



# Shree Pushkar Chemicals & Fertilisers Ltd

Investor Presentation

January 2016



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# Commenced Operations for New Reactive Dyes Plant in January 2016



Capacity of  
3000 TPA

At Lote  
Parshuram,  
Maharashtra

New Quality  
Control  
Laboratory

~ 2 months of  
Order book



# 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

- Capacity commercialised operations on 28<sup>th</sup> January 2016
- New Manufacturing Division for manufacture of Reactive Dyes at Lote Parshuram, Maharashtra
  - Installed capacity of 3,000 MT/ annum
  - The plant will be a Zero effluent Discharge Plant
- To meet the captive requirement
  - 2 additional plants for Dye Intermediates to be commissioned shortly
  - H-Acid , Capacity of 750 TPA
  - Vinyl Sulphone, Capacity of 1000 TPA
- 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



# 9M FY16 Segmental Highlights

## Dye Intermediates

↑ 21% volume growth  
↓ -24% Revenue de-growth

## Acid Complex

↑ 35% volume growth  
↑ 75% Revenue growth

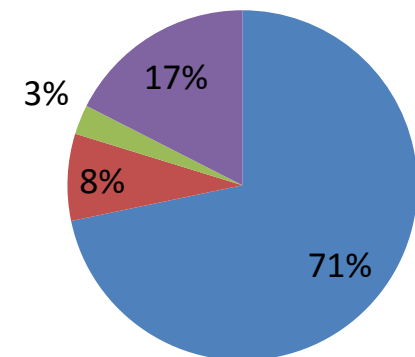
## Cattle Feed

↑ 19% volume growth  
↑ 15% Revenue growth

## Fertiliser

↑ 22% volume growth  
↑ 21% Revenue growth

## Revenue break up



■ Dye Intermediates  
■ Acid Complex  
■ Cattle Feed  
■ Fertiliser



# 9M FY16 Highlights



Revenue  
**Rs 172 Crs**

## Period of soft Raw Material prices

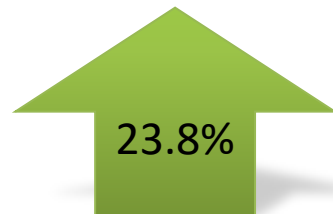
- Pass through of declining Raw Material prices led to a correction in Finished Goods prices
- Stabilization of H-acid prices in the market leading to lower realisation
- Strong volume growth across all divisions



EBIDTA  
**Rs 25.1 Crs**

## Lower Financial Expenses

- Led by better inventory management lowering Working Capital requirement



PAT  
**Rs 16.6 Crs**

## Lower Tax Provisioning

- Capitalisation of assets of the Dyestuff plant in Q4 FY16 will provide tax relief for the full year
- Higher tax provisioning in H1 FY16

Strong current order flow indicating improved industry scenario



# Financial Highlights – Quarterly & 9 Months

| Particulars (Rs. In Crs)             | Q3FY16       | Q3FY15       | Y-o-Y         | Q2FY16       | Q-o-Q         | 9MFY16        | 9MFY15        | Y-o-Y         |
|--------------------------------------|--------------|--------------|---------------|--------------|---------------|---------------|---------------|---------------|
| Net Sales                            | 49.61        | 58.05        |               | 60.46        |               | 170.32        | 195.80        |               |
| Other Income                         | 1.00         | 0.15         |               | 0.64         |               | 1.64          | 0.25          |               |
| <b>Total Revenue from Operations</b> | <b>50.61</b> | <b>58.20</b> | <b>-13.0%</b> | <b>61.10</b> | <b>-17.2%</b> | <b>171.96</b> | <b>196.05</b> | <b>-12.3%</b> |
| Raw Materials                        | 34.08        | 40.88        |               | 43.31        |               | 118.87        | 146.74        |               |
| Employee Expenses                    | 2.67         | 2.41         |               | 2.59         |               | 7.64          | 6.61          |               |
| Other Expenses                       | 6.42         | 6.34         |               | 6.87         |               | 20.31         | 18.99         |               |
| <b>EBITDA</b>                        | <b>7.44</b>  | <b>8.57</b>  | <b>-13.2%</b> | <b>8.34</b>  | <b>-10.7%</b> | <b>25.14</b>  | <b>23.71</b>  | <b>6.0%</b>   |
| <b>EBITDA %</b>                      | <b>14.7%</b> | <b>14.7%</b> |               | <b>13.6%</b> |               | <b>14.6%</b>  | <b>12.1%</b>  |               |
| Depreciation                         | 0.85         | 1.29         |               | 0.90         |               | 2.64          | 3.86          |               |
| <b>EBIT</b>                          | <b>6.59</b>  | <b>7.28</b>  | <b>-9.5%</b>  | <b>7.44</b>  | <b>-11.4%</b> | <b>22.50</b>  | <b>19.85</b>  | <b>13.4%</b>  |
| <b>EBIT (%)</b>                      | <b>13.0%</b> | <b>12.5%</b> |               | <b>12.2%</b> |               | <b>13.1%</b>  | <b>10.1%</b>  |               |
| Finance Cost                         | 0.64         | 1.33         |               | 0.30         |               | 1.43          | 4.27          |               |
| <b>Profit before Tax</b>             | <b>5.95</b>  | <b>5.95</b>  |               | <b>7.14</b>  |               | <b>21.07</b>  | <b>15.58</b>  |               |
| Tax                                  | 0.00         | 0.16         |               | 2.10         |               | 4.49          | 2.19          |               |
| <b>Profit after Tax</b>              | <b>5.95</b>  | <b>5.79</b>  | <b>2.8%</b>   | <b>5.04</b>  | <b>18.1%</b>  | <b>16.58</b>  | <b>13.39</b>  | <b>23.8%</b>  |
| <b>PAT %</b>                         | <b>11.8%</b> | <b>9.9%</b>  |               | <b>8.2%</b>  |               | <b>9.6%</b>   | <b>6.8%</b>   |               |



