

Krishana Phoschem Limited

(A Unit of Ostwal Group of Industries)



Q1 - F.Y. 2020-21:
Earnings Presentation
www.krishnaphoschem.com

KRISHANA PHOSCHEM LIMITED

SERVING AGRICULTURE AND CHEMICALS SECTOR OF INDIA

Zincated
Single Super
Phosphate
(Powder)

Zincated
Boronated Single Super
Phosphate (Granular)

Zincated
Single Super Phosphate
(Granular)

Single Super
Phosphate
(Powder)

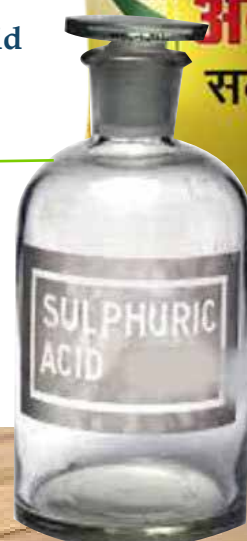
Single Super
Phosphate
(Granular)

Phosphatic
Rich Organic
Manure

Chemicals

Our range of chemical products includes:

Sulphuric Acid, H-Acid, Liquid SO₃, Oleum and Chloro Sulphonic Acid

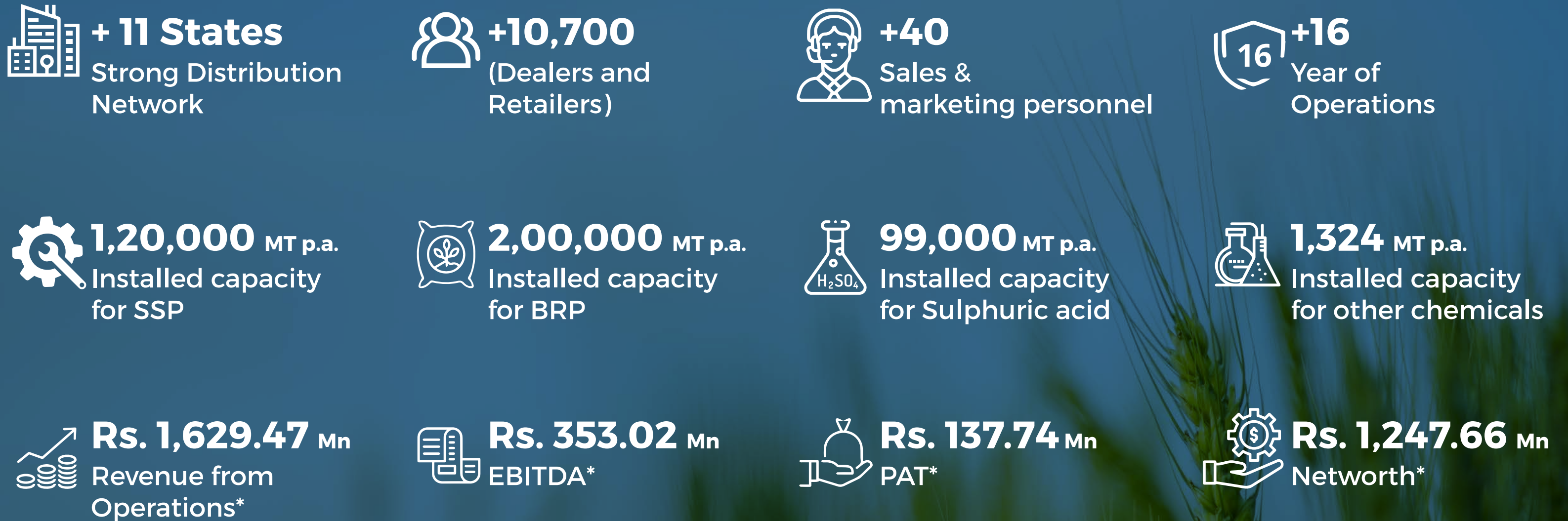


Mineral

Beneficiated
Rock Phosphate (BRP)

SSP: Single Super Phosphate*

KRISHANA PHOSCHEM: GROWTH SO FAR



*Based on FY 20. Network includes revaluation reserves.

“As Farmers are lifeline of our nation, similarly fertilizers are lifeline of farmers”

OUR JOURNEY OF TRANSFORMATION SO FAR

01.



From a Single Customer to Thousands of Customers

Till March, '18, we produced and sold the entire range of SSP fertilizer products to a single giant customer (DCM Shriram). From Apr. '18, we took a key strategic decision to market all the SSP fertilizer products under our own brand name "Annadata" in order to establish our own brand image and capture the growing SSP Market.

02.



From BRP Manufacturer to BRP + SSP + GSSP Producer

From 2005 to 2011, the Company was focused on producing Beneficiated Rock Phosphate (BRP). In 2012, as part of our forward integration plan, we decided to expand our manufacturing operations and enter into the SSP fertilizer Market. The SSP plant was installed in the existing unit at Meghnagar, Dist. Jabhua, Madhya Pradesh.

