



Krishana Phoschem Limited

(A Unit of Ostwal Group of Industries)

EMBARKING ON CONTINUOUS JOURNEY OF TRANSFORMATION

Earnings Presentation Q3 FY 21
February 16, 2021

www.krishnaphoschem.com





- Industry Overview
- Growth and Opportunities
- About us
- Financials Highlights



INDUSTRY OVERVIEW

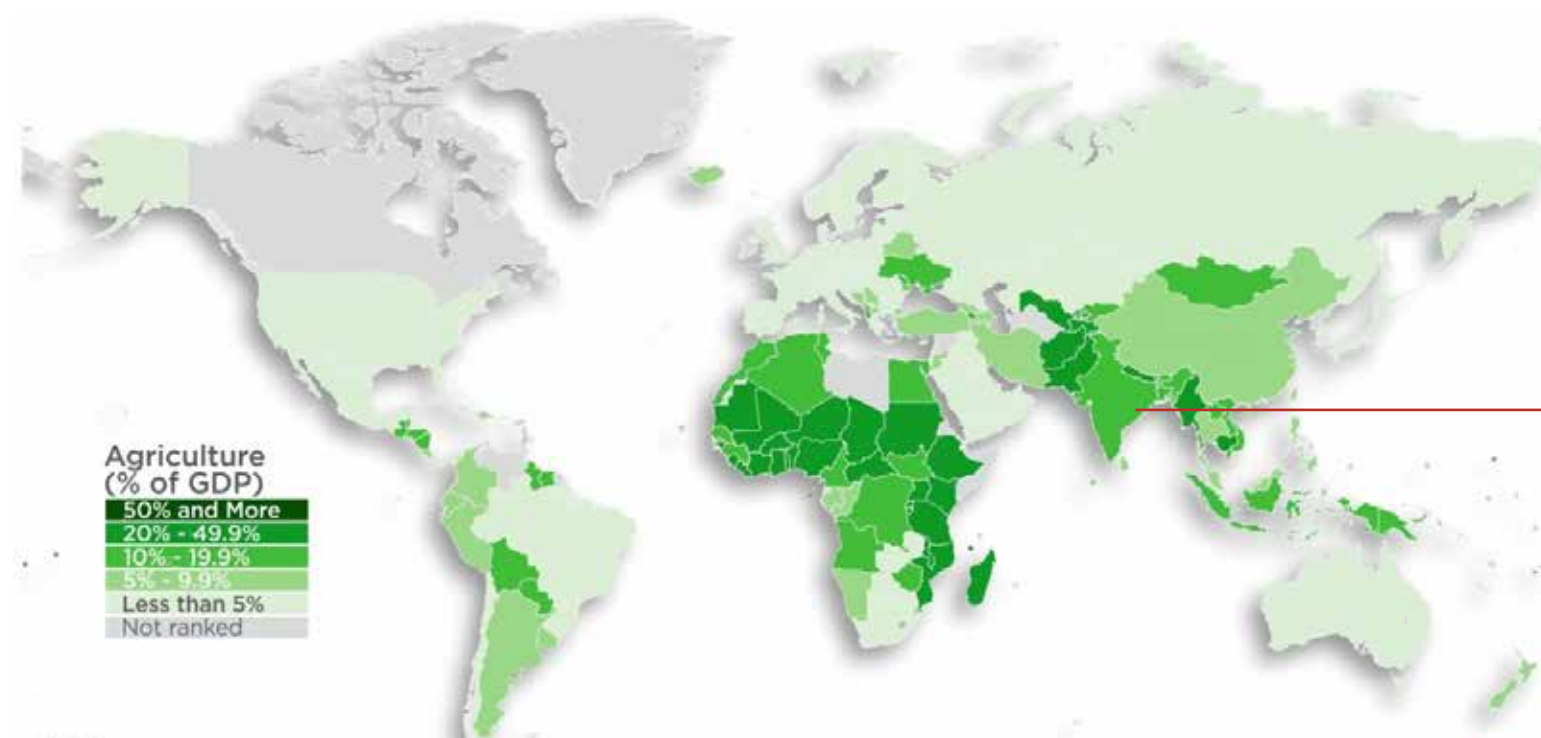




INDIAN AGRICULTURE: THE GLOBAL LEADER

The Role of Agriculture In the World Economy

Agriculture as Share of Total GDP (%)



Agriculture contributes around 16.5% of India's GDP

Ranks #2 in arable land

2nd largest producer of rice, wheat, sugar-cane, groundnut, vegetables, fruit & cotton

14th largest agri exporter (vegetables)

Least affected during COVID-19

... backbone of Indian economy

\$276 Bn Gross Value Added by Agriculture in FY 20(PE)

