



# PUNJAB CHEMICALS

AND CROP PROTECTION LTD.

CIN NO. L24231PB1975PLC047063

## Regd. Office & Works

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Date: 3<sup>rd</sup> June, 2021

### By E-filing

The Manager  
Department of Corporate Services  
Bombay Stock Exchange Limited  
1<sup>st</sup> Floor, New Trading Wing,  
P.J Towers,  
Dalal Street Fort  
MUMBAI-400 001  
Scrip Code: 506618  
Tel No.: 022-22728073

The Manager  
Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East)  
MUMBAI-400 051  
Scrip Symbol: PUNJABCHEM  
Tel No.: 022-26598235/26598458

**Sub: Investor Presentation - Financial Overview -Q4 & FY21**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to enclose herewith the Investor Presentation of the Company for the year ended 31st March 2021.

Kindly take the same on the record and inform all your constituents accordingly.

Thanking you,  
Yours faithfully

for PUNJAB CHEMICALS AND  
CROP PROTECTION LIMITED,

(CS PUNIT K ABROL)  
SR. V.P. (FINANCE) & SECRETARY



**PUNJAB CHEMICALS**

**AND CROP PROTECTION LTD.**

ISO 9001:2015 & ISO 14001:2015 Certified Company

**PUNJAB CHEMICALS  
AND CROP PROTECTION LTD**

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# **INVESTOR PRESENTATION**

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June 2021



# DISCLAIMER

- *This presentation and the following discussion may contain “forward looking statements” by Punjab Chemicals & Crop Protection Limited (“Punjab Chemicals” or the Company) that are not historical in nature. These forward-looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of the company about the business, industry and markets in which the company operates.*
- *These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the company’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of Punjab Chemicals.*
- *In particular, such statements should not be regarded as a projection of future performance of Punjab Chemicals. It should be noted that the actual performance or achievements of the company may vary significantly from such statements.*

# DISCUSSION SUMMARY

Financial Overview – Q4 & FY21

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Company Overview

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Business Strategy

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Performance Track Record

# FY21 RESULT HIGHLIGHTS

## RESULTS AT A GLANCE

FY21 Revenue  
₹ 678.2 cr,  
up 23% YoY

FY21 EBITDA  
₹ 95.5 cr,  
up 125% YoY

FY21 PAT  
₹ 49.1 cr,  
Up 356% YoY

EBITDA Margin 14.1%  
PAT Margin 7.7%

Generated  
Cash Profits  
₹ 63.9 cr

Net Debt at ₹ 74.9 cr,  
lower from FY20  
by ₹ 13.1 cr

FY21 Return Ratios:  
ROCE: 32%  
ROE: 34%

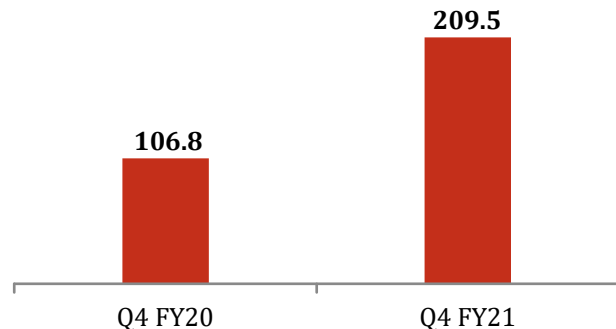
Long-term Client Deals  
Strong Order Book  
position: ₹ 1,500 cr

Proposed 20%  
cash dividend,  
₹ 2 per share

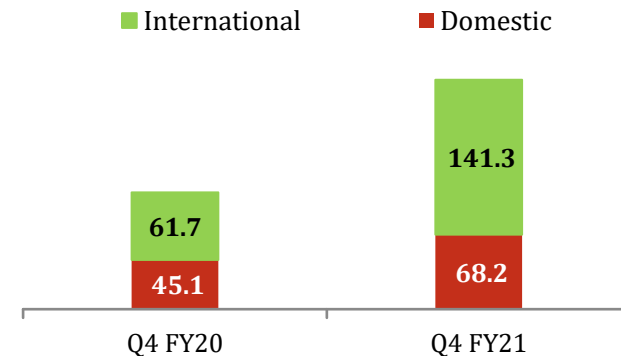
# Q4 FY21 FINANCIAL PERFORMANCE

YOY COMPARISON (In ₹ cr)