# Future Growth Indicators

## Maintaining steady growth in current business

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

## Additional Fertiliser Products

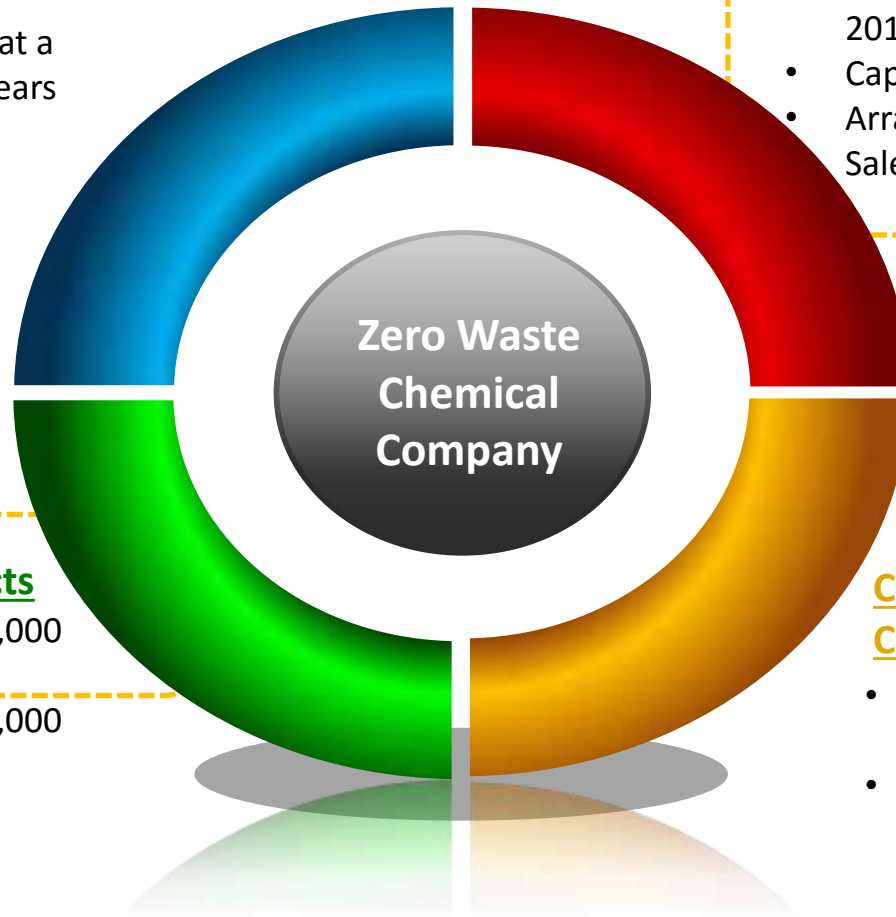
- Mixed Fertilisers (NPK) – 20,000 MT p.a.
- Sulfate Of Potash (SOP) – 10,000 MT p.a.

## Reactive Dyes

- Commenced operations on 28<sup>th</sup> Jan 2016
- Capacity – 3,000 MT p.a.
- Arrangement with Huntsman for Sales of Dyestuff

## Continue to be Zero Waste Company

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



Plant  
Commissioned

Plant  
Commissioned





# Utilization of IPO Proceeds

| Particulars (Rs Crs)  | Objects of the issue as per prospectus | Total Spent/Utilisation upto December 31 <sup>st</sup> 2015 | Amount Pending Utilisation |
|---|--|---|----------------------------|
| Acquisition of Existing Factory at B-97, Lote Parshuram                                       | 2.29                                   | 2.12  | 0.17                       |
| Construction of Godown at unit II   | 2.38                                   | 2.25  | 0.13                       |
| Amount Spent for setting up the facilities at B-97, Lote Parshuram for Dyes & Allied Products | 41.59                                  | 21.15   | 20.45                      |
| Setting Up the ETP at Existing Unit I   | 4.88                                   | 0.24  | 4.64                       |
| Preliminary & Pre-operative expenses / Issue Expenses   | 7.00                                   | 5.45  | 1.55                       |
| General Corporate   | 4.00                                   | 0.00  | 4.00                       |
| <b>Total</b>  | <b>62.14</b>                           | <b>31.20</b>  | <b>30.94</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 31.12.2015 was Rs. 7.10 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 Dye Intermediates, Acid Complex, Cattle Feed Supplement & Fertilizers