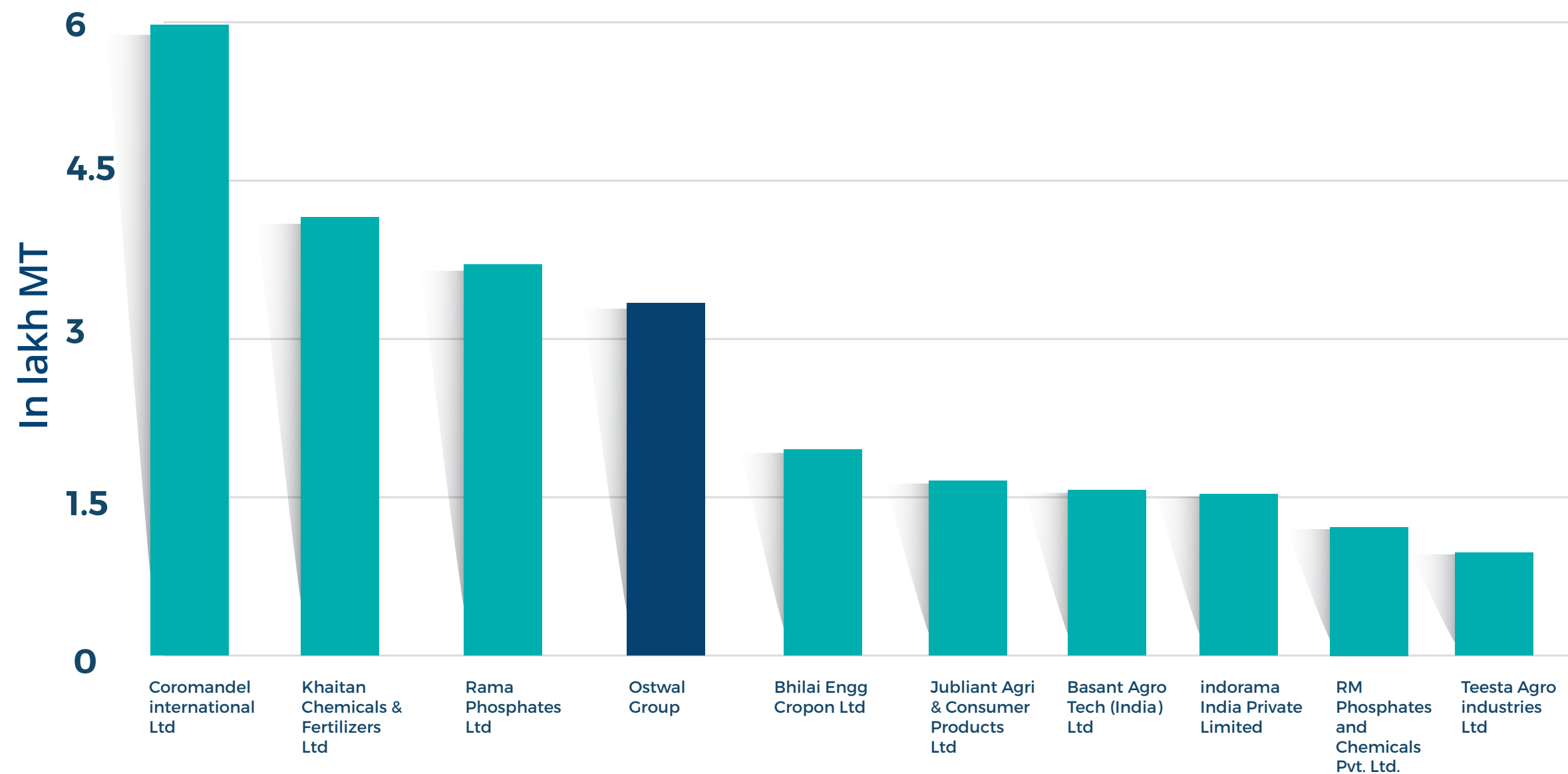
03.



From Fertilizers to Fertilizers and Chemicals

Prior to 2016, our business was confined to manufacturing of BRP and fertilizers (SSP, GSSP). In 2016, we planned to diversify our business operations and thus forayed into the chemical sector by setting a separate technologically advanced plant (Unit - II) in Meghnagar, M.P. In 2018, as part of our backward integration plan, we setup up our 3rd state of the art manufacturing facility for production of sulphuric acid and allied chemicals at Meghnagar, M.P. (Unit III).