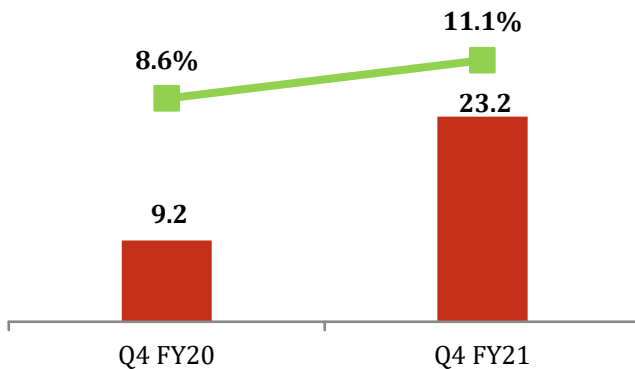
## REVENUE



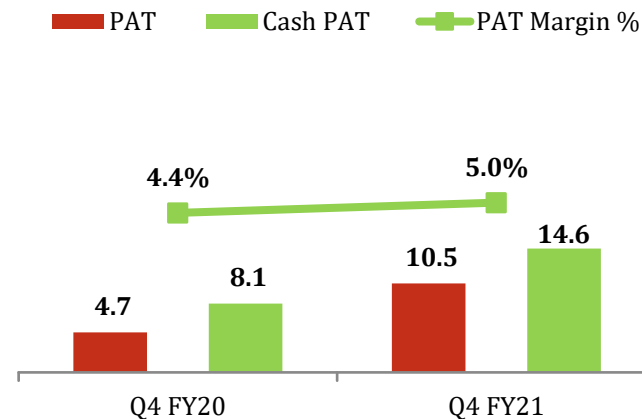
## GEOGRAPHICAL SPLIT



## EBITDA & EBITDA MARGIN



## CASH PAT, PAT & PAT MARGIN

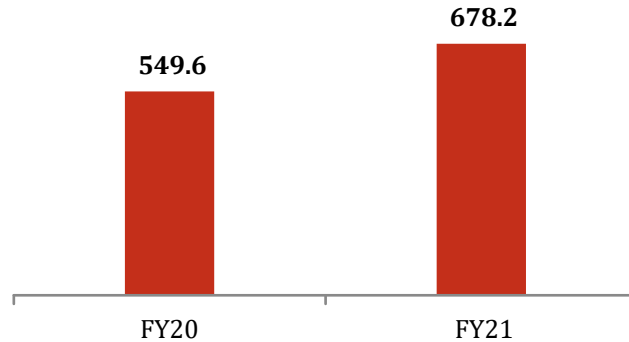




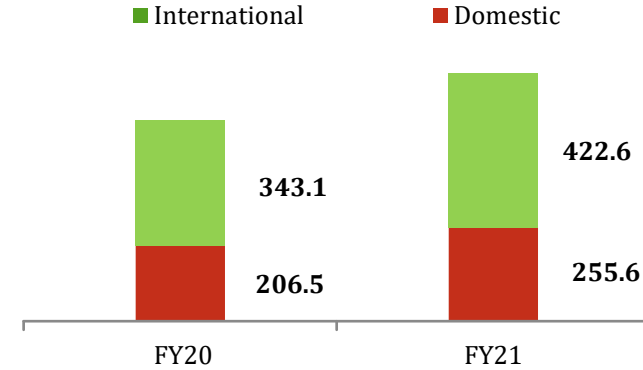
# FY21 FINANCIAL PERFORMANCE

YOY COMPARISON (In ₹ cr)

