



Punjab Chemicals and Crop Protection Limited Q4FY26 Earnings Conference Call

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MODERATOR: **MR. RIJU DALUI – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Punjab Chemicals and Crop Protection Limited 4Q and FY '26 Post-Results Conference Call hosted by Antique Stock Broking.

As a reminder, all participants' lines will be in the listen-only mode and 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Riju Dalui from Antique Stock Broking. Thank you, and over to you, sir.

Riju Dalui: Thank you, Rituja. A warm welcome to all the participants on today's call of Punjab Chemicals and Crop Protection.

From the management side, we have Mr. Shalil Shroff – Managing Director; Mr. Vinod Gupta – CEO; Mr. Devender Gupta – CFO on the call.

Without further delay, I would like to hand over the call to Mr. Vinod Gupta for his opening remarks, post which we will open the floor for Q&A. Thank you and over to you, sir.

Vinod Gupta: Thanks and good afternoon to everyone. Thanks for joining us today for this Earning Call for the 4th Quarter and full-year ended on 31st March 2026.

I am joined by Mr. Shalil Shroff – Managing Director, Mr. Devender Gupta – CFO, and Mr. Bishan Singh – Head of Finance. And we sincerely appreciate your continued interest in our company.

I trust you have had an opportunity to review our financial results and investor presentation which are available on Stock Exchange and on our website. Let me begin with the overall industry environment.

As you are all aware, the global geopolitical situation in last two months have resulted in creating supply chain disruptions, sudden price changes and recalibration of demand cycle. We continue to operate in this dynamic environment and are monitoring the situation and impact very closely. While before this disturbance has occurred, there was a gradual recovery in global demand supported by normalization of channel inventory. The industry is now witnessing renewed volatility driven by supply chain disruptions, rising raw material and logistics costs.

At the moment, market seems to be ready to accept incremental price gain given the fear of shortage of certain base molecules. However, if the prices increase are beyond a certain level, there is a resistance in the market. And China's response to the situation is being tracked very closely.

Tightness in supplies have resulted in firming up prices across generic molecules and all the intermediates. In this environment, we continue to focus on strengthening our core fundamentals and executing our long-term strategy.

Coming to our performance:

We delivered resilient performance during the year despite challenging operating environment. We recorded highest ever revenue for our company from operations during this period at Rs. 1,029.8 crores, growing by 14.4% year-on-year.

Our volume remains stable across all the products with improved capacity realization in key divisions. Our new product addition and growth of the new molecules that we have added in the last 2-3 years are seeing very good growth. We believe we are now moving from consolidation phase over the last 2-3 years to growth phase with our efforts to bring in new products have started yielding dividends.

Our performance reflects strength of our diversified business model across agrochemicals, performance chemicals and industrial chemicals, as well as our continued focus on operational efficiency and product mix optimization. Next year, we will see addition of more new products to our portfolio in agrochemicals and specialty chemical segment.

In the last quarter, we had also taken one major debottlenecking exercise to expand capacity of one of our new molecules that we introduced 2 years back as the demand is growing very fast and product is being accepted very well in the market.

We continue to invest in R&D with focus on complex and differentiated chemistry. Our pipeline of new products remains strong, particularly in the molecules which are going off patent and we are confident of sustained contribution from our new product introduction in coming years.

On our ongoing CAPEX initiatives, the debottlenecking of various capacities and addition of new manufacturing blocks are progressing as per plan. These investments are aligned with our increasing global opportunity and broader Make in India theme, positioning us well to capture incremental demand.

We remain focused on improving our efficiencies, optimizing cost and enhancing our asset utilization. Our efforts towards strengthening our customer relationship and expanding our global footprint are also yielding positive results.

We continue to progress on the MoUs that we signed earlier and these products are slated for commercialization in FY '27. Overall, despite near-term headwinds, we are confident that we are well positioned to navigate the current environment and capitalize on emerging opportunities as the industry stabilizes.

Now, with this, I will hand over the call to our CFO – Mr. Devender Gupta. He will share the financial highlights and performance with you.

