SHREE PUSHKAR CHEMICALS & FERTILISERS LTD.
CIN: L24100MH1993PLC071376
(A Government of India Recoginsed Export House)
An ISO 9001:2015 & 14001:2015 Certified Company
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Date: 20th November, 2024

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| **National Stock Exchange of India Limited,**<br>Exchange Plaza, Plot No. C/1, G Block,<br>Bandra Kurla Complex, Bandra (East),<br>Mumbai – 400051<br><br>Scrip Symbol: **SHREEPUSHK** | **BSE Limited,**<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Fort, Mumbai - 400001<br><br>Scrip Code: **539334** |

Dear Sir/Madam,

**Subject: Transcript of Analyst/Investor Conference Call held on 13th November, 2024**

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with reference to our letter dated 8th November, 2024, intimating you about the earning conference call for Q2 & FY25 with Analysts/Investors held on 13th November, 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**

PANKAJ MANJANI
Digitally signed by PANKAJ MANJANI
Date: 2024.11.20 13:37:05 +05'30'

**Pankaj Manjani**
Company Secretary & Compliance Officer
Place: Mumbai
Encl.: as above

"Shree Pushkar Chemicals & Fertilisers Limited

Q2 & H1 FY'25 Earnings Conference Call"

November 13, 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. PANKAJ MANJANI – COMPANY SECRETARY AND COMPLIANCE OFFICER – SHREE PUSHKAR CHEMICALS & FERTILIZERS LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to Shree Pushkar Chemicals & Fertilizers Q2 and H1 FY25 Earnings Conference Call.

As a reminder, all participant line will be in listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to the Company Secretary and Compliance Officer, Mr. Pankaj Manjani. Thank you and over to you, sir.

**Pankaj Manjani:** Good evening, everyone and we welcome all the participants to Shree Pushkar Chemicals and Fertilizers Limited Q2 and H1 FY 2025 Earnings Call.

Joining us today from the management side, we have Mr. Punit Makharia, Chairman and Managing Director, Mr. Deepak Beriwala, 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, Pankaj. A very good evening to everyone, and welcome to Q2 and H1 FY '25 Earnings Call for Shree Pushkar Chemicals & Fertilisers Limited. I hope you had a great opportunity to review our financial results and investor presentation, which are available on both the stock exchanges and our company website.

As we close the second quarter of FY '25, the quarter results has showcased our steady execution and focused on operational efficiencies, positioning us well to navigate both opportunities and challenges in the industry trends. Starting with our Chemical division, our volume reached 15,510 metric tons in Q2 FY '25 compared to 16,475 metric tons in Q2 FY '24. This represents a 5.9% decrease from the same quarter last year.

Our Fertilizer division has shown a constant demand with sales volume increasing to 60,896 metric tons in Q2 FY '25, a 23.6% growth year-on-year. Combined, these performance has driven our total sales volume to 76,406 metric tons, making a rise of 16.2% on a year-on-year basis.

Our focus on sustainable growth is demonstrated by strategic investments made in this quarter, including a capex of INR11 crores. That brings our total capex as on 30th of September 2024 to INR 68.48 crores, which has been funded totally through internal accruals, supporting our aim to expand opportunities, diversify our product offerings and enhance both forward and backward integration. This investment aligns with our vision for a more sustainable energy mix for our operations.

Friends, our ongoing capital expenditure projects are designated to support our growth path by expanding our production capacity in both the Chemicals and Fertilizers divisions. These upgrades will allow us to meet increasing market demands more efficiently once fully operational. These investments are expected not to increase our output, but also enhance profitability through improved cost efficiencies and economics of scales.

Government measures aiming at strengthening industrial production, advanced infrastructure and promoting manufacturing are creating a positive business climate, which reinforce our confidence in our strategic direction.

A key highlight to our financial strategy remains non-lien deposits facility, which now stands at INR141.10 crores. This facility provides us the additional liquidity and flexibility as we are continuing to invest in both current and future projections. Looking forward, our focus remains on enhancing operational efficiencies, expanding our capacities, and exploring new growth revenues within both Chemical and Fertilizer sector. We are optimistic about the future, which we expect will drive our sustained demand for our products in coming months. With this, now I would like to hand over the call to Mr. Deepak, our CFO, who will dwell deeper into the operational and financial specifics of Q2 and H1 FY '25. Thank you.

**Deepak Beriwala:** Thank you, sir. Good evening, everyone, and thank you for joining us today. I will take you through our operational and financial performance for the second quarter and first half of FY 2025. In Q2 FY '25, our Chemical division achieved a sales volume of 15,510 metric tons, marking a 2.7% decrease from the previous quarter and 5.9% decline compared to Q2 FY '24.

