



# SHREE PUSHKAR CHEMICALS & FERTILISERS LTD.

CIN: L24100MH1993PLC071376

(A Government of India Recognised Export House)

An ISO 9001:2008 & 14001:2004 Certified Company

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Date: 22<sup>nd</sup> May, 2024

<b>National Stock Exchange of India Limited,</b> Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051. Script Symbol: <b>SHREEPUSHK</b>	<b>BSE Limited,</b> P. J. Towers, Dalal Street, Mumbai - 400 001. Scrip Code: <b>539334</b>
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Dear Sir/Madam,

**Subject: Transcript of the conference call held on 17<sup>th</sup> May, 2024.**

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 10<sup>th</sup> May, 2024, intimating you about the earning conference call for Q4 & FY24 with Analysts/Investors held on 17<sup>th</sup> May, 2024, please find attached herewith the transcript of the aforesaid conference call.

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

This is for your information & record.

Thanking you

Yours faithfully,

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

**Nitesh Pangle**

**Company Secretary & Compliance Officer**

Place: Mumbai.

Encl.: a/a



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



- Speciality Textile Dyes
- Dyes Intermediates
- Acids
- Power
- Animal Health & Nutrition
- Fertilisers

Works at - B- 102 / 103, D – 25, B – 97, D - 18, D - 10, MIDC Lote Parshuram, Taluka Khed, Dist. Ratnagiri Maharashtra, India.

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“Shree Pushkar Chemicals & Fertilisers Limited  
Q4 and FY24 Earnings Conference Call”

**May 17, 2024**



**MANAGEMENT: MR. PUNIT MAKHARIA – CHAIRMAN AND MANAGING  
DIRECTOR – SHREE PUSHKAR CHEMICALS &  
FERTILISERS LIMITED  
MR. DEEPAK BERIWALA – CHIEF FINANCIAL OFFICER  
SHREE PUSHKAR CHEMICALS & FERTILISERS LIMITED  
MR. NITESH PANGLE – COMPANY SECRETARY AND  
COMPLIANCE OFFICER – SHREE PUSHKAR  
CHEMICALS & FERTILISERS LIMITED**

**Moderator:** Ladies and gentlemen, welcome to Shree Pushkar Chemicals & Fertilizers Limited's Q4 and FY 2024 Earnings Call. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

Before we begin, I would like to remind all participants that some of the statements or comments made on today's call may be forward-looking in nature. These may include but are not necessarily limited to financial projections or other statements of the company's plans, objectives, expectations or intentions. The company disclaims any obligation to update these forward-looking statements to reflect future events or developments. Kindly refer to slide number 21 of the earnings presentation for a detailed disclaimer.

I now hand the conference over to Mr. Nitesh Pangle, Company Secretary and Compliance Officer of Shree Pushkar Chemicals & Fertilisers Limited. Thank you and over to you, sir.

**Nitesh Pangle:** Good evening everyone and we welcome all the participants to Shree Pushkar Chemicals & Fertilisers Limited Q4 and FY 2024 Earnings Call. Joining us today from the management side, we have Mr. Punit Makharia, Chairman and Managing Director and Mr. Deepak Beriwalla, Chief Financial Officer.

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

**Punit Makharia:** Thank you, Nitesh. A very good evening and a very warm welcome to everyone attending the Q4 and FY2024 Earnings Calls of Shree Pushkar Chemicals and Fertilisers Limited. I trust you all have the chance to review the financial results and the investor presentation available on both Stock Exchange and our company website.

Friends, reflecting on our Q4 performance amidst a dynamic economic landscape, I am pleased to present our financial and operational achievements. Our commitment to sustainable expansion and strategic investments has yielded commendable results. During Q4 FY24, our standalone revenue grew by 13%, reaching to INR 135 crores, underscoring our efforts to enhance operational efficiencies and expand our product portfolio.

Standalone EBITDA surged by 36% to INR 16 crores, achieving an EBITDA margin of 11.6%. Furthermore, our standalone PAT saw a significant increase of 329%, reaching to INR 11 crores, with a PAT margin of 7.9%. For the entire fiscal year, Standalone Revenue increased by 16%, to INR 487 crores, supported by a 4% increase in Standalone EBITDA, to INR 44 crores, and a PAT growth of 91%, to INR 27 crores.

On a Consolidated basis, revenue increased by 6%, to INR 726 crores, although we experienced an 11% decline in EBITDA, to INR 61 crores. Our PAT remained stable at INR 37.1 crores, reflecting our reliance in the face of market fluctuations. Our product segment exhibited varied performance in terms of volume and revenues. Dyes Intermediate saw a significant volume growth of 82% and Acid grew by 19%, while Fertilizer and Animal feed experienced marginal declines. Revenue from Dyes Intermediate grew by 64%, whereas Acid revenue declined by 26%.

Despite these fluctuations, we remained focused on capitalizing on growth opportunities and proactively addressing the challenges. We have initiated several strategic projects aimed at enhancing our production capabilities and achieving greater sustainability. The initiation of Unit 6 in our Fertilizer Division, along with the setup of 3.8-megawatt solar power plant and a new water-soluble plant at Unit 4, reflecting our commitment to forward and backward integration, the combined solar capacity will be 9-megawatt on DC basis, supporting our units in Ratnagiri, Maharashtra.

Our planned capex of INR 215 crores, primarily funded through internal accruals and a preferential issue to the promoter, will facilitate the expansion of our existing capabilities, the widening of our product portfolio and further integration within our operations. During the financial year, we successfully completed the consolidated capex of INR 50 crores, out of which INR 16.12 crores was allotted for the further establishment of 3.8-megawatt DC solar power plant and INR 33.46 crores were directed towards investment in our Chemical and Fertilizer verticals.

Looking ahead, we are committed to fostering sustainable growth through prudent financial management, operational efficiency achievements and strategic investments in innovation and technology. With a forward-looking approach and a dedicated team, we are confident of our ability to deliver long-term value to our shareholders.