Marketing through **125 dealers** across Maharashtra, Gujarat and Karnataka

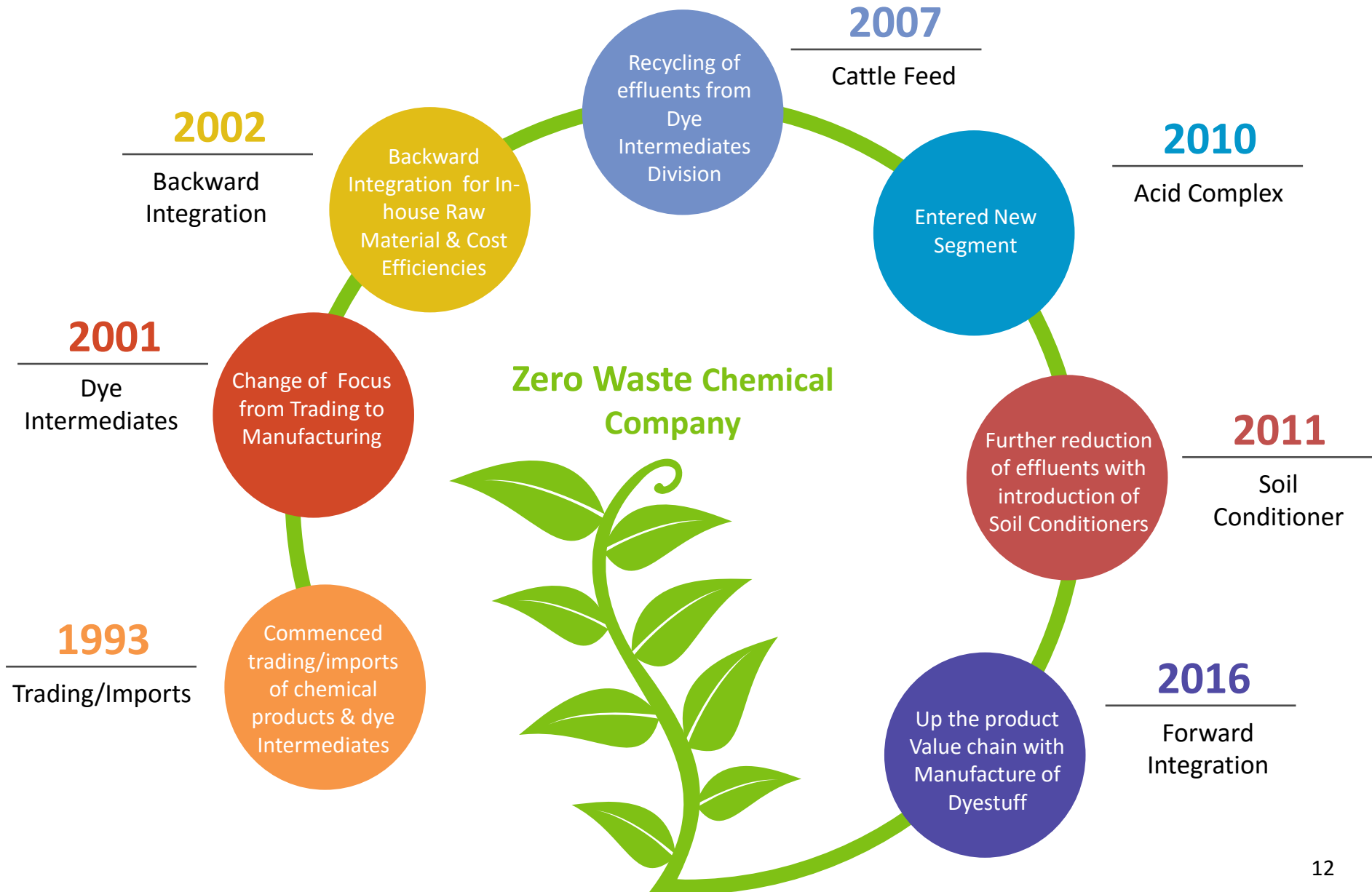
**Exports** to world's leading dye manufacturers Huntsman Corporation in USA

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

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



# Key Milestones



# State of Art Integrated Manufacturing Facilities



**Unit 1 – Dye Intermediates**



**Unit 2– Granulation Plant**



**New Reactive Dyes Plant  
Unit 3**



**Sulphuric Acid Plant**



**New Quality Testing Lab for Dyes**



Single Location Plants in Lote Parshuram, Maharashtra  
“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**

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 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

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

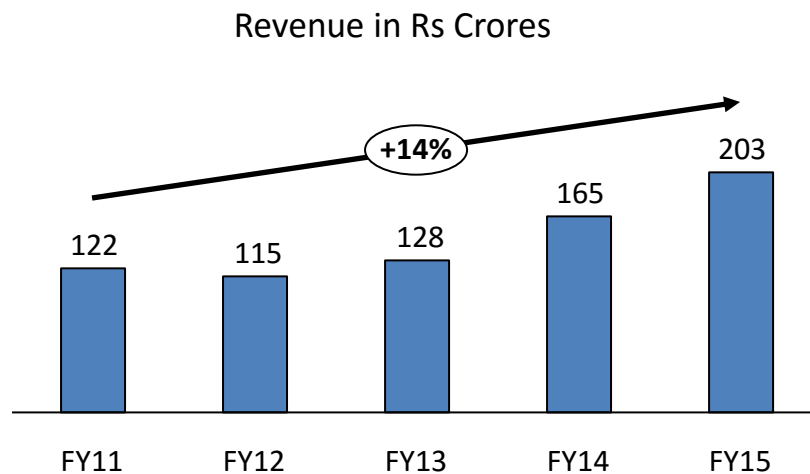


| % of FY15 Revenue | Business Verticals     | Details   | Products   | Industries   |
|-------------------|------------------------|---|--|--|
| 76%               | Dye Intermediates      | Products manufactured from organic chemicals and are further processed to obtain dyestuff                       | 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                    |
| 18%               | Soil Conditioners      | Phosphatic fertiliser & a fertiliser used to improve the soils quality and for improving / Building soil        | Single Super Phosphate (SSP) and Soil Conditioner                            | Agriculture  |
|                   | Dyestuff               | To commence production in January 2016  | Reactive Black, Reactive Red, Reactive Yellow                                | Used for Dying of Textile / Yarns commonly cellulosic material |

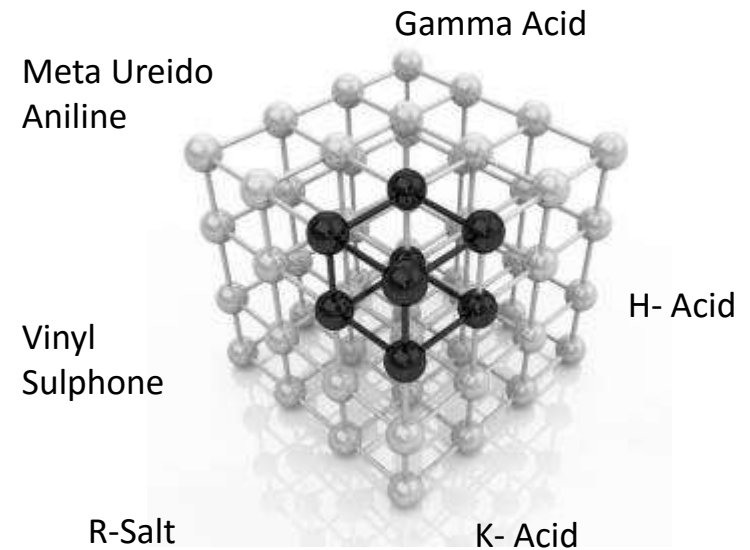


# Dye Intermediates

- 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 TPA
- 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