Source: CIA World Factbook, fao.org, prsindia, pib, ibef

12% +
of total exports



Export

58% +
of workforce



Employment

50%+
irrigated area



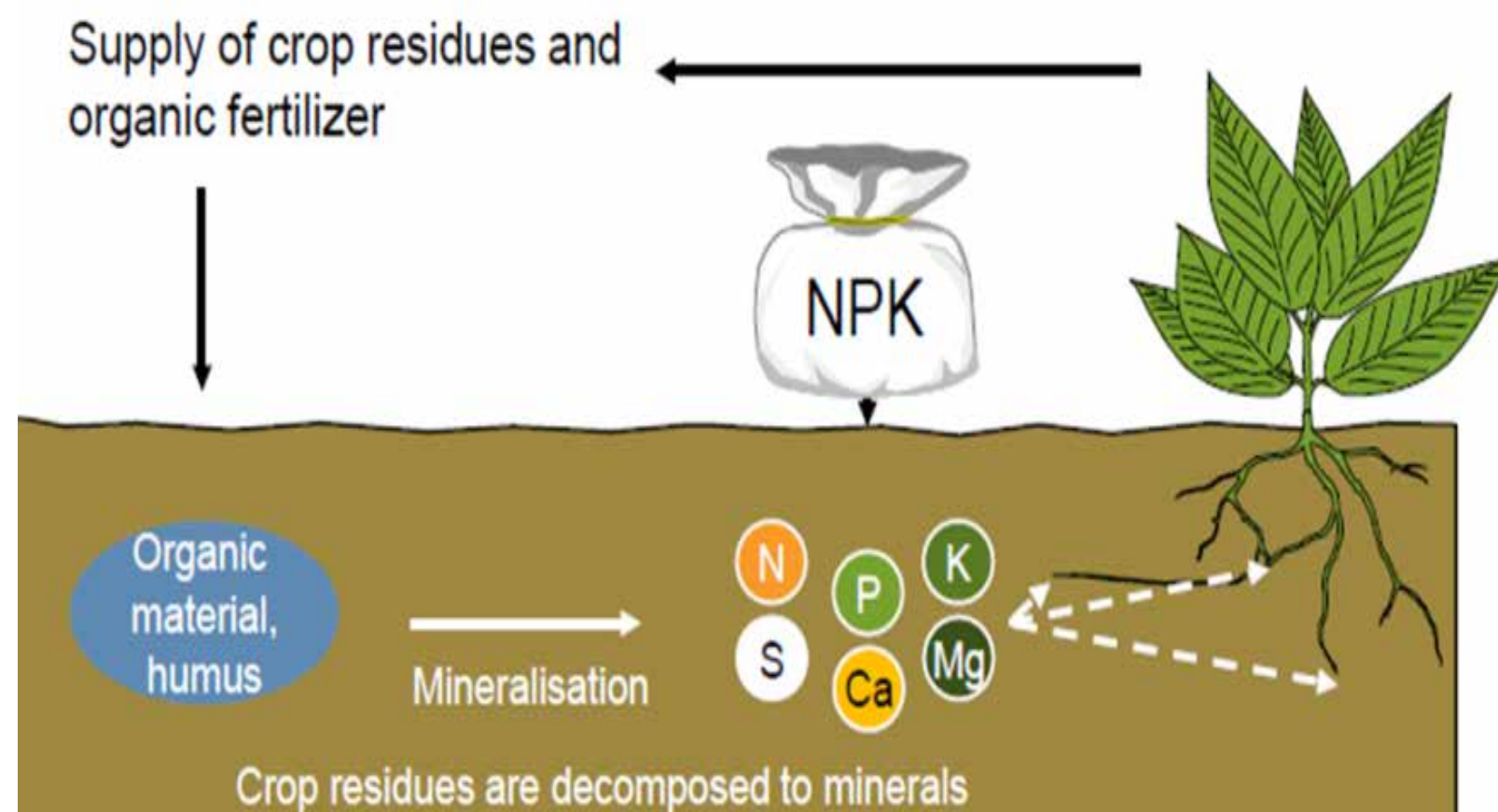
96 Mn
hectare

Irrigated Area



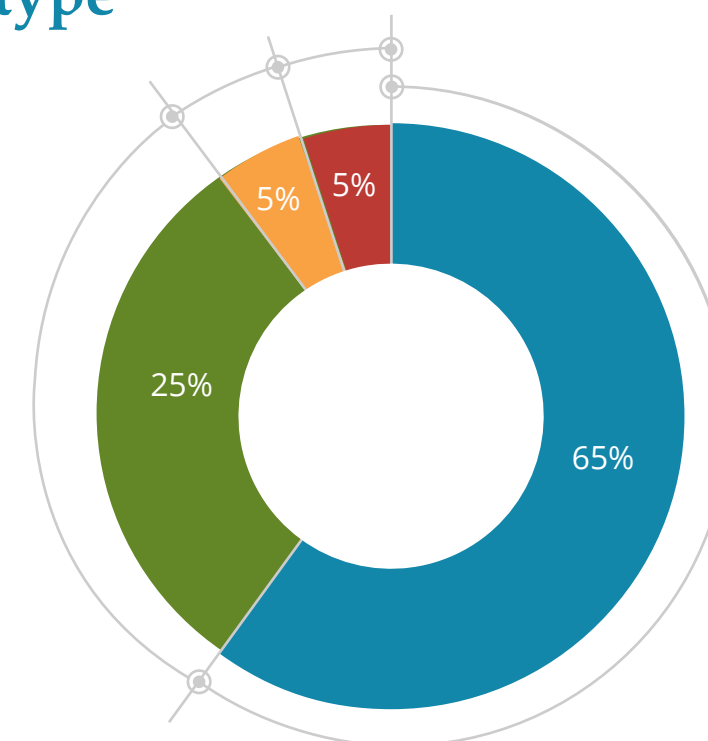
FERTILIZERS REPLACE THE NUTRIENTS THAT CROPS REMOVE FROM THE SOIL

Crop yields and agricultural productivity would be significantly reduced without the addition of fertilizers