Friends, with this I would like to hand over the call to Mr. Deepak Beriwal, our CFO, who will provide more details on the operational and financial highlights of Q4. Over to you Mr. Deepak.

**Deepak Beriwal:**

Thank you, sir. Good evening and thank you all of you joining today. I would like to provide an overview of our operational and financial performance for Q4 and FY24. Starting with our standalone results for Q4 FY24, I'm pleased to report a 13% revenue growth, reaching INR 135 crores. Our EBITDA for the quarter grew significantly by 36% to INR 16 crores, resulting in an EBITDA margin of 11.6%. Additionally, our PAT increased by 329% amounting to INR 11 crores with a PAT margin of 7.9%.

On a Consolidated basis, our Q4 FY24 revenue grew by 6% totalling to INR 191 crores. However, we experienced an 8% decline in EBITDA amounting to INR 19 crores with an EBITDA margin of 9.8%. Our PAT has increased by 2% amounting to INR 13 crores with a PAT margin of 6.9%. For the full fiscal year FY24, on a Standalone basis, we achieved a revenue growth of 16% reaching INR 487 crores. Our EBITDA increased by 4% to INR 44 crores with an EBITDA margin of 9.1%.

Our PAT grew by 91% reaching INR 27 crores with a PAT margin of 5.5%. On a Consolidated basis, for FY24 show a 6% revenue growth amounting to INR 726 crores. We experienced an 11% decline in EBITDA totalling INR 61 crores with an EBITDA margin of 8.4%. PAT remained flat at INR 37.1 crores with a PAT margin of 5.1%.

Moving on to our volume metrics for FY24, we show a 5% increase in the volume of Dyes and 82% increase in Dyes Intermediate. The volume for Acid increased by 19% while Fertilizers remained flat. Animal feed decreased by 10%. Overall, our total volume increased by 4%.

In terms of revenue for FY24, Dyes decreased by 3% while Dyes Intermediate show a substantial increase of 64%. Revenue from Acid decreased by 26%, Fertilizers by 12% and Animal Feeds by 21%. Despite these mixed results, our total revenue increased by 6%.

For Q4 FY24, the volume of Chemicals was 11,381 metric ton reflecting a 9% year-on-year growth while Fertilizers show a 4% growth totalling to 57,000 metric ton. For the entire financial year, the volume of Chemicals was 57,270 metric ton, a significant 26% year-on-year growth.

Fertilizers however show a slight decline of 1% totalling to 2,09,500 metric ton. Segmental revenue for Q4 FY24 shows a 25% year-on-year increase in Chemicals, where Fertilizers experienced an 11% decrease. For FY24, segmental revenue for Chemicals increased by 30% while Fertilizers decreased by 13%. Regarding our financial position, we have non-lien deposit facility available at INR 117 crores.

Our return on capital employed for FY24 stands at 9.7% and our return on equity is 4.1%. We maintain a strong cash position with cash and cash investment totalling to INR 118.5 crores. In conclusion, despite the challenges in certain segments, we have demonstrated substantial and achieved significant growth in key areas. Our focus remains on driving operational efficiency, expanding our market presence and delivering sustainable value to our shareholders.

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

**Moderator:**

Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Harshal Solanki from Equitree Capital. Please go ahead.

**Harshil Solanki:**

Hi team. Good evening. Sir, if you can give your outlook on both the segments and the volumes and realization, how are you seeing things on the ground? Are you seeing any improvement in the volumes and realization?

**Punit Makharia:**

Sir, to be honest, in my view, definitely volumes and revenue both have started improving. If you see Q4 FY23-24, the volumes have also increased and the revenue has also increased. I personally see that the whole industry and the market now has started going towards the stabilization phase.

If in my last conference call, you will see that I have always maintained one positive thought and one positive trust and faith into the whole industry that we are in the end of a dark tunnel and we see a good light of hope and rain in this whole dark tunnel. I personally believe that the situation has started improving.

Now, if I talk about the Dyes stuff and Intermediates, though we have started our Unit 5 also, we have done the entire capitalization of INR 175 crores. The revenue increased into the Pushkar on a standalone basis, specifically into the chemical segment is mainly out of the Unit 5 production. We are able to sell a good amount of quantities. We have achieved almost this desired level of production and Unit 5 has established completely.

In terms of fertilizer also, if you will see that the government has improved the subsidy levels also by around INR 1,200 and some odd per ton, which was decreased in September. But now

in April, the government has increased the subsidy also. And looking at the monsoon season of this year, in this particular season, we believe that the good news we are expecting and we think after the stabilization of the government, after the election results, things will improve sir. Because the whole sentiment of the people will improve, the whole sentiment of the industry will improve.

**Harshil Solanki:** Sir, in the chemicals segment, if you see quarter-on-quarter, there is a 20% volume drop. But we are expecting that things have bottomed out and expected to improve. Sir, what led to this drop in this quarter? Can you explain?

**Punit Makharia:** Solankiji, you are saying a growth or degrowth?

**Harshil Solanki:** Quarter-on-quarter basis, it's a degrowth of 28%, from 15,800 to 11,300?

**Punit Makharia:** Right now, the figures of last year Q4 in front of me. In the last year Q4, we sold around 10,453 tons of chemicals. And in this quarter, the volume went up to 11,381 metric tons. And if you are talking about quarter-on-quarter, This is also growth. Because see, on quarter 4 also, if I say about the intermediates, we sold 2,067 tons, this is Q4 FY23. And Q4 FY24, we sold 2,909 tons. So, it is a growth. I fail to understand which figures you are looking at, which, shows the degrowth.

**Harshil Solanki:** Quarter-on-quarter, but no issues, we can discuss this actually.

**Punit Makharia:** You are comparing '23, '24 on this quarter-on-quarter basis?

**Harshil Solanki:** Yes, Q3 FY24 versus Q4 FY24.

**Punit Makharia:** Mr. Solanki. This is growth, not degrowth. 15,000 tons. Mr. Solanki, let me go through the data and then come back to you. You will hear about this, this information through our office. And through our IR also.