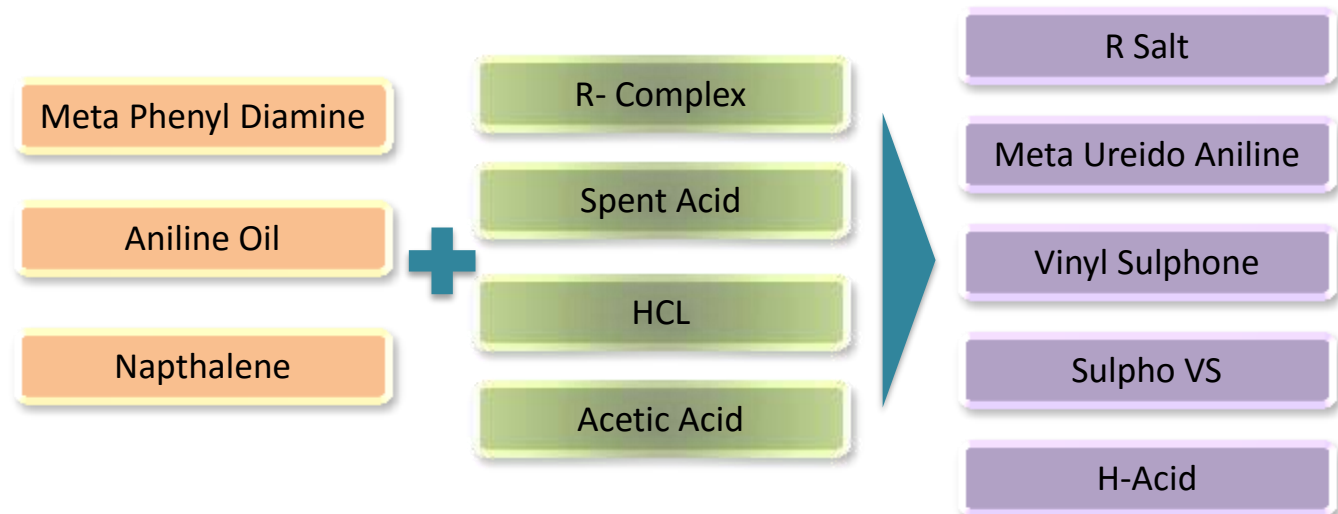
## 2001 – 2006

- 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



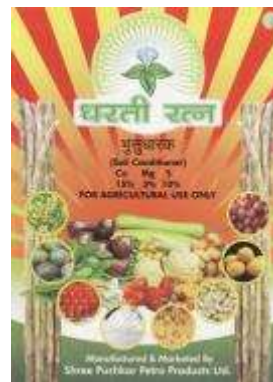
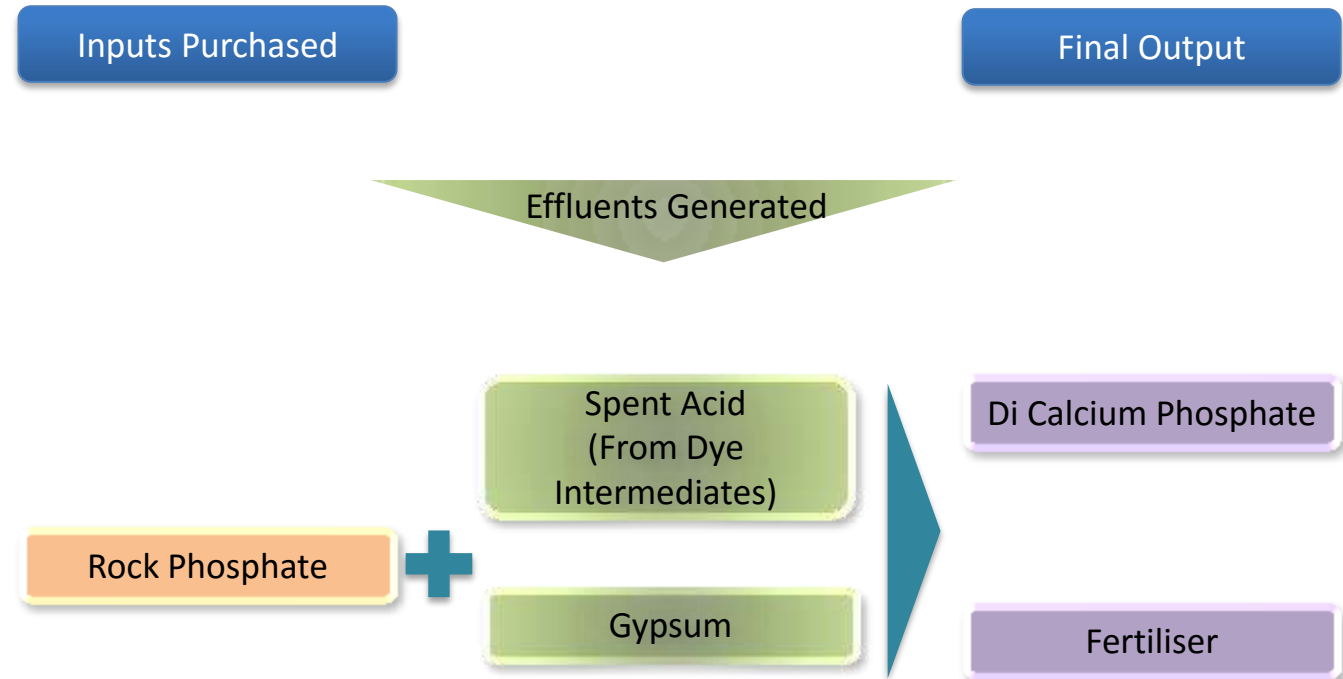
Increased product basket from 2 to 7