Consumption ratio by fertilizer type

- Nitrogen [N]
- Phosphorous [P]
- Pottasium [K]
- Others



N Urea, AS, CAN

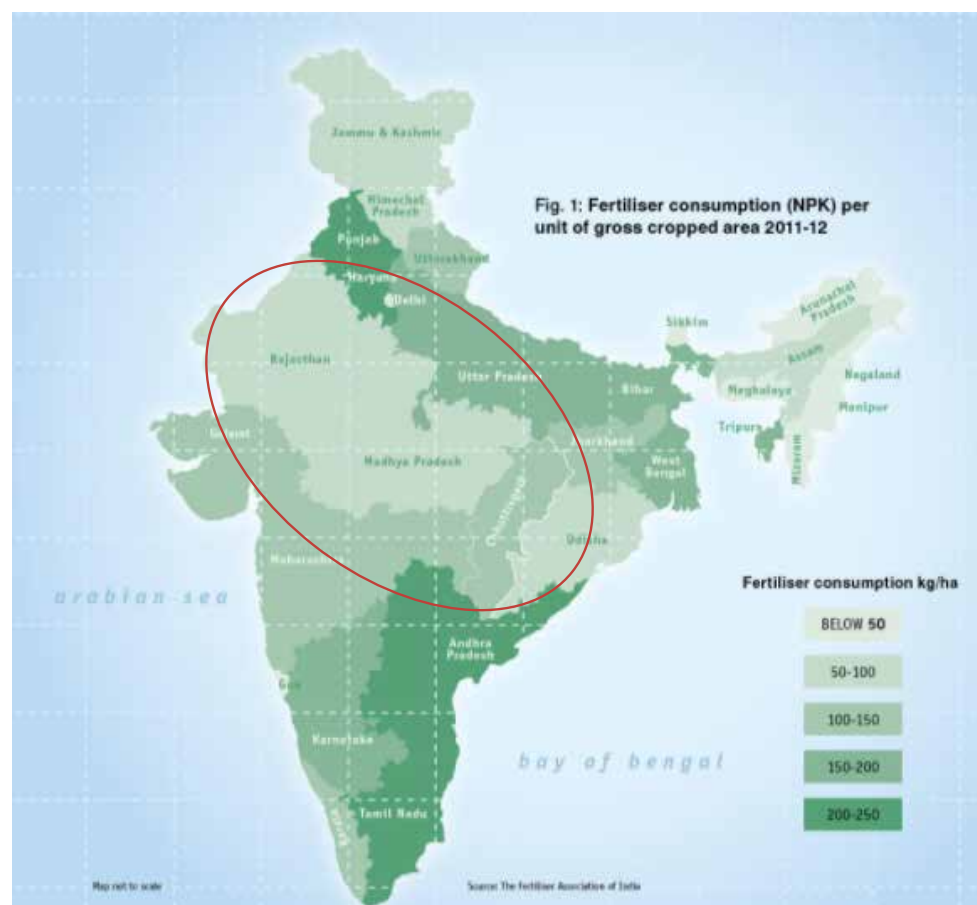
P SSP, TSP, DAP, MAP

K MoP, SoP

Others: Organic and other nutrient based



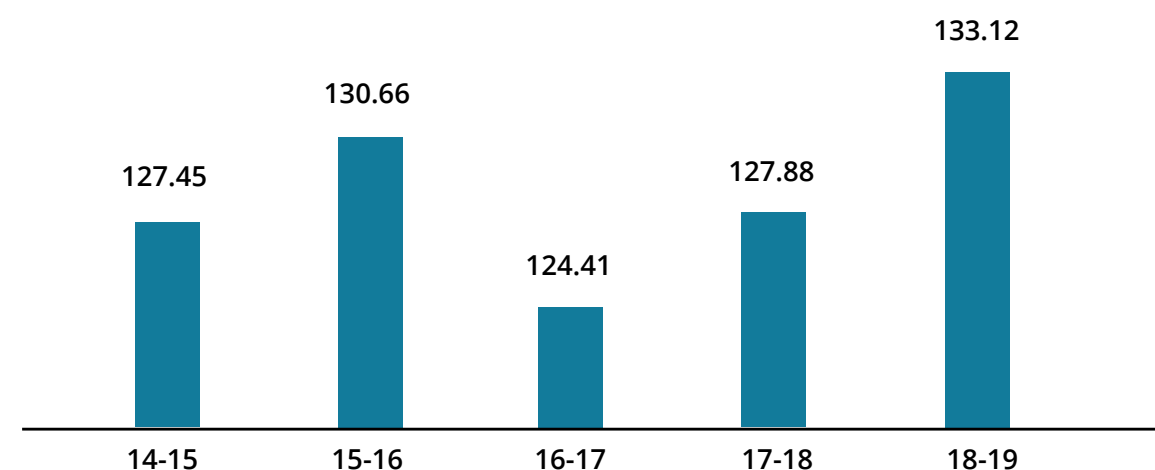
INDIA IS THE 3RD LARGEST PRODUCER AND CONSUMER OF FERTILIZER IN THE WORLD



Ostwal Group is present in 9 States with ~ 10% market share in SSP

"Source: Fertilizers Statistics book of FAI"

per hectare consumption of chemical fertilizer growing



...but N P K usage ratio is heavily tilted towards N

Ideal ratio
4 : 2 : 1

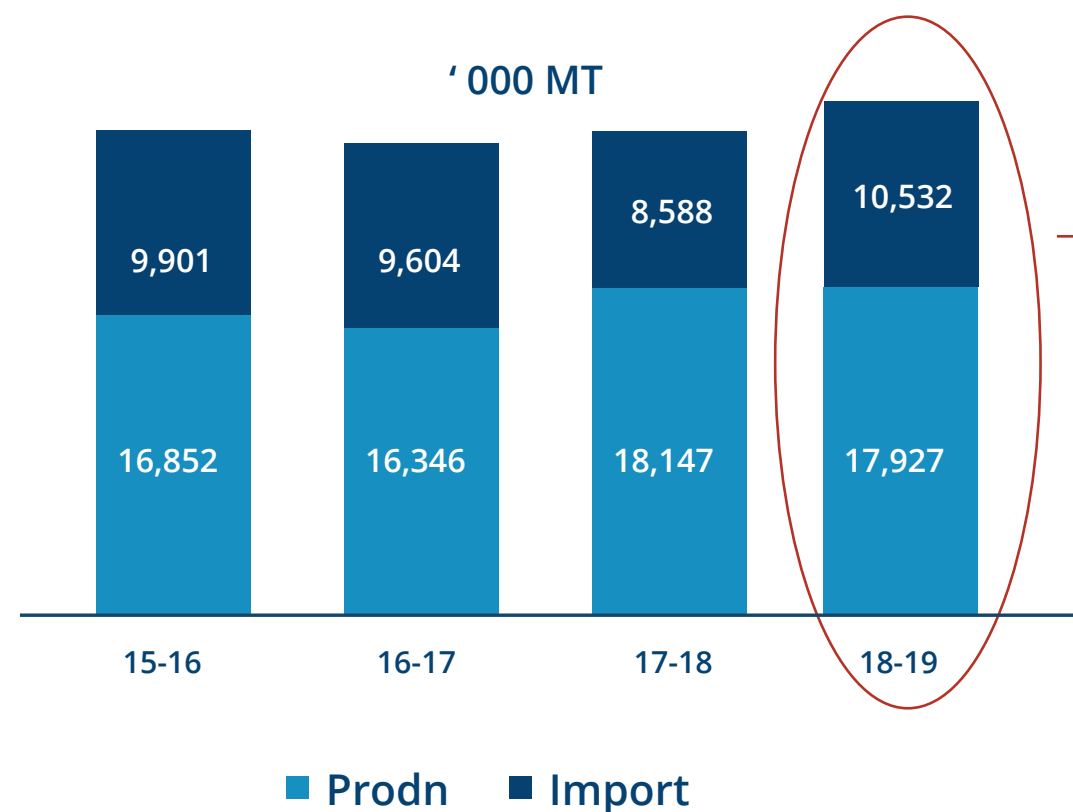
current usage ratio
7 : 2.7 : 1

Excessive use of Nitrogen (Urea) causes adverse impact on soil, crop quality and overall eco-system. Growing nitrogen use is a cause of concern in many countries. China is reported to have decided to freeze the consumption of nitrogen at the existing level.

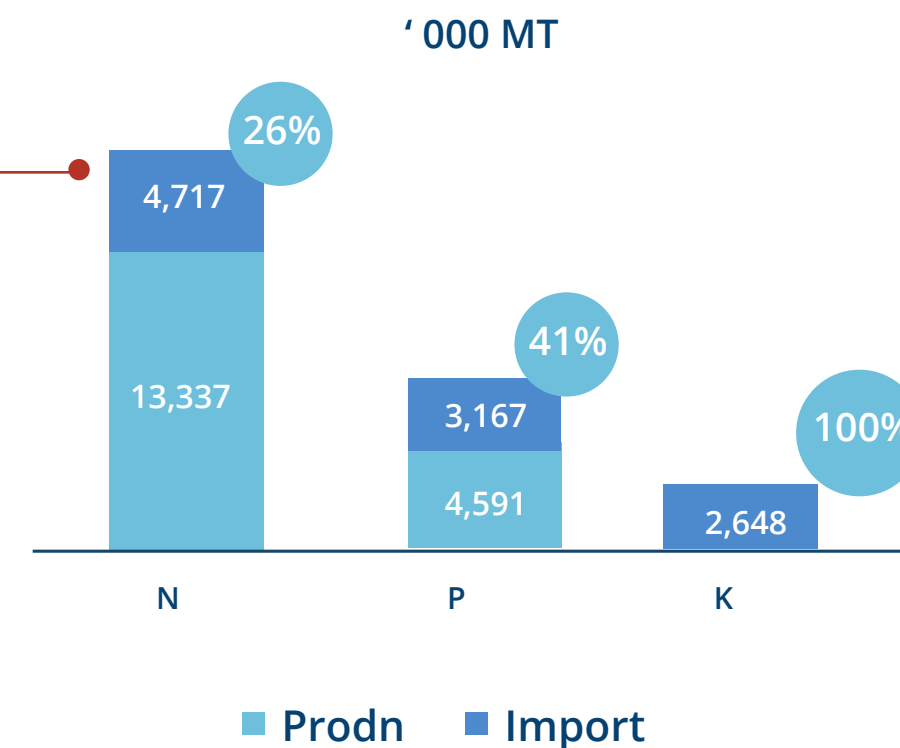


FERTILIZER MARKET STATISTICS..