**Harshil Solanki:** Sure, sir. Sir, next question is on the chemical side. Last time you said that you have some visibility on the order book. So, now is there any...

**Punit Makharia:** I said last time?

**Harshil Solanki:** You have some visibility on the order book from the earlier levels. Now, is there any improvement on this side? And are you seeing any restocking happening on the chemical side?

**Punit Makharia:** Basically, whatever I had said, my trust level has proved in Q4 levels. And in coming quarters of this financial year, I also have the same kind of a feeling that the things will improve much better on what it could not do in the last quarters. So, things have started improving, sir. That is what, it is visible in the results also.

**Harshil Solanki:** Got it, sir. Sir, on the fertilizer side, how are the things happening on the ground? Is there any increase in exports?

**Punit Makharia:** Honestly, if you ask me, as far as the fertilizer segment is concerned, the fertilizer segment has been completely flat in FY23-24 with the comparison to FY22-23. If you look at in deep, right, you will see that the Kisan Phosphates, our unit at Hisar, the volumes and the revenue have been decreased by almost 30%. In spite of decreasing to the revenue of 30% also, there is a growth in overall business. And I believe that in this particular financial year, even the fertilizer segment is also going to support us.

**Harshil Solanki:** Got it.

**Punit Makharia:** And one more reply to your query that what you are saying is that it is a degrowth that is mainly due to the Acid business because, acid, whatever we produce, since we started the new unit of 5 also wherein we produce Dyes Intermediaries, so most of the acid has consumed in unit 5 also.

So, there is a less amount, less, these quantities of acid available for sale because we have started another plant at unit 5 because of which the volumes have gone up. So, we are having an internal consumption of our acid and whatever is left for selling only goes for the marketing and sales. Therefore, you see it is a degrowth due to the Acid business.

**Harshil Solanki:** Got it, sir. Sir, last question on the working capital side. The absolute amount has increased by INR 40 crores and we have taken a short-term borrowing also of INR 40 crores.

**Punit Makharia:** Sir, we should look at a, overall consolidated basis. I would just like to draw your attention on three major points. A, creditors of the company has gone down by almost INR 25 crores.

**Harshil Solanki:** Yes.

**Punit Makharia:** Because of MSME regulation which government came out recently.

**Harshil Solanki:** Yes.

**Punit Makharia:** Creditors of the company has gone by INR 25 crores, close to INR 25 crores. Company has increased its investment by INR 18 crores. Company has put almost INR 50 crores on the CWIP. Debtors of the company has gone up because of the increase into the business. So, the main question, Mr. Solanki, and the main concern should be that money is flowing into the systems. The reason for increase into the bank borrowing is, because of all these issues, mainly that the investment has gone up, creditors has gone down substantially and we have invested CWIP of almost INR 50 crores.

**Harshil Solanki:** Got it. Sir, but, sir, we have INR 117 crores of deposits, so why not use that and rather we have taken a debt of INR 40 crores?

**Punit Makharia:** Sir, that INR 107 crores, the debt which you can see, out of that debt of INR 107 crores, almost INR 85 crores is in a form of non-funded limits. You got my point, Mr. Solanki?

**Harshil Solanki:** Sir, I am saying INR 117 crores of deposits we have and we have taken a debt. Short-term borrowing.

**Punit Makharia:** Debt of what? I am asking you, debt of what? Which debt we have taken?

- Harshil Solanki:** Short-term borrowing.
- Punit Makharia:** What kind of short-term borrowing? Funded or non-funded? That's what I am saying, that out of INR 107 crores, almost INR 80 - 85 crores are in non-funded limits we have utilized in form of LCs and bank guarantees. How can I replace the LCs and bank guarantees with my investments? Okay, Mr. Solanki.
- Harshil Solanki:** Got it.
- Punit Makharia:** Sir, the bank borrowing of 107 crores, your question is that, why you are having a bank borrowing of INR 107 crores when you are having an investment of INR 117 crores? This was your question. Sir, out of 107 crores, 85 crores is a form of a non-funded utilization in which the bank guarantee also falls in, in which the LCs also falls in. LCs and bank guarantees cannot be replaced with the cash. Am I clear, Mr. Solanki?
- Harshil Solanki:** Yeah. This information was not available in that.
- Punit Makharia:** Sir, it is like this, when it comes in the column, it comes together, bank borrowings. We had already broken it up. So, I think now it is clear to you?
- Harshil Solanki:** Yes, sir. It is clear.
- Punit Makharia:** INR 107 crores is not the amount on which company is paying interest. Please understand. CC drawl, cash credit drawl is not INR 107 crores. I again reiterate, again repeat. Out of INR 107 crores, INR 85 crores almost is in a form of non-funded utilization. But when it comes in a presentation, it comes as a consolidated figure of funded and non-funded both. If you go through the schedules of the balance sheet, you will get to know out of that. Okay Sir?
- Harshil Solanki:** Yeah, sir. Okay. That was it, sir. Thank you for answering my question.
- Moderator:** Thank you. The next question is from the line of Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.
- Vaibhav Badjatya:** Yeah. Hi, sir. Thanks for providing the opportunity. So, sir, first of all, I have a long list of questions, which is obviously not suitable on this call. And I will ask just the important ones. But I would request, if it's possible, to give us separate time to discuss all the questions. Because I tried approaching you directly on your email and also Churchgate Partners. But maybe something was wrong and I never received any reply.
- Punit Makharia:** I think you can talk to Mr. Rajiv, who handles our company in IR portfolio. And he will coordinate with you with the management and get you a suitable appointment for suitable replies to all of your questions. Not a problem.
- Vaibhav Badjatya:** Yeah. So, sir, I tried approaching Mr. Rajiv, but unfortunately mobile number and nothing is mentioned. And I tried calling on the landline, but received no reply. So, it's great if Mr. Rajiv can give me his mobile number or something or call me so that I can coordinate based on suitable time.