# 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





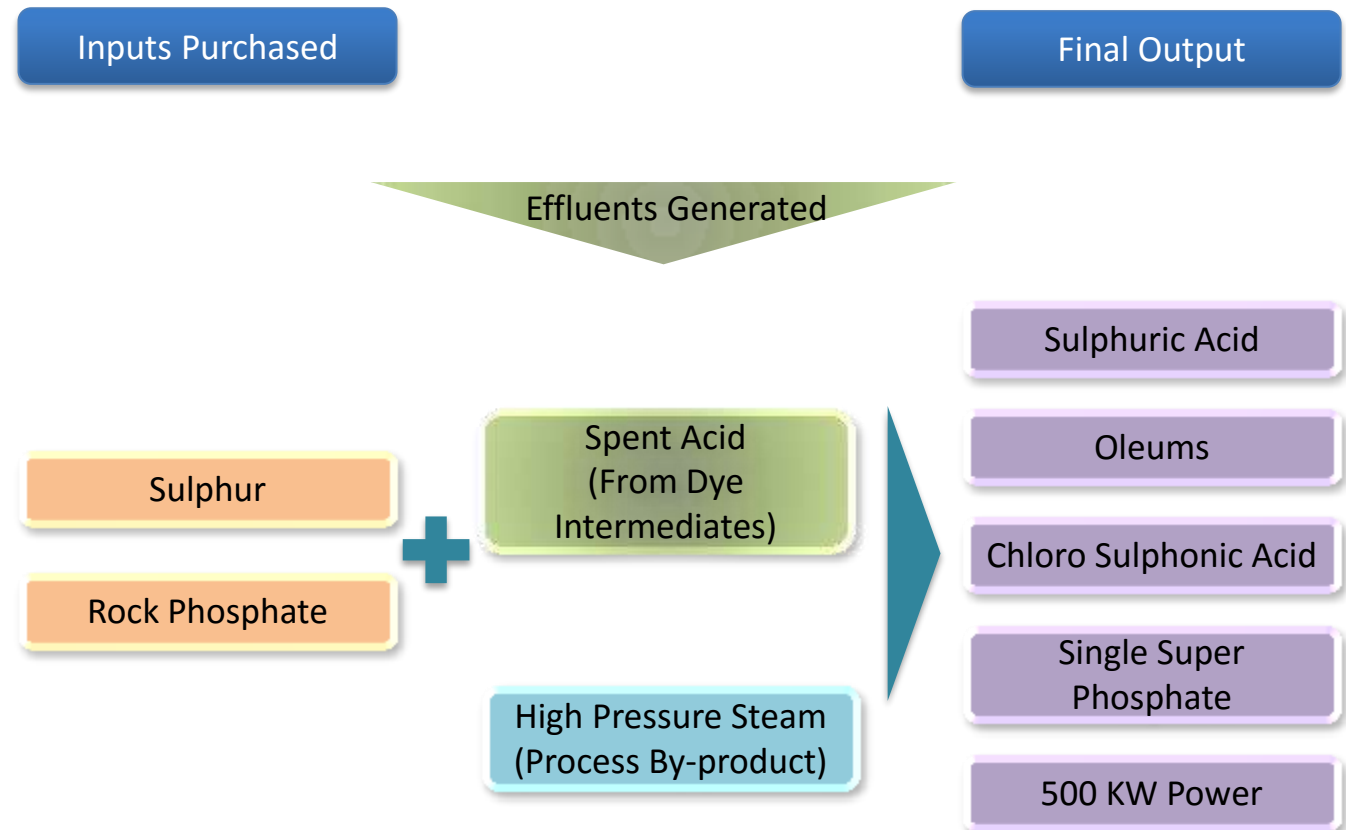
# Evolution Towards Acid Complex and Power

## 2009 – till date

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

## High Pressure steam

- Used to generate 500 KW Power for external sale
- Rest converted to low pressure steam for internal consumption



# Client Profile



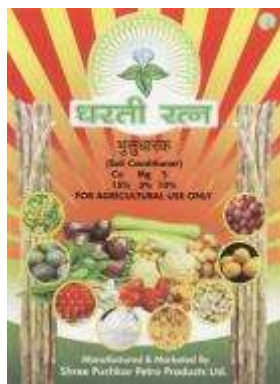
## Domestic Clients



## 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



**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

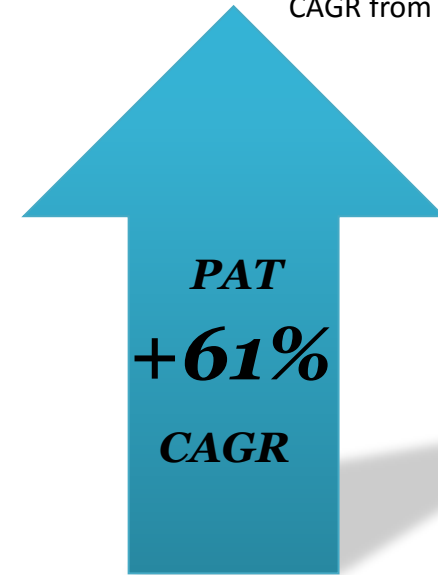
CAGR from FY11 to FY15



Improved  
Product  
Mix



Margins  
up from  
8% to 12%



Margins  
up from  
2% to 7%

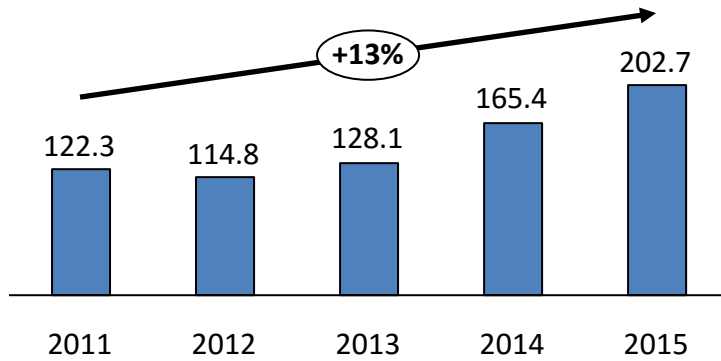
Along with a strong Balance Sheet



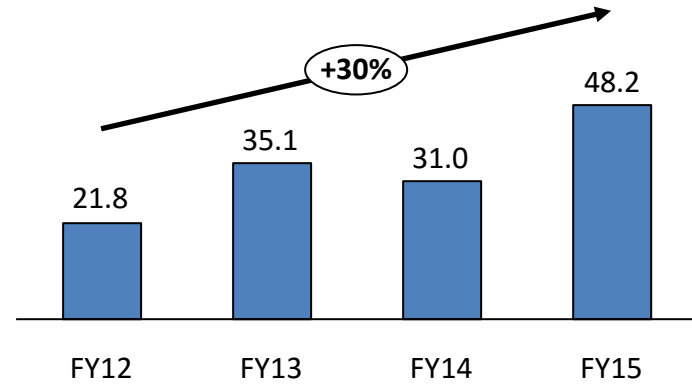
# Segmental Performance

(Rs in Cr)

