



**“Shree Pushkar Chemicals & Fertilisers Limited Q1 FY-  
17 Earnings Conference Call”**

**August 17, 2016**



**S. N. SENGUPTA: MR. PUNIT G. MAKHARIA - CHAIRMAN AND MD  
MR. S. N. SENGUPTA - ASSOCIATE DIRECTOR  
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**Moderator:**

Ladies and gentlemen, good day and welcome to Shree Pushkar Chemicals & Fertilisers Limited Q1 FY17 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the believes, opinion and expectation of the company as on the date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during the conference call, please signal an operator by pressing '\*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Punit Makharia – Chairman and Managing Director. Thank you and over to you, Mr. Makharia.

**Punit Makharia:**

A very warm welcome to the quarter ended Q1 FY17 Earnings Call of our company Shree Pushkar Chemicals and Fertilisers Limited.

On the call I am joined by Mr. Sengupta, our Associate Director, Mr. Ratan Jha, our CFO and the representatives of SGA as our investor relation advisor. Our results and presentation have been available on the stock exchange and the same is uploaded on the website and I hope all have got a chance to look at it.

Gentlemen, let me take you through the performance of the quarter post which Mr. Sengupta will give you through the financial performance. I am happy to mention that our forward integration into Dyestuff has been a success and we have started sales for the year FY17. We have had 4% revenue coming from the Dyes segment at the end of Q1 FY17. Going forward we are expecting a much higher contribution from the dyes based business as we are focusing on marketing efforts and new customer acquisitions. We have already started receiving orders from reputed customers in the domestic as well as in the international market. With few of the clients we have also started receiving repeat orders.

We are witnessing a significant uptick and we are extremely positive for a significant share of revenue from this segment by the end of this current financial year. Currently we are experiencing a capacity utilization of around 50% in the Dyestuff segment and taking a que from the same we are also building additional capacities for the Dyestuff by 3,000 metric ton per annum which will double our current capacity of the plant. The same will be on stream in the second half of the current financial year and we will provide sufficient room for the growth in the next two to three years.

We have continued to maintain our environment friendly status and we continue to be a zero waste chemical company. Gentlemen, as far as our CAPEX is concerned let me give you a small brief about the same. We have commissioned an additional 1,000 metric ton per annum of Vinyl Sulphone plant in this May 2016. This will support our raw material requirements for



our Dyestuff plant so that the current customer schedule of dyes intermediates does not get impacted.

We are also in the process of commissioning our additional capacity of H-Acid with a capacity of 750 tons per annum. This will also cater to our Dyestuff shortly. I am happy to add that we have commissioned our SOP, Sulphate of Potash plant also in the month of August for which stabilization is underway and we expect to start the commercial production by September 2016. As an update for our existing business the chemical industry has been witnessing tailwinds arising due to environment issue in the larger export markets of Asia. And as the trend continues the Indian manufacturers in the organized sector stand to benefit from the same.

The dye intermediate is seeing a significant shift towards India which is positive for the industry as a whole and with our diversified portfolio in dyes intermediates and unique zero waste business model we are better positioned to benefit from the same. In dyes intermediate segment we saw a strong volume growth in this quarter but the price stabilization is the main key for the intermediates from its peak levels which have led to a lower realization.

Now just moving towards the other segments our cattle feed business division experienced a nominal growth and had smooth business activities without hampering our revenues at a whole. In our fertilizer division we had a onetime impact of delay in getting a license renewal for SSP by the Government of India which has led to delay in production and sales. Our sales of NPK and soil conditioner continue to be healthy with good monsoon we see a good demand coming forward for the rest of the year.

Now I would like to handover the call to Mr. Sengupta to take you through the financial performance of the company.

**S. N. Sengupta:**

Thank you, Mr. Makharia. Good afternoon to everybody who have joined this call. Let me take you through our first quarter FY17 results. The highlights are that the total revenue has been Rs. 64.43 crores which is a growth of about 6.9% as compared to the first quarter of last year. The EBITDA also has grown to 17.1% that is about Rs. 10.95 crores in actual terms..