- Punit Makharia:** That's not a problem, sir. Mr. Nitish will share you his contact details. Our compliance officer, you can talk to Mr. Nitish and our company. He will share all the details of Mr. Rajiv.
- Vaibhav Badjatya:** Okay. Not a problem. So, I will just ask two or three important ones here. So, as far as if I see your focus on backward integration and everything, in a lot of places you have done backward integration, but specifically in Meghnagar, you have not done backward integration into sulphuric acid. So, I just want to know, is there a specific reason for that?
- Punit Makharia:** That is not required in Meghnagar because honestly speaking, Meghnagar is very closely situated in Gujarat. And now we knew that Adani is coming out with a copper cementer and this sulphuric will be a by-product. So, when something is going to be very cheap as a by-product, and regular supplies, constant supplies either from Birla Copper is also copper smelter. Adani is also coming out in June or July with a copper smelter. We knew this market intelligence for a long time. So, we thought that since there is plenty of material available, there will be no transport cost also. And when few smelters are there, why to put up a merchant plant?
- As a business decision, we decided not to go into backward integration at Meghnagar, at Madhya Bharat, because their acid is plenty available. And if you talk about our Haryana unit, that is at a distance of almost 1,500 kilometers. Taking the material to 1,500 kilometers and paying such a huge amount of transport doesn't make any sense. In totality, putting up a backward integrated sulphuric plant in Meghnagar is not a viable decision.
- Vaibhav Badjatya:** And, sir, on fertilizer business again, so GoI has issued this guideline of maximum reasonable profit margins. So, just want to understand how this will impact our business and which plants of ours will be classified as integrated and which will be non-integrated.
- Punit Makharia:** Government of India has already given you a decent reasonable profit margins for fertilizer business. That is, I think, 12% to 10%, something like that, on a PAT level. And I think that's a decent profit or margin. Let us not expect that on a long-term stability basis you will make more than 10% per margins, being that these products are mainly for the farmers and these things. So, it has to be reasonable profit margins.
- Vaibhav Badjatya:** But, sir, so will we be classified as integrated because by a lot of places we have sulphuric acid?
- Punit Makharia:** Depends on unit to unit. Like, Meghnagar will not be classified as integrated, but other sites will be classified as integrated.
- Vaibhav Badjatya:** Okay. Got it. Understood. And on the NPK side, sir, I mean, for the new capacity that we are planning to put on NPK side, are we going to manufacture phosphoric acid enough or we don't have, as of now, phosphoric acid, we don't have plant to manufacture phosphoric acid?
- Punit Makharia:** I would not like to discuss on our business strategies and business planning and our product selection on this platform. If you want to understand, you can take a prior appointment and meet us. Because we never discuss our products, our business plans on this platform. And we fear that the strategy should not be known to outside our market competitors, honestly speaking. Please don't mind it.

I'm sorry. I apologize. I could not answer this question to you. But you can take in a separate meeting with us and ask further questions on this.

**Vaibhav Badjatya:** Yeah, no problem. I completely understand. I mean, some of the sensitive things should not go.

**Punit Makharia:** I would not like to discuss these sensitive things on this.

**Vaibhav Badjatya:** Yeah, I understand. And coming on to the Dyes business. So, you have mentioned many times earlier that probably, China is no more a competitor. And there's no export that is going from China to India. But in terms of a global market and thereby impact on pricing, will you still consider China as a force which can impact global pricing and thereby pricing in India?

**Punit Makharia:** Pricing globally impacts. I would not say that China will not impact the prices completely. But it depends on the level of impact, the level of volume, what comes in from China and what comes in from India. It depends on the level of volume also. The whole thought of giving this statement is that slowly and gradually China is losing its colour.

China is coming out of this business market share. The global market share of China is going down every year by year. So, what five years before we used to feel a pressure from China. Now I believe that China feels a pressure from India on them. And in future also, I believe that the situation and position of India will keep on improving as far as the Dye Intermediates and Dye stuff are concerned. And for your knowledge, let me tell you, as of now, to the globe, India is one of the major suppliers to the globe and because the reason mainly is that China has got their in-house consumption very large. Wherein in comparison with India, Indian consumption of the Dye stuff is hardly, 12% to 15% of what they produce. But China consumption is almost 80-85% of the Dye stuff production what they produce in China. So, in long-term basis, if you see that, the China position is going to be a bit slow. And India will be consolidating its situation on the global market.

**Vaibhav Badjatya:** Got it. Yeah, understood. And so lastly, in terms of, again, this point has come in earlier con calls at different points of time that how we manage our waste and how we consume waste in-house to make newer products. But in terms of, if I look at Kiri and Bodal, they also use their spent acid in-house. That's what they claim in their presentation. So, I just want to understand how in this waste management thing, how we are different. Because it seems like others are also using it in-house.

**Punit Makharia:** I would not like to comment on any other company that what they are doing. First of all, it is between you and them to figure out. As far as our business decision is concerned, I would still again request you that this is our, something, business strategy, what we follow. To give more focused detail on your question is not correct on this platform, sir. I will give you an appointment and we'll answer all your interest, all your inquiries. Please do not discuss any business strategy or business decision with me on this platform.

**Vaibhav Badjatya:** Okay, sir. No problem. So I think probably we'll connect it separately. Not a problem.

**Punit Makharia:** Please talk to Mr. Nitesh in our company. Mr. Nitesh will share you Rajiv's number and you please fix up an appointment.