In the Fertilizers, volume is 60,896 metric tons in Q2 FY '25, down 12.7% quarter-on-quarter, but replacing a 23.6% increase on a year-on-year basis. Together, these results brought our total Q2 sales volume to 76,406 metric tons, representing a 10.8% sequential decline, but a 16.2% increase over Q2 of the previous year.

For the first half of FY 2025, our consolidated volume in Chemical division reached 31,453 metric tons, representing a year-on-year growth of 4.8%. The Fertilizer recorded 130,618 metric tons in H1 FY '25, a 23.6% increase compared to the first half of the previous financial year. This overall growth led to the total volume of 162,071 metric tons for H1 FY '25 marking a 19.4% increase over H1 FY '24.

Turning to our financials, we reported a consolidated earning of INR175.6 crores in Q2 FY '25, reflecting a 9.6% decrease from the previous quarter and 5.2% decline from Q2 FY '24. EBITDA for Q2 FY '25 was INR19.1 crores, a year-on-year improvement of 36.7%, giving an EBITDA margin of 10.9%.

Net profit for the Q2 FY '25 reached INR13.3 crores, with 57.5% increase year-on-year, resulting in net profit margin of 7.6%. For the first half of FY 2025, our revenue amounted to INR369.8 crores which is a 2.5% increase year-on-year. EBITDA for H1 FY '25 was INR36.7 crores delivering the EBITDA margin of 9.9%, a 31.3% year-on-year increment. Net profit for H1 FY25 was INR26.2 crores, a 60.1% increase on year-on-year basis with a net profit margin of 7.1%.

With that, I open the floor for questions. Thank you so much.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Preet from Wealth Fincer. Please go ahead.

**Preet:** Yes, hi. Good numbers, Shree Pushkar and Team. Mr. Punitji, I have a question for you. We were looking at an overall guidance of 15% for the full financial year, which would have taken our turnover to somewhere between INR825 crores to INR840 crores. Now, given the run rate that we have achieved, that looks very difficult. So, can you share what your revised numbers could look like for the full year?

**Punit Makharia:** Mr. Preetji, honestly speaking, I don't see it more difficult. As you see, we have already done close to INR370 crores revenue on a total consolidated basis and around, I think, profit margin of INR26 crores on a consolidated basis for H1FY25.

If you see our past performance, generally it has been seen that the Q4 is always better than the previous three quarters. So, if you see, within INR800 crores, we are hardly, you know, INR400 crores, INR450 crores away, which is not a very big distance, Mr. Preet. And as far as profitability is concerned, I have always said my idea and my projection is that we will achieve a revenue of INR800 crores, INR840 crores in this year and we will achieve a PAT of around INR60 crores in this year. So, I don't see any big challenge or fight in these numbers, Mr. Preet.

And secondly, I would like to add one more thing to this, that you see, the Rabi season that is going on, which has just started in October, in this Rabi season, if you see, this October, this year, I mean, the number of the third quarter, that number, when we will do our concall in January, you will see, I think, if you stay in the next concall, you will yourself say that this number is quite achievable, we can see it. Right, sir.

**Preet:** Rabi crop is looking good, right, sir, because every company is saying that...

**Punit Makharia:** The thing is, overall, there is a heavy shortage of DAP, if I talk to you about the fertiliser sector, then there is a heavy shortage of DAP and DAP is not even coming at this time. Its benefit, its substitute is only SSP in today's date. One is that we will get a very good crop there.

Secondly, sir, I was in Bangladesh for 4 days, I returned on $9^{th}$ of this month only. After going to Bangladesh, my view has changed a lot and the main reason for the change of view, if we look at it, is that people there have a lot of work. In spite of their political instability also, which we see in the media today, this happened in Dhaka, this happened in Bangladesh, that happened, all these things are being shown by the media, but if you go to the ground level reality, then there is no such thing there, sir, rather I am expecting a great business even from Dhaka also, as well as in the rice sector.

And if I talk about the pricing of intermediates, then there has been a lot of improvement in the third quarter. Just if I try to give you a little insights in intermediates, then sir, in intermediates, somewhere the improvement of 10% is seen to be 100% and we are also achieving that.

For example, the product that we make, Vinyl Sulphone - we were selling it at INR230, INR232 till the second quarter, and in this third quarter, that product is somewhere around INR265, INR266 today. There is work on this level also. There are orders. I mean, till January, almost we are packed up.