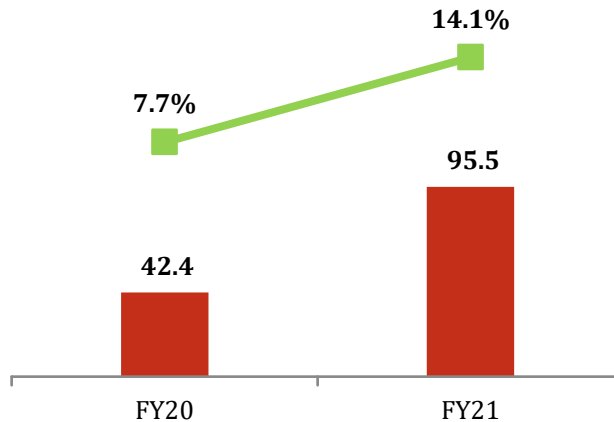
## REVENUE



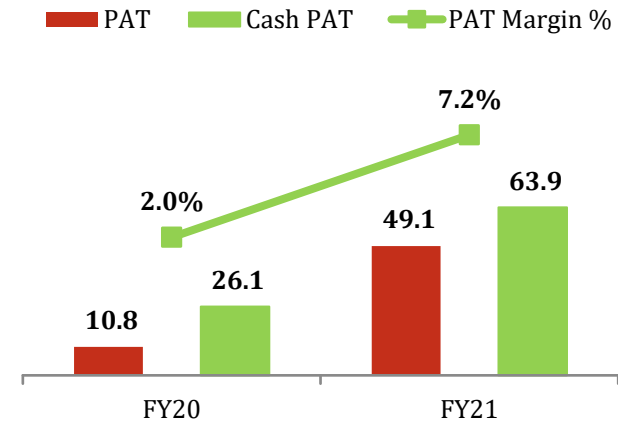
## GEOGRAPHICAL SPLIT



## EBITDA & EBITDA MARGIN



## CASH PAT, PAT & PAT MARGIN



# CONSOLIDATED PROFIT & LOSS STATEMENT

Particulars (₹ cr.)	Q4 FY21	Q4 FY20	YoY	Q3 FY21	QoQ	FY21	FY20	YoY
<b>Operating Revenue</b>	<b>209.5</b>	<b>106.8</b>	<b>96.1%</b>	<b>172.5</b>	<b>21.5%</b>	<b>678.2</b>	<b>549.6</b>	<b>23.4%</b>
COGS	131.7	52.7	150.0%	101.3	30.0%	405.1	325.2	24.6%
Gross Profit	77.8	54.2	43.7%	71.2	9.3%	273.1	224.4	21.7%
<i>Gross Margins (%)</i>	<i>37.2%</i>	<i>50.7%</i>	<i>-1355 bps</i>	<i>41.3%</i>	<i>-415 bps</i>	<i>40.3%</i>	<i>40.8%</i>	<i>-56 bps</i>
Employee Benefit Expense	18.3	17.8	2.5%	17.4	5.1%	67.7	68.7	-1.5%
Other Expenses	36.3	27.2	33.5%	26.4	37.3%	109.9	113.3	-3.0%
<b>EBITDA</b>	<b>23.3</b>	<b>9.2</b>	<b>153.9%</b>	<b>27.4</b>	<b>-15.1%</b>	<b>95.5</b>	<b>42.4</b>	<b>125.0%</b>
<i>EBITDA Margin (%)</i>	<i>11.1%</i>	<i>8.6%</i>	<i>253 bps</i>	<i>15.9%</i>	<i>-479 bps</i>	<i>14.1%</i>	<i>7.7%</i>	<i>636 bps</i>
Other Income	0.1	9.5	-98.5%	0.2	-12.5%	1.8	13.1	-86.1%
Finance Costs	2.1	5.1	-59.3%	3.0	-30.9%	13.5	18.1	-25.8%
Depreciation	4.1	3.4	21.1%	3.5	17.9%	14.9	15.4	-3.2%
<b>PBT</b>	<b>17.2</b>	<b>10.2</b>	<b>69.3%</b>	<b>21.1</b>	<b>-18.4%</b>	<b>69.0</b>	<b>22.1</b>	<b>212.5%</b>
Taxes	6.7	5.5	22.4%	5.5	22.8%	19.9	11.3	75.9%
<b>PAT</b>	<b>10.5</b>	<b>4.7</b>	<b>124.6%</b>	<b>15.6</b>	<b>-32.8%</b>	<b>49.1</b>	<b>10.8</b>	<b>356.6%</b>
<i>PAT Margin (%)</i>	<i>5.0%</i>	<i>4.4%</i>	<i>64 bps</i>	<i>9.1%</i>	<i>-405 bps</i>	<i>7.2%</i>	<i>2.0%</i>	<i>528 bps</i>
EPS	8.6	3.8	124.7%	12.74	-32.8%	40.0	8.8	356.4%