Devender Gupta:

Thank you, Vinod ji and good afternoon, everyone. Thank you for joining on this call. I will take you through the Financial Performance for the last quarter and full-year ended 31st March 2026.

Starting with the quarterly performance:

Our consolidated revenues from operations for Q4 FY '26 stood at INR 208.6 crores as compared to INR 202.3 crores in the corresponding quarter of last financial year, reflecting a growth of 3.1% on year-on-year basis. The domestic revenues have grown by 8.4%. However, the exports saw a marginal decline of 4.8% during the quarter under review.

As Vinod ji explained, our new products have been adding good contribution and for the full financial year, they contributed around 14% to the top line, growing by 16% over the last financial year. The growth was primarily driven by stable volumes and marginal pricing, improvements across select segments partially offset by deferment of some export sales in the first quarter of FY '27 due to the ongoing geopolitical situation.

Our gross margins for the quarter stood at 49.4%, up by 580 basis points on a yearly basis. The EBITDA for the quarter stood at INR 27.5 crores, which is also up by 7.9% on Y-o-Y basis, with EBITDA margins at 13.2%. Profit after tax for the quarter stood at INR 11 crores, up by 55.8% on an annualized basis, with PAT margins being 5.3%.

Now coming to the full year performance:

The consolidated revenue from operations for FY '26 stood at INR 1,029.8 crores, reflecting a robust growth of 14.4% year-on-year basis. Gross margins for the full year stood at 40.1%, while EBITDA stood at INR 118.1 crores, with margins being 11.5%, growing by 19.1% over FY '25. PAT for the full year stood at INR 64 crores, as compared to INR 39 crores in the last financial year, translating into a solid growth of 64.3%.

From a segment perspective, our domestic and export businesses both witnessed stable performance, supported by improved demand conditions in the select geographies, and continued focus on customer diversification. Our capacity utilization across manufacturing sites remained healthy during the quarter and full year, supported by improved operational efficiencies. The Agrochemical division operated at around 81% capacity utilization, the Performance Chemical division at around 65%, and the Industrial Chemical division continued to operate at the level of around 90%.

Overall, our focus remains on driving profitable growth, improving margins, and maintaining financial discipline in a dynamic operating environment.

With this, I conclude my financial remarks and request the moderator to open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Jainam Ghelani from Svan Investments. Please go ahead.

Jainam Ghelani: Thanks for this opportunity and congratulations for achieving the highest ever annual revenue. So, my first question is that over the last 2 to 3 years, we have almost increased our gross block by 30%, so that is almost INR 100 crores. So, would you be able to give us a split as to what is the growth CAPEX in this and what is the maintenance CAPEX within the same?

Vinod Gupta: First of all, thanks, Jainam, for joining. As you know, year on year, we have been investing on the asset renewal, as well as capacity debottlenecking and capacity increase. I think exact breakup is not readily available with me. But year-on-year, we are investing about INR 25 crores to INR 30 crores for asset renewal. So that is the kind of gross block increase on account of asset renewal per year.

So, if you take 2 years, it should be around anywhere between INR 55 crores to INR 60 crores. And INR 35 crores to INR 40 crores is on account of capacity addition or any CAPEX related to compliance improvement and also debottlenecking.

Jainam Ghelani: And so what could be the approx cost benefits that we could get? So, we would have taken cost optimization over the last 2-3 years. So, what could be the improvement in margins that we can see from the same?

Vinod Gupta: I think asset renewal generally is more around making sure that the business continuity remains because an asset which is 35-40 years old becomes a safety risk in a big way. And whenever we do such CAPEXes, obviously, we factor in better designs and some efficiency improvements.

Now, those initiatives are on a continuous basis. And it is difficult to sort of differentiate what comes out of this revamping and what is a part of our regular exercise. Or we can say that, yes, we have been able to, on our male molecules, we have been able to reduce our raw material cost by anywhere between 15% to 20% on most of our products.

Let me add one more thing. However, because given the competitive market scenario, obviously, that has not got reflected margin in the bottom line, but it has helped us to maintain our market share.

