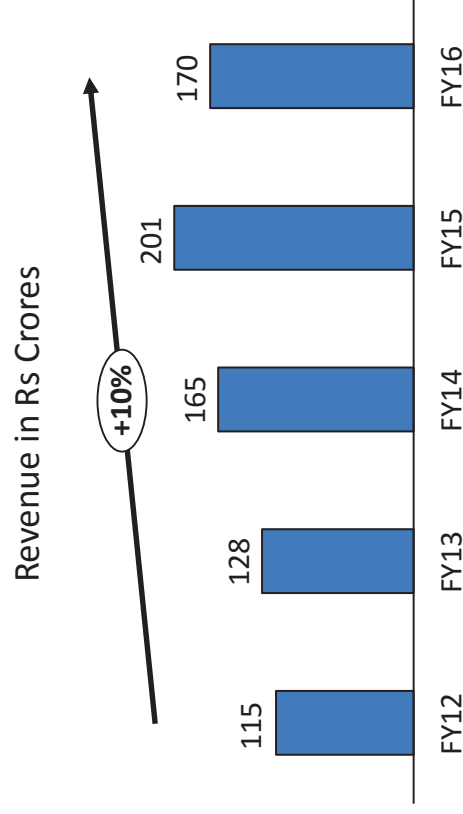
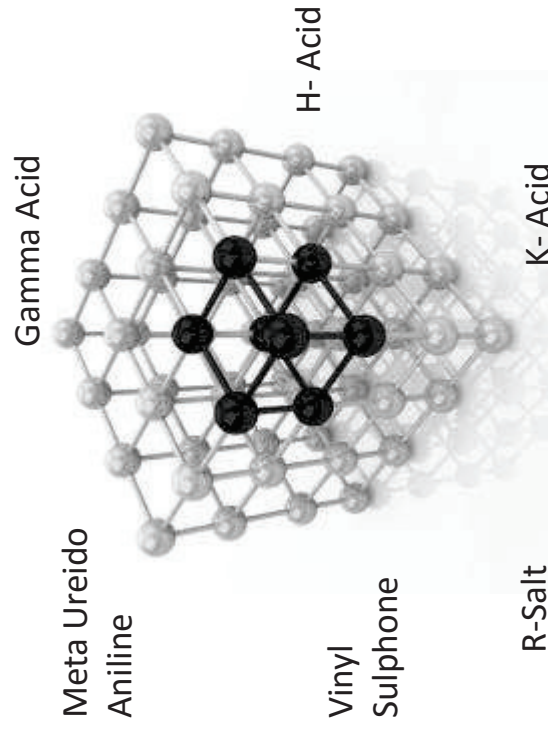
% of FY16 Revenue	Business Verticals	Details	Products	Industries
71%	Dye Intermediates	Products manufactured from organic chemicals and are further processed to obtain dyestuff	Gamma Acid, K- Acid, R-Salt, Vinyl Sulphone, Meta Ureido Aniline and H- Acid	Manufacturers of Synthetic Dyes
7%	Acid Complex	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
20%	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
	Dyestuff	To commence production in January 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



