



“Shree Pushkar Chemicals & Fertilisers Limited
Q1 FY 2022 Results Conference Call”

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Moderator:

Ladies and gentlemen, good day and welcome to the Q1 FY22 Earnings Conference Call for Shree Pushkar Chemicals & Fertilisers Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*', then '0' on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Punit Makharia. Thank you and over to you, sir.

Punit Makharia:

Hello and a very good afternoon to everyone. Today, on call I am joined with Mr. Deepak Beriwal – our Chief Financial Officer and Mr. Nitesh Pangle – our Company Secretary and Compliance Officer and Oriental Capitals, our Investor Relation partners.

Friends, we have uploaded our investor presentation and financial results on the stock exchange and on the company website. I hope everybody had an opportunity to go through the same. Now I will take you through the industry updates, followed by financials and operational performance for the Q1 FY22.

Q1 FY 2022 was more or less a normal quarter and the volumes have started picking up and we have seen industry moving towards normalcy. We had seen some hiccups in Q1 FY22 on the back of the devastating cyclone Tauktae, hitting the shore of Maharashtra and Gujarat in May 2021, and impact of the second wave of COVID-19 disturbing supply chain situations and causing labor shortage and intermittent lockdowns in various parts of the state and country. Despite all the challenges faced, we have been able to grow on our volumes and revenue, not only on year-to-year basis, but on quarter-to-quarter basis also. Our volume growth on consolidated basis in chemical segment was 37% from 4,628 metric ton in Q1 FY21 to 6,345 metric ton in Q1 FY22. Consolidated volumes in the fertilizer segment for Q1 FY22 grew by 19% from 44,511 metric tons in Q1 FY21 to 52,719 metric tons in Q1 FY 22. Revenue for the quarter on consolidated basis level grew up by 86% as compared to the same period last year, and compared to a quarter back, it grew by 5% showing positive recovery signs. Our volumes and revenues growth would have been higher if we would not have faced challenges because of the partial lockdowns and production loss due to cyclone and the recent floods. However, as the situation is moving towards normalization, we are optimistic of growth movements in volumes, realizations and margins going forward. On profitability front, our EBITDA stood at 15.6% and PAT margin was 11.3%. Operational efficiencies and cost rationalization led to margin expansion.

Friends, now let me give you an update on the CAPEX plan, which company is doing. Our original CAPEX plan of Rs. 75 crores now has gone up to Rs. 85 crores for expanding dyes and intermediary capacities from 22,000 tons per annum is slightly delayed due to the second wave of COVID-19. However, that has been resolved, now the work is back on the full track and to the full swing. We believe our capacity should be in a running situation in next couple of months. Out of Rs. 85 crores, we have already incurred an amount of Rs. 80 crores and let me remind, all through is from internal accruals. Company is also setting up a solar project under the open access scheme for which we have planned the CAPEX of Rs. 21 crores and will be funded



internal approval. After commissioning of this project, we believe there will be significant savings in the power cost leading to the operational efficiencies and increased margins

Friends, there was some disruptions in the Konkani region of Maharashtra in Chiplun, that was on 22nd of July. Because of the heavy rains and the floods, the bridges and the roads get closed and the whole access to the factory was closed. Now it is almost coming back to the normalcy. Further in addition to the same, now the things are in a normal situation. Our Director, Mr. Dinesh Modi, who has already served two terms into the company, has already resigned from the Board and in place of Mr. Dinesh Modi, we have appointed a new Director Mr. Ishtiaq Ali who is a founding member of Orbit Law services, now he is an independent director into the company.

With this, I would like to handover the call to Mr. Deepak Beriwal for financial highlights for Q4, and FY21. Over to Deepak.

Deepak Beriwal:

Good afternoon, and a very warm welcome to everyone. Our revenue for Q1 FY22 stood Rs. 118 crores as compared to Rs. 63.8 crores in Q1 FY21 on consolidated basis, a growth of 86% on year-on-year basis. Revenue growth on quarter-on-quarter basis stood at 5% from Rs. 113.5 crores, showing sign of recovery. As Punit sir mentioned, revenue growth would have been higher if we had not faced the challenges from the cyclone affecting distribution in our Ratnagiri plant and the second wave of COVID-19.