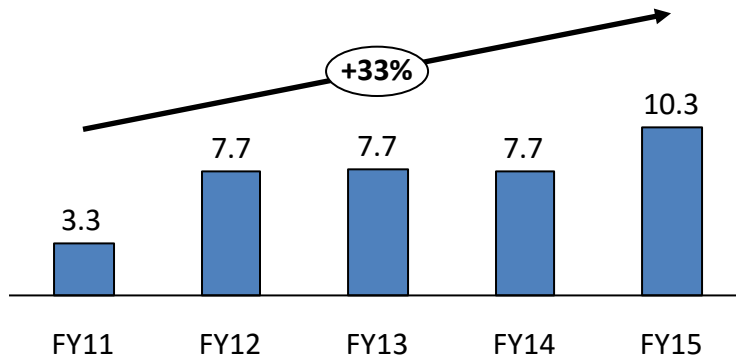
Revenue



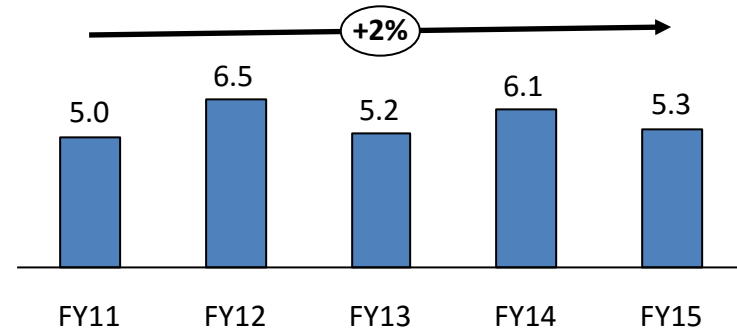
**Dye Intermediates**



**Fertilisers**



**Acid Complex**



**Cattle Feed**

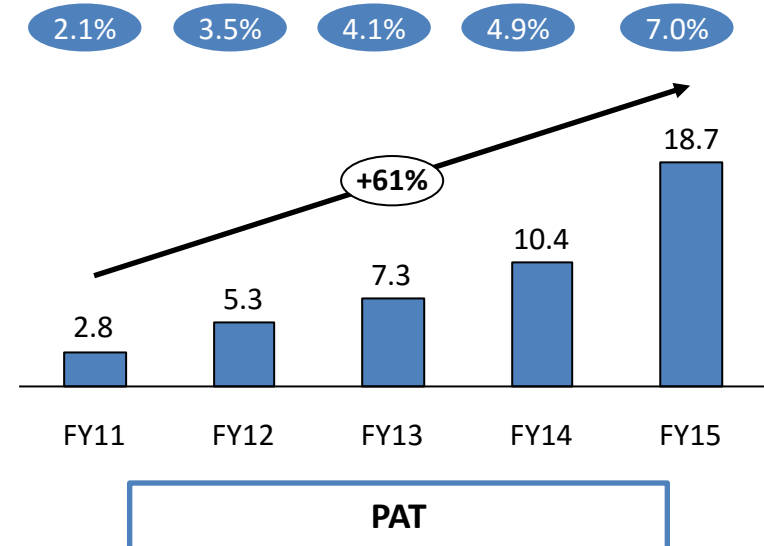
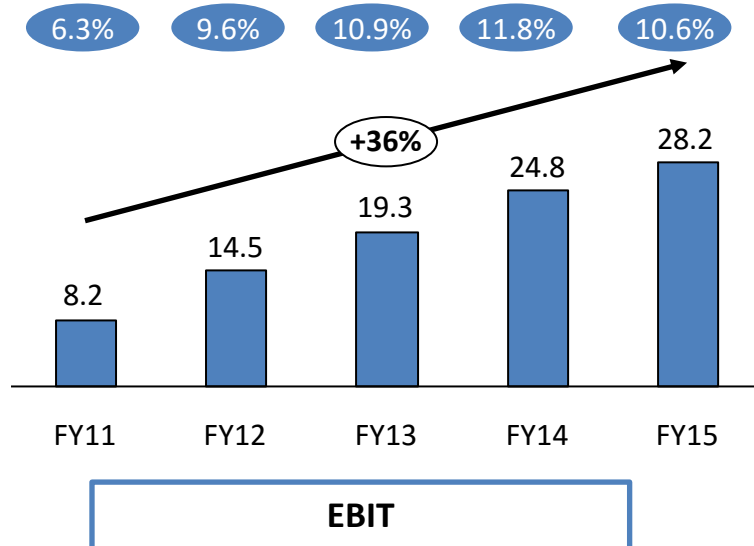
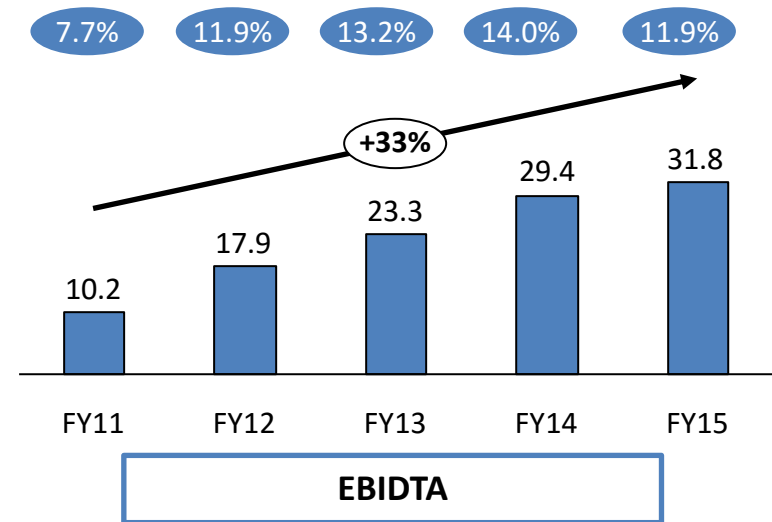
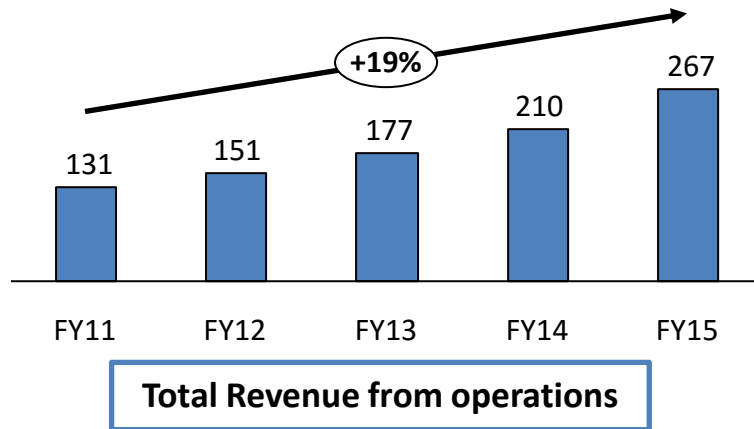