Jainam Ghelani: And as you had mentioned in the previous call that the three MoUs could give us almost INR 140 crores to INR 150 crores revenue at peak. And since we are introducing 3 to 4 new products this year too, so can we expect that by FY '28, our revenue can be, from the current facilities, it can reach around INR 1400 crores to INR 1500 crores?

Vinod Gupta: Yes, I think that is a safe assumption.

- Jainam Ghelani:** So, within the next few years, we can almost, we hold on to our guidance of 15% to 20% revenue growth.
- Vinod Gupta:** Yes, right. I think we are holding on to that guidance. Unless and until this geopolitical situation suddenly creates a havoc where the raw materials are not available or some other things happen, our product introduction and our market share that we have been able to hold in the market, we continue to hold our guidance of 15% to 20% year-on-year growth.
- Jainam Ghelani:** And, sir, as you mentioned in the commentary too, that the share of new molecules have increased and we have also taken cost reduction measures. Why has it not been reflected in our gross margins, even though the share is increasing? As you had mentioned that the new molecules would be having better margins?
- Vinod Gupta:** So, I think what happens is when you introduce a new molecule, initial phase is a learning phase where your main initial idea is to see that you can supply. So, when we launch a new molecule, initially our idea is to make sure that we meet the quality requirement and the delivery requirement. And then our R&D team continuously puts effort to improve cost and all.
- So our products have been well accepted and now the journey towards coming to the right cost and making sure that our margins improve has just started now. So you will start seeing those positive upsides in coming quarters.
- Jainam Ghelani:** So, sir, what could be the margin improvement that one can foresee in FY '27 and FY '28, if you could give us some guidance?
- Vinod Gupta:** I think if you consider a stable business scenario, as we have been saying that gradually over the next 2 to 3 years, we want to improve our EBITDA margin from around 12% to 15%. And that is the direction we will take for the complete product, for the whole business as a whole.
- Jainam Ghelani:** And, sir, I saw that you mentioned in your presentation that we still have the idea of our Greenfield CAPEX. So, any idea on the same, like over which year can we see and what could be the quantum for the same? And any plans for debt reduction in the next 2 years?
- Shalil Shroff:** So, this is Shalil. So, regarding the Greenfield, as we have been mentioning that we have finalized 1 or 2, but unfortunately, because of the due diligence, it didn't go well. But we are very strongly working on the same. And as and when it happens, we should be announcing within the Q2 or Q3 of this year. As far as debt reduction goes, I think if you see our debt equity ratio is pretty good. Basically, there are no movements to increase debt. But as and when there is something, we will keep everybody informed.
- Jainam Ghelani:** Sir, just one last question from my side. So, because of the Middle Eastern crisis, are we facing any issues in the exports currently? Because majority of our exports are Europe focused. So, any problems out there or it is smooth?

- Vinod Gupta:** I think export cost has gone up. But we have not seen any order cancellation or any deferments. Only thing is the cost has gone up and so far customer has accepted increase in those costs. But if this increase becomes significantly higher than what it has been so far, then we will have to see overall how does the market react to it.
- Jainam Ghelani:** That's it from my side.
- Moderator:** The next question is from the line of Kiran Gadge from Knightstone Capital Management. Please go ahead.
- Kiran Gadge:** So, in the pipeline, we have seven products and three MoUs. So, could you please provide more details regarding them like the status, which sector is it for, is it for domestic or export client, and lastly, revenue and margin expectations from them?
- Shalil Shroff:** So, basically, all these products are under confidential agreement. So, we will not give you the product name, but we can tell you that approximately 60% is on agrochemicals, AI, where we have a good business out of which two are for Japanese customers and three are for the European customers. The other part are specialty products are again for both domestic as well as European customers, including North America.
- As far as margins are concerned, as we have been always saying that these new products are high value, and we envisage in the next two years, as Vinod did tell you that we are targeting 15%, anywhere between 15% to 16% in the next financial year and then gradually growing to 18% in the next two to three years.
- Kiran Gadge:** And are you on track to double the revenue of industrial chemicals in two years?
- Shalil Shroff:** Yes, I mean, at the moment, we see as you see our industrial chemical also, we have started exporting to Southeast Asia. So, this revenue also will in the next two years, what we envisage right now will be at least doubling that sales.
- Moderator:** The next question is from the line of Viraj Mahadevia from MoneyGrow. Please go ahead.
- Viraj Mahadevia:** Just a follow up to the earlier participant's question. More on the raw material sourcing side, again, are you facing any challenges in procurement? How much of your procurement is from domestic sources versus international? And any logistics challenges and or costs involved?
- Vinod Gupta:** So, our dependency on import from various geographies, including China, is about 25%. And the rest of the material is domestic. Now, so far, we have been able to secure the raw material and we have been able to convince most of our suppliers to honor the old contracts. And now for the next quarter, again, discussions have started. So, at the moment, we have seen some incremental prices, cost increase, but overall supply chain, we have not seen any disturbances.
- Also, there is one interesting shift that is happening because of overall scenario. Some of the molecules or KRMs that we buy from China are becoming attractive in India. So, at the same