Now basically the raw material cost which was higher last year, we have experienced some benefit and there has been a small reduction and what was last year at the level of about 69% in the first quarter has come down to 68% which has added to our bottomline. Our continuous efforts in managing our financial cost which has also reduced substantially. All these together have added to the benefit in the bottomline.

The profit after taxes has been at Rs. 6.03 crores which is about 7.9% growth and as a percentage of sales it is at 9.4%. The taxation which we have provided this year has been slightly on the higher side which includes the provision towards deferred tax also. This was basically done on the insistence of our auditors.



Now coming to the segmental performances. The sales of Dyestuffs which has just started off in the first quarter has added about 4% to our total revenues. As regards to the dye intermediates in volume terms we have had a growth of about 36% and which contributes roughly about 74% to the total revenues. So if at all you take into consideration the dyes and the Dyestuffs both of them together contribute about 78%.

In value terms the business has grown by about 6.4%. The acid complex has had a de-growth basically on account of the fact that acid is an item of captive consumption and whatever the leftover is being sold in the local market. So with our improvement in capacity utilisation in the dye intermediates section we had a larger consumption internally and therefore the available acid for sale has been slightly lower.

As regards the fertilizer segment, this year we have a contributed of about 16% and the volumes had a de-growth to the extent of about 17% but this is mainly because the license as you will recall is renewed at the beginning of every financial year by the Government of India. This year there has been a general delay in the renewal by the Government of India for all the producers of SSP and that is the reason why there has been lower sales in the SSP in the first quarter. However since there has been an addition of NPK we have had a little subdued effect on that count. As far as the cattle feed is concerned we more or less have a similar performance as it was last year.

And now I would request you to come to the question-answer session.

**Moderator:**

Thank you. We will now begin with the question-and-answer session.

We take the first question from the line of Deepak Agrawal from Impetus Advisors. Please go ahead.

**Deepak Agrawal:**

My first question is on your Group company Abiss Textile Solutions. What is the case there and what exactly does this company do?

**Punit Makharia:**

Deepak, in fact I was expecting this question from some of the investors and let me be very straight forward with you. Basically this Abiss Textile company was promoted by the promoters of Shree Pushkar Chemicals and Fertilisers and the basic idea behind promoting this company was that the parent company that is Shree Pushkar Chemicals and Fertilisers takes the majority stake into this company. And we were planning to have our own marketing platform under our own brand for the marketing of the textile chemicals that is the dye stuff and other textile specialty chemicals. That has been our basic plan. However the company has got nothing to do with Abiss Textiles as of now.

**Deepak Agrawal:**

But what business is it doing currently?

**Punit Makharia:**

Abiss is not doing any business currently Deepak and we had certain plans but as of now there are no plans of doing any business in Abiss.



- Deepak Agrawal:** And your agreement with Huntsman for dyes is that for a specific quantity or period what is it? Because you said that you are also looking at multiple customers for dyes.
- PunitMakharia:** As of now we are not having any kind of a contract with any particular customer. We are having our freelancing marketing team for the textile dye stuff. As far as the customers of the textile dyes are concerned, we are having a couple of good customers also to whom we are targeting and with whom we are getting repeat businesses also. There are many multinational companies with whom we are doing regular businesses. And currently we are exporting textile dyes also.
- Deepak Agarwal:** And the dye intermediate prices had shot up significantly in the last quarter and some of your peers have reported significant increase in the profits but we have not seen that in your case?
- Punit Makharia:** You are talking about Q4 or Q1?
- Deepak Agarwal:** QII think April there was a spike in the all the dye intermediate prices.
- Punit Makharia:** Are you comparing with the volume wise growth or are you comparing with this bottom line growth or means what is the measurement of?
- Deepak Agarwal:** Profit growth?
- Punit Makharia:** Profit growth, I believe Deepak we have reported a good margin in this quarter at around 17% EBITDA margin which has improved in comparison with that of last financial year. 17% EBITDA margin I do not think is low for a stable company like Shree Pushkar Chemicals and Fertilisers. And if you go a little bit into the past and look at our peer competitors, the margins have been erratic. But as far as our company is concerned, we have been having a constant and regular growth.
- Deepak Agarwal:** Can you give me what were your average realizations during the quarter for dye intermediates?
- Punit Makharia:** As we have mentioned that around 78% of the revenue has come from the dyes and dyes intermediate sector.
- Deepak Agarwal:** No, average realization for H-Acid and for Vinyl Sulphone?
- Punit Makharia:** Deepak we produce ten different commodity products.
- Deepak Agarwal:** I am asking for two of them for H-Acid, whichever is your major ones, two, three?
- PunitMakharia:** I think H-Acid should be close to around Rs. 400.
- Deepak Agarwal:** For the quarter?