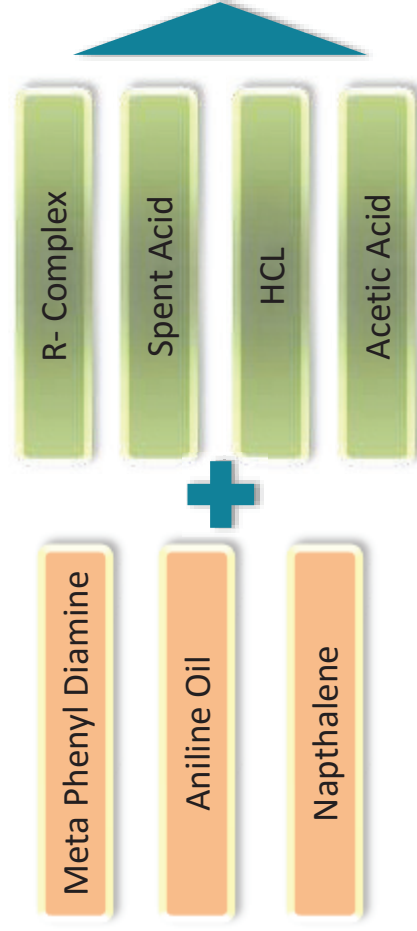
## 2001 – 2006

- 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



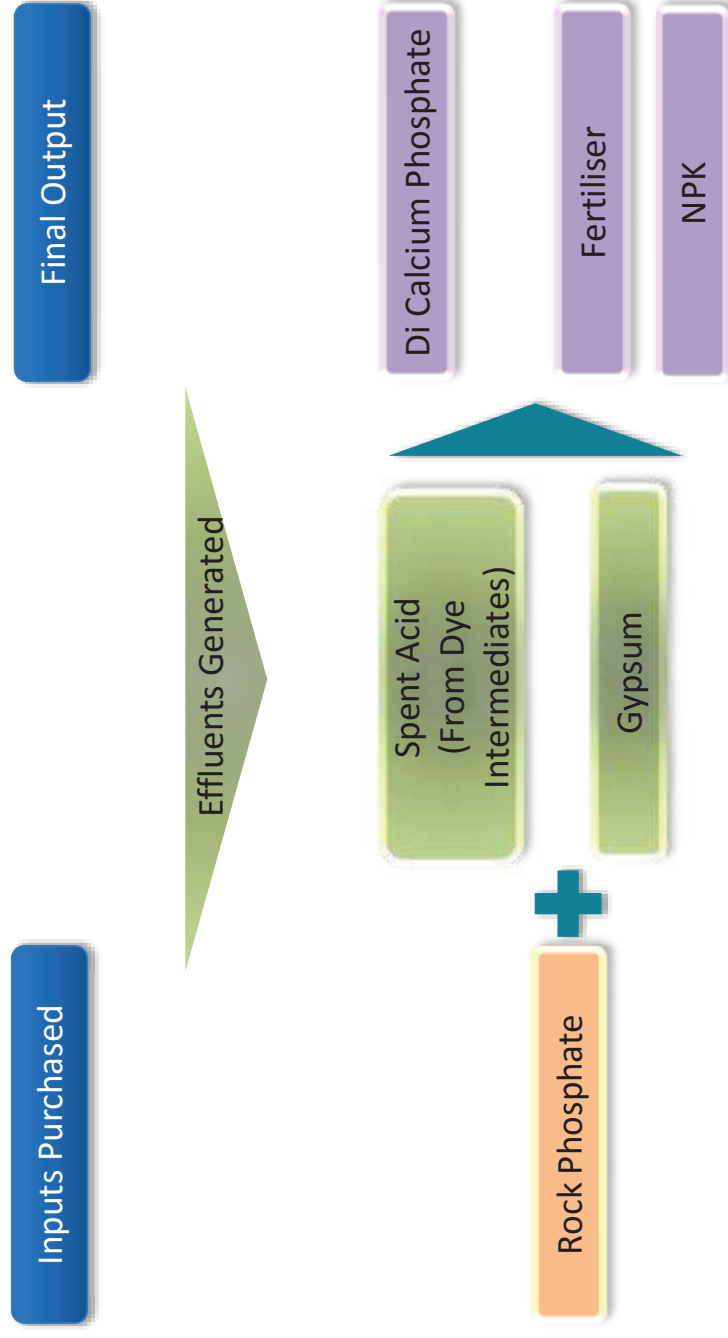
Increased product basket from 2 to 7

# 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

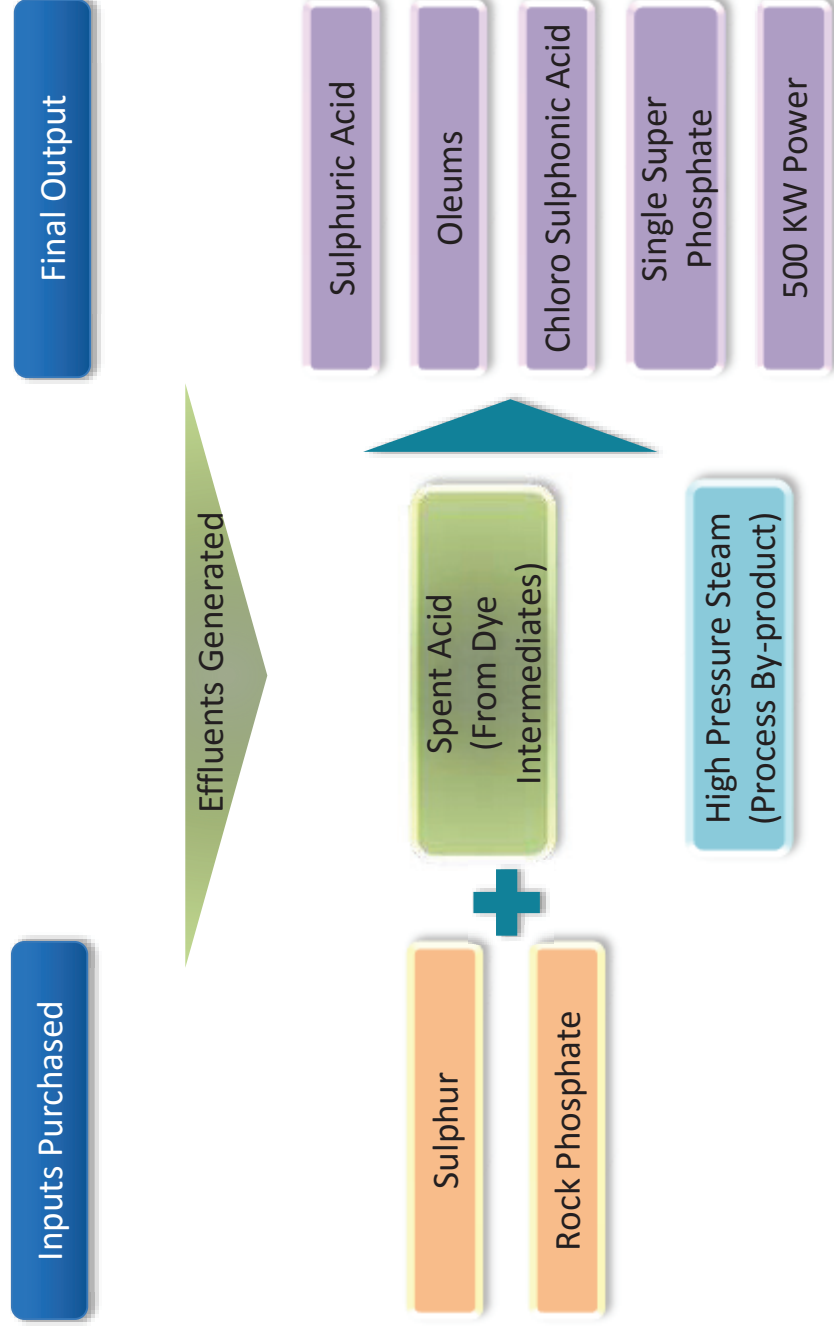


## 2009 – till date

- 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



- Arrangement with the Textile effects division of Huntsman Inc. for manufacture of **Dyes for Huntsman**
- **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