- Moderator:** Thank you, sir. We'll take the next question from the line of Sanjeev Damani from SKD Consultancy. Please go ahead.
- Sanjeev Damani:** Congratulations, it is a very good performance in light of the fact that very difficult times are going on. So, my first question is that what is the performance of your company on the export front? Can I know, did we do any export in the last year and this year? And if yes, how much?
- Punit Makharia:** Sir, our export was INR 77 crores in 2024.
- Sanjeev Damani:** And all Dyes, Intermediates or final product has gone to export?
- Punit Makharia:** Sir, most of it is Dyestuffs. Dyestuffs are also there and 8% of it is fertilizer. Water solute is SOP and majority is Dyestuffs.
- Sanjeev Damani:** Sir, fertilizer means our single super phosphate is also there?
- Punit Makharia:** No sir, we produce another product called SOP, Sulphate of Potash.
- Sanjeev Damani:** Sulphate of Potash, is there any potential for that in the international market?
- Punit Makharia:** Sir, there used to be a very big plant in Egypt which used to make SOP. Just to give you an idea, it had 104 or 108 furnaces. We have only 2 furnaces. And those 104-108 furnaces have been shut down. Because of this, SOP is also very good in export this year.
- Sanjeev Damani:** Okay. And this year is still continuing, sir? It is still going on?
- Punit Makharia:** Sir, it is not that easy to start after shutting down. It takes time. And we will hope for it, sir. What else can I say?
- Sanjeev Damani:** Second question is regarding the expansion that we are doing in our chemical operations where management has used the word that chemical other than acid chemicals. Can I know these products which we are going to?
- Punit Makharia:** Sir, I won't discuss it.
- Sanjeev Damani:** Okay, no problem. Got it. No more questions about it.
- Punit Makharia:** Sir, when we started Unit 5, we didn't talk about any product. We won't talk about any product even today, sir.
- Sanjeev Damani:** Okay, no problem, sir. Acceptable to me. Then, sir, one more question is regarding one fact that on page number 14, in the Dyestuff vertical, we have put product as sulphuric acid. So, I mean, is it correct to put sulphuric acid in Dyestuff product in the presentation?
- Punit Makharia:** Yes, I have put it in Dyestuff. Sir, we made a small mistake. This is basically acid complex.
- Sanjeev Damani:** No, no. I understand.

- Punit Makharia:** So, it has been reversed. In acid complex, Dyestuff has come and in Dyestuff complex, acid has come.
- Sanjeev Damani:** Yes. That's why I was also seeing that.
- Punit Makharia:** No, no. It has been written in reverse. That is our mistake.
- Sanjeev Damani:** And our acid facility will be largely, sir, sulphuric acid and hydrochloric acid?
- Punit Makharia:** No, sir. It has sulphuric, oleum 23, oleum 65, chlorosulphonic acid, thymyl chloride and SO<sub>3</sub>.
- Sanjeev Damani:** And specialty dyes will go to that side only, in Dyestuff.
- Punit Makharia:** That column is reversed.
- Sanjeev Damani:** No problem, sir. I understood. Now, coming to next question about our expansion at fertilizer unit, that is Madhya Bharat Fertilizer. In that section, it is written as open access scheme. Our expansion of INR 18.5 crores. So, this INR 18.5 crores expansion is for fertilizer only mainly?
- Punit Makharia:** This is mainly in Madhya Bharat.
- Sanjeev Damani:** Is there any solar in Madhya Bharat?
- Punit Makharia:** No. There is no solar in Madhya Bharat. It is only we are expanding our Dewangan site.
- Sanjeev Damani:** But, sir, there is one more word there. For example, there is open access word in solar as well. Page number 18. And there is open access word below as well, sir.
- Punit Makharia:** Hold on. Let me see. Page number 18. It is written as Ahmednagar, sir. It is not written as Madhya Bharat.
- Sanjeev Damani:** No. Oh, so sorry. My mistake, sir.
- Punit Makharia:** Ahmednagar must have read Meghnagar.
- Sanjeev Damani:** Yes. That is how it is. So, sir, I understood that open access word is used in relation to solar.
- Punit Makharia:** No, but that is coming in Ahmednagar for our Pushkar company.
- Sanjeev Damani:** Yes. So, we have already Dye stuff unit in Ahmednagar.
- Punit Makharia:** No, sir. You are getting confused, Mr. Damani. Don't get confused. Don't confuse us as well. Ahmednagar is near Nashik. If you are from Bombay, then you will know. Our solar is there. Existing solar is of 5.2. New solar is of 3.8. Total will be 9 MW solar. That whole 9 MW solar will be in open access for our units in Maharashtra of Shree Pushkar.
- Sanjeev Damani:** Very nice, sir. Thank you very much. I am satisfied, sir. But yes, sir, the overall sales of Animal feed has also decreased and the realization has also decreased.

- Punit Makharia:** What can I say about each product? Why don't you see it overall?
- Sanjeev Damani:** Okay. Sir, I think that if Animal feed prospects increase, then it should be a good profitable business, sir. This is my guess.
- Punit Makharia:** Yes, animal feed has increased.
- Sanjeev Damani:** I was looking at the whole of India, sir. I was looking at FY23 to FY24. So, overall sales have fallen. And our realization has fallen by 21% in revenues.
- Punit Makharia:** No, sir. The data in front of me, in FY22-23, we have sold animal feed 2,477 tons at INR 11.81 crores. And in FY23-24, we have sold 3,176 metric tons of Animal feed at a value of INR 12.63 crores.
- Moderator:** Thank you so much, sir. We will take the next question from the line of Aditya Sen from Robo Capital. Please go ahead.
- Aditya Sen:** Hi, thank you for the opportunity. Sir, our understanding is that the prices of rock phosphate have fallen in the recent past 3-4 months.
- Punit Makharia:** Sir, can you please come again with your question?
- Aditya Sen:** I was saying that our understanding is that the rock phosphate prices have fallen in the recent 4-5 months. So, is it fair to say that this will help our margins move upwards towards the 13%-14%-15% range?
- Punit Makharia:** Sir, from what level to what level they have fallen?
- Aditya Sen:** I will just check. Give me one second.
- Aditya Sen:** Okay. So, the prices have fallen from around \$305 per ton to as of now it is \$200 per ton.
- Punit Makharia:** Sir, if we buy rock in \$305, then how much will we sell the SSP? It is not possible, sir. The price of \$305 was never there before and the price of \$200 is not there even today.
- Aditya Sen:** So, what is the fall in the rock phosphate prices that we are experiencing, if at all we are experiencing?
- Punit Makharia:** Your input data is wrong, Mr. Aditya. rock was never at \$305, and rock is never at \$200 and something, what you said. It has been always, in the range of \$140 to \$148. And right now, also, it is almost in the range of \$142. It was never at the level of \$300 or \$200.
- Aditya Sen:** All right, no worries with that. So, with all the coming capex that we have, how much revenue and EBITDA do we expect for the year FY26 and FY27?
- Punit Makharia:** Sir, you are asking me about FY26 after 3 years. What answer can I give you?
- Aditya Sen:** FY26 is coming here, sir, after a year.