**Preet:** So, sir, what capacity are we running now in chemicals and fertilizers?

**Punit Makharia:** In a way, you can understand that somewhere, somewhere, I have not seen the figure of capacity, but my approximate thinking is that we are running at around 65%.

**Preet:** In chemicals?

**Punit Makharia:** I am talking overall, sir, in this. I have not gone through the slide of capacity utilization exactly, but on a day-to-day basis, what we are involved in, or what we see, I can say that somewhere, we are running above 65%.

**Preet:** And this, sir, the demand that you are seeing, foreseeing for Q3 and Q4, how far can it go?

**Punit Makharia:** I didn't understand by you saying, how far can it go?

**Preet:** I mean, how much more can be improved from here?

**Punit Makharia:** You are talking about hedging

**Preet:** I am talking about capacity utilization, sir.

**Punit Makharia:** In capacity utilization, sir, there is still a room for improvement of 5% to 10% in it.

**Preet:** Still?

**Punit Makharia:** But what happens is that there are a lot of factors in it.

**Preet:** Right.

**Punit Makharia:** I mean like the supply chain disturbance that is going on today, freight charges have increased a lot, availability of raw material is also a hiccup. There is a little issue, but yes, there is a scope for improvement of 5% to 10% easily.

**Preet:** Sir, our solar was going to be enabled, will it start?

**Punit Makharia:** Sir, our 3.8 SP3 solar, you can understand that there is a shutdown on the 16th at our plant. So, this coming 16th November. So, 16th, 17th , 18th , this is a 3-day shutdown, within those 3 days, this thing will be enabled, which we will see its effect in the electricity bill next month.

The plant is complete, you know, it is in running condition. There are some technicalities on the site for electrification. For that, we have to take a shutdown. That shutdown is planned for 16th, 17th, 18th .

**Preet:** Okay and all the permissions have been obtained. So, this is final?

**Punit Makharia:** Sir, everything is done, complete.

**Preet:** Okay, very good. So, sir, this will help in the margin, right?

**Punit Makharia:** Definitely. Sir, it is a simple thing. In today's date, if you take electricity from the electricity board, then the cost per unit is INR10 to INR10.25.

**Preet:** Right, sir.

**Punit Makharia:** If you divide the electricity bill by the number of units, then the electricity bill comes around INR10 to INR10.25 per unit.

**Preet:** Right, sir.

**Punit Makharia:** Here, you get a benefit of 50-60% in cost, at least.

**Preet:** Okay. So, in the overall margin, this will add, 1% or more to the EBITDA? Can we expect this?

**Punit Makharia:** No, sir. This will not improve the EBITDA by 1%. Sir, if you talk about 1% EBITDA, then that will be somewhere around INR8 crores annually. 1% will not be the increase, but yes, there will be a difference of 0.5% to 0.75%.

**Preet:** Okay, sir. Sir, I wanted to know that your capex, which was a plan of INR225 crores, was supposed to be completed by Q1 or Q2 of FY26. So, is that on track, sir, or is there any delay

**Punit Makharia:** Sir, in 3-4 places, there are different phases. In that, we started a small trial, and the capex of unit 5, somewhere in December or January, we will start, but we will do a little trial and the commercial production will commence from the month of March. So, the outcome of that will be visible in FY25-26. After that, the unit 6 which we are starting, our team says that before the rainy season, before June 2025, we will start it. I am behaving a little conservatively, so I feel that if they say June 2025, then by July, August, September – by end of Q2 FY26, we will start the trial. Roughly, we are not very delayed.

**Preet:** Okay, sir. So, it is on track.

**Punit Makharia:** Sir, a delay of a month or two is not a big deal.

**Preet:** No, no, absolutely, sir. That is also fair.

**Punit Makharia:** There is no long story. We have INR140 crores of non-lien investments on a consolidated basis. We have invested INR70 crores. So, INR70 crores plus INR140 crores equals to around INR200 crores, etc. You have a whole year left.

**Preet:** Right, sir. So, there is no need to take a debt.

**Punit Makharia:** Sir, we are trying not to take a debt. Time will tell, sir. 99.9999% there will be no need to take a debt.

**Preet:** Sir, if we look a little further, if we think about FY25-26, can we target INR1000 crores turnover for FY26 based on how you see the environment and capacity?

**Punit Makharia:** FY25-26?

**Preet:** Yes, sir.

**Punit Makharia:** Sir, FY25-26, in my opinion, there should be INR1,000 crores plus or minus 5%. And if I talk about FY26-27, there should be INR1,400 crores plus or minus 5%.