## Zero Waste

- 01 Recycle of Effluents to generate new products

## Low Financial Leverage

- 05 A Zero Debt Company with Debt to Equity nearly NIL

## Internal Power Generation

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

## Single Location Plant

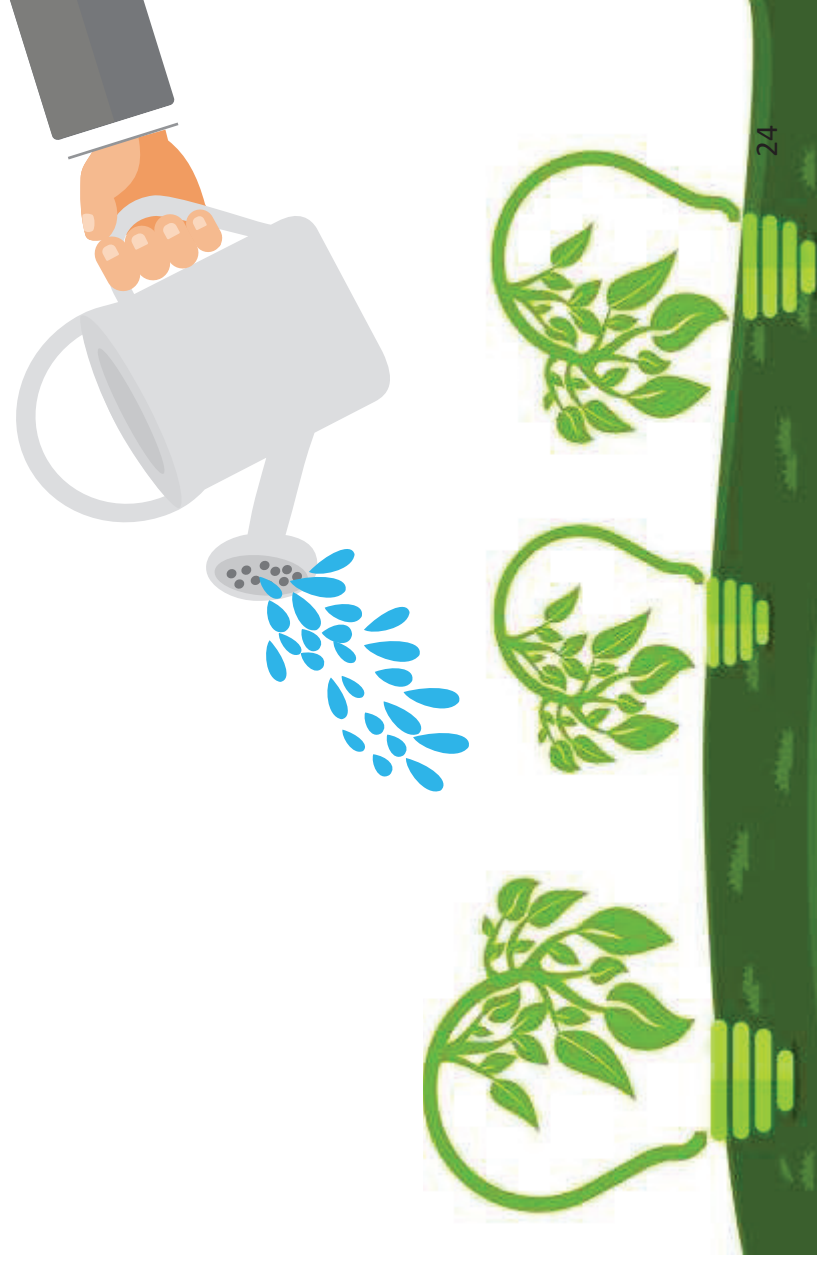
- 06 All Facilities within MIDC, Lote Parshuram, Maharashtra

## Cost Efficiencies

- 03 Led by Backward Integration of Raw Material manufacturing

## Own logistics Fleet

- 04 For smooth transportation of raw material and products to Clients







The chemistry  
Behind colours....