- Punit Makharia:** FY25 is coming, sir. The running is going on for FY25. It is the next year of FY26. And I think that within FY25-26, we should be, closely in a bracket of more than INR 1,100 crores also. This is my rough estimate.
- Aditya Sen:** An estimated margin of?
- Punit Makharia:** Please don't ask me any such kind of a question which I myself, difficult to say. But I can tell you what I expect is that at least we should be in a range of maybe 10% or so around. If everything goes well because, see, we are doing a business which is affected by many kinds of geopolitical situations, wherein we can't control each and everything. But we can cautiously handle the things. The way industry has been going on for the last 2 years or so, it has been going unexpectedly, lot of hurdles and things. And now we see that the things are improving, which is quite visible from the Q4 FY24 also. I further see that things will keep on improving. So, accordingly I gave you my judgment that this should be next year somewhere in the range of around 10%.
- Aditya Sen:** Alright. And with the capex in the Unit 4 and Unit 6 in the fertilizer space, how much capacity expansion in terms of metric tons are we expecting?
- Punit Makharia:** In Unit 6 we are building up a facility of 1,50,000 tons.
- Aditya Sen:** And Unit 4?
- Punit Makharia:** Unit 4 is, that's a specialty product. That is why we call it as a WS water-soluble fertilizer. The installed capacity would be around 12,000 tons.
- Aditya Sen:** 12,000 tons. Yeah. Alright. Got it. Alright, so that was my question. Thank you.
- Moderator:** The next question is from the line of Nitya from Kamayagya Wealth Management. Please go ahead.
- Nitya:** Hi, sir. Thanks for the opportunity and congratulations on delivering a good set of numbers in a tough environment. I first wanted to ask, on the solar front where you've done a capex, what's been the total capex on the solar front?
- Punit Makharia:** Are you talking about the latest solar project that we are doing now?
- Nitya:** Yes, What's the total cost on solar?
- Punit Makharia:** We've already done close to INR 23 crores and further we're doing almost close to INR 22 crores also.
- Nitya:** So, sir, what's the total cost-saving benefit you're expecting for FY25 out of this solar?
- Punit Makharia:** Sir, without GST investment is almost INR 37-38 crores. And as far as my understanding is concerned, the repayment would be in three and a half years or so, leaving apart the depreciation benefits and the taxation benefits. We have not taken any kind of a debt or loan on the solar expansion.

- Nitya:** Right. And, sir, for FY25, you did INR 726 crores of sales in FY24. With the capex coming on stream, what kind of top line are you looking at in FY25?
- Punit Makharia:** In my opinion, we should be close to INR 875 crores to INR 935 crores.
- Nitya:** Around INR 875 to INR 900 crores is a fair assumption.
- Punit Makharia:** Hopefully. Almost 15%-20% growth, I expect, sir.
- Nitya:** Right. And on the fertilizer front, now India is expecting a pretty decent monsoon. Are you expecting a strong offtake in the fertilizer segment, even realization-wise?
- Punit Makharia:** Sir, I am expecting a decent offtake, not a very strong offtake, honestly speaking. In all put together, consolidated figure, I have given you my idea of approximately INR 875 crores to INR 900 crores.
- Moderator:** Thank you. The next question is from the line of Rahil Shah from Crown Capital. Please go ahead.
- Rahil Shah:** Yes. Hi, sir. Good evening. Sir, you just mentioned this revenue growth for FY25. So similarly, we can expect in FY26 as well. I think you mentioned INR 1,100 crores. Is that your target? So, you said the margins will be 10% up in 2 years, right?
- Punit Makharia:** Sir, it should be. I am not God, but what I can see in the industry, what I can predict is that, what I can read with the market intelligence, this is my expectation. Okay.
- Rahil Shah:** So, what are the margins expectations in the near term?
- Punit Makharia:** Sir, if I talk about FY24-25 current year, whatever the performance we gave in FY23-24, I expect at least 20% growth in terms of the top line as well as in the bottom line.
- Rahil Shah:** Top line, bottom line. Okay, sir. Okay. I take your word on that. Thank you and all the best. Thank you.
- Moderator:** Thank you. The next question is from the line of Rahil Dasani from MAPL. Please go ahead.
- Rahil Dasani:** First of all, thank you for the opportunity. Overall, if I look from FY2018-23, there is zero growth in Dyes. It's still at the same INR 300 crores which was in 2018, while there was good volume growth, which would mean a drop in realization. But again, in FY24, it has, after a long time, scaled up to INR 400 crores. First of all, what went wrong from 2018-23?
- Second, what were the realizations then and now for both Dyestuffs and Dyes Intermediates individually? And lastly, even this growth in FY24 has come from Dye Intermediates. So why is then the utilization in Dyestuffs scaling up? And why isn't this segment growing? And lastly, what got the change in the Dye Intermediate suddenly after a long time? That's my first question?
- Punit Makharia:** You asked 5-6 questions one by one. I forgot your first question.

**Rahil Dasani:** So, sir, the first question is, in FY2018-23, the growth was zero in Dyes. It was at INR 300 crores in these 5 years. Now, while there was volume growth in these years, but not realizations?