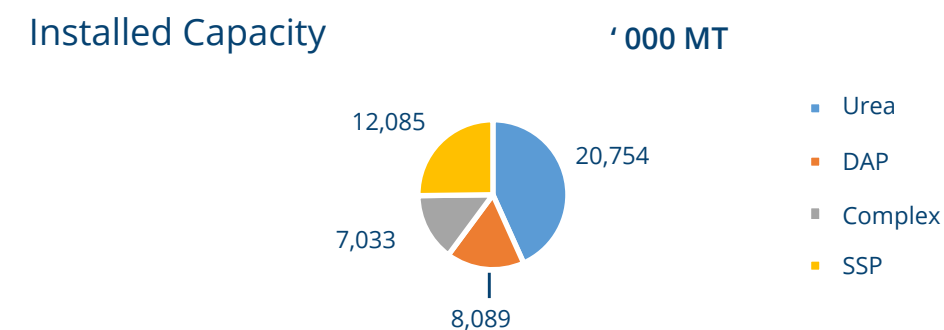
Continued growth in fertilizer demand and consumption



Substantial part of consumption is imported



Urea still share highest share in the fertilizer market



Number of operating plants in India

Urea	31
DAP	12
Complex	20
SSP	110

"Source: <https://www.downtoearth.org.in/news/agriculture/growing-gap-in-irrigation-potential- and-usage-major-challenge-66580>"



GROWTH & OPPORTUNITIES IN FERTILIZER INDUSTRY

Lore
mip

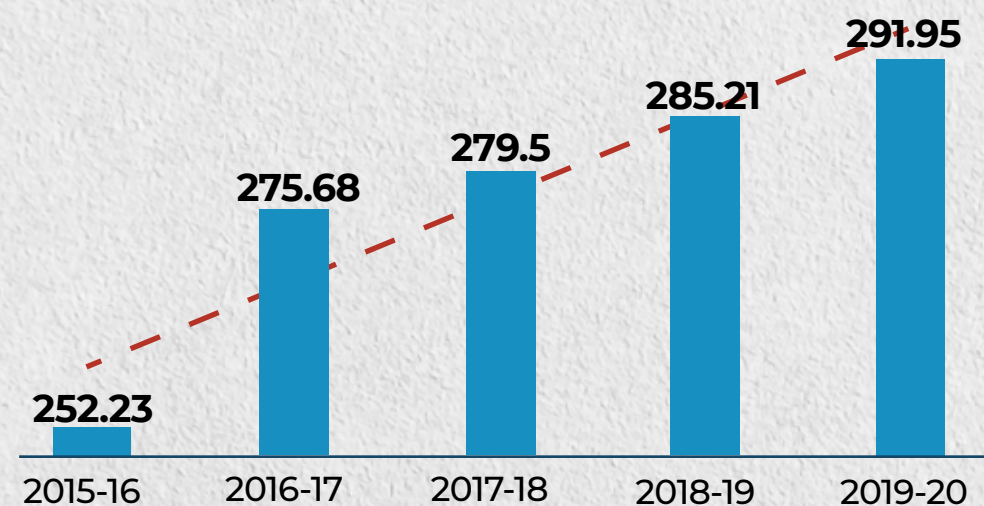




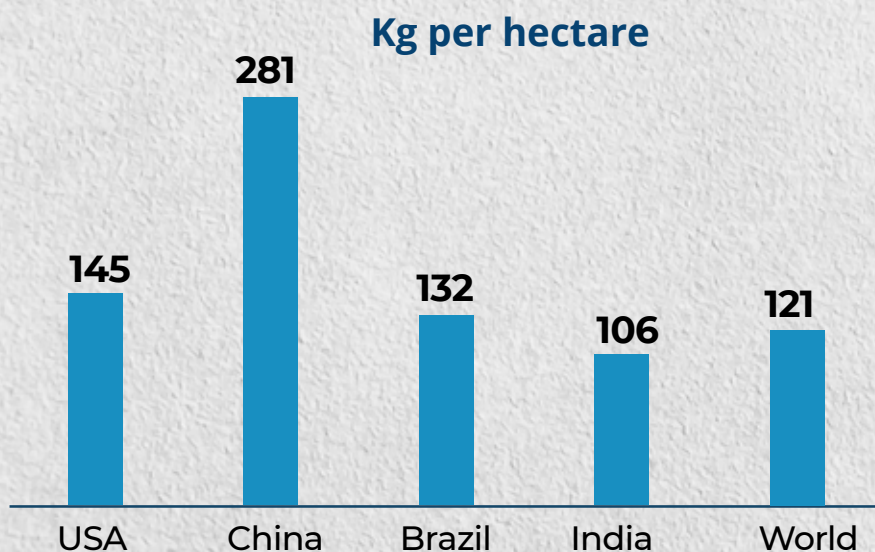
HUGE GAP IN CROP PRODUCTION AND PRODUCTIVITY



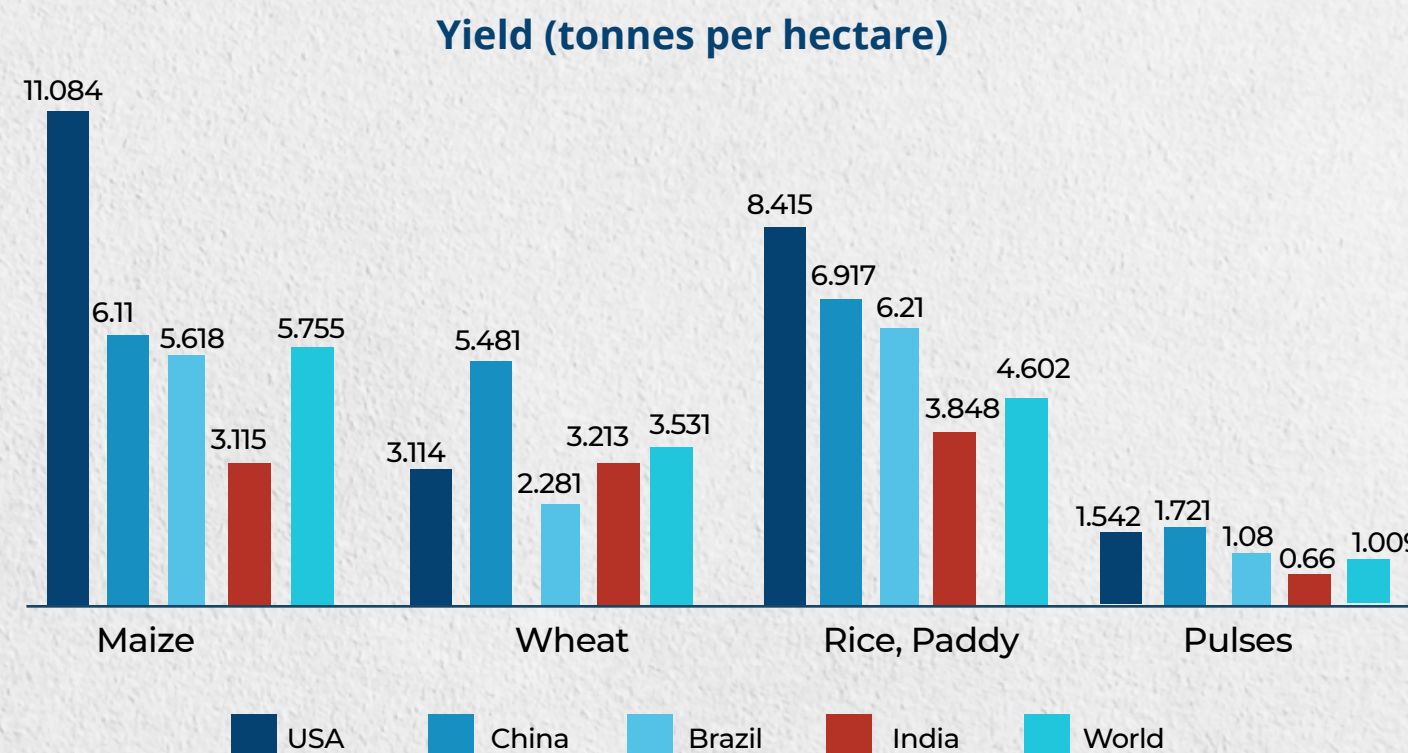
01 Food grain production growing ~3.7% CAGR...