However, that business is resuming normalcy and we see robust volume and revenue upticks for the remaining of FY22. Our consolidated EBITDA for the quarter stood at Rs. 18.4 crores, as compared to Rs. 3.1 crores in Q1 FY21, a growth of 480% on the annual basis. EBITDA on quarter-on-quarter basis grew by Rs. 32 crores from Rs. 14 crores in Q4 FY21. The EBITDA margin for Q1 FY22 is stood at 15.6% as compared to 4.9% in Q1 FY21, and 12.3% for Q4 FY21. PAT for Q1 FY22 stood at Rs. 13.4 crores as compared to Rs. 1 crore in Q1 FY21 on quarter-on-quarter basis. PAT grew by 30% from Rs. 10.3 crores. PAT margin for the quarter stood at 11.3% as compared to 1.6% and 9.1% for Q1 FY21 and Q4 FY21.

With this I open the floor for discussion. Thank you so much.

Moderator:

Thank you very much. Ladies and gentlemen, we will now begin the questions and answer session. We have the first question from the line of Subham Agarwal from Aequitas India. Please go ahead.

Subham Agarwal:

My question is related to fertilizer division. I wanted to know about the Deewanganj unit, which was expected to start this quarter. So, what is the current status of that, and did it contribute to revenue this quarter?

Punit Makharia:

Subham, Deewanganj unit is almost ready to start the production. As mentioned in our earlier discussion, initially we had said that we will not be starting the Deewanganj, because that was a bit smaller unit. But since, almost two quarters back, we decided that we will start the



Deewanganj plant also, and accordingly, Deewanganj plant has been completely revamped and now it is ready for the production. We have also received its pollution concern, which was expired, certain issues of electricity and some statutory approvals were pending for Deewanganj. Everything now is in place. Now recently the inspection by PDIL (Project Development India Limited) has been done at Deewanganj Unit, and we are waiting their approval and they have to give the report to the Ministry and accordingly Ministry gives us approval. This is a basic mandatory guideline. Being it is subsidized product, it has to be approved by the Ministry through PDIL. Once it is approved, we will be starting the production. In this season of Kharif, Deewanganj unit has not contributed anything, but in the Kharif season Deewanganj unit will be contributing a substantial amount of business.

Subham Agarwal: So, after this unit expansion, our total capacity will reach close to 4, 50, 000. So, my question is, by when can we expect a quarterly run rate of more than 80, 000 – 90, 000 fertilizer units?

Punit Makharia: At this time, if I take you individually, let us start with Kisan Phosphates. We are targeting (+) Rs. 100 crore sales in Kisan. And we are targeting around 80, 000 - 85, 000 tons of the sales in Kisan Phosphates in this particular financial year including both the seasons of both Kharif and Rabi. Now come to Madhya Bharat, our Megh Nagar plant is already operating, and in this season Megh Nagar should be around 80, 000 tons. In addition to that, the Deewanganj would be around additional 20, 000 tons in the Rabi season. So, all put together it would be around a 100, 000 tons and Pushkar should be around 65, 000 tones. We should be able to achieve (+) 250, 000 tons sales volume in this financial year.

Subham Agarwal: And after the subsidy increase what is now the average realization in the fertilizer business?

Punit Makharia: It is around Rs. 12, 000 a ton approximately on an average. Depends on site to site.

Subham Agarwal: Coming to dye division, what was our total revenue contribution from dye stuff and dye intermediary in Q1 and what was the growth Q1 had seen?

Punit Makharia: In Q1, dyes and dye intermediaries all put together is around Rs. 55 crores of sales, and fertilizer is around Rs. 23 crores and other business like animal health and acid and other is the remaining amount figure out of Rs. 78.42 crores of total business of Pushkar's standalone basis.