TRANSFORMATION OF OSTWAL GROUP FROM SMALL TO 4TH LARGEST SSP MANUFACTURER IN INDIA

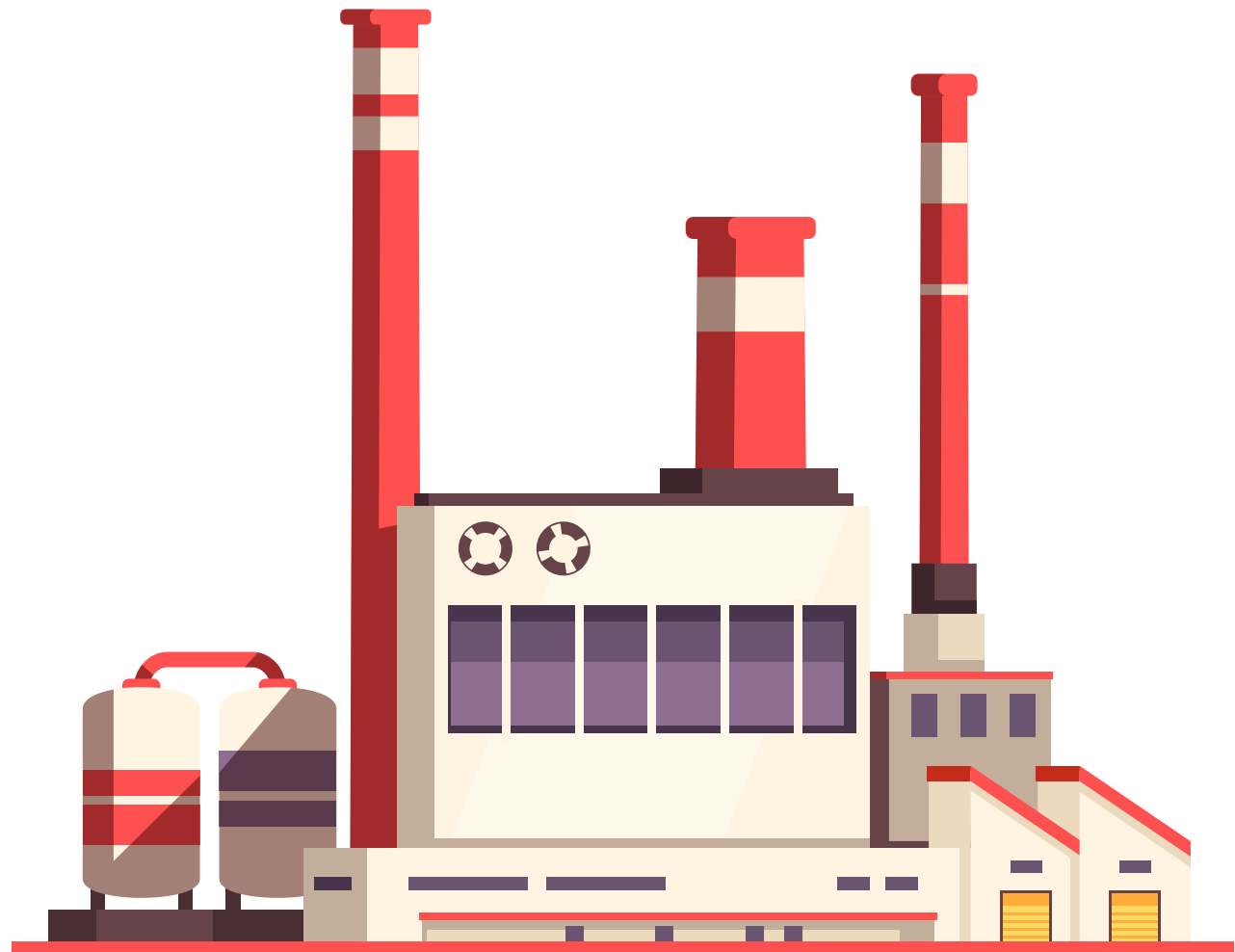


The total sales in India of SSP for the F.Y. 2019 – 20 stood at 42.09 Lakh MT

Ostwal Group stand at 4th position and accounted for ~8% of total SSP market share in India in FY 20. (Source : <http://m-fms.nic.in/>).

A MEGA DAP & NPK FERTILIZER PLANT

OUR NEXT TRANSFORMATION



We are determined to deliver the FIRST EVER DAP (Di-Ammonium Phosphate) & NPK Complexes (Nitrogen, Phosphorous and Potash) (NPK) PLANT in Madhya Pradesh by 2022.

TASKS COMPLETED	TASKS TO BE COMPLETED BY 2022*
Land admeasuring to 1.60 lakhs Sq. mtrs.has been allotted by MP AKVN (Madhya Pradesh – Audyogik Kendra Vikas Nigam) at Jhabua, Meghnagar, M.P.	We propose to commence the project construction work by Dec'20, subject to timely clearance from Statutory Authorities and other factors.
Applied for statutory clearance of the project from State Government and respective authorities.	We plan to commence production of DAP and NPK Fertilizers by 2022*
The part of plant is being imported from Spain, for which Vendor has been finalized.	

**Based on Management Estimates*

DAP & NPK - THE FUTURE OF INDIAN FERTILIZERS MARKET OPPORTUNITY IN ADVERSITY

Based on the statistical provisional data of FAI, 72% of the total demand of DAP fertilizer in India has been met from Imports, and only 28% has been met domestically in F.Y 19

Extreme stress on resources like water & labour, which can be reduced to an extent by using water efficient technologies like drip irrigation which drive demand for water soluble fertilizers

There are only 21 units of DAP in India as compared to 110 units of SSP.

Majority of Indian farmland is experiencing stagnating or declining crop yields as a result of constant deterioration in soil quality, inadequate and imbalanced nutrients, due to lack of value added fertilizers.

Other factors that will contribute to the increase of complex fertilizers (DAP & NPK) sales in India includes farmers' shift towards cash crops, gradual awareness of balanced dose of nutrients, availability of soil health reports, the market development and awareness works done by public and private industry players.