## Financials



# Strong Financial Performance



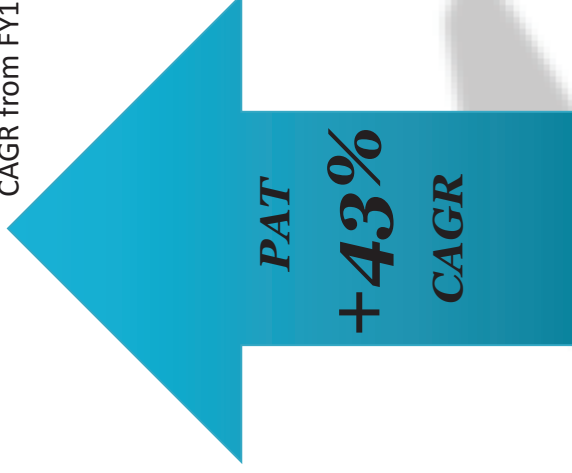
CAGR from FY12 to FY16



Improved  
Product Mix



Margins up  
from 12% to 14%



Margins up  
from 4% to 9%

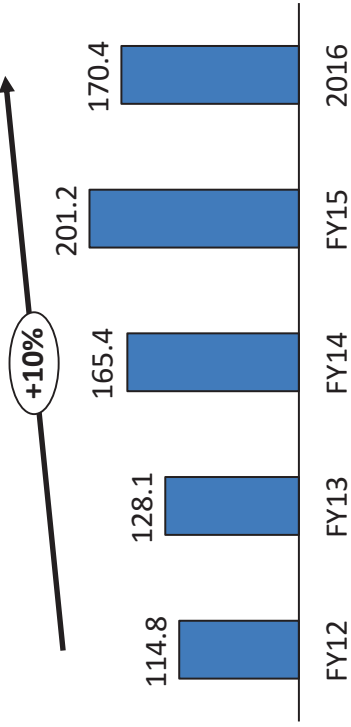
Along with a strong Balance Sheet



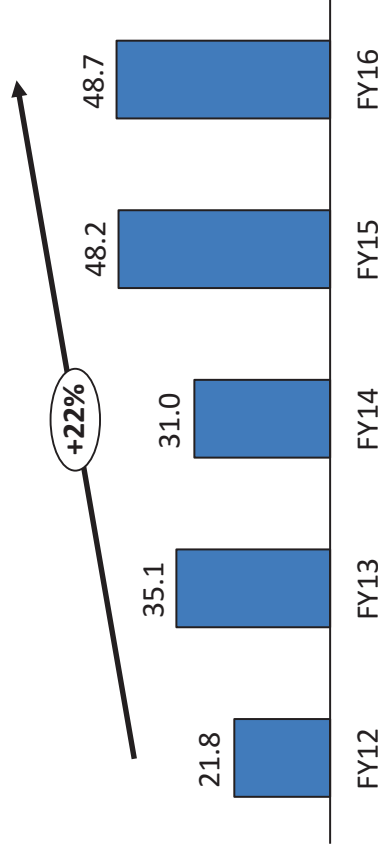
# Segmental Performance

(Rs in Cr)