Subham Agarwal: Given the headwinds in Q1 and the current status if you can probably take us to the outlook of this division specifically dye stuff and dye intermediaries that would be helpful.

Punit Makharia: Coming to the further view of the remaining three quarters, we personally believe that this business is going to increase, because if you see the history of over the last five years, Q1 is always a bit depressed business and Q4 is always the highest business compared to all the four quarters. Now in this year, Q1 has crossed even that Q4 of the last financial year. So, we personally believe that this financial year, all put together including the starting of the new capacity at Unit-5, we should be touching close to Rs. 550 crores of the business, annualized.

- Subham Agarwal:** This is including fertilizer?
- Punit Makharia:** Obviously, definitely yes. And plus in the next year, there would be further addition, because for the next year for Unit-5, we will be getting a full year of operation
- Subham Agarwal:** And this year we are expected to have six months of operation of Unit-5?
- Punit Makharia:** Maybe six months, or maybe five months. But, we are quite hopeful that it should be started immediately, but I don't know what is happening. Like, earlier it was a cyclone, and now it is flood and we are getting bit delayed because of some unforeseen circumstances and which are out of our control. But then too also we are putting our best efforts into that and trying to start it as early as possible.
- Subham Agarwal:** Lastly on the cost side in the dye and dye intermediaries. Are we facing any headwinds or is there an increase in raw material prices quarter-on-quarter?
- Punit Makharia:** It is not that great impact of the raw material prices. But to be very honestly in Q1, the prices of intermediates are on a bit depressed scenario, and we believe that this depression into the pricing of intermediates is going on since March 2021. And, it is almost four and a half to five months have passed with these kind of a pricing. I see personally, that is somewhere from September onwards the intermediate price should be picking it up.
- Moderator:** We have the next question from the line of Forum Makim of Equity Capital.
- Forum Makim:** Sir the tax rate is around 18% for this quarter. So, what is the reason for the same and what is the full year number that we can expect.
- Deepak Beriwal:** In Shree Pushkar standalone we put under the MAT provision. So, under MAT provision we are into 18.5% tax rate.
- Pushkar Makharia:** See I will give you a bit more detail light on the subject. Pushkar falls under the MAT category. So, therefore, the maximum tax rate applicable is 18 point some odd percentage. And Madhya Bharat we don't provide any money for the taxation because since we bought it through NCLT route and it has got a carry forward losses of around Rs. 58 cores – Rs. 60 crores. So, till that we absorb our losses, we are not supposed to provide any provision for the taxation. And Kisan falls under 25% bracket of the taxation. So, all put together whatever the actual and the fact presentation is there that we have given into our details.
- Forum Makim:** So, for the full year, what is the tax rate that we can expect?
- Punit Makharia:** I think you should calculate 18.5% for this in future. Because all put together it amounts to around that amount only.
- Forum Makim:** What is the advance tax that we have paid for this quarter?

- Deepak Beriwala:** Rs. 1.5 crores.
- Forum Makim:** Sir, what is the status on the fresh issued warrant that we had issued at Rs. 190?
- Nitesh Pangle:** So, we have applied for in principle approval with the stock exchanges. So, in principle approval is still pending. The stock exchange has few queries, which substantially the queries have been resolved. There are minor certification which they require and we have submitted the same. So, we are awaiting for the in principle approval and once that is received, we will proceed with the allotment of warrants and all.
- Forum Makim:** So, we are going ahead with it, right?
- Nitesh Pangle:** As per law, once we received the in-principle approval within 15 days we have to allot the warrants. So, conversions point of view, it has to be taken within the 18 months, but the allotment part has to be done within 15 days from the in principle approval. So, to conclude, the in-principle approval from the stock exchanges are still pending.
- Forum Makim:** So, what is the impact that we have on the numbers because of the delay of the commercialization of the new units?
- Punit Makharia:** That unit has not yet been started so there are no results or no performance in the Q1 for the new unit. We are expected to start very shortly in coming few times, then I think from the Quarter 3 that results would reflect in our financials.
- Forum Makim:** So, sir we stick to our guidance for Rs. 550 crores for FY22 and around Rs. 650 crores - Rs. 700 crores for FY23?
- Punit Makharia:** We hope for so, and rest though depends on so many things which are not in our control. But yes, we are trying our level best and we are trying to maintain utmost transparency and clarity along with our all the respected the investors, and we are trying our level best in that sense, to do it as early as possible.
- Forum Makim:** What is the plant utilization level for the Q1?
- Punit Makharia:** It is around 65% to 70%.
- Forum Makim:** And what is the maximum that we can go up to?
- Punit Makharia:** I think we can easily go up to 85% subject no hurdles, like this COVID situation and the flood situation. You know these kinds of situations makes a lot of hurdles, whereas we also can't do anything. Like if you talk about recent developments on 22nd of July that flood happened in Chiplun, we were almost closed by 10 days or so. And the situation was such kind of a grave situation that the plant did not even have drinking water for at least 10 days. So, in that situation,