“Deep within every crisis is an opportunity for something Beautiful”

Q1 FY 21 : FINANCIAL HIGHLIGHTS





Q1 FY 21 : FINANCIAL HIGHLIGHTS

Revenue from Fertilizers segment stood to Rs. 338.7 Mn, grew 19.4% as compared to Q1 FY20

EBITDA from fertilizer segment jumped 6.76 times to Rs. 42.96 Mn as compared to Rs. 6.4 Mn in Q1FY20

The Company's plan to install mega DAP & NPK plant in Madhya Pradesh by 2022 remains intact

Total income for the quarter was Rs. 408.8 Mn as compared to Rs. 493.6 Mn in Q1FY20

The revenue from chemical segment took hit by over 66% owing to nationwide lockdown and China intervention

EBITDA for the period was Rs. 73.9 Mn, lower by 23.3% as against Rs. 96.41 Mn in Q1FY20

PAT for the period stood at Rs. 28.8 Mn, down by 29% as against Rs. 40.6 Mn in Q1 FY 20

Basic EPS stood at Rs. 1.16, (down by 28.83% as compared to Q1FY20)



INCOME

₹408.81 MN

HIGHER BY
67% Q-o-Q

EBITDA

₹ 73.99 MN

INCREASED BY
2.5% Q-o-Q

EBITDA Margin

18.1%

DOWN BY
38% Q-o-Q

PAT

₹ 28.83 MN

INCREASED BY
134% Q-o-Q

PAT Margin

7.05%

UP BY
40% Q-o-Q

EPS

₹ 1.16

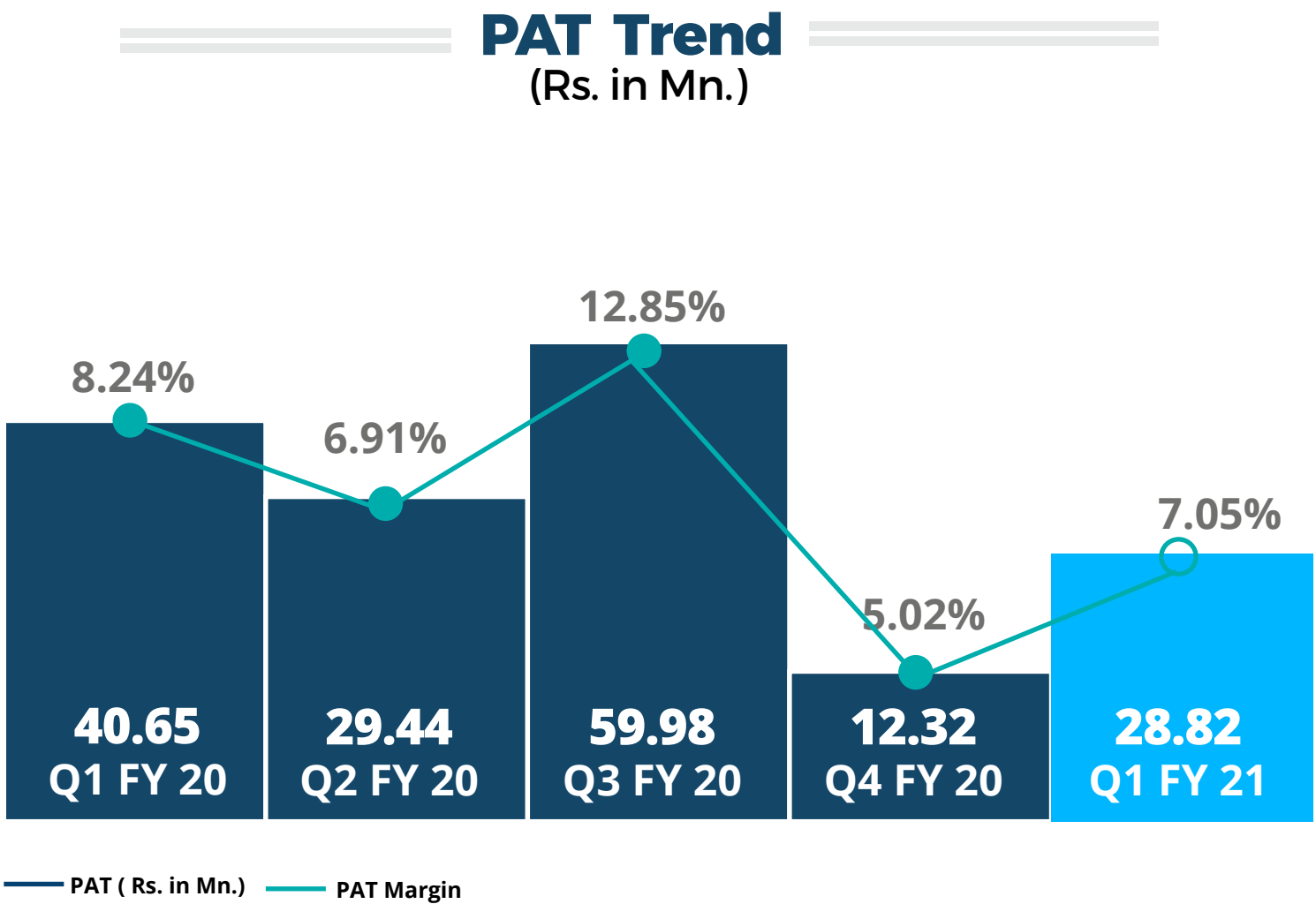
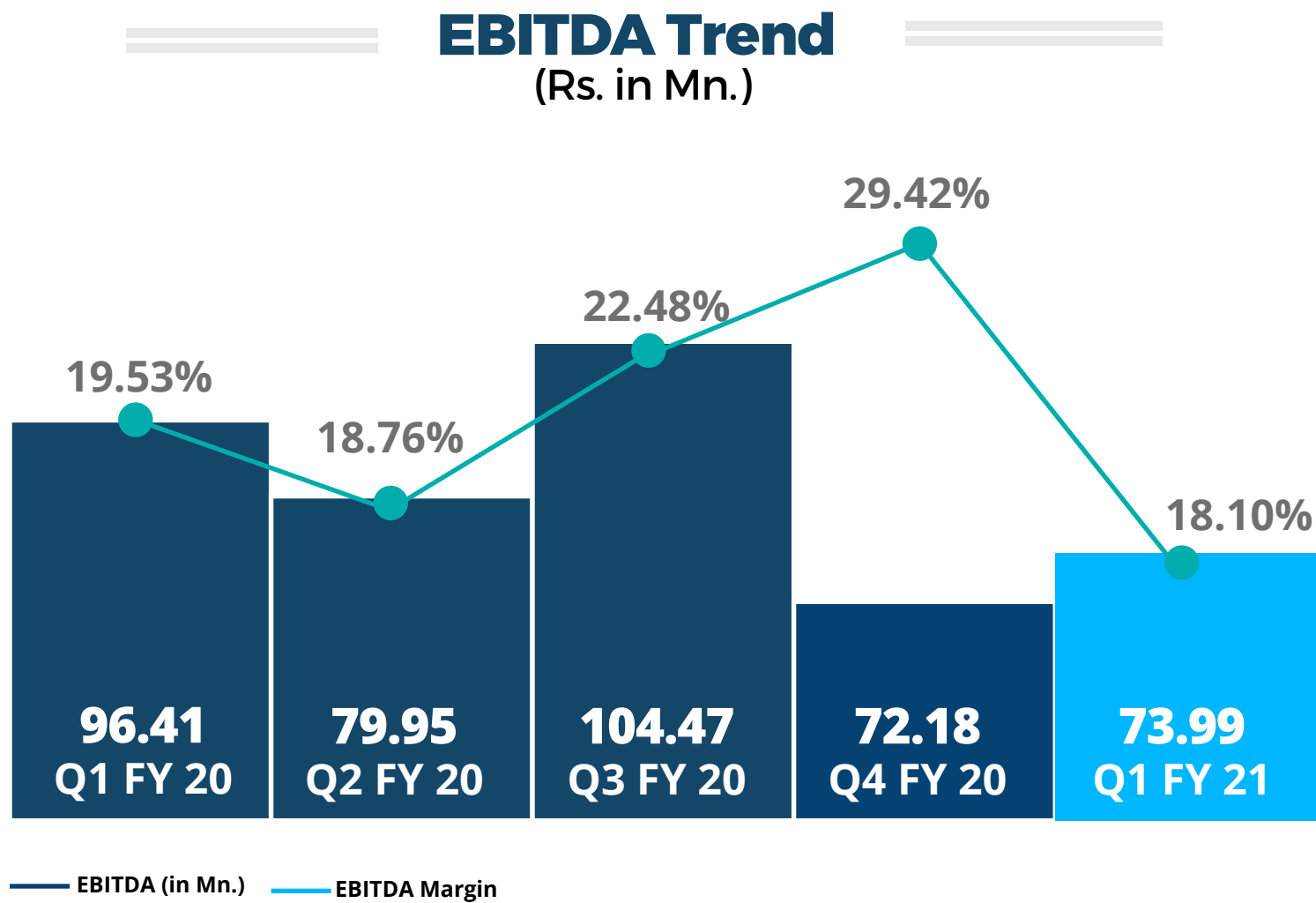
HIGHER BY
137% Q-o-Q