- Punit Makharia:** Yes and Vinyl Sulphone should be close to around Rs. 300 or so in the Q1. These figures I am giving you approximately this could be 5% here and there.
- Deepak Agarwal:** Fine and what were the volumes of dye intermediates?
- Punit Makharia:** I believe there is a growth into the volumes.
- Deepak Agarwal:** Yes 36% volume growth but if you can give a volume figure actually?
- S. N. Sengupta:** Dye intermediates we have a sales of about 1,426 metric tons as against 1,048 during the same period last year.
- Punit Makharia:** So it is overall around 36% growth into the volumes of the dye intermediates.
- Deepak Agarwal:** No, sales volumes?
- Punit Makharia:** Yes that is right.
- Deepak Agarwal:** These are production I think you said production?
- S. N. Sengupta:** I am talking about market sales.
- Moderator:** Thank you. We take the next question from the line of Saravanan Viswanathan from Unifi Capital. Please go ahead.
- Saravanan Viswanathan:** Two questions. One on the dyes segment how are your marketing initiatives shaping up? You had mentioned that you started relationship with couple of customers so for the year what sort of volume growth you expect in this dye segment?
- Punit Makharia:** As of now as we mentioned that the company has already achieved almost 50% of the dyestuff production capacity and the same we have already started marketing. Very honestly speaking Q1 does not have much volumes of textile dyes. We have sold dyes of approximately Rs. 2.5 crores only which is approximately 4% of the total sales of Q1. Now as far as Q2 is concerned in this Q2 we have got very good response from the customers because the dyes business is like any other new product, you know initially we have to give samples then there is the sample approval, then there is a trial lot run. It is a slightly slow process and it takes a little bit more time.
- Now in this Q2 the product is receiving quite a good response and we have repeat orders from various customers and very good consumers have been associated with us in this Q2 business. We are exporting the textile dyes also to Europe and other Asian countries. We believe that in Q2 sales of dyes to be somewhere around 450 tons to 500 tons.
- Saravanan Viswanathan:** Okay in Q2 itself?



- Punit Makharia:** Yes in Q2 itself the company is getting this good response as far as the textile dyes is concerned.
- Saravanan Viswanathan:** So with this existing customers is it like a period contract or just a consignment by consignment contract?
- Punit Makharia:** No, it is always a spot business Mr. Saravanan.
- Saravanan Viswanathan:** Okay fine sir, I got that. So I would assume like in Q2, in H2 also the off take should be slightly better than Q2?
- Punit Makharia:** Yes, and we are very bullish and very positive as far as our dyes business is concerned, let me be very straightforward with my investors, Mr. Saravanan. In Q4 of financial year 2016 we could not sell dyes. In Q1 of 2017 we could not get the desired business of dyes hardly we have sold this 4% of the total revenue of the Q1. But in Q2 we have received good response and good business of dyestuff will be reported.
- Saravanan Viswanathan:** Fine sir, so this gives you the confidence to do another 3,000 tons capacity expansion this year itself?
- Punit Makharia:** Obviously, Mr. Saravanan, there is no doubt let me tell you.
- Saravanan Viswanathan:** Okay fine sir I mean this is really good.
- Punit Makharia:** And you know, Mr. Saravanan, I would like to put one more point here that very shortly the company will be coming out with its own brand also on the international platform for which you know we are planning the entire strategy also that is under planning and probably when we have the next con call, after the results of this H1 of this financial year at that time we will discuss in details also.
- Saravanan Viswanathan:** Fine sir and coming to the fertilizer segment so you had mentioned that SSP sales was not possible in Q1 so that will start coming in Q2 onwards as well as your Sulphate or phosphate also will start, right from Q2?
- Punit Makharia:** Let us address first of all SSP. See SSP is a completely regulated business you know Mr. Saravanan and we have a marketing tie up with DCM Shriram. For that marketing tie up we have to have permission from the Central Government that is the Department of Fertilizer every year and that permission which is given by DOF is for one particular financial year. In this financial year as you know this allotment of the permissions to the entire industry not only to Pushkar to all these industries into the SSP business was delayed by the Government of India. Now we received all those permissions somewhere in the month of May and without having a marketing permission we cannot sell SSP through our marketers until and unless we have the permissions. So we had the permissions in the month of May then we got hardly you know this one month in Q1 for the sale of our SSP.