time, we have activated some local supply chain partners also that in case these prices continue to remain strong, we will develop a local supply chain to reduce the impact of overall disturbances. So, unless and until base molecules go out of the supply chain, we do not see interruptions coming in.

Viraj Mahadevia: Excellent.

Moderator: The next question is from the line of Rohit Ohri from Progressive Shares. Please go ahead.

Rohit Ohri: Hi, team. A couple of questions. The first one, we see that there is a good quality of growth that is seen in Punjab which is also because of the better mix as well as the volumes. But do you think these gross margins that we have delivered in this quarter, are these sustainable? Because generally we are in this range of 40 to 42 kind of a range. So, do you think that this is because of the raw material tailwinds and how sustainable is this?

Vinod Gupta: I think if you recall our last year, last quarter results, something similar where we are stocking up or we are building inventories for the next sales in the next quarter in order to take care of the sudden demand spurt which is generally between April to October. So, that is where you will see slightly higher gross margins in this quarter. But overall continues. Currently we are at about 40%-42% gross margins. And as we have indicated earlier, we are gradually now looking at improving this gross margin with the addition of new products and change in the product portfolio.

Rohit Ohri: True sir, because if we see that we have become slightly heavier on the working capital side as well with the receivables as well as the inventory being slightly up. So, this is basically because of the demand you are seeing and that is why you are stocking up.

Vinod Gupta: Yes, right, this is because of the demand and I think whatever inventory we carried at the moment all that inventory is already moved out of the system and it has already gone to the customers. And this will get reflected in Q1 actually.

Rohit Ohri: Second one on this CDMO business. I know it is early stage of transformation or transition for us. And Shalil bhai also indicated that we might after three years try to reach somewhere like 17%-18% EBITDA margins. But what are the few things that as a team in Punjab that you all are doing so that the CDMO business model becomes slightly stronger or better and something on the pricing side as well as customer stickiness because despite being after three years maybe 18%, we are still slightly behind the margin comparisons if we do with some of the peers in the market?

Vinod Gupta: So, I think as you know that we have been working very aggressively on our R&D and efficiency improvement and with that we are able to attract better customer and better product portfolio where the margins are going to be high. So, it is more about creating that reputation with our customer that yes, we can not only do only CMO, but also develop a product for them.

So, that is the main initiative which is helping us to get more and more traction with more customers and at the same time, our efforts to continuously improve our yields and cost reduction on our existing products is helping us, and we believe that the market conditions will now slowly normalize and the prices which have remained subdued over the last 2 to 3 years will also improve. So, a combination of these 2-3 factors will help us to reach that particular level.