# Key Financial Parameters

(Rs in Cr)

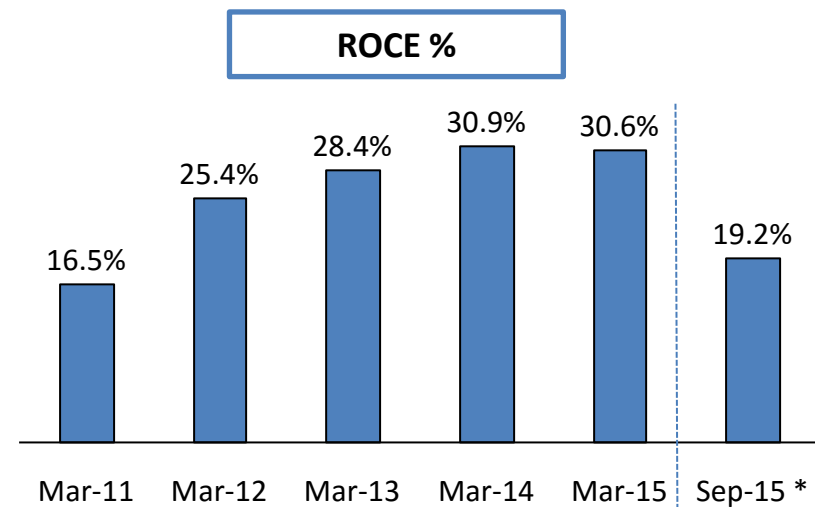
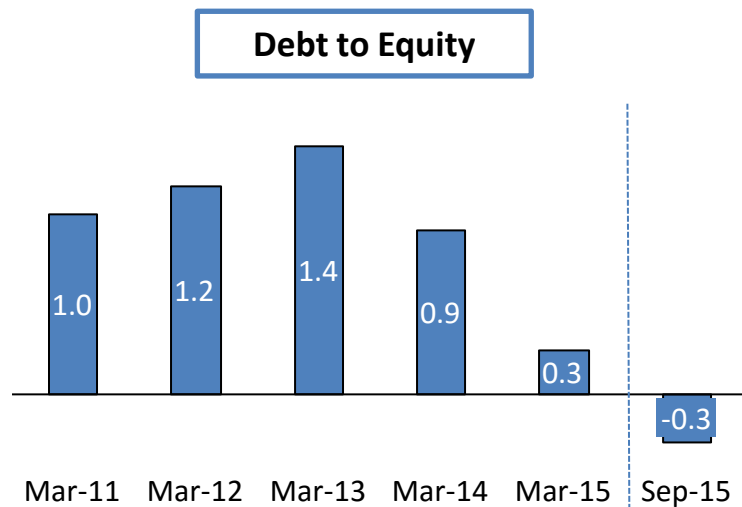
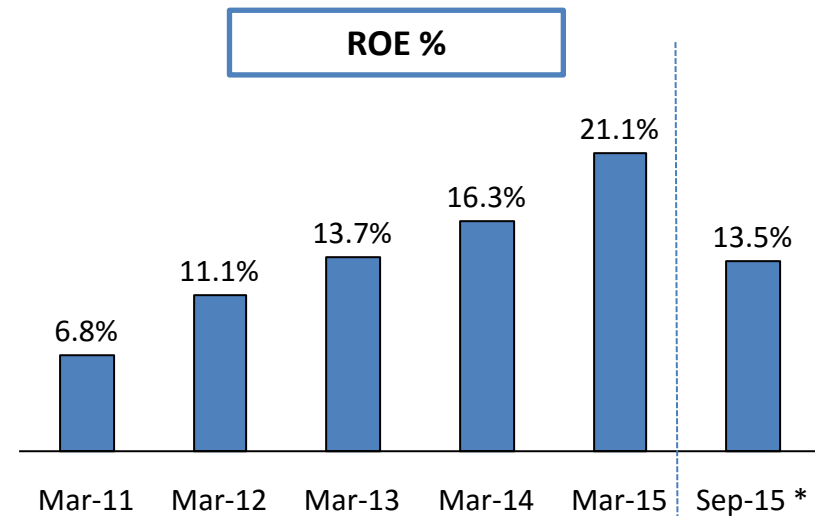
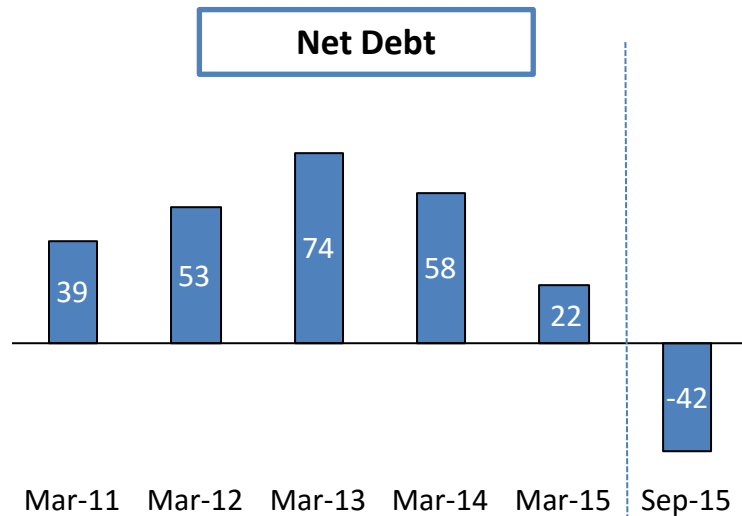
Margin %