- In Q4 FY21 we continued to deliver robust growth in sales and our profitability has improved substantially
- On a year-on-year basis compared to Q4 FY20, in Q4 FY21 –
  - Revenue has almost doubled, up 96.1% , from ₹ 106.8 cr to ₹ 209.5 cr
  - Gross margin has dropped from 50.7% to 37.2%. This is attributable to the ratio of product mix in sales, marked a higher contribution of low margin products in Q4 FY21
  - EBITDA has more than doubled from ₹ 9.2 cr to ₹ 23.3 cr, and EBITDA margin went up from 8.6% to 11.1%
  - PAT has grown significantly from ₹ 4.7 cr to ₹ 10.5 cr, and PAT margin improved from 4.4% to 5%
- Increased expenses on power and freight cost were recorded in Q4 , majorly due to the impact of second wave of COVID.
- Delays in shipment of export order consignments has led to additional inventory on hand
- Manufacturing unit at Lalru was refurbished completely and back online for production in February, 2021.  
This brings an additional capacity of 3,000 MT.

# CONSOLIDATED BALANCE SHEET

Particulars (₹ cr)	FY21	FY20
<b>Shareholder's Funds</b>		
Equity Share Capital	12.3	12.3
Reserves	132.3	85.5
	-	-
<b>Non-Current Liabilities</b>	-	-
Borrowings	69.5	40.1
Other Financial Liabilities	-	5.3
Provisions	15.6	23.2
Deferred tax liabilities	3.1	-
Other non-current liabilities	4.9	0.3
	-	-
<b>Current Liabilities</b>	-	-
Short term borrowings	5.5	48.1
Trade Payables	113.5	89.4
Other financial liabilities	41.0	63.0
Other current liabilities	33.5	7.6
Provisions	6.0	8.8
Current Tax liabilities (net)	14.0	10.4
	21.3	-
<b>Total equity and liabilities</b>	<b>451.0</b>	<b>393.9</b>

Particulars (In ₹ Mn)	FY21	FY20
<b>Non current assets</b>		
Property, plant and equipment	182.3	158.7
Right of use assets	5.3	6.7
Capital work-in-progress	15.0	14.3
Other intangible assets	1.3	2.3
Intangible assets under development	0.5	0.7
Financial assets	4.3	4.4
Deferred tax assets	-	1.5
Income tax assets	6.5	6.5
Other non-current assets	3.1	3.2
<b>Current Assets</b>		
Inventories	101.3	86.5
Trade receivables	79.9	47.7
Cash and cash equivalents	11.6	3.2
Bank balances other than above	2.9	1.6
Loans	2.2	1.7
Other Financial assets	17.7	39.9
Other current assets	17.4	12.6
Assets held for sale	-	2.7
<b>Total equity and liabilities</b>	<b>451.0</b>	<b>393.9</b>



# COMPANY OVERVIEW

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**PUNJAB CHEMICALS**  
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# COMPANY OVERVIEW

PUNJAB CHEMICALS AT A GLANCE

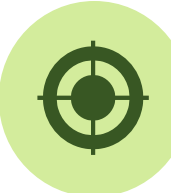
## About Us

- 
- Established in 1975
  - Specialising in agrochemicals
  - Expanding aggressively in contract research & manufacturing (CRAMS)