**Saravanan Viswanathan:** So in Q1 of last year it was predominantly SSP and soil conditioner, but in Q1 of current year it was little bit of SSP and NPK and soil conditioner?

**Punit Makharia:** That is right, and now in Q3 onwards we will have SSP, soil conditioner, NPK as well as Sulphate of potash.

**Saravanan Viswanathan:** So this division could very well be some 30% of your revenues for the current year?

**Punit Makharia:** Approximately yes, not in the current year but yes from the next year onwards.

**S. N. Sengupta:** Saravanan, I would like to add one thing that 30% in today's levels is not the right aim because basically we will be having substantial amount of sale coming from the dyes. So as our top line goes up the segmental performance of this fertilizer today whatever is about 16% to 18% will go to roughly about 22% to 25%.

**Punit Makharia:** Yes, I think 25% is the correct figure Mr. Saravanan, we should take.

**S. N. Sengupta:** Not 30%, because 30% would be a tall figure considering whatever we are going to get additional sales from the dyes which is a much more expensive material.

**Saravanan Viswanathan:** Fine sir, understood. So SOP will there be a lag between I mean commercialization and off take or you have the marketing in place so that you can immediately start marketing it?

**Punit Makharia:** As far as SOP is concerned we already have the trial production in our hand. The material has been tested into the outside laboratory like SGS and as well as you know in this intertek also. It has been approved, we have already started sending the samples and the trial lot to the customers for their approval. And we are also placed some of the quantities into the market for the trial sale. And we believe that from September onwards we will start getting responses as far as the SOP is concerned. Because you know Mr. Saravanan, for introduction of any new product into any company takes a little bit longer time because there are certain processes which we need to fulfill like you know first of all approval of the sample, then the specification sheet, then this trial run of the samples, then this acceptability as well as the technical quality is concerned, then the other commercial parts. So this takes a little bit of a time but once it is done then I believe there is no hitches into that.

**Saravanan Viswanathan:** That is great sir. And so now that your plans in dyes as well as SOP are sort of fallen in place, are you now looking at some other diversification in the chemical segment for maybe from a next year perspective?

**Punit Makharia:** Mr. Saravanan, we are already lined up and planned for our financial year 2017-18. Now what we have in our kitty for the 2017-18 is (a) doubling of the dyes plant (b) doubling of the Sulphate of potash plant (c) we are very shortly introducing our specialty textile dyes as well as specialty textile chemicals also which will take this company to a new vertical, this company will become a completely textile solution company with a backward forward



integration which will have its own marketing platform, own marketing brand for selling of the dyes as well as for the textile chemicals also.

Apart from that we will have a second vertical as far as the fertilizer is concerned which will be having four demanding products into the segment. So till 2017-18 we have our plans for reaching till this level whereas we double our dyes and this doubling SOP as well as these textile chemicals. Post 2018, company has already purchased a new plot into the same industrial area for around 10 acres for that you know that plot what we have purchased is our future growth for financial year 2018 onwards.

**Saravanan Viswanathan:** That is good to know, sir. And so what will be the approximate capital expenditure for FY18 and as well as brand building expenditure FY18?