ANALYSIS OF FINANCIAL RESULTS

Q1 FY2021

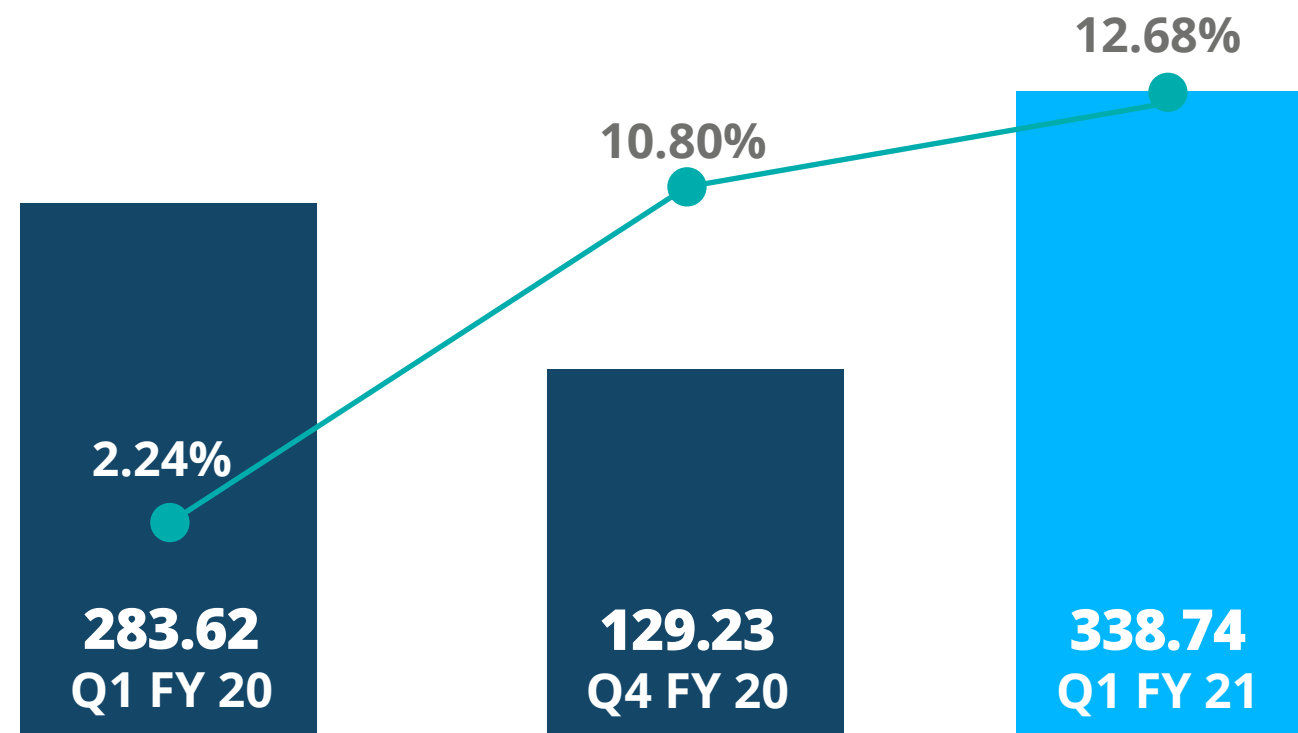
Particulars	Q1FY21	Q1FY20	Y-o-Y growth	Q4FY20	Q-o-Q growth	FY 2020	FY 2019	Y-o-Y
Total Income	408.81	493.61	-17.18%	245.38	66.60%	16298.7	15300.89	6.52%
EBITDA	73.99	96.41	-23.26%	72.18	2.50%	3530.19	3378.53	4.49%
EBITDA Margin (%)	18.10%	19.53%	-7.34%	29.42%	-38.48%	21.66%	22.08%	-1.91%
Net Profit after tax	28.83	40.65	-29.09%	12.32	133.92%	1377.42	1351.15	1.94%
PAT Margin (%)	7.05%	8.24%	-14.38%	5.02%	40.40%	8.45%	8.83%	-4.30%
EPS	1.16	1.63	-28.83%	0.49	136.73%	5.53	5.43	1.84%

TREND IN EBITDA AND PAT (QoQ)



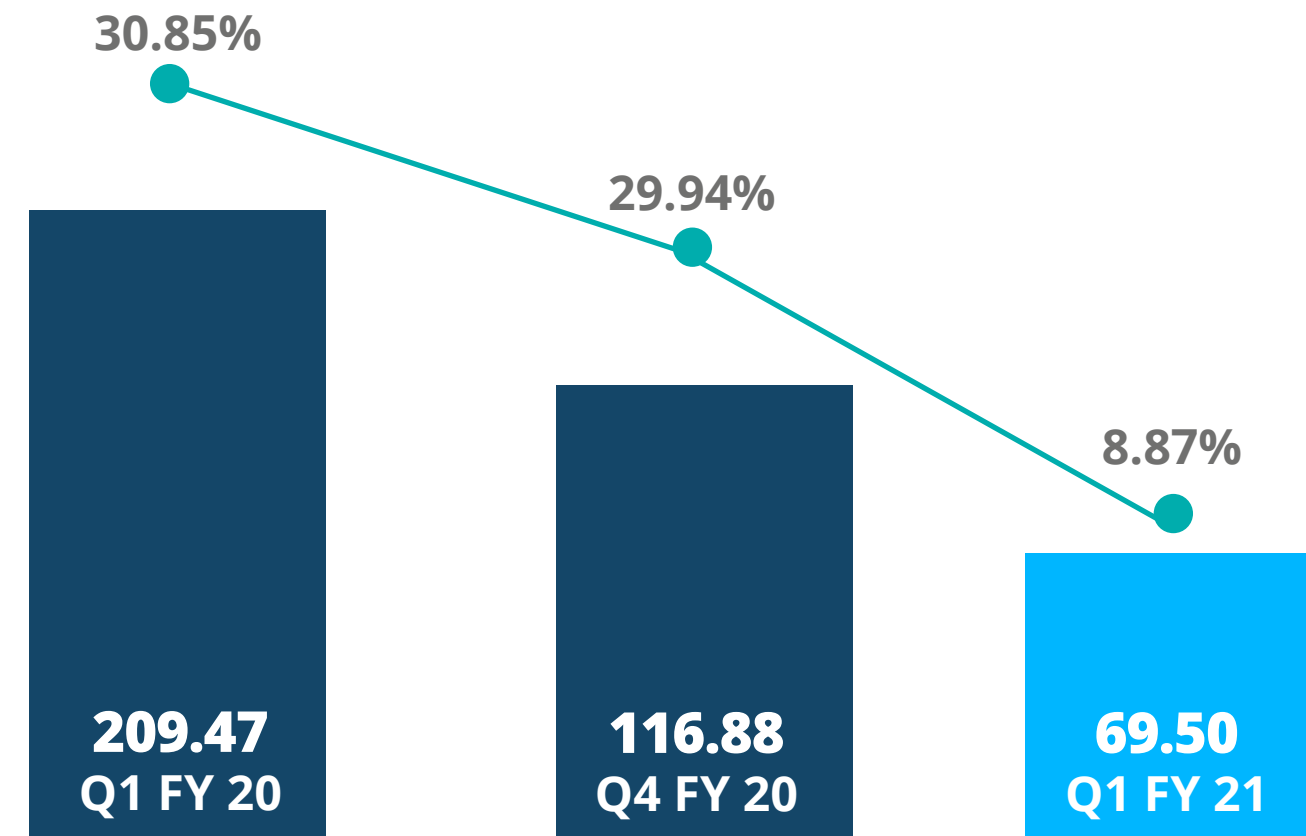
Q1 FY21: SEGMENT WISE REVENUE (QoQ & YoY)