## Our Vision

To become a major Indian player in the fast-growing CRAMs segment and a preferred partner for manufacturing high-tech performance chemicals


## Our Mission

- 
- To achieve income and profitability in a sustained manner
  - To meet the customer expectations with products of the right quality and quantity in required time
  - To focus on products and companies which ensure better added value
  - To renew relationship with Indian Formulators and build a stronger base in the Indian market

## Financials

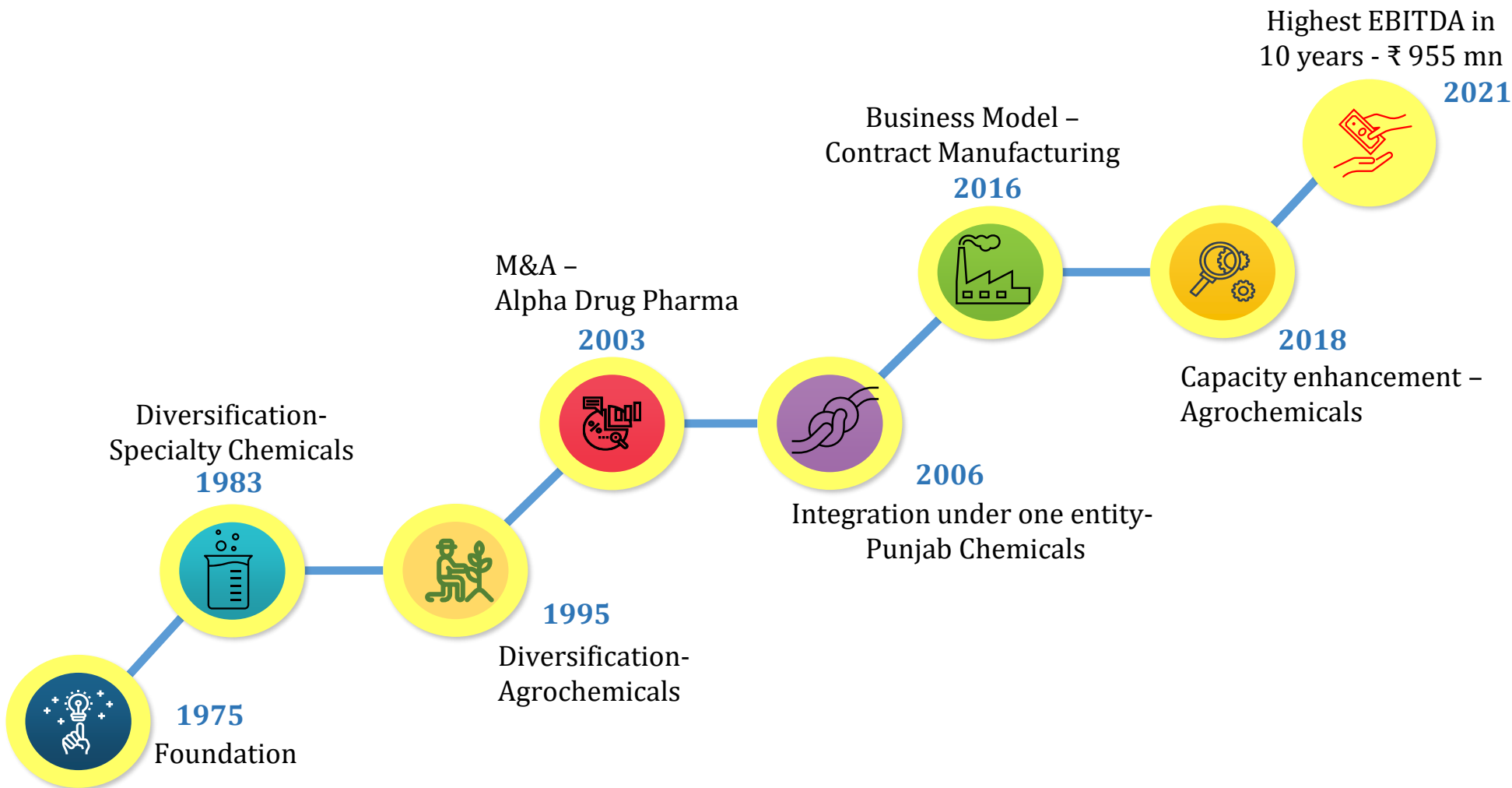
- 
- FY21 Revenue ₹ 678.2 cr
  - FY 21 EBITDA ₹ 95.5 cr, highest in last 10 years
  - 4 yrs Revenue CAGR : 8%
  - 4 yrs PAT CAGR: 30%
  - 4 yrs Debt/Equity down from 1.4 to 0.5