- Rohit Ohri:** On the customer side are we looking at adding some more Japanese customers?
- Vinod Gupta:** I think we are looking at adding more Japanese customers and more European customers. I think that has been our main focus area and that is where we are working on.
- Rohit Ohri:** On this export MoUs that we have which might commercialize in '27, are you facing any issues or execution risk related because of the current geopolitical issues?
- Vinod Gupta:** Currently, I will say no, there are no issues as of now. Even if we are on track to commercialize all the 3 products in FY '27, there might be a delay of a couple of months here and there because of customer either trials getting delayed or anything of that sort, but overall our relationship is very strong and we are confident that this will get commercialized in FY '27.
- Rohit Ohri:** Last question from my side. For this investment of INR 60 crores that we are doing currently what sort of ROCE should be expected over here?
- Shalil Shroff:** So, I think at the moment we are looking at at least 3x. We have said that this business would bring in approximately INR 150 crores to INR 160 crores.
- Rohit Ohri:** Okay, Shalil. Thank you for answering my questions.
- Moderator:** The next question is from the line of Viral Shah from SMG Finance. Please go ahead.
- Viral Shah:** So, my first question was more with regarding to the pricing. So, looking at the global scenario, are we seeing any pricing improvement or are we still facing an intense competition from the Chinese player?
- Vinod Gupta:** So, Chinese competition cannot be whizzed away, so that competition remains. But overall, so far our customers have accepted the price increase which is mainly on account of raw material and fuel prices. That impact has been absorbed by the customer, and we believe that even Chinese companies were looking at some opportunity to increase prices. So, they have also increased the prices and that is what has so far been the situation. Going forward I think we believe that Chinese companies will probably try to increase prices even more given the raw material situation, which is becoming tighter and tighter.
- Viral Shah:** And few days back, we saw that China is gradually withdrawing its export incentive. So, how this can be an opportunity for the company for, let's say, next one or two years?

- Vinod Gupta:** So, I think what will happen is wherever the export duty is being withdrawn, India supply chain is getting activated because then the cost difference of, say, 12% or 13% is making lot of efforts that we had put in or our supply chain partner in India that had put in, their position is becoming now attractive. So, I see some of the supply chain shifting to India on the molecules where the export duty has been withdrawn.
- Viral Shah:** My next question was with regards to the export. So, we saw that the export revenue has been grown by almost INR 100 crores. INR 449 crores in FY '26 to INR 348 crores in FY '25. So, how much of this recovery was volume driven and how much was the price driven?
- Vinod Gupta:** I think most of the recovery is due to volume because we didn't see a significant increase in the prices of the product in the whole of last year except maybe in the month of March where after the disruption, there were some increases. So, most of the revenue increase is because of the volumes and demand for our existing product which was better than last year and also a new molecule that we exported to various places.
- Viral Shah:** That was all from my side.
- Moderator:** The next question is from the line of Rohit Nagraj from 360 One Capital. Please go ahead.
- Rohit Nagraj:** Thanks for the opportunity and congrats on the recovery in FY '26. Sir, first question again delving into CDMO. What would be the current contribution from CDMO and given that we have been aggressively spouting for new molecules plus commercialization of three molecules over the next 12-18 months, what is the kind of contribution that we are looking in the, say, next three years?
- Shalil Shroff:** As we have said that right now we are working on basically new products which envisage in the next two years should bring in a sales of anywhere between INR 150 CR to INR 200 CR. This is additional new business out of new products.
- Rohit Nagraj:** Right. And currently what could be the CDMO contribution in FY '26?
- Shalil Shroff:** It should be anywhere between 24% to 26%.
- Rohit Nagraj:** Fair enough. Second question in terms of the ability now to further de-bottleneck our capacity. After the INR 60 crores expansion, do we still have any ability to do that? And the concurrent question is that we have been scouting for a new land parcel, new facility since past two, three years. Unfortunately it has not materialized. And given that there is limited scope for debottlenecking, will it have any implication for growth beyond FY '28-'29 if we are not able to get any land parcel in the near term?
- Shalil Shroff:** So, I think as I did mention that we did look at two land parcels, but because of some legal issue, we could not pursue it. But right now we are very confident as I mentioned that maybe by Q2 or Q3 we definitely will have a site with us which will help in announcing our business because business right now is very robustic. We have a very good order book position as well

as new inquiries which we need to materialize. So, definitely within this year or within this Quarter 2 or Quarter 3, we will have the land parcel announced.