the entire activities of the plant was closed. So, we are trying on level best, and let's see how the best God permits us to do it.

Forum Makim: Sir, how much turnover you would have lost because of the cyclone?

Punit Makharia: As a very layman if I talk about, out of 90 days period, if we have lost a business of around 7 to 8 days, so as a lay man it is around 10%. Close to 10% of the business has been lost. No dispatches, no raw material inward, no production, no movement of activity.

Forum Makim: So, sir will that be carried forward to Q2 or it is just loss.

Punit Makharia: No, no see it is the industry, once it is gone it is gone. If the plant is closed, you cannot ramp up that production in coming times.

Forum Makim: How is the raw material scenario in the fertilizer segment?

Punit Makharia: The raw material scenario in the fertilizer segment is increasing. And if I talk about rock phosphate in January, it was around \$ 62 to \$ 65. Now it is touching almost double the price of \$ 65, it is around \$ 130, and there is a scarcity into the availability of the rock phosphate also, like earlier there was an origin of Egypt origin, which is completely stopped now. Now another origin is Jordan, which we are importing from Jordan. So, basically raw material prices has also gone up like the government has increased the subsidy by almost 3x from Rs. 2, 530 to Rs.7, 513. Now its subsidy has almost increased by close to 3x, but at the same time the raw material prices have also gone up tremendously high. Like the rock phosphate is double, acid has also gone up, diesel and transportation costs, fuel cost, coal cost, the cost has gone up significantly.

Forum Makim: Did we have any, impact of low-cost inventory for this quarter?

Punit Makharia: I think that has a bit reflected into the financials also like the Kisan Phosphate, which did almost 90 some odd percentage of the profitability, and Madhya Bharat, from the zero day operation Madhya Bharat is also making money. So, I think this all is reflected into the balance sheets also, or our financial results also. Definitely it is there and the same is reflected also.

Forum Makim: Will we be able to maintain the gross margin going forward?

Punit Makharia: Yes, I don't think there is any issues into that. We should be easily maintaining these levels.

Forum Makim: So, just one last question. Our employees cost has decreased quarter-on-quarter. What is the reason for that?

Punit Makharia: This is mainly because of the labor charges. Due to the lockdown situation, certain contracted labors, had gone out of the site. So, mainly it is because of that.

Forum Makim: But there was labor availability issue, right?