FERTILIZERS & BRP



— Fertilizers & BRP Revenue (in Mn.) — Fertilizers EBIT Margin

CHEMICALS

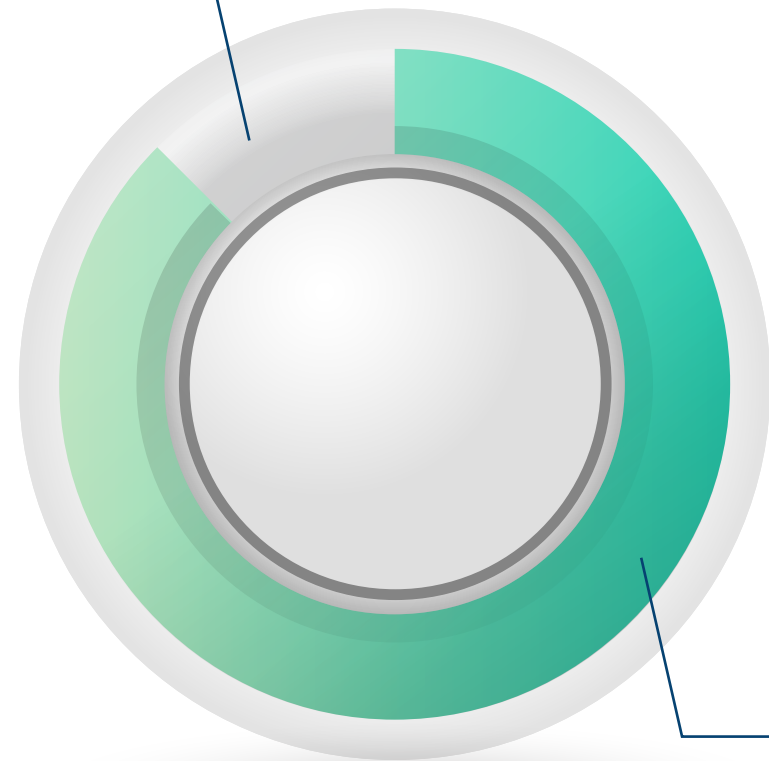


— Chemicals Revenue (in Mn.) — Chemicals EBIT Margin

Q1 FY21: REVENUE BREAKUP & SEGMENT PROFIT

FERTILIZERS & BRP

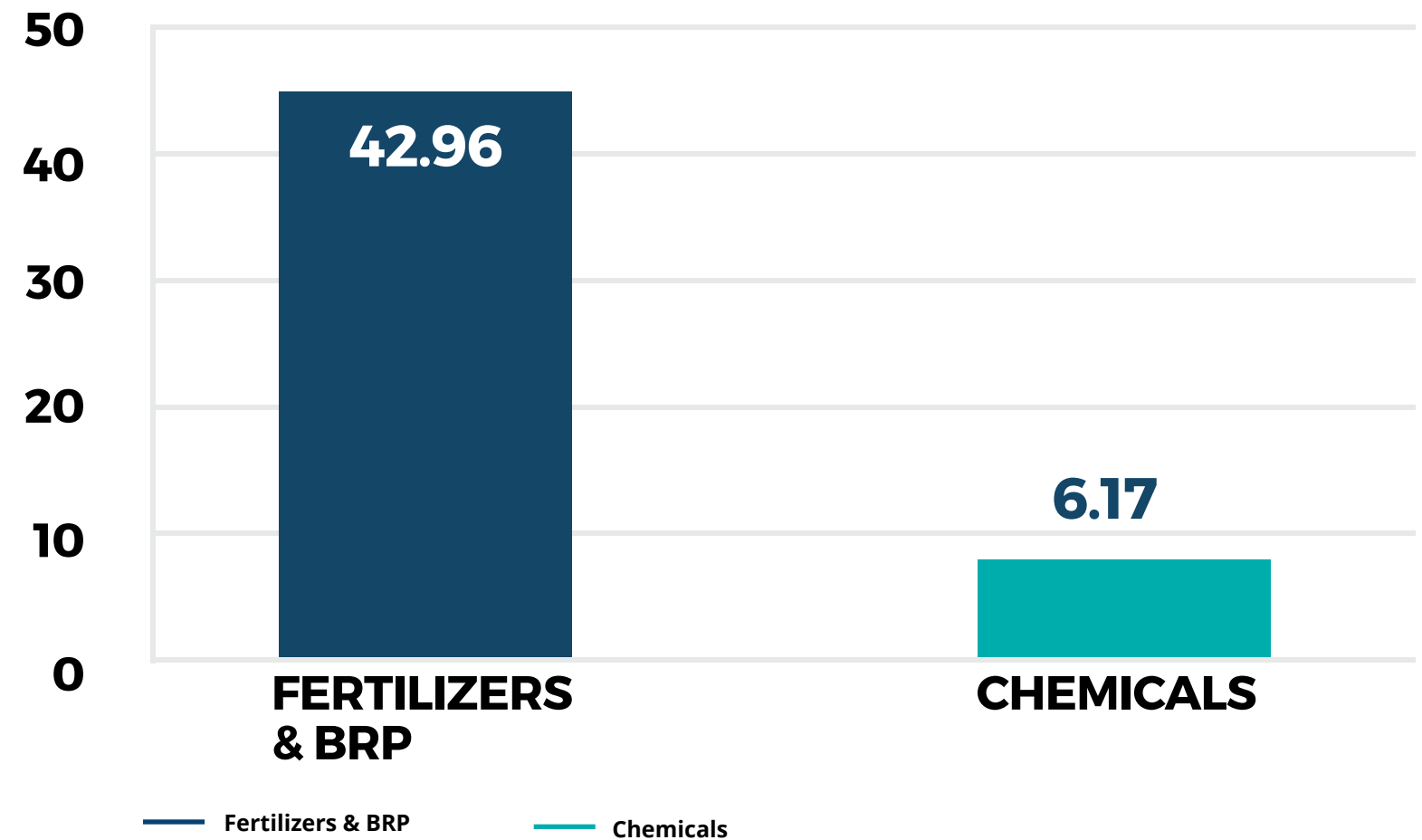
17%
CHEMICALS



83%
FERTILIZERS & BRP

Total Revenue (Q1 FY21) – Rs. 408.24 Mn

SEGMENT PROFIT



Total EBIT (Q1 FY21) – Rs. 49.13 Mn

MANAGEMENT PERFORMANCE REVIEW



Mr. Praveen Ostwal
Managing Director

Krishana Phoschem Limited

Mr. Praveen Ostwal- Managing Director, Krishana Phoschem Limited

“The COVID-19 pandemic has affected all areas of life and has severely impacted the Indian economy, although limited impact has been witnessed by the fertilizer industry. Good rabi harvest and normal monsoon bode well for the Kharif season. In this crisis, the health and safety of the employees, customers and business partners are of the highest priority for us. The company has introduced a broad range of protective measures at an early stage. At the same time, we made great efforts to continue our business activities and to serve customers.

We were faced with multiple challenges including CoVID-19 lockdowns, manpower constraints, transportation issues over the quarter. In spite of that, I'm happy to note that, we continue to adhere to the growth our fertilizer business to new levels. I am also proud of our entire team which has an outstanding spirit and commitment towards our customers & entire stakeholders.