**Preet:** Okay, sir. And our EBITDA margin was 14%-15%. Is it possible to come there?

**Punit Makharia:** Sir, it has not gone anywhere, 14%-15%. It is resting a little. And I think it will come in the next 1-2 quarters. You see, the situation is improving stage by stage. Let us not expect something miraculous. And you will also see that the situation is improving from quarter 1 to quarter 2, and from quarter 2 to quarter 3, if God wills, it will be even better. So, you know, the situation will improve I think, if I talk about this year, then somewhere we should be at approximately 8% level. I hope so.

**Preet:** Sorry, 8% of PAT? Okay, you are talking about the full year. Very good, sir. Sir, just one question. Was this quarter's turnover less than expected?

**Punit Makharia:** Sir, it is like this. Do not look at quarter to quarter. Look at it on full year basis. There are many things. The Company runs in 5-6 different verticals. Many things impact it. Now, I am not going to explain it to you in detail, but we have kept the position in front of you. And it is like this, where there was a chance, we took a hit on the PAT and earned money.

Now, when I see the situation improving in the coming period, I can say that I will not sell goods today, I will sell goods after a month, and I will get more than INR0.02 paise. I would like to compromise on my revenue. From today, let us behave as per the situation. When we used to think that if there is a shortage in the market, then sell the goods in less than INR0.02 and let's just earn the money. Let us maintain the cash flows.

So, at that time, there was a shortage. So, we behaved conservatively. Now, there is a time for improvement. So, today, it is better to stop selling goods. We will get INR0.02 more.

**Preet:** Sir, I was thinking about your inventory changes.

**Punit Makharia:** Sir, don't pay attention to small things. Leave it to us. Don't worry about it.

**Preet:** Okay, sir.

**Punit Makharia:** Sir, it is a simple thing. If I don't sell goods today, and if I get INR0.02 more tomorrow, will you sell goods today or tomorrow?

**Preet:** No, no. You are right, sir.

**Punit Makharia:** There is no rocket science in it. Don't look at it quarter to quarter. If you look at it yearly, you will see a lot of improvement in the situation.

**Preet:** Absolutely, sir. We are very happy with your management. We wish the entire team the very best. Thank you, sir.

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

**Harshal Solanki:** Hi, team. Good afternoon.

**Punit Makharia:** Good afternoon, Solanki.

**Harshal Solanki:** Sir, to continue what you said to the last participant, our volume has de-grown, and our inventory has increased. So, this is in line with your strategy that you try to stop selling goods and you sell it when you see good demand in the future. Is that why there is a buildup in the inventory. So, what you explained will be valid for volume de-growth?

**Punit Makharia:** Sir, as I said in the first question of quarter 3, I gave an example that we used to sell one product at a particular price and today I am getting 10% more than that. As I said in the first question that the future is better, I maintain my same stance and reply about the de-growth in volume and the increase in inventory.

So, the same answer I would like to submit here also in a copy-paste manner. There is no difference in that. Sir, if you see the result of quarter 3 then you will understand that in quarter 2 there was depression in revenue. Why did this happen? It is not a big depression. It is hardly a depression of INR10 crores. INR10 crores can be sold tomorrow and the day after that.

**Harshal Solanki:** I understood, sir.

**Punit Makharia:** It is not a long story. Sir, today you will say that the inventory has increased in comparison to before. What is the problem? The inventory is giving INR0.02 more. There is no interest on the inventory. When you can manage the inventory when you can handle your cash flows when you know that the pricing is improving in the future market why to sell the inventory today?

When there is no pressure on the cash flow when there is no pressure on the bank still the company remains debt free rather the company has increased its total investment values to INR141 crores when the company is not having any kind of a pressure then why not to hold on inventory if we see a future outlook of the inventories to be at a better pricing level?

**Harshal Solanki:** Sir, you are absolutely right. I was confirming that your approach is correct.

**Punit Makharia:** Sir, let me add one more thing to this. Today we are talking about a capex of INR200 crores. You have invested INR70 crores out of INR200 crores and you have INR140 crores with you. Sir, when you have a cash surplus and I feel that if I sell in January, I will get more money, I will get INR0.02 more then I will sell in January.

I don't have any problem. I don't have any pressure of cash that I have to maintain my cash flow I have to sell the goods I have to get the money I don't have any such pressure. I will look for the right time and right opportunity to hit the market.

**Harshal Solanki:** True sir. Got your point. Sir, I have a question for CFO sir.

**Punit Makharia:** Please go-ahead sir. Mr. Deepak is here.

**Harshal Solanki:** We have an interest income of INR2 crores in H1 FY25 and we have an investment of INR92 crores So, if you see we have only got 2% yield in H1 FY25 Can you tell me the reason behind such a low yield? Because the same thing happened with us in FY24 We had an income of INR3.81 crores and an investment of INR74 crores which is 5% yield.