**Punit Makharia:** I don't have the 2018 data document on this call yet. So, I cannot reply to the details about 2018, 2019, 2020, 2021. You frame your question and send it to IR. Our team will get back to you. Because, see, you very well know and everybody knows, how FY20-21 has gone for the whole industry. And now you are asking me to comment on the performance of the last 5 years, which I am not getting anything as of now with me, Mr. Rahil. So, I would suggest and request you that you please send your question to Churchgate Partners. He will get back to you.

**Rahil Dasani:** Okay, sir. No problem. So, the second question is on Dyes Intermediates. In FY24, we have seen a growth after a long time. So, first of all, what led to this growth? And second of all, our Dyestuff segment isn't growing. So, why is that?

**Punit Makharia:** Sir, if you compare the growth of FY24 with FY23, in this segment also, we have grown our business of Dyes intermediates from 5,000 turned to 10,000. Intermediate business has gone double. And this business has gone almost 10% or maybe 7-8%, 5-7%. Sir, the business has increased. In Dyestuff, there is a little change. But otherwise, Intermediate business has gone high.

**Rahil Dasani:** Sir, volumes have grown, but realization has not grown.

**Punit Makharia:** Sir, what can I say about that? How can I give you a specific answer as to why the realization has not grown? Because, see, you need to see the EBITDA levels. You need to see the profitability levels in comparison with '23-'24. The prices were almost completely to its bottom and dipped in 23 and '24. Now, it has started improving on a stabilization phase.

And whenever the situation gets improved, the first improvement in what I believe is that is in terms of the volume, then it comes on the pricing, then it comes on the profitability. So, at least the things have started moving, which were not moving before. There is a volume generation. Now, if you talk about the value, the value decrease was a very simple thing. Cost-take-flex was INR 70 at that time. Today, cost-take-flex is INR 30. So, ultimately, value will not make a difference.

I hope you understood my submission. Sir, if any raw material comes from INR 70 to INR 30, will it not make a difference in value? I just gave you an example. If Sulphur comes from \$155 to \$86, will it not make a difference in value?

**Rahil Dasani:** Okay. Got it. Sir, the next thing is, in the last 2-3 concall, you had guided for 14% to 16% EBITDA levels and a range of around 10% PAT levels for FY25 and you said you have a clear vision to see it. So how will we do that if you can please break down the margins, how will we increase the margins?

**Punit Makharia:** I believe in the same belief what I said before and today also and in future also it is only a time when we see that visibility I personally see that visibility is not too far away things have started improving.



- Rahil Dasani:** But sir in terms of numbers if you can break down the margins, how will we increase the margins?
- Punit Makharia:** Please give the details to IR, we will come back to you with the numbers of the detailed calculation, or you can come down to our office and understand the detailed calculation. We cannot talk about such a large business plan on this con call.
- Rahil Dasani:** Okay, yes, got it. Sir the second question is around the fertilizer segment especially the SSP. It may help the top line growth, yes but here the margin and profitability are very extremely volatile because of the subsidies from the government. So why do we want to scale up this segment?
- Punit Makharia:** I don't understand sir.
- Rahil Dasani:** So, sir our scale up in the fertilizer segment has been very quick and strong in the SSP segment. So here the growth is coming in the top line yes, but margins and profitability is very volatile here because of the subsidies. So why do we want to scale up in a commoditized segment?
- Punit Makharia:** Sir last year there was no growth in the SSP top line also. In the Kisan there was a drop from INR 132 crores to INR 96 crores. Where is the top line growth?
- Rahil Dasani:** Sir I will tell you what happened before. From 2018 to 2023 we have seen a lot of growth in the fertilizer segment. And whatever growth we have seen in the last year has come from the fertilizer segment only. Because the dye segment was at a fixed top line of INR 300 crores.
- Punit Makharia:** Brother you will ask me the data of 2018. I am neither a computer nor a God.
- Rahil Dasani:** I am not asking for 2018 data. I am asking why we want to scale up in a commoditized segment where there is no control in the margin. That is the point?
- Punit Makharia:** Thank you for your big list of questions and long period of data. We will respond you on the subject.
- Moderator:** The next question is from the line of Saket Kapoor from Kapoor Company. Please go ahead.
- Saket Kapoor:** Namaskar Puneet ji. I was late in the call. So, can I ask a replicate question? Sir firstly for the capital work in progress which is our closing balance of INR 42 crores. In which segment is it pending and till when will it be capitalized?
- Punit Makharia:** Sir the expansion that we have taken is in the chemical sector, fertilizer sector and renewable energy sector. So, if we add all these three things together it is INR 42 crores. Out of which INR 16 crores and few lakhs are in solar. And around INR 33.46 crores are in chemical and fertilizer. If you see the total of INR 50 crores then INR 16.12 crores are in solar. INR 33.46 crores are in chemical and fertilizer. And out of the INR 33.46 crores approximately INR 7 crores are in Madhya Bharat.
- Saket Kapoor:** Sir till when will it be capitalized and commercialized?