Recent strategic reforms by the Central Government to support agriculture sector are indeed path breaking. This should undoubtedly support the Indian economy in the long term. The Company is expecting good Kharif season and accordingly, enhancing its production efficiencies in anticipation to meet the customer requirement. Going forward, our focus will be on building scale and value in both of our fertilizer and chemical business divisions.”

Statement of Profit & Loss

Particulars	Quarter Ended			Year Ended
	30.06.2020	31.03.2020	30.06.2019	31.03.2020
	Rs. in Million	Rs. in Million	Rs. in Million	Rs. in Million
Revenue from Operations	408.24	246.11	493.09	1,629.47
Other Income	0.57	(0.73)	0.52	0.40
Total Income (I+II)	408.81	245.38	493.61	1,629.87
Expenses				
Cost of Material Consumed	186.72	181.67	252.13	930.51
Changes in Inventories of Finished Goods, work in	44.60	(78.06)	5.85	(75.80)
Employee benefits expense	18.42	23.30	23.97	90.51
Depreciation and amortisation Expense	28.03	28.83	28.12	117.06
Finance Costs	2.46	7.72	7.41	28.14
Other Expenses	85.08	46.29	115.25	331.63
Total Expenses	365.31	209.74	432.74	1,422.04
Profit before tax	43.50	35.64	60.87	207.83
Total Tax Expenses / (reversal)	(14.67)	(23.32)	(20.22)	(70.08)
Net Profit/Loss after tax	28.83	12.32	40.65	137.74
% on Revenue	7.05%	5.02%	8.24%	8.45%
EBITDA	73.99	72.18	96.41	353.02
% on Revenue	18.10%	29.42%	19.53%	21.66%

“We believe that our journey of transformation is steadily evolving despite challenging business environment. We have come a long way in our strategic path and will continue marching towards a brighter future.”

Disclaimer:- This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating Krishana Phoschem Limited (KPL) future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. KPL undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



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