## Strategic Initiatives

- 
- Since 2016, CRAMS biz has grown manifold
  - Lucrative long-term contracts signed with multiple international players
  - New product launches & registrations in pipeline, targeting annual sales of ₹1,500 cr in 3 years
  - ₹13.1 cr debt reduction in FY21, decreasing leverage.

# COMPANY OVERVIEW

## EVOLUTION OF THE COMPANY



# MANUFACTURING FACILITIES

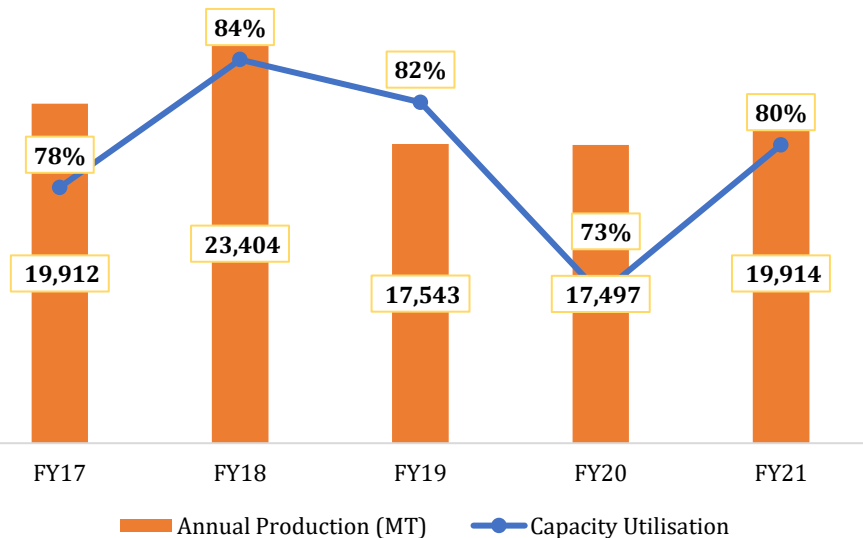


Location	Derabassi	Lalru
Established	1975	2003
Area	24.1 acres	23.5 acres
Capacity	29,700 MT	5,778 MT
Manpower	751	456
Capacity Utilisation (FY 21)	80%	73%
Certifications	ISO 9001:2015 & ISO 14001:2015 ; 2 STAR Export House	