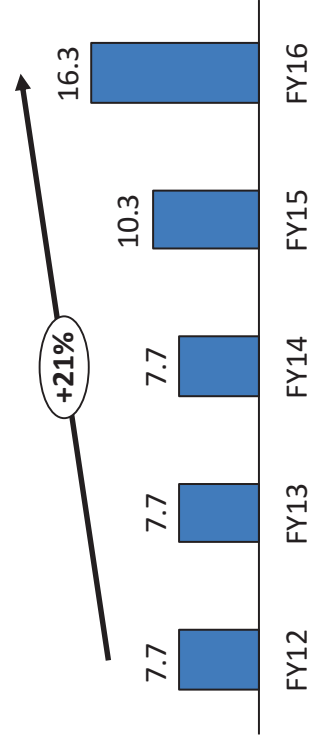
Revenue



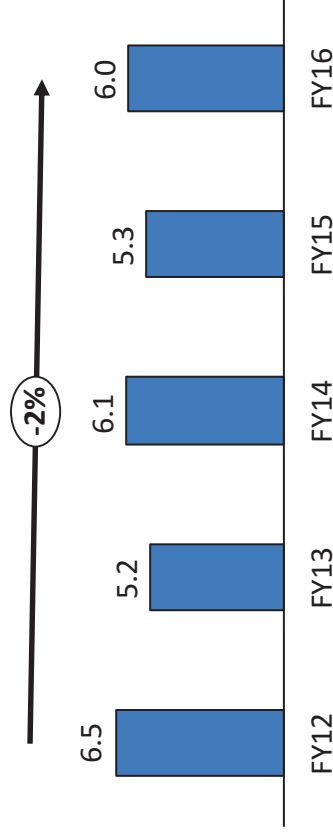
Dye Intermediates



Fertilisers



Acid Complex