**Punit Makharia:** Very tentatively and very approximately this will not be more than Rs. 10 crores but which will give a very excellent amount of growth into the revenues as well as into the bottom lines also of the company. And this additional approximately Rs. 10 crores will be funded only by the company from the internal accruals. Company does not need to go to any bank for any kind of a funding and all these things, and you can imagine for the financial year 17-18, if the company doubles Dyes as well as SOP then you know what could be the top line. At the same time there will be no debt.

**Saravanan Viswanathan:** Fine sir, okay. When you mean Rs. 10 crores it is for CAPEX what about the brand building because you said you are targeting to build your own brand in the global market?

**Punit Makharia:** Mr. Saravanan, that plan is under preparation. As of this point of time this will be very premature for me to discuss all these things. Probably we will discuss all these things at this H1 results con call.

**Moderator:** Thank you. We will take the next question from the line of Abdul Karim from HDFC Securities. Please go ahead.

**Abdul Karim:** Your business largely depends on key customers could you tell me like five key customers contribution in FY16 and Q1 FY17?

**Punit Makharia:** Mr. Abdul, first of all I do not agree with this thing that our business depends on very key customers. We are a company who have got customers from the poor farmer to a multinational. Because the sectors in which we do business is from fertilizers, cattle feed I think you know the entire business model.

**Abdul Karim:** Agreed but could you tell me the top five customers contribution?

**Punit Makharia:** Mr. Karim this is not correct for me to talk about our customer's name and other things on this public platform. This is all business information and this will not be correct on our part to discuss about customers.



**Abdul Karim:** Okay no issues, no problem. Could you elaborate the revenue contribution from sales to direct customers and dealers?

**Punit Makharia:** See as far as the fertilizer business is concerned, in our SSP business let us talk about specialty SSP business. For SSP we have marketing tie up with DCM Shriram whereas companies own marketing team is also working in selling of these SSP business from our marketing office in Pune. But whatever the billings we do in SSP that we always do through Shriram. So by that way you can say that yes approximately 12%, 13% of the business is mainly to Shriram because Shriram being our marketing arm of our SSP business so that is through Shriram as well as other products are concerned like soil conditioner and NPK that we are selling through our own marketing team.

**Moderator:** Thank you. We take the next question from the line of Nisha Shah from NS Limited. Please go ahead.

**Nisha Shah:** Sir, can you just throw some more light on the China scenario like are we witnessing more shutdowns and how long Indian would be benefiting from the same?

**Punit Makharia:** Nisha, in my opinion first of all what I personally think that I am sharing with you on this platform basically the kind of industry we are into is highly it is difficult to say but the environment factor makes a very large impact on this industry. Not only environment, even health and safety. One accident of any kind can keep you out of the business right. In case if your company is non-compliant in terms of environment, in terms of the health and safety and any such negative impact on your entire business will keep you out of the business for ever.

The same kind of things are happening in China, Nisha. Because if you see and if you go through and if you search the Google, just before three days back also there was a big blast in China, 21 people killed in a chemical plant in China that was in Hubei. I believe every month there is some kind of episodes happening in China either because of the environment or because of the safety and other related issues. And secondly any such company which is non-compliant in terms of the environment is not going to go long in this industry.

So what is happening is more or less resulting into shifting of focus from China to India. If you go back a little bit 20, 25 years back these all products were being manufactured in European countries, slowly and gradually due to environmental impacts these products have shifted from European countries to China, now from China to India and in India also only those companies would be able to survive which are compliant as far as the environment is concerned. In future I personally see that there is a big opportunity and big scope for the companies like us who are fully compliant, who are zero waste model.

**Nisha Shah:** Sir, so can you just walk us through how we maintain our zero waste model?

**Punit Makharia:** Nisha, you know to reply this question I need a little bit more time. If you go through the slide what we have given earlier in our presentation also and if you do not have that I will tell our IR



to share the same with you. If you go through that slide you will come to know that you know the basic model of the company is that whatever the waste we generate from each and every industry, each and every plant, each and every product the same kind of a waste is utilized to manufacture another value added product. Now let me give you a small brief about this also.