And as far as the existing site goes, we still have at our Lalru plant at least another two blocks could easily come in. We have approximately 6 acres of land, out of which if we do one block, we will still be left with around 3.5 or 4 acres, which can easily bring in another two blocks.

- Rohit Nagraj:** Just to clarify, these two blocks, how much CAPEX can be done there?
- Shalil Shroff:** So, it depends on the product, but approximately it would be anywhere between INR 80 CR to INR 100 CR.
- Rohit Nagraj:** That's helpful.
- Moderator:** The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.
- Rahul Jain:** So, you mentioned earlier to a question that most of the growth in the current year is volume led. There has been hardly any price increase. Right? For March '26 as a year as a whole?
- Vinod Gupta:** Yes. That's right.
- Rahul Jain:** So, going ahead, say, for next year FY '27 and FY '28, what kind of volume growth do you envisage considering the new products which are coming in which are coming?
- Vinod Gupta:** So, I think our new products last year contributed additional about new products at 16%. And this year I think our new product, the growth of the new product will be anywhere between 25% over the last year. And that is what will contribute to our incremental revenue in the next year.
- Our existing products like Metamitron, Ethofumesate, they have been there for decades and we have been holding on to that market position. So, those volumes will remain steady even in the next year with the incremental price improvement that we are seeing right now.
- Rahul Jain:** Just to understand, so last year 14% volume growth which we have seen roughly, it will be, if I can bifurcate that into new products and the existing product growth, how do we look at?
- Vinod Gupta:** So, I think most of the growth has come from new products in terms of volumes. Existing product volumes have remained steady for most of the product because we have been holding, say, for example, our products like Metamitron where we have about 38% to 40% market share, that we have been holding on to those kind of market shares and we have seen steady demand from most of the regions. So, that is where most of our volume growth is coming from new products.

- Rahul Jain:** And sir, post this situation which has happened, the geopolitical situation for last few months now, overall the raw material prices on an average for us and the product prices on an average for us, what kind of increase we have seen?
- Vinod Gupta:** I think it depends on product to product because it all depends on specific raw material that is coming in and how that raw material prices have moved in. For example somebody...
- Rahul Jain:** No, I do understand. Sir, I asked the average basket both the product side and the raw material side. I am not asking for any specific product.
- Vinod Gupta:** It is too dynamic. It is changing on every fortnightly basis and that is where we have moved to discussing prices on a fortnightly or monthly basis with our customers. So, if I give you a number today, that will be wrong tomorrow. So, it is difficult to say and that is why I said it is situation and specific basis.
- Only thing the precaution that we are taking is that we are not building our raw material position unless we get a confirmation from the customer so that we don't take inventory hit. So, that is a precaution we have taken this year.
- Rahul Jain:** And sir, this year can we expect around 20% plus kind of revenue growth considering your long-term input contribution?
- Vinod Gupta:** Yes, I think we are confident that we will be able to touch 20%, but we have maintained our guidance of 15% to 20% but yes, we are confident that we will be on the upper range, upper side of this range.
- Rahul Jain:** And sir, the gross margins of our new products versus the existing product basket, will there be a kind of, what kind of differential and will the gross margins, which have hovered around 40% for last two years, leave aside the quarterly changes, I am talking about yearly, our gross margins have remained around 40% plus. So, can we expect this year and next year this gross margins to move up by, say, 100 bps each year because of new product contribution increasing?
- Vinod Gupta:** Yes, I think that is a fair assumption and that is what we have been maintaining our guidance.
- Rahul Jain:** Last thing, sir, just to clarify, FY '25, the data which I have put in my worksheets shows that in FY '25 the new product contribution was roughly 12% and this year in FY '26, it has gone up to 14%. Is that right?
- Vinod Gupta:** Yes, that is right.
- Rahul Jain:** So, then our new product contribution has actually on an absolute number has gone up from about INR 108 crores to INR 145 crores, which is almost a 32%-33% jump?
- Vinod Gupta:** Yes, right. That is right.