- Punit Makharia:** Sir it is going phase wise. Like we are starting the WS plant very soon. We have started the trials. We have not yet come to the commercials. As far as I understand solar will start in June. But as soon as June comes rain will start. So how much solar productivity will come is a question in itself. After that our chemical expansion is in unit 5. We will start that around Diwali. And the big fertilizer expansion will take 12-13-14 months. So, these are different things in phase out.
- Saket Kapoor:** Sir you have just made it clear that we expect 20% of our top line for this village. If we exclude mother income, then we can grow 20% on the basis of 726. And we can keep our bottom line in the same trajectory. This is the assumption you have given.
- Punit Makharia:** Yes, this is my hope and this is my effort.
- Saket Kapoor:** Sir if we look at our other expenses line item, we can see that in the 4th quarter last year it was INR 42.5 crores which has gone down to INR 32 crores. So, what is the reason for this reduction and how sustainable is it?
- Punit Makharia:** Sir, can you repeat the downfall?
- Saket Kapoor:** In March FY23 our other expenses were INR 42.57 crores which has come down to INR 31.80 crores for March '24. So, what has led to this reduction and what is the sustainable?
- Deepak Beriwal:** You will see that last year the Kisan did a business of INR 132 crores and this year the Kisan did a business of INR 97 crores. So, there is a lot of dip in that. Then the second reason is that solar has also had an impact in this. In 2023 we did not have solar but in FY2023-24 solar has also had an impact. But mainly it is because of the fertiliser region. If you look at the standalone then you will see the same thing.
- Punit Makharia:** Sir the thing is that a 2.6-megawatt power plant gives us 3 lakh units. I will give you a rough calculation. So, in total we have 2 plants of 2.6 megawatts. 3 lakh, 3 lakh, 6 lakh, 6 lakh multiplied by 12 is 72 lakh units. So, the impact of 5-6 crores is due to electricity. Plus, as Mr. Deepak has told you that the dispatches have reduced in the Kisan. So obviously the selling, distribution, transport cost will ultimately fall.
- Saket Kapoor:** So, as this segment improves it will commensurate again. But margin is not required.
- Punit Makharia:** It will be commensurate with the volume of the business.
- Saket Kapoor:** It will be commensurate with the volume of the business. Right sir.
- Punit Makharia:** Sir, if one person stays in one house, in one room, then the cost of that house will be less. If four people stay in the same house, in four rooms, then the electricity, water and other expenses will increase. It is a simple thing.
- Saket Kapoor:** Yes sir. Right sir. And in the last quarter or in the second quarter, you gave us guidance and we saw in the numbers that the worst was behind in our key product segment. So, sir, how do you see the trend of uptake and profitability in all our segments?

**Punit Makharia:** Sir, I have a strong feeling that now the worst has gone back to us. And we look forward for a better period, better time. And I also believe that post June, once the government stabilizes, the perception of the people, the thought process of the general people, including overseas as well as in India, definitely going to improve. And I personally see that there is a quite, good growth going to come in, in future quarters.

**Saket Kapoor:** Okay. Means sir, the current trend is a bit subdued in the current quarter.

**Punit Makharia:** Sir, we are almost in the middle of this first quarter of FY24-25. But I see that after that the things will more improve. But I don't think that this quarter will be too, depressed also. It will be a normal quarter.

**Saket Kapoor:** It will be a normal quarter. Means we can go according to March. Because your growth outlook will gain more traction than the second half?

**Punit Makharia:** I hope so, sir. Hopefully.

**Moderator:** Thank you. The next question is from the line of Amit Mehendale from Robo Capital.

**Amit Mehendale:** Hello. Thanks for the opportunity. Sir, we started tracking this company recently. So, I have just, a couple of questions. I think when I see the capex, there is a INR 200 crores capex in the pipeline. And we started looking at the current capacity utilization. And our impression was that the current capacity utilization of both fertilizers and chemicals was, a little lower. Can you comment on what was the utilization in March? And that is essentially in the backdrop of the capex. How do we see current utilization versus the new capex?

**Punit Makharia:** Sir, it's almost in the range of 65% of our existing capacity. And whatever the capacities we are building up in future, out of that, almost the 50-60% expansion is towards the backward integration. Once we are doing for the backward integration, so obviously, that expansion may not reflect in the top line, but definitely it will reflect in the bottom line. Just said, there was a question earlier as to why the expenses were reduced. The expenses were not reduced because of the solar, the expenses have gone down.

You know, that's one of the reasons was that because of the solar, expenses have gone down. Definitely, the business of Kisan had also gone down. And whatever the new capex we are doing, almost close to 50% out of that is also in the backward integration. Like, INR 20 crores to INR 22 crores we are spending in the solar also. So, solar can be profitably improved.

Plus, we are going one more product also in backward integration, which I will not discuss on the, about the product things. But go further forward, go for the same kind of product that will be also, these two plants, one at Unit 5 and another is at Unit 6. And in the coming time, sir, I mean, if there is a hope for improvement in things, then we, let us have a this better, this outlook on the business in future.

**Amit Mehendale:** Yes, sir. Thank you. So, basically, whenever our expeditionary target is around INR 1000 crores, what will be the capacity utilization in the existing facilities? Ballpark number of properties?

**Punit Makharia:** Practically 70% - 75% as far as utilization is considered in our industry to be a decent amount of utilization. It is difficult for generally we take in 75% utilization is good and it is a decent utilization. It is difficult to go above 75%. And for this FY24-25, we are expecting that at least we will improve our productivity by 10% more. So, as of now, we are at 65%. We should come around 75%.

**Moderator:** Thank you. The next question is from the line of Harshil Solanki from Equitree Capital. Please go ahead.

**Harshil Solanki:** Hi, sir. I had a very basic question. Sir, what is the profitability in Dyes and Dye Intermediaries? And is it beneficial for us to sell in Dyes or Intermediaries or we are indifferent selling either of the two?

**Punit Makharia:** Being a consolidated, integrated business, it is practically difficult to work out the individual profitability vertical-wise. It will not be correct on my part if I give you any figure because since it's an integrated complex at one site or the other sites which are very nearby and we have an integration of 6-7 stages vertical. So, it is practically difficult to work out the profitability on this individual vertical-wise.

**Harshil Solanki:** Okay, but would it be better for us to sell Dyes more or how does it work? Or is it a focus area for building our brand?

**Punit Makharia:** Sir, we have good capacities on Dyes also. We are working on both the ways. We are building a business for Dyes as well as for Intermediaries. Both the businesses are good.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now hand the conference over to Mr. Punit Makharia for closing comments. Over to you, sir.

**Punit Makharia:** Thank you, everyone, for joining our Q4 FY24 earning calls. If you have any further questions, please feel free to connect with our Investor Relations Advisor, Churchgate Partners and we will be happy to address all your queries. Thank you very much and have a safe day. Thank you.

**Moderator:** Thank you, members of the management. Ladies and gentlemen, on behalf of Shree Pushkar Chemicals & Fertilisers Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.

**Notes:**

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