- Punit Makharia:** Yes at that particular time, there were some issues into the labors, because of COVID and other situations. But now all the issues have come back to normalcy.
- Moderator:** The next question is from the line of Anshuman Mohata who is an individual investor.
- Anshuman Mohata:** We have seen that you are going to increase the chemical division production by 3x it seems. Are we going more into the chemicals part in the Unit-5 or what is the product line we are thinking of?
- Punit Makharia:** See Mr. Anshuman, the chemical product line that is there in Unit-5 that is almost our existing, business product lines. But different products what we are not manufacturing as of that time and on a full year of production, Unit-5 is close to give you around Rs. 200 crores to Rs. 250 crores of the total sales and if you summarize all the results put together on a analyzed basis, on a full utilization basis, chemical would remain around 70% of your total revenue sector and balance 30% would remain into the fertilizers or the animal and health nutrition feed business.
- Anshuman Mohata:** Dye stuff is a part of chemical only.
- Punit Makharia:** Yes, dye stuff intermediate is a part of the same segment.
- Anshuman Mohata:** My understanding from the presentation is that, the sales from dye stuff and intermediates sales have gone down which is our backbone. We are trying to build that again. Dye stuff though we will get and intermediates will be added extra, am I correct?
- Punit Makharia:** Sir the new Unit-5 facility is already coming in the intermediate, right?
- Anshuman Mohata:** We used to sell less of intermediates in the markets due to captive sales. Last time I got to know that our intermediate...
- Punit Makharia:** The intermediate business that the company was losing and it was losing its market share because that intermediate was going into the consumption of the dye stuff. It again come back after the Unit-5 comes into commercial operation.
- Anshuman Mohata:** Perfect! Because this was our backbone before.
- Punit Makharia:** Yes, very much. There is another news but that we are not announcing at this point of time. We will come at a later on stage when it is the right time.
- Anshuman Mohata:** Sir, how much we will do from Madhya Bharat around, Rs. 90?
- Punit Makharia:** Approximately around Rs. 100 crores because within Madhya Bharat we have almost completed the new plant of animal and health nutrition feed and the trials have begun. It is a 6, 000 tons plant and this 6, 000 tons capacity on a full year operation should bring Rs. 20 crores of topline. For the full year. Plus this year if we combine Deewanganj and Jhabua closely, on an average it



is projecting a sales of 90,000 – 1,00,000 tons. So, if you combine it then somewhere around Rs. 110 crores to Rs. 120 crores would be the figures for volumes.

Anshuman Mohata: The guidance that you have given of 650 that is very less. In this case our guidance should be really good.

Punit Makharia: Sir, we can only talk about it when it happens, right. Otherwise next time you will come and tell us that 'you had given a guidance of 650...' Sir, I am very conservative person. So, you can set the guidance yourself but don't get me involved into. Whatever best we can do, believe us we are not leaving even a single stone unturned for increasing our performances.

Anshuman Mohata: This can be seen...our net profit margin is the highest from the time we have started. Today the net profit margin is at 11.3% this is the highest we could have done. This is perfect, and it is absolutely appropriate.

Punit Makharia: That is the thing, sir. For this year we are planning somewhere around Rs. 550 crores, rather I am talking about a figure between Rs. 525 crores – Rs. 550 crores and in the next year between 2022 and 2023 this would go beyond Rs. 650 crores, that is what I estimate.

Anshuman Mohata: And sir, is the expansion plan lined up for Unit-5?

Punit Makharia: Yes it is. I answered regarding that just a minute ago. We will not be making any further announcement right now. We shall talk about it later, not now. First we will start the operations at Unit-5 and then we will talk about it.

Moderator: The next question is from the line of Bhaskar Pandey, investor. Please go ahead.

Bhaskar Pandey: What is the import dependency that we have when it comes to our raw material? How much percentage is imported?

Punit Makharia: Sir, if I talk about the imports of all the three companies, then as of today the major raw material that is there in the fertilizer business, rock phosphate almost 90% of it we import. So, there is a dependency on import, no doubts on it because so much of rock phosphate is not available in India. So, there is complete dependency on imports. Coming to chemicals business, there are certain raw materials which we regularly import. But I don't think this is a point of concern or some supply chain hindrances are there or some issues would arise, no such things. But there are import based products.

Bhaskar Pandey: Generally we procure on market place or are there long term agreements that are made for...?

Punit Makharia: Practically, long-term agreements don't work out because of fluctuating price. Let me be very straight. It sounds good to say such things. But practically speaking it doesn't happen. A simple thing, initially the freight charges used to be around \$ 13 to \$ 13.50 now it is \$ 34 to \$ 35. Who will make a long-term agreement for such rates? Nowadays the prices of petrol and diesel is



fluctuating very badly. Who will make a long-term agreement for transport? It is always depending on the market intelligence and market demand and supply. But I don't think there is any issue in getting the supply or import of raw materials.