**Deepak Beriwala:** Can you repeat that?

**Harshal Solanki:** So, in our cash flow the interest income is INR2 crores and in balance sheet the investment is INR92 crores. So, if you transform it into yield then you get 2% yield which is very low.

**Deepak Beriwala:** Is it quarter-on-quarter or year-on-year?

**Punit Makharia:** Solanki Ji is it 2% quarterly or yearly?

**Harshal Solanki:** H1FY25. Yes.

**Punit Makharia:** Means it is half year?

**Harshal Solanki:** Yes.

**Deepak Beriwala:** So 2 divided by 92. Which line item are you talking about in the case flow?

**Harshal Solanki:** Interest income.

**Deepak Beriwala:** Console basis, right?

**Harshal Solanki:** Yes. INR2.11 crores to be precise.

**Deepak Beriwala:** So, what was your question in this INR2.11 interest?

**Harshal Solanki:** The interest of INR2.11 crores and if you see our investment in current assets it is INR92.81 crores. So why are we getting such a low interest?

**Punit Makharia:** On an investment of INR92 crores, in 6 months you have only got INR2 crores, and you have 2%. Yes. Why was it so low? Have you understood the question now?

**Deepak Beriwala:** Yes.

**Punit Makharia:** You want to dig out the proper things?

**Deepak Beriwala:** Yes.

**Punit Makharia:** Solanki Ji, Deepak will dig out the exact situation and then come back to you through our IR.

**Harshal Solanki:** Sure. Sir, I have one more question from the same line. I'll take it offline. It is in detail.

**Punit Makharia:** You can understand that from Deepak later. I hope you have our office number. You can dial the office number and ask for Mr. Deepak. He will connect with you.

**Moderator:** The next question is from the line of Saumil Shah from Paras Investments.

**Saumil Shah:** I have a couple of questions. So, this year we are looking for INR800 to INR825 crores of revenue and INR60 crores of PAT. So next year, as you said, around INR1000 crores plus or minus 5%. And what can we expect in terms of PAT (profit after tax)?

**Punit Makharia:** According to my personal calculation to be on a conservative side, this year I am projecting that we should be close to 8% or so. In that 8%, there might 10-20% or rather 10-15% increase or decrease, that time is going to tell. In my opinion, as I said in my last con-call that we are at the end of a dark tunnel, and we see a bright time ahead.

I still maintain the same statement as of now. Next year, I think it will be better than this year. It is difficult to say that today. But in my opinion, it will be better than this year. But I still have a great confidence that earlier when we were at 14.5%, 15.5%, 16%, let's say 15% EBITDA levels and we were somewhere at 9.5%, 10%, 10.5% PAT levels. We will come back on our earlier position. That's not a great thing.

**Saumil Shah:** Maybe in one or two years we can reach there.

**Punit Makharia:** Sir, I think there should be more improvement in this from next year. In general, if you talk to me, then I will tell you that somewhere this year, we will have a INR60 crores PAT plus minus 5%. Next year, we should be somewhere around at the level of 8.5% to 9%. And if you talk about revenue, then it should be between INR900 to INR1000.

**Saumil Shah:** Sir, in this capex, what will be the asset turnover?

**Punit Makharia:** Asset on?

**Saumil Shah:** What will be the capex? We are doing INR230 crores capex if I am not wrong.

**Punit Makharia:** No, around INR200 crores.

**Saumil Shah:** Around INR200 crores. So what can be the asset turnover in this? What is the maximum revenue that can come from this new capex?

**Punit Makharia:** Generally, it is around 2 to 2.25 times.

**Saumil Shah:** Okay.

**Punit Makharia:** Generally, based upon my earlier experience, I have seen that if you are building a good business, then you will get 2 to 2.25 times asset turnover.

**Saumil Shah:** Thank you Sir.

**Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to Mr. Punit Makharia for closing comments.

**Punit Makharia:** Thank you very much. Thank you everyone for joining our Q2 and H1 FY25 earnings call. If you have any further questions, please feel free to contact with our investor relation advisor, Churchgate Partners. And we will be happy to address your queries. Thank you very much and have a good day.

**Moderator:** On behalf of Shree Pushkar Chemicals and Fertilizers, that concludes this conference. Thank you for joining us and you may now disconnect your line.

**Notes:**

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings
2. Figures have been rounded off for convenience and ease of reference
3. 