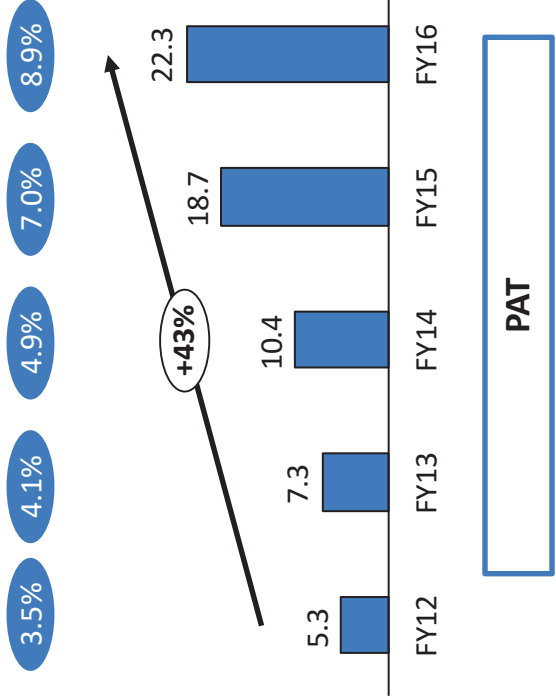
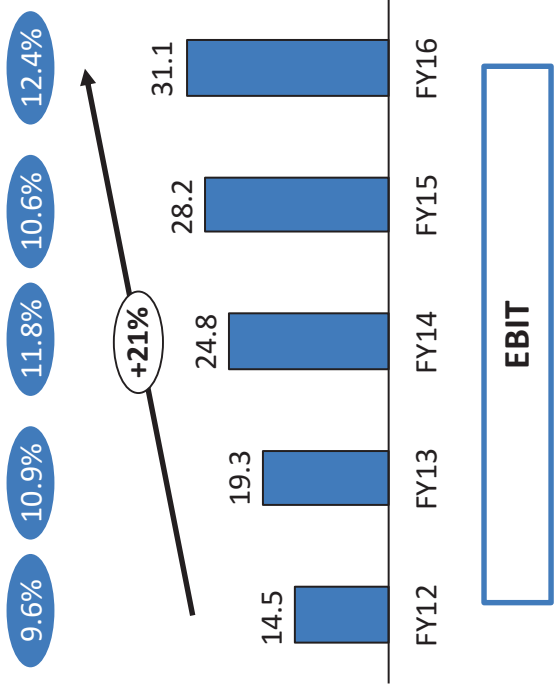
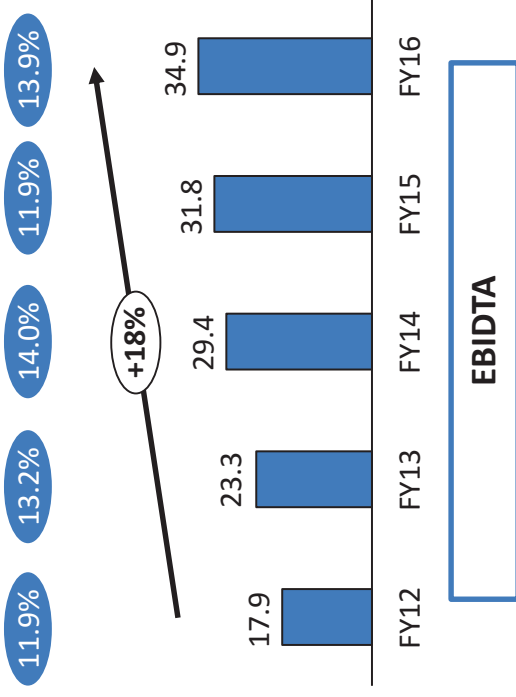
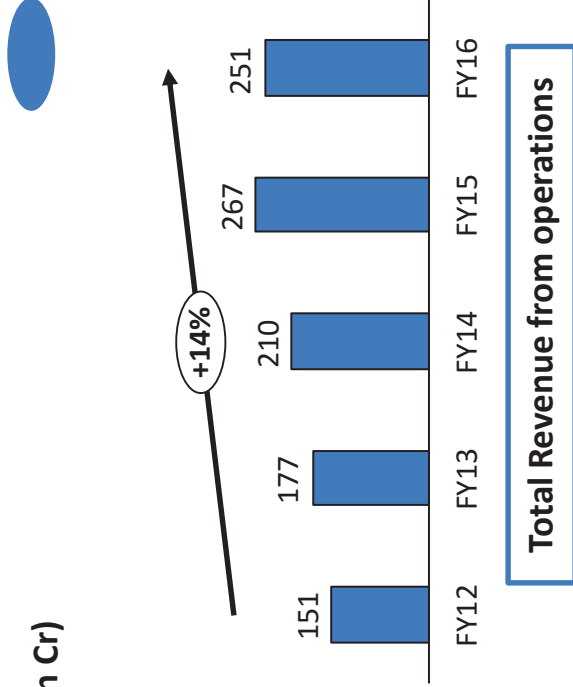
Cattle Feed