02 ...primarily due to low nutrient usage



02 ...but at a significantly low productivity rate



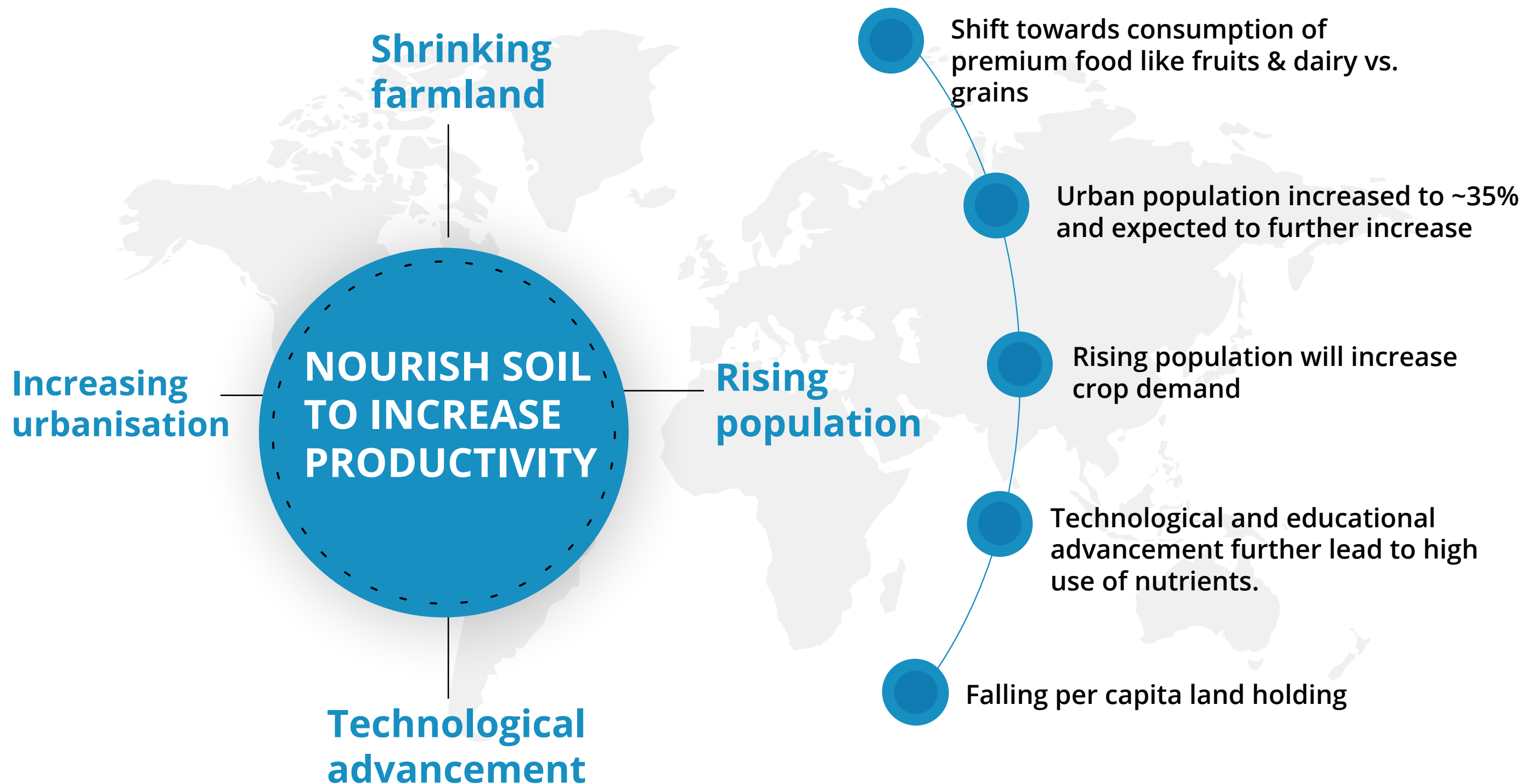
Significantly low crop productivity forcing more and more nutrient usage

Highly skewed nutrient consumption leaves a room for future growth

"Source: <https://www.downtoearth.org.in/news/agriculture/growing-gap-in-irrigation-potential-and-usage-major-challenge-66580>"



COMPELLING REASONS FOR GROWTH IN FERTILIZER SECTOR





...BACKED BY FAVOURABLE POLICIES AND REFORM MEASURES



AWARENESS CAMPS

PM Kisan – supplement of 6k
per annum



RURAL WORKSHOPS

Digital India initiatives introducing
Unified National Agriculture Market



CROP INSURANCE

Thrust towards domestic
manufacturing

Transition from regulated pricing to
market driven price



CONTRACT FARMING

Allowed crop sale prior to
production

Push for direct subsidy transfer
(DBT)



ABOUT US





Zincated
SSP
(Powder)

Zincated
Boronated SSP
(Granular)

Zincated
SSP
(Granular)

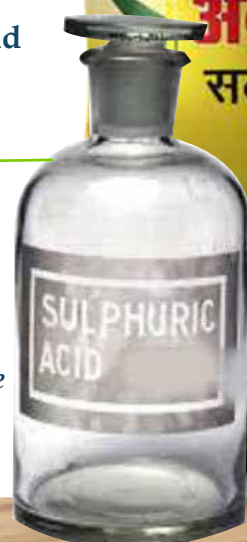
SSP*
(Powder)

SSP*
(Granular)

Phosphatic
Rich Organic
Manure

Chemicals

Our range of chemical products includes:
Sulphuric Acid, H-Acid, Liquid SO₃, Oleum and Chloro Sulphonic Acid



SSP: Single Super Phosphate



Mineral

Beneficiated
Rock Phosphate (BRP)

Krishana Phoschem Limited : Investor presentation for the F.Y. 2019-2020



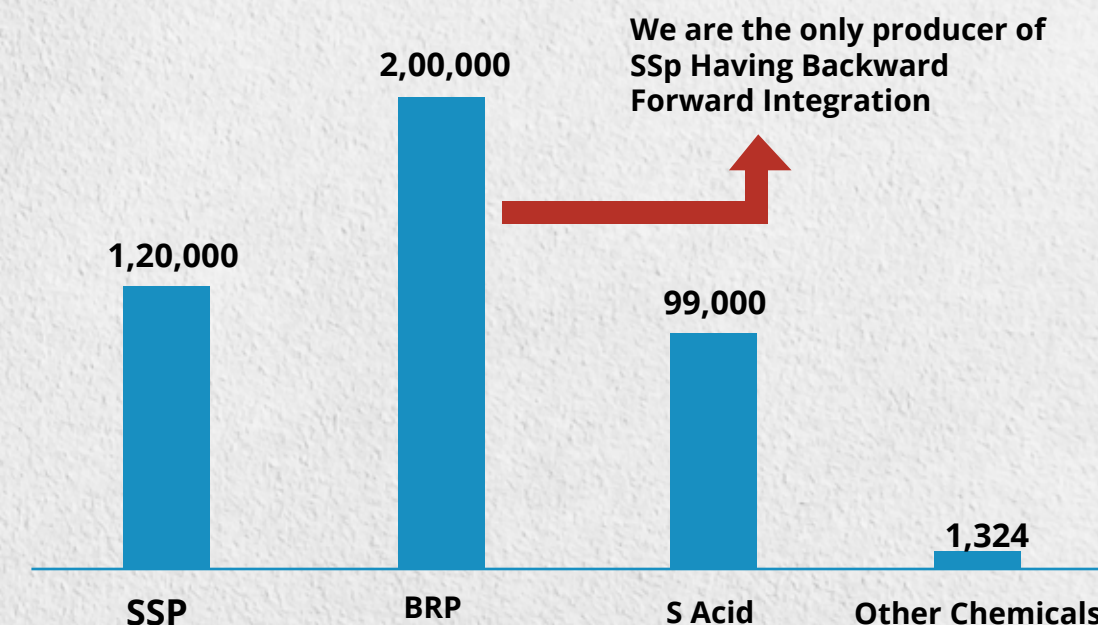
WE ARE INDIA'S 4TH LARGEST SSP MANUFACTURER