- Shalil Shroff:** Also you have to understand that these products need registration. So, as the registration flows come in, you will see more and more of the same new product being going to various other countries.
- Rahul Jain:** So, my question was what I wanted to clarify is in our presentation and in the call also I think you mentioned that our new products have grown by around 16%. So, the sales value has gone up by 32%-33% and 16% would be kind of volume growth or what are these ?.
- Vinod Gupta:** I think it is because there are multiple products of different values, so it is a volume growth actually.
- Moderator:** The next question is from the line of Rajat Setiya from ithubought PMS. Please go ahead.
- Rajat Setiya:** Sir, my question is about the jump in gross margins, which have gone up by maybe 7%-8% or so, but the EBITDA margins remained pretty much in the same range as the last year or the last quarter. So, what resulted in loss of transmission of margins from gross to EBITDA?
- Vinod Gupta:** Devender, do you?
- Devender Gupta:** Sorry, are you talking about the last quarter or the year as a whole?
- Rajat Setiya:** So, last quarter, Q4.
- Devender Gupta:** All right. So, if you see the last quarter EBITDA margins have also improved though not in the same proportion as the gross margin. It has improved from 12.6% in Q4 FY '25 to 13.2% in Q4 FY '26. There are several operating costs also associated which go into this EBITDA vis-a-vis the gross margin. So, there are employee costs which have gone up, there are other operating costs which have also gone up.
- Rajat Setiya:** So, given this increase and this kind of level will not sustain in the next quarter itself probably because this is probably one-off quarter if I see looking back many 10-12 quarters. So, is it fair to then assume that our EBITDA will probably fall along going forward?
- Devender Gupta:** So, I think you need to also remember what Vinodji explained earlier that Q4 we did lot of inventory manufacturing and therefore the gross margins were comparatively higher which will neutralize in the Q1.
- Rajat Setiya:** So, gross margins neutralized, but what about the expenses, additional expenses that happened in this quarter which neutralized—the
- Devender Gupta:** No, they will also neutralize going forward. So, our EBITDA margin will remain more or less in this range.
- Rajat Setiya:** So, what was the nature of these expenses that happened in this quarter? I mean, they were one-off and where were they one-off?

- Vinod Gupta:** I think some impact was because of the implementation of labor code. Then there was some fuel price increase that have happened because of the sudden increase in the crude and other operating expenses that have gone up in the last quarter. And I think we believe some of this is one-time because this was an impact of certain changes. It will not be repetitive in nature.
- Rajat Setiya:** Understood sir and sir, one final question. Given the increase in raw material cost because of spike in crude prices, to what extent do you expect the pass-on of that inflationary impact to our customers?
- Vinod Gupta:** So far whatever price increase we have seen, we have been able to pass on most of the cost to the customer. So far customer has accepted it. And I think as I mentioned in my opening remark also that if the prices further go up from here, we might start seeing resistance from customers because I think beyond a particular point, there will be a threshold where customer confidence to liquidate that inventory will be low. So far we have been able to pass on most of the increase of raw material to customers.
- Rajat Setiya:** As a basket, what has been the price increase so far for us?
- Shalil Shroff:** Can you repeat again what you said?
- Rajat Setiya:** As a basket of raw materials that we use, what has been the price increase for us?
- Vinod Gupta:** I think I responded to this question to earlier person also. It is difficult to say because each product has 10 to 15 ingredients and each has a different impact. So, maybe one product has an impact of 5% whereas other product might have an impact of 15% depending on the material that is going into that product. So, it is difficult to say that right now. That is one. And situation is too dynamic. If I give you a number right now, it might change maybe tomorrow.
- Shalil Shroff:** I think we can take two more questions.
- Moderator:** The next question is from the line of Mr. Riju Dalui from Antique Stock Broking. Please go ahead.
- Riju Dalui:** My question is regarding the key molecule prices. So, if I look at some of the technical prices over the last 1-2 months period from March to April or May period, so few of the technical intermediate prices have gone up by 20% to 40% or maybe 10% to 40%. So, have we seen any kind of price jump in our key molecules? And if yes, how is the quantum of the price increase in our key molecules?
- Vinod Gupta:** I think as I responded to this query earlier that whatever raw material price increase that we have seen which ranging, say, as you are saying is 10% to 40% we have been able to pass on this price increase to our customer and that is where the product price has also seen increase in the similar proportion. So, at the moment those prices have got absorbed. Now, if there is a further increase in price from this level, then customers will start recalibrating inventory and their business strategies and will decide how to take the business forward.