# Key Financial Parameters

(Rs in Cr)

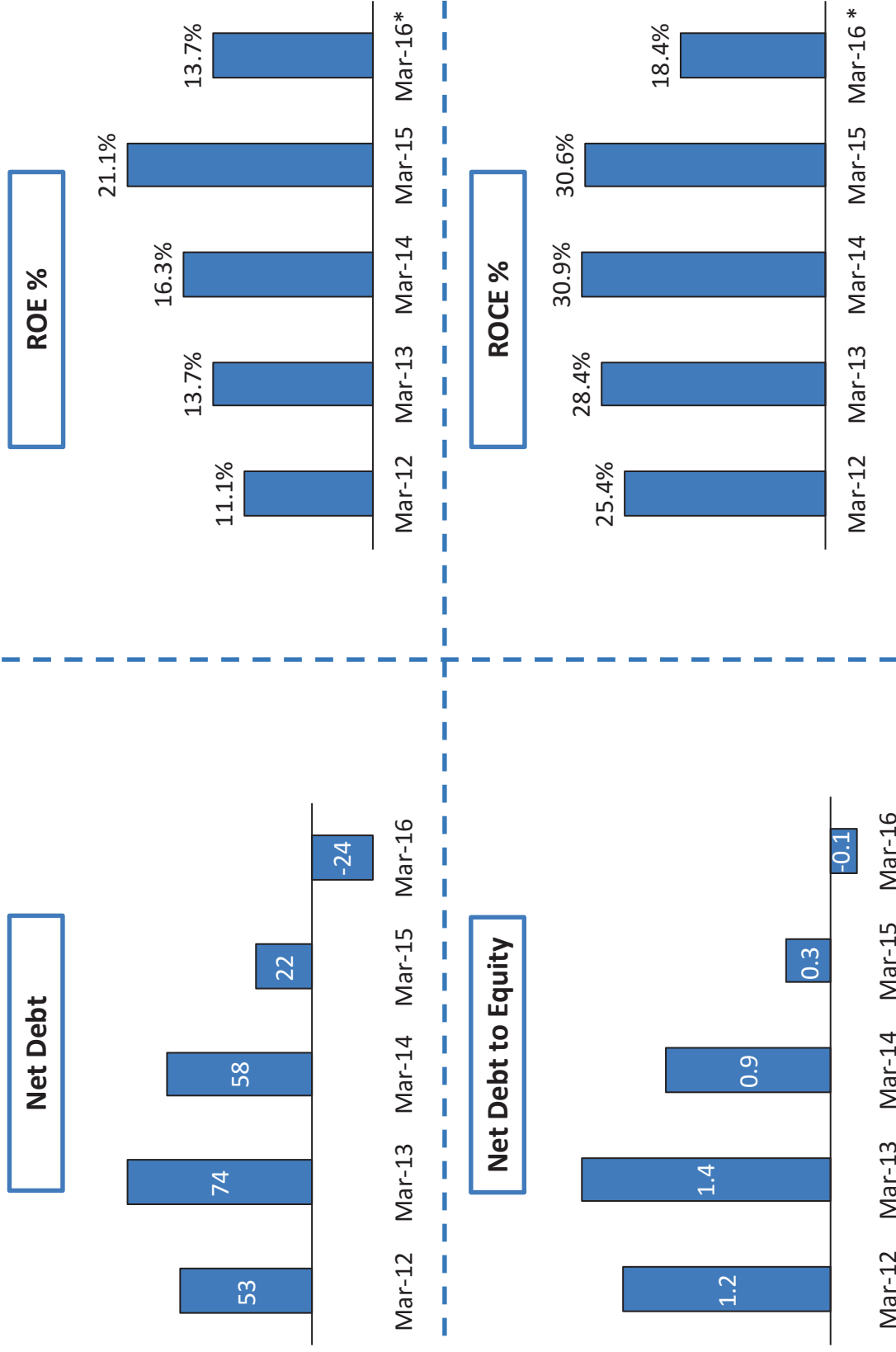
Margin %





# 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
Total Revenue	248.70	266.52	210.09	175.98	150.71
Other Income	2.54	0.29	0.28	0.59	0.26
<b>Total Revenue from Operations</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>EBITDA</b>	<b>34.91</b>	<b>31.84</b>	<b>29.40</b>	<b>23.34</b>	<b>17.91</b>
<b>EBITDA %</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>EBIT</b>	<b>31.11</b>	<b>28.22</b>	<b>24.76</b>	<b>19.29</b>	<b>14.52</b>
<b>EBIT (%)</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>Profit before Tax</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>Profit after Tax</b>	<b>22.29</b>	<b>18.65</b>	<b>10.39</b>	<b>7.28</b>	<b>5.31</b>
<b>PAT %</b>	<b>8.9%</b>	<b>7.0%</b>	<b>4.9%</b>	<b>4.1%</b>	<b>3.5%</b>

# Balance Sheet



Liabilities (Rs in Crs)		Mar-16	Mar-15
<b>Shareholders Fund</b>		<b>163.13</b>	<b>88.16</b>
Share Capital		30.22	20.71
Reserves & Surplus		132.91	67.46
<b>Total Non Current Liabilities</b>		<b>5.73</b>	<b>4.02</b>
Long Term Borrowings		0.08	0.16
Deferred tax liabilities		5.37	3.75
Other Non-Current Liabilities		0.12	0.11
Long term provisions		0.16	0.00
<b>Total Current Liabilities</b>		<b>53.02</b>	<b>47.64</b>
Short Term Borrowings		17.41	24.56
Trade Payables		21.04	9.90
Other Current Liabilities		8.54	7.99
Short term provision		6.03	5.19
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>221.88</b>	<b>139.82</b>
<b>Assets (Rs in Crs)</b>			
<b>Total Non Current Assets</b>		<b>105.93</b>	<b>71.41</b>
Fixed Assets (including CWIP)		95.07	69.11
Non Current Investments		0.05	0.05
Long term loans & advances		9.81	1.23
Other Non Current Assets		1.01	1.02
<b>Total Current Assets</b>		<b>115.94</b>	<b>68.41</b>
Inventories		24.50	31.64
Trade Receivables		43.92	28.96
Cash & Cash Equivalents		41.77	3.26
Short Term loans & Advances		3.85	3.50
Other current asset		1.91	1.05
<b>TOTAL ASSETS</b>		<b>221.88</b>	<b>139.82</b>



**For further information, please contact**

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**Strategic Growth Advisors Pvt. Ltd.**

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