16%	31.5%	1,866 MN
CAGR	CAGR	Mkt Cap
1,630 MN (F.Y. 2019-20)	353 MN (F.Y. 2019-20)	1,248 MN (as on March 31, 2020)
REVENUE	EBITDA	NET WORTH

BUILT STRONG CAPACITY WITH BACKWARD INTEGRATION

Annual Capacity (in MT)



SSP: Single Super Phosphate
BRP: Beneficiated Rock Phosphate
S Acid: Sulphuric Acid

Positioned at group level; Based on FY 20 Mkt cap as on Dec 20
Net Worth includes revaluation reserves

...gaining market share

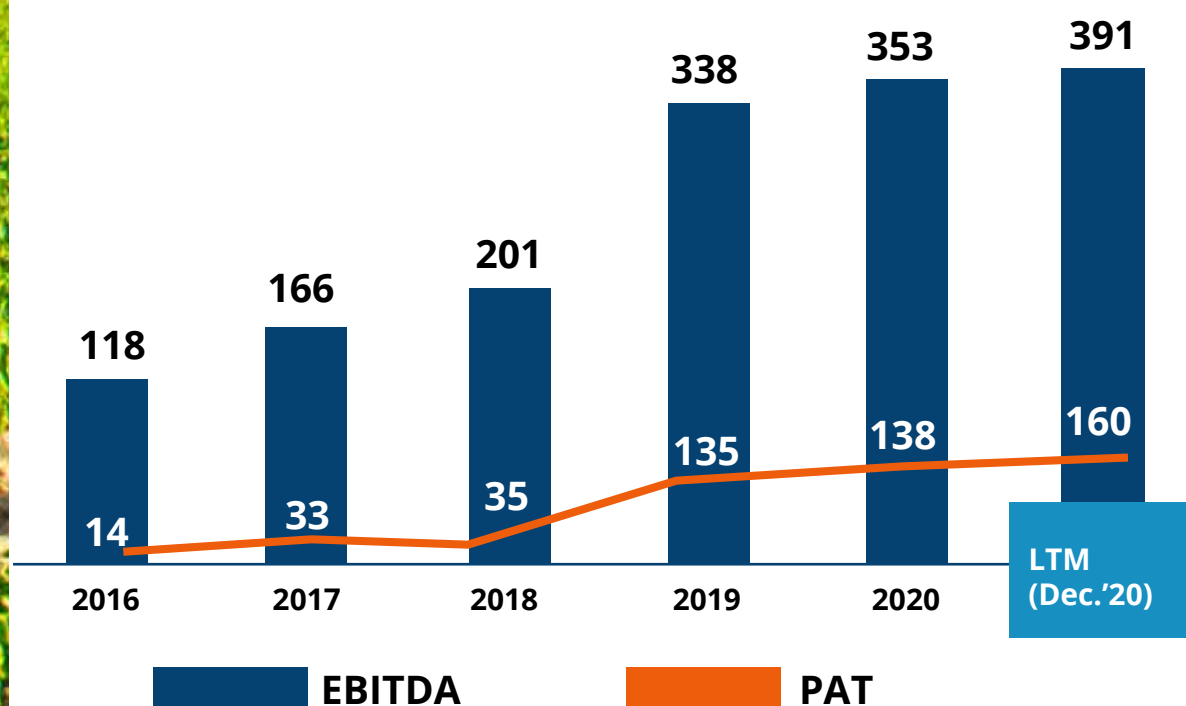
- Operating in 9 states with overall 10%+ market share in SSP
- 15%+ market share in 3 major irrigation States [Madhya Pradesh, Rajasthan and Chhattisgarh]
- Building strong and faster distribution network 10700+ dealers and retailers within 2 years



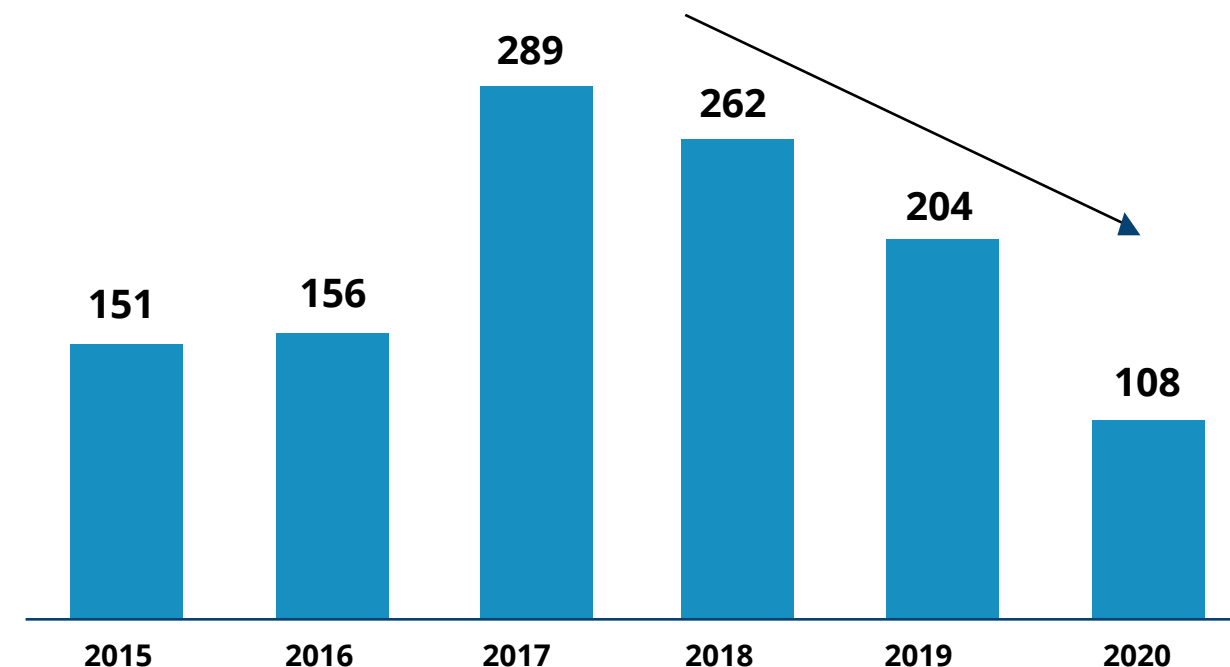
STRONG FINANCIAL GROWTH



Consecutive years of EBITDA and PAT growth



Consistent debt reduction



Healthy 16.0% CAGR growth in revenue

Delivering strong and sustainable EBITDA margins of 24.2% (LTM Dec' 20)