Bhaskar Pandey: I asked because, there has been so much issues when it comes to freight rates and the container shortage etc.

Punit Makharia: It doesn't make any difference, sir. These things are usual in business and trade and it is a trivial thing. If we are not able to get the containers we will get it a higher price. It is not that business or the trade will stop working. These things keep happening. These are not a major concern.

Moderator: The next question is from the line of Rajesh Kumar, shareholder. Please go ahead.

Rajesh Kumar: My first question is you have just alluded the guidance for FY23 or around Rs. 650 crores to Rs. 675 crores, whatever you have given. What I want to know is at that point, will you be utilizing all the plants, both fertilizer and dyes and chemicals at the full capacity?

Punit Makharia: Sir the CAPEX that we already have taken up, we are expecting that this financial year it will start functioning; amongst which is Unit-5, then cattle feed and animal health nutrition also we are doing. All of this will start operating in this year. Considering the CAPEX that are on now, if you combine all of it then the numbers would be (+) Rs. 650 crores. But by the time we reach these numbers, a new set of CAPEX plans might come up. Then it would be a different thing. You are right, that the (+) Rs. 650 crores is considering the current CAPEX.

Rajesh Kumar: So, the maximum revenue that we can get due to the capacity utilization would be Rs. 650 crores, is that correct?

Punit Makharia: Yes, it would be around Rs. 650 crores.

Rajesh Kumar: My second question is in the investor presentation you have given the capacity expansion for chemicals from 14, 000 tons to 30, 000 tons. We are expected to reach 30, 000 in 2023. Is it correct?

Punit Makharia: No....

Rajesh Kumar: So, my question is the Unit-5 capacity that is coming up, is it included in 14, 060 or not?

Punit Makharia: No sir, it is inclusive of Unit-5. And apart from that we have not released any new presentation.

Rajesh Kumar: So, what you plan to announce later, that would be close to some 16, 000 metric ton. Is it correct?

Punit Makharia: No, sir. What we are going to do later, that is a separate issue, that we are not talking anything at this point of a time. We are only talking about capacity expansion of Unit-5, and Unit-5 would be around, all products together approximately there would be an additional 22, 000 capacity expansion for Unit-5.

- Rajesh Kumar:** Is it 2, 200 or 22, 000?
- Punit Makharia:** It is 22, 000 tons including all that products which are going under Unit-5. You can see our presentation at the page number 32. It would be clear to you if you take a look at it.
- Rajesh Kumar:** So, when you add the 22, 000 tons that includes the Unit-5, that is what you are saying?
- Punit Makharia:** Yes sir.
- Rajesh Kumar:** Sir, whenever you announce the new CAPEX, two things. Do we have place or have we applied for the applied for the environmental approval already?
- Punit Makharia:** Sir, Unit-5 is almost in the completion stage.
- Rajesh Kumar:** No, I am not talking about Unit-5. When you are going to announce about the future CAPEX...
- Punit Makharia:** Yes, we do have space. We have taken another site, which we have disclosed and declared in our earlier presentations also. Because apart from that the company has an 11 acres plot in the same location of Lote Parshuram. We have enough land bank for our next round of expansion.
- Rajesh Kumar:** Very good. But should be apply for the approval or has it been done?
- Punit Makharia:** Sir that we need to do only when we start with it. First let us finish the Unit-5.
- Rajesh Kumar:** So, all those process will start only after Unit-5 commences operations?
- Punit Makharia:** Yes.
- Rajesh Kumar:** The reason I asked was, nowadays environmental approval takes minimum one year.
- Punit Makharia:** Sir that is not an issue at all. If you a compliant company, whatever the processes are there, that is not a problem. It will be done as and when it is required to be done.
- Rajesh Kumar:** So, you are confident that whatever the new CAPEX you will do, you will complete it by FY23?
- Punit Makharia:** Sir, do you have any doubts regarding that?
- Rajesh Kumar:** No sir, I am talking about the new CAPEX, which you have not yet announced, you will be able to complete it by FY23? That is what I am asking.
- Punit Makharia:** Sir, today we will not be talking about the new CAPEX. When we will officially announce it we will discuss in detail about it. But not at this point of time.
- Moderator:** The next question is from the line of Ritika Gupta, who is an investor. Please go ahead.