- Riju Dalui:** And sir, I also like to understand the scenario since it is May already, so how is the supply from the Chinese side in terms of the generic molecules in the global market? So, that has remained at the earlier level or there is some softening of Chinese exports aggression in the global market.
- Vinod Gupta:** I think their supplies have remained steady and in fact, they have also utilized this opportunity to increase prices of certain products because they are also seeing an increase in raw material prices. So, the competition, if you are asking about competition, yes, competition remains as stiff as it was in the past. However, going forward, if this price increase continues, I think, I believe that Indian producers like us will have an advantage over the Chinese in long run.
- Riju Dalui:** And sir, in your earlier remarks that you have said that some of the orders which have differed from Q4 to Q1, if you could quantify that number if it is possible?
- Vinod Gupta:** I think we will not like to quantify that number. What we have started doing that, as I said most of the, say, for example, we are herbicide heavy product portfolio. Herbicide demand globally is between April to October. So, we have started producing some of this material in the month of Jan-Feb-March, inventorizing it so that we can capture that particular cycle and get an incremental business of, say, 5%-7% on our existing products because this inventory buildup is happening mostly on our existing products. New products are anyway whatever we produce is getting sold. So, I think once you look at, say, 4 quarters average numbers, you probably can calculate on your own.
- Riju Dalui:** So, if I look at your inventory days, it is similar to last year number, roughly around 150 days odd compared to last 4-5 years average that is 100 days odd. So, are we expecting any kind of increase in the prices for the end molecules or the RMs for that we are storing the RMs or the end molecules or it is just we are anticipating the demand to come in following quarters?
- Vinod Gupta:** No, I think what we do is we generally produce against the firm demand. We don't produce to stock. It is only that the pick up from the customer starts from April onwards. So, whatever inventory we are carrying is against the firm demand and most of the inventory as I indicated earlier has already been liquidated in April or whatever is remaining will get liquidated between May and June. So, you will see inventory level coming back to normal by end of Quarter 1.
- Riju Dalui:** That's all from my side.
- Moderator:** The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.
- Rahul Jain:** Sir, what is the envisaged CAPEX for the current year FY '27, and if you can break that into the maintenance CAPEX or the existing plant upgradations and the growth CAPEX?
- Vinod Gupta:** So, I will break it into three parts. First is our maintenance or asset renewal CAPEX is going to be between INR 25 crores to INR 30 crores. That is our run rate we have been maintaining and

another INR 20 crores for either capacity de-bottlenecking in our existing plant or, say, compliance related aspects or maybe product mix change. And then third one is our new production block that we have been indicating that CAPEX will be anywhere between INR 60 crores to INR 80 crores in this financial year.

Rahul Jain: So, this is the total CAPEX being planned for FY '27.

Vinod Gupta: This is FY '27 and in case we, anyway, I think we have been looking at this green field and that that will be an add on to whatever we are saying right now.

Rahul Jain: Are we looking at any acquisition since probably we have not been able to get a new land and considering the environment maybe we might be getting some decent options or offers?

Vinod Gupta: All the options are on the table. In fact, as Shalil bhai mentioned, one of the two options that we were looking over to was an acquisition only which actually didn't materialize mainly because of the due diligence legal didn't pass through. So, we are looking at both the options.

Shalil Shroff: I think we can take one last question now.

Moderator: Sir, that was the last question for today. And I would now like to hand the conference over to management for closing comments.

Shalil Shroff: So, thank you very much for joining for this Q4 as well as the financial of Punjab Chemicals. I hope me, Vinod, Bishan and Devender could satisfy all your questions and looking forward for catching up with you again during Q1. Thank you once again and have a good day. Bye bye.

Moderator: Thank you. Ladies and gentlemen, on behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us and you may now disconnect your lines.