Industry leading cash returns

Healthy debt equity ratio
(0.09:1 as on 31st Mar '20)

* LTM – Last Twelve Months



...BENEFITING FROM BACKWARD INTEGRATION OF KEY RAW MATERIAL



**Sulphuric
Acid**

In-house production

01

**Low Grade
Rock
Phosphate**

02

**Beneficiation
process**

03

**अन्नदाता
SSP**

Group Co. has Long term
agreement with suppliers

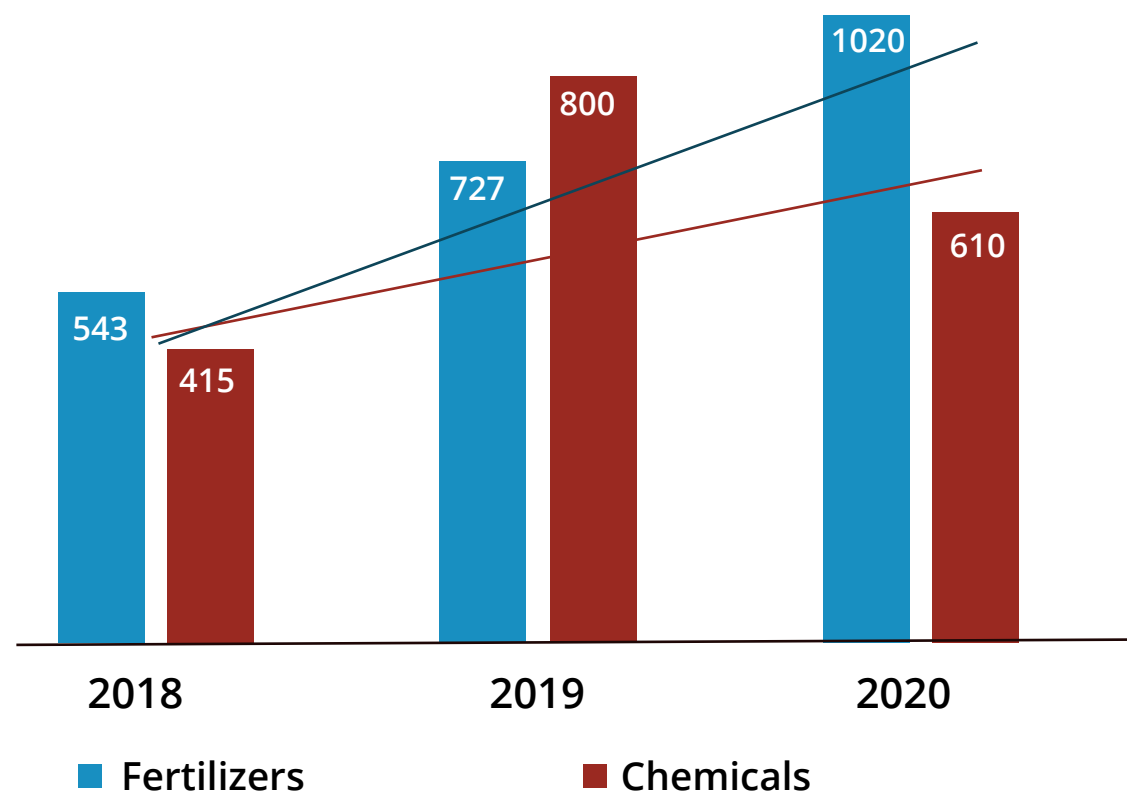
We are the only producer of SSP having
Backward Forward integration



SEGMENT WISE KEY NUMBERS



Segment revenue



Strong growth in Chemical segment

Sustainable margins best in industry

Capacity & utilization

Segment	Revenue INR in Mn	Capacity	Utilization*	%
Fertiliser	1,020	120,000	102,381	85%
Chemicals	610	99,000	64,015	65%

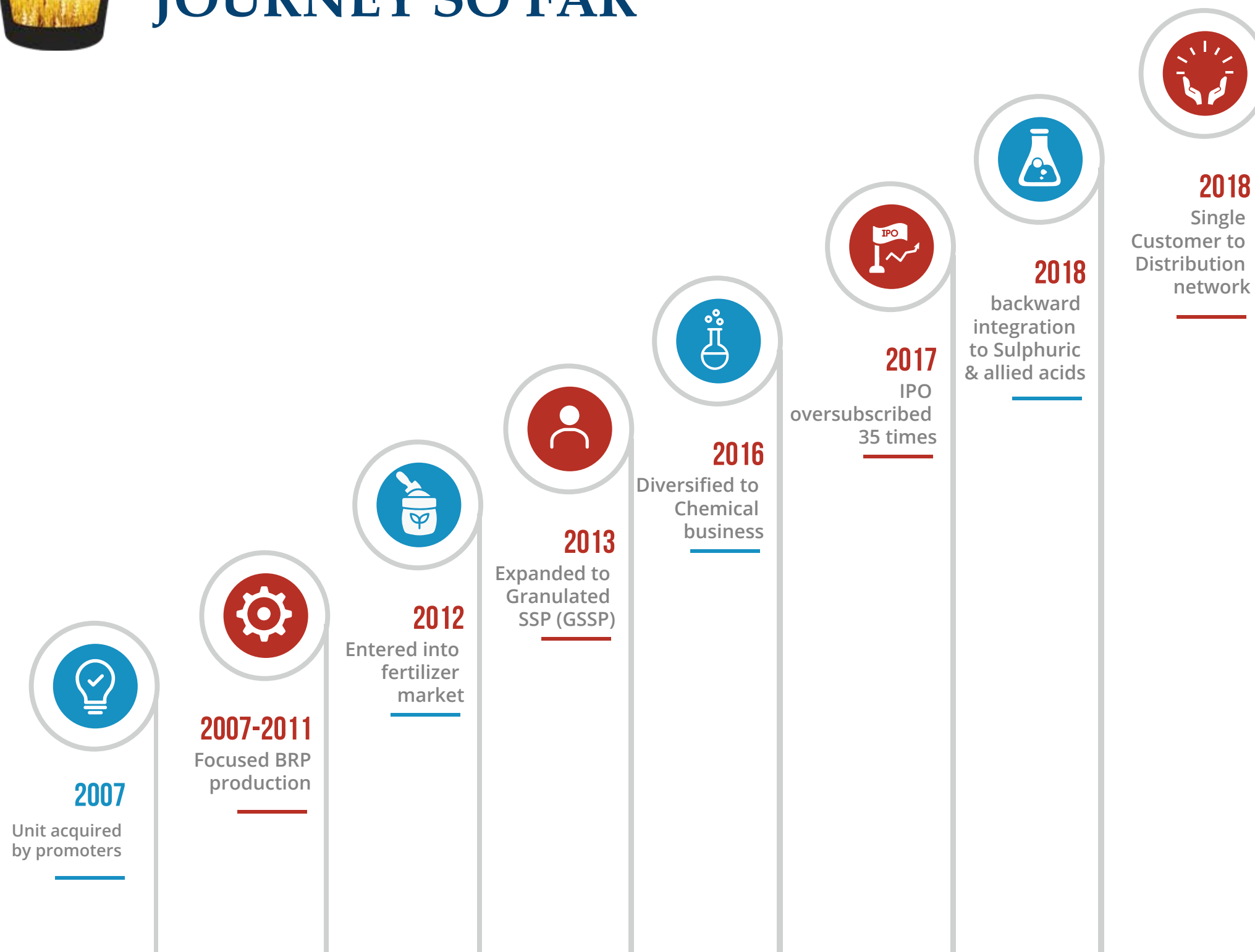
Optimum capacity utilization in SSP

With availability of rock, BRP plant can be fully utilized in upcoming DAP/NPK project resulting into substantial value addition