- Ritika Gupta:** I wanted to know that our net profit margin for FY22-FY23 on an average, should we assume it to be 10% only or should we take it higher?
- Punit Makharia:** I think in a most conservative basis, it should be in double digit, and we will try to do it better than Q1 FY22.
- Rithika Gupta:** For the full year of FY22?
- Punit Makharia:** Yes, we will try to put in our best efforts to achieve it.
- Ritika Gupta:** Sir, what would be the reasons for that? Higher realization?
- Punit Makharia:** Reasons for better achievement?
- Ritika Gupta:** Yes.
- Punit Makharia:** What a question is that? Rather is it not a point of a happiness and why you are asking for reasons which means you are having doubts on us? If you have any doubts on the same then you please clarify your doubts and ask me the questions regarding those doubts?
- Rithika Gupta:** No, I am asking you the question because I thought it should be higher, the net profitability.
- Punit Makharia:** See, being an investor, I would suggest and request you to consider the similar kind of a profitability as achieved in Q1. But as a part of our duty, we will try to increase it to a more better numbers than existing numbers.
- Moderator:** Next question is from the line of Pratik Mehta, individual investor. Please go ahead.
- Pratik Mehta:** Sir I wanted to ask you I think Unit-2 was getting revamped which is about Rs. 5 crores, right?
- Punit Makharia:** That has been completed and it has started back.
- Pratik Mehta:** Okay so sir, then the revenue contribution from that unit was, loss was about Rs. 60 crores to Rs. 70 crores. Is it contributing now?
- Punit Makharia:** Sir a part of it is there in this period and volumes are also a part of this year's results.
- Pratik Mehta:** Sir, the solar system that we have, what is the margin impact? Can there be an increase of 1% or 2%?
- Punit Makharia:** Sir solar is basically under open access scheme. We will be giving electricity to the Maharashtra Government at the site of solar plant and we will take it Lote Parshuram and company is investing about Rs. 21 crores there. My rough estimate is that there would be about three to three and half years of payback. The company is not taking any loan over it. The company is completing this plant also through internal accruals. If you take a closer look, Madhya Bharat



was also completed through internal accruals, Unit-5 was also completed through internal accrual and solar we are doing through internal accruals. So, there aren't any interest costs. It will have an impact of Rs. 600 crores to Rs. 650 crores on the bottom line. It will be a saving into the cost of electricity.

Pratik Mehta: Sir our CAPEX was for Rs. 10 crores.

Punit Makharia: We have two plants which is of 2.6. MW DC. So, totally it would be 5.2.

Pratik Mehta: And sir how do you view the China situation? Are there any demand issues or any such thing?

Punit Makharia: I don't see any such thing in the China situation. That is an old story. If you have any concern tell me. We can talk about that. But as far as my idea is concerned China is not at all into competition. I have spoken about it many times that now majority of the business is shifting to the Indian companies.

Moderator: Thank you, ladies and gentlemen, due to time constraint, that was the last question. I would now like to hand the conference over to Mr. Punit Makharia for his closing comments.

Punit Makharia: Thank you. Friends, with the growth opportunities we foresee across all our segments and timely completion of all of our projects we believe, and we are ready for the next level of growth, and also well positioned to capitalize on the opportunity. Thank you everyone for joining us. I hope we all have been able to answer all of your queries. In case you require any further details. You may please contact us or Orient Capital, our investor relation partners. Thank you friends.

Moderator: Thank you very much. Ladies and gentlemen on behalf of Shree Pushkar Chemicals & Fertilisers Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.