Let us take another competitor. He has to treat that waste. For treating of that waste he has to incur a cost and how far that waste is treatable that is again a big question. So let us not comment on that. In our company what we do is that we use that waste in making a value added product which is an expense for the other is a revenue for us. For the detail of the business model you know I will tell SGA to share the presentation with you and once you go through that you will be able to understand very clearly like the power plant what we have that is a zero cost power plant. We generate power at a zero cost.

**Nisha Shah:** Actually sir, I just wanted to know what are we doing for our new products after our new products will be doing for our zero waste, I want to know that.

**Punit Makharia:** New products in the sense you are talking about Sulphate of potash or what other products?

**Nisha Shah:** Yes, I mean that product.

**Punit Makharia:** You know Sulphate of Potash we will be producing Sulphate of Potash from two raw materials which is sulphuric acid as well as you know KCL. Sulphuric acid is company's own production. During the production of Sulphate of Potash we again get a by-product waste that is called hydrochloric acid. To use that hydrochloric acid, we have put our own plant for calcium chloride. So again here we will be converting our waste into wealth.

**Nisha Shah:** Okay and about dyes?

**Punit Makharia:** Dyes we do not generate any waste, Nisha.

**Nisha Shah:** Okay and sir one more question what will GST will have an impact on our company?

**Punit Makharia:** See I do not have much knowledge I have not gone through that but I believe that the GST will be more beneficial not only to this industry to the entire segment of the other industries also that there will be much competition during our interstate sales. Like suppose if we make an inter-state sale then we have to be cheaper by 2% so once the GST is implemented then we will have more competitiveness.

**Moderator:** Thank you. The next question is from the line of Deepak Agarwal from Impetus Advisors. Please go ahead.

**Deepak Agarwal:** Sir, can you give me what are the current realizations of dyes that we produce?



- Punit Makharia:** As far as the dyes realization is concerned it is not at this vanilla realization, it is depending on from product to product. So dyes is practically from Rs. 250 to almost Rs.400 a kg.
- Deepak Agarwal:** Rs.400.
- Punit Makharia:** And in some products it is more than that also.
- Deepak Agarwal:** And what are the current prices of intermediates?
- Punit Makharia:** I think I shared with you just in your last question.
- Deepak Agarwal:** Current prices, you had given me the realizations of the last quarter?
- Punit Makharia:** It is almost the same, Mr. Deepak.
- Moderator:** Thank you. We take the next question from the line of Jigar Jani from Edelweiss. Please go ahead.
- Jigar Jani:** Just wanted to understand when you say capacity utilization of 50% for dyestuff is it for dye intermediates or is it inclusive of both the new capacity as well which is the 1,000 metric ton?
- S. N. Sengupta:** No, what Mr. Punit has been telling you that overall production levels are in the range of about 50% that is for the dyes. As regards the dye intermediates we are already having a capacity utilization of nearly about 75% to 78% currently.
- Jigar Jani:** And sir the 36% volume growth that we have seen this quarter how much of that would be from the 1,000 metric tons so just wanted to understand how much is the new capacity?
- S. N. Sengupta:** No see I will tell you what last two quarters that is first Quarter 1 FY16 the capacity utilization was around 58% and in this year first quarter we have a capacity utilization of about 79%. That is how it is.
- Jigar Jani:** Okay sir, and regarding the fertilizers segment because of the delay in getting the license we lost lot of volume growth. Do we expect to make that up in Q2 considering monsoons are also better and there is likely to be more demand for fertilizers this season?
- S. N. Sengupta:** Yes, because if at all you see kharif crop has a maximum amount of consumption of fertilizers as compared to rabbi. Now this year though there has been about 15 to 20 days' delay in the monsoons and we got the licenses also renewed a little late and therefore we have actually got one month in the first quarter. But the overall position taking into consideration the monsoons we find that it is very good and we anticipate that we should be able to do roughly around say 25% to 30% more sales in the fertilizer division as far as SSP is concerned.
- In addition, we have the SOP which is also going to come from the second half and then we have the NPK also. So overall we will have a substantial growth compared to last year if at all



you see we had roughly about 48% capacity utilization of the fertilizer that is basically SSP. This year we will be having roughly about 65% to 70% utilization of SSP plus the NPK as well as the SOP. So we will be having fairly good growth.