# MANUFACTURING FACILITIES

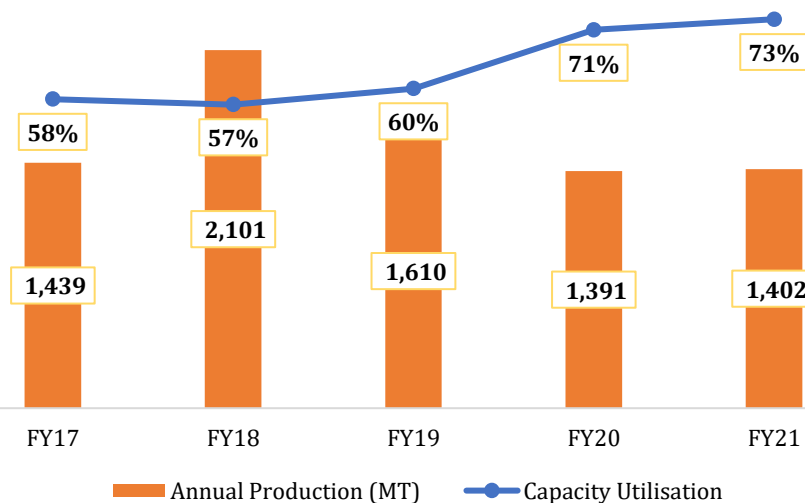
## DERABASSI

- Molecules: Metamitron, Metconazole, Diflufenican, Oxalic Acid, Benzoic Acid, Ethofumesate



## LALRU

- Molecules: Albendazole, Ketosulphone, Drotavarin, Etoricoxib, Trimethoprim, Aminoacetonitrile
- 6 acres available for future expansion
- Capacity added in FY21: 3,000 MT





### **Mr. Mukesh D. Patel , Chairman**

- Graduate in Chemical Engineering, experience in finance and Corporate management for more than 43 years
- Associated with the company since 1985
- Serving as Non-Executive Independent Director on board of Shilchar Technologies & Banco Products
- Active roles in – CHEMXIL, Indian Chemical Manufacturer's Association

### **Mr. Shalil Shroff , Managing Director**

- Management Diploma from University of Deopage (USA)
- Joined in 1992 and Managing Director since 2003
- Leads export marketing, general administration, financial liaising, new customer acquisition, developing & launching new products
- Board Member- Hem-Sil Trading & Manufacturing, SD Agchem (Europe), SSRS Trading & Manufacturing and Scarlett Enterprises

### **Mr. Vijay Rai, Independent Director**

- BTech, IIT Kharagpur, MD of Rallis India (1988-2000)
- Led Rallis India Ltd from a ₹ 200 cr turnover to ₹ 1,200 cr
- Has been on Board of Greaves Cotton Ltd, Sri Biotech Labs
- Promoter and Chairman of Akola Chemicals, manufacturer of protein-based nutrients

### **Capt Surjit Singh Chopra (Retd), Independent Director**

- Alumnus of NDA, Khadakvasala, 15 years in Indian Air Force
- Led as an Air Force Pilot in the 1962, 1965 & 1971 wars
- Served as a Pilot in Air India from 1976-2002
- Flight instructor and ex-member of the Air Crew Examining Board
- Associated with the Company since 2004

### **Smt. Aruna Bhinge, Independent Director**

- Master of Management Studies, NMIMS & MSc., University of Mumbai
- 30+ years leadership experience positions in business strategy, marketing, & partnership in the healthcare and agri business sector
- Also on Board of Laurus Labs Ltd, Mahindra EPC Irrigation Ltd & Mahindra Agri Solutions Ltd

### **Mr. Sheo Prasad Singh, Independent Director**

- 40 years experience in Commercial and Retail Banking
- Retired as General Manager of Export- Import Bank from in 2012
- Master of Science (Botany), Certificated Associate of the Indian Institute of Bankers (CAIIB), PGDFRM from World Trade Institute, Mumbai, Post Graduate Diploma in Financial Advising (PGDFA)

# KEY MANAGEMENT TEAM

## Mr. Avtar Singh, Non-Independent Director

- BSc. – Punjab University; associated with the company for 40 years, In charge of operations of Agro Chemicals Division and Specialty Chemicals Division
- Supervises Production, R&D, New Product Development and commercial production of new products

## Mr S.S. TIWARI, Non-Independent Director

- MSc, Diploma in Mgmt.
- 39 years association with the company from STS chemicals era
- Worked at the operational level, looked after the domestic market of various chemicals and managed production sites

## Mr. Vinod Gupta, Chief Executive Officer

- Chemical Engineer, IIT-b & PGPM, IIM-A
- Former CEO of Marine Chemicals Business at Arclean Chemicals & VVF (India) Ltd
- More than 20 years of experience with Petrochemicals Division of Reliance Industries