*Based on FY 20



JOURNEY SO FAR



...another wave of transformation

Expanding to
DAP & NPK
integrated with
Sulphuric &
Phosphoric Acid
plant



STATE OF ART MANUFACTURING FACILITY



Three Manufacturing facilities at AKVN Industrial Area, Meghnagar, Dist. Jhabua, Madhya Pradesh



OUR PROMOTERS



Mr. M.K. Ostwal, aged about 64 years one of the pioneers of present SSP technology with 42 years experience in the sector. A Commerce graduate and founder of Ostwal Group of Industries is guiding force in growth and development of the Group.



Mr. Pankaj Ostwal is a young and dynamic Chartered Accountant by qualification with 20 years of experience in the fertilizer mineral beneficiation, chemical sector. Also in Import / Export Business.



Mr. Praveen Ostwal is also a young and dynamic Chartered Accountant by qualification and has 18 years of experience in the fertilizer, mineral beneficiation & chemicals sector. He is actively engaged in managing the company bringing innovations in the Group.



KEY FINANCIALS MATRIX

Particulars	FY 20	FY 19	FY 18	FY 17	FY 16
Revenue	1,630	1,527	958	796	886
EBITDA	353	338	201	166	118
Depreciation	117	112	80	62	56
Finance Cost	28	34	58	42	48
Other Income	-	3	9	13	16
PBT	208	191	64	61	30
PAT	138	135	35	33	14

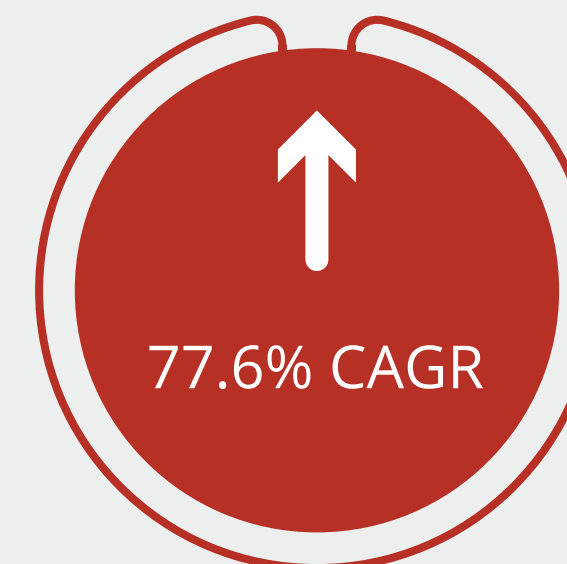
Revenue



EBITDA



PAT





Q3 FY 21 : FINANCIAL HIGHLIGHTS



Q3 FY 21 : FINANCIAL HIGHLIGHTS

- PAT for the period stood at Rs. 63.10 Mn, up by 9.43% as against Rs. 57.66 Mn in Q3FY 20
- EBITDA for the period stood at Rs. 125.52 Mn, up 20.15% as compared to Q3FY20
- Overall Revenue for Q3FY21 stood at Rs. 446.23 Mn, slightly down by 3.96% as compared to Q3FY20
- PAT Margin for the period improved to 14.14% as against 12.41% in Q3FY20
- The revenue from chemical segment grew significantly by 33.45% as compared to Q3FY20
- Profit before tax for the nine months stood at Rs. 217.27 Mn up by 26.2% in the corresponding period
- The Company's plan to install a mega DAP & NPK plant in Madhya Pradesh by 2022 remains intact
- Basic EPS stood at Rs. 2.53 per share, (up by 9.05% as compared to Q3FY20)



ANALYSIS OF FINANCIAL RESULTS Q3 FY21



INCOME

₹ **446.23** Mn

LOWER BY
3.96% Y-o-Y

EBITDA

₹ **125.52** Mn

UP BY
20.15% Y-o-Y

EBITDA Margin

28.13 %

UP BY
25.11% Y-o-Y

PAT

₹ **63.1** Mn

INCREASED BY
9.43% Y-o-Y

PAT Margin

14.14 %

UP BY
70.52% Y-o-Y

EPS

2.53

HIGHER BY
9.05% Y-o-Y

Krishana Phoschem Limited : Earnings Presentation for Q2 F.Y. 2020-21

ANALYSIS OF FINANCIAL RESULTS Q3 FY21

Particulars	Q3FY21	Q3 FY20	Y-o-Y growth	Q2FY21	Q-o-Q growth	Dec,31 2020	Dec,31 2019	Y-o-Y
Total Income	446.23	464.64	-3.96%	514.89	-13.34%	1369.93	1384.49	-1.05
EBITDA	125.52	104.47	20.15%	119.15	5.35%	318.67	280.84	13.47
EBITDA Margin (%)	28.13%	22.48%	-	23.14%	-	23.26%	20.28%	-
Net Profit after tax	63.10	57.66	9.43%	55.84	13.00%	147.77	125.42	17.82%
PAT Margin (%)	14.14%	12.41%	-	10.85%	-	10.79%	9.06%	-
EPS	2.53	2.32	9.05%	2.24	13.00%	5.93	5.04	17.66%



STATEMENT OF PROFIT & LOSS FOR Q3FY 21



Particulars	Quarter Ended				Year Ended
	31.12.2020	30.09.2020	31.12.2019	31.03.2020	
Revenue from Operations	443.75	509.34	463.80	1,629.47	
Other Income	2.48	5.56	0.84	0.40	
Total Income (I+II)	446.23	514.89	464.64	1,629.87	
Expenses					
Cost of Materials consumed	220.22	202.76	208.89	930.51	
Purchase of stock-in-trade	2.53	13.29	-		
Changes in Inventories of Finished Goods, work in progress and stock in trade	(5.76)	70.10	42.69	(75.80)	
Employee benefits expense	24.72	21.30	20.15	90.51	
Depreciation and amortisation Expense	28.69	28.00	29.36	117.06	
Finance Cost	4.67	9.55	5.71	28.14	
Other Expenses	79.00	88.29	88.44	331.63	
Total Expenses	354.06	433.28	395.24	1,422.04	
Profit/ Loss before tax	92.17	81.61	69.40	207.83	
Total Tax Expenses	(29.07)	(25.77)	(11.74)	(70.08)	
Net Profit/Loss after tax	63.10	55.84	57.66	137.74	
% on Revenue	14.14%	10.85%	12.41%	8.45%	
EBITDA	125.52	119.15	104.47	353.02	
% on Revenue	28.13%	23.14%	22.48%	21.66%	

Krishana Phoschem Limited : Earnings presentation for Q3FY 2021

“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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