**Moderator:** Thank you. We take the next question from the line of Saket Bansal from Dinero Wealth. Please go ahead.

**Saket Bansal:** I want to ask this sales of dyes which you are expecting of 450 to 500 metric tons sales in Q2, what will be the percentage of revenue contribution from this?

**Punit Makharia:** I think, Mr. Bansal it is difficult for me to see because still we are almost in half of Q2 and what is the performance of the company it is very difficult to say that but definitely it will be much more than what it was in Q1. And as of now I do not want to give any vague figures. Probably we can reply to your question once we do our in house working then we should give you more correct figures in that.

**Saket Bansal:** But what kind of EBITDA margin can we expect from this sir?

**Punit Makharia:** Mr. Bansal. overall see the company's EBITDA margins have improved quite a lot in our comparison last year performance and we hope to get better EBITDA margins once we have good performance of the dyes which we are expecting in Q2.

**Saket Bansal:** Do we see an expansion from the current level of 17%, sir?

**Punit Makharia:** We are very hopeful for that.

**Saket Bansal:** Can you throw some color on the specialty textile dyes and the chemicals which you are thinking of doing in future?

**Punit Makharia:** That will be also discussed, Mr. Bansal, after H1 end because that plant is also under commissioning and we should be able to start the trial production of that textile chemical plant somewhere near Diwali or by this Q3 of this financial year.

**Saket Bansal:** Okay and sir you purchased this new plot can you tell me what was the amount spent on it, I just lost the figures?

**Punit Makharia:** This is approximately Rs. 3 crores company has purchased this plot for and we have paid presently around Rs.70 lakhs as a 25% money to MIDC as a down payment for that plot.

**Moderator:** Thank you. We take the next question from the line of Jai Maru from Harley Securities. Please go ahead.

**Jai Maru:** What I wanted to understand was out of your current capacity of your dye intermediaries how much of it will be utilized for producing this 3,000 TPA of dyestuff going forward?



**Punit Makharia:** See Mr. Maru, as of now approximately 20% to 25% of our dyes intermediates we are currently utilizing in production of the dyes. But in times to come when we start our H-Acid plants which is also a part of our IPO that plant will be started in Q3 then this 15% to 20% utilization of intermediates captively will be reduced. And we will have more material for our other customers are concerned. And what your question is there I would like to add one more thing into is that once we start our H-Acid plant then whatever extra production not utilizing in production of the dyes will be utilized for the selling into the market. So that will give a growth into the top line.

**Jai Maru:** Okay understood and this 20%, 25% which is utilized currently we will reduce that by 15%, 20% that is what you are saying?

**Punit Makharia:** Yes.

**S. N. Sengupta:** No, let me clarify. In the whole project we have a 1,000 tons VS plant which has been commissioned already and we have a 750 tons per annum H-Acid plant which is also in the advanced stages of implementation. These two plants, are dedicated plants for the production of dyes. In addition to these products whatever is required will be in the range of about say 15% to 20%. So now once the VS plant has already been commissioned the H-Acid plant is likely to be commissioned in the second quarter and the production will probably come into stream by about early third quarter. And from then onwards the H-Acid and VS which is the major constituent of the dye stuff intermediates will totally cease consume from current facility and the remaining items will be purchased from outside. That is how the things are.

**Jai Maru:** Okay and the current capacity which you mentioned in dye intermediates, the current capacity of 7836 NPAs which you mentioned as dye intermediary, so that includes this 1,750 tons of expansion or it is?

**Punit Makharia:** No, it is extra.

**Moderator:** Thank you. That was the last question. I now hand the conference over to the management for their closing comments.

**Punit Makharia:** Dear friends, thank you all for joining the call. I hope we have been able to answer all of your queries. To sum up we have our Dyestuff plant online contributing to our revenues. We are witnessing a good pickup in the volume in Q2 as well as further expansion of Dyestuff as well as fertilizers will boost our company's growth while we keep evaluating newer segments for the future. I hope we have been able to answer all your questions. For any further queries, please get in touch with our Investor Relation Team SGA.

**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.