# Key Financial Parameters

(Rs in Cr)



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

# Historical Profit & Loss



| Particulars (Rs. In Crs)                    | FY15          | FY14          | FY13          | FY12          | FY11          |
|---|---------------|---------------|---------------|---------------|---------------|
| <i>Total Revenue</i>                        | 266.52        | 210.09        | 175.98        | 150.71        | 131.13        |
| Other Income                                | 0.29          | 0.28          | 0.59          | 0.26          | 0.16          |
| <b><i>Total Revenue from Operations</i></b> | <b>266.81</b> | <b>210.37</b> | <b>176.57</b> | <b>150.97</b> | <b>131.29</b> |
| Raw Material                                | 195.46        | 150.58        | 129.88        | 116.39        | 111.92        |
| Employee Expenses                           | 9.11          | 7.97          | 4.79          | 3.76          | 2.75          |
| Other Expenses                              | 30.41         | 22.42         | 18.56         | 12.91         | 6.47          |
| <b><i>EBITDA</i></b>                        | <b>31.83</b>  | <b>29.40</b>  | <b>23.34</b>  | <b>17.91</b>  | <b>10.15</b>  |
| <b><i>EBITDA %</i></b>                      | <b>12%</b>    | <b>14%</b>    | <b>13%</b>    | <b>12%</b>    | <b>8%</b>     |
| Depreciation                                | 3.62          | 4.64          | 4.05          | 3.39          | 1.91          |
| <b><i>EBIT</i></b>                          | <b>28.21</b>  | <b>24.76</b>  | <b>19.29</b>  | <b>14.52</b>  | <b>8.24</b>   |
| <b><i>EBIT (%)</i></b>                      | <b>10.6%</b>  | <b>11.8%</b>  | <b>10.9%</b>  | <b>9.6%</b>   | <b>6.3%</b>   |
| Finance Cost                                | 5.42          | 10.62         | 10.28         | 7.28          | 3.61          |
| <b><i>Profit before Tax</i></b>             | <b>22.79</b>  | <b>14.14</b>  | <b>9.01</b>   | <b>7.24</b>   | <b>4.63</b>   |
| Tax   | 4.15          | 3.75          | 1.73          | 1.93          | 1.83          |
| <b><i>Profit after Tax</i></b>              | <b>18.64</b>  | <b>10.39</b>  | <b>7.28</b>   | <b>5.31</b>   | <b>2.80</b>   |
| <b><i>PAT %</i></b>                         | <b>7.0%</b>   | <b>4.9%</b>   | <b>4.1%</b>   | <b>3.5%</b>   | <b>2.1%</b>   |

# Balance Sheet



| Liabilities (Rs in Crs)               | Sep-15        | Mar-15        | Assets (Rs in Crs)              | Sep-15        | Mar-15        |
|---------------------------------------|---------------|---------------|---------------------------------|---------------|---------------|
| <b>Shareholders Fund</b>              | <b>160.62</b> | <b>88.17</b>  | <b>Total Non Current Assets</b> | <b>87.39</b>  | <b>71.42</b>  |
| Share Capital                         | 30.22         | 20.71         | Fixed Assets                    | 69.98         | 59.80         |
| Reserves & Surplus                    | 130.40        | 67.46         | Capital Work In Progress        | 0             | 9.32          |
| <b>Total Non Current Liabilities</b>  | <b>3.63</b>   | <b>4.02</b>   | Non Current Investments         | 0.05          | 0.05          |
| Long Term Borrowings                  | 0.10          | 0.16          | Long term loans & advances      | 12.83         | 1.23          |
| Deferred tax liabilities              | 3.42          | 3.75          | Other Non Current Assets        | 4.54          | 1.02          |
| Other Non-Current Liabilities         | 0.12          | 0.11          | <b>Total Current Assets</b>     | <b>118.75</b> | <b>69.05</b>  |
| <b>Total Current Liabilities</b>      | <b>41.89</b>  | <b>48.28</b>  | Inventories                     | 30.06         | 31.64         |
| Short Term Borrowings                 | 13.07         | 24.56         | Trade Receivables               | 29.70         | 28.96         |
| Trade Payables                        | 11.33         | 9.63          | Cash & Cash Equivalents         | 55.52         | 3.19          |
| Other Current Liabilities             | 8.36          | 8.19          | Short Term loans & Advances     | 2.35          | 3.50          |
| Short term provision                  | 9.13          | 5.90          | Other current asset             | 1.12          | 1.76          |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>206.14</b> | <b>140.47</b> | <b>TOTAL ASSETS</b>             | <b>206.14</b> | <b>140.47</b> |



**For further information, please contact**

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**Company :**

**Shree Pushkar Chemicals & Fertilisers Ltd**

CIN: U24100MH1993PLC071376

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**Investor Relations Advisors :**

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