## Dr. S. Sriram , Chief Financial Officer

- PhD in Supply Chain Mgmt; IIM Ahmedabad (Senior Mgmt Developmt Program; Member of Insti. Cost Accountants India
- Joined Bayer as Business Controller & rose to General Manager
- 33 years of total experience including 15 years at UPL, starting as a General Manager to CFO

## Mr. Punit Abrol, Sr VP & CS

- L.L.B., B.Com, F.C.S. & Diploma of Taxation from Panjab University
- In 35 years with the company, has handled Finance, Accounts, Legal & Secretarial functions
- Chairman of Northern India Regional Council of the Institute of Company Secretaries of India in the year 2006



# BUSINESS STRATEGY

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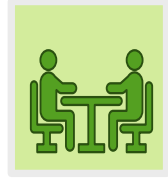


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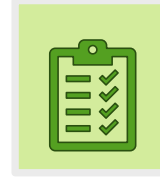
## Identify Niche Products

- Target ₹ 50-100 cr revenue per product
- Target clients - Global Agrochemical leaders
- Mid-sized companies with specific requirement



## Partner for Contract Mfg

- Offer attractive and cost-effective solution
- Long term engagement favorable for both parties
- Faster turnaround



## Modus Operandi

- Dedicated R&D Team
- Quick implementation of the Capex based on ROI
- Expertise in Scaling up :  
R&D → Pilot → Commercial Production



## Growth Triggers

- Diversification & expansion into new geographies to expand revenue streams
- Product launches in FY22
- Expanding customer base in CRAMS

# ADVANTAGE PUNJAB CHEMICALS

Punjab Chemicals has the advantage of being a go-to CRAMS provider for both domestic & international agrochemical companies, thus positioned to gain further advantages as the industry expands

## Low Cost Operator



Developed an efficient cost competitive process over the last decade and are maximising export potential

## Manufacturing and R&D Capability



Availability of technically trained manpower (58 research staff), extra production capacity to fulfil incremental demands

## Consistent Track Record



Historical association with Domestic clients helped expand base to become a preferred partner of choice for MNC clients

## Changing Industry Dynamics



Global manufacturers are looking to decrease high dependency on China. Poised to benefit from the shift in supply chain

## Way Forward



Clients fund a portion of capex to expand production. Export revenues help smoothen the seasonality in domestic sales

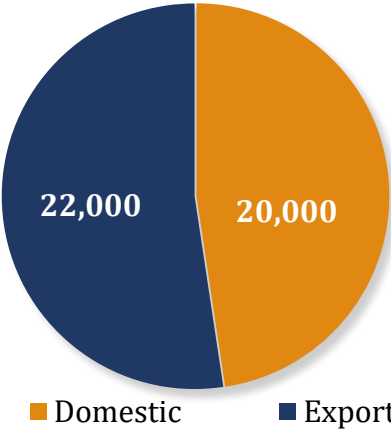
# INDIAN AGROCHEMICALS INDUSTRY OVERVIEW

- India is the fourth largest producer and the fifth largest exporter of agrochemicals in the world
- The Indian agrochemicals market (at USD 9.2 bil or ~15% share of the global agrochemicals market worth USD 62.5 bil) is the largest sub-segment of the specialty chemicals industry and posted a 10% CAGR over CY14-19
- In 2019 India exported pesticides worth USD 3.4 bil (9.4% of global exports)
- Production of agrochemicals has grown at a CAGR of ~5% in last 5 years
- The average per-hectare consumption of agrochemicals in India is about one-tenth of the US and the UK, and one-twentieth of Japan and China. This has a potential to grow multi fold over the next decade
- India imports over 50% of its agrochemical raw materials. Under the Make In India & Atmanirbhar programs, the aim is to reduce imports by manufacturing more locally
- The export of agrochemicals in FY20 was valued at around ₹ 22,000 crore, accounting for approximately 1% of the total exports. This has a potential to grow to ₹ 35,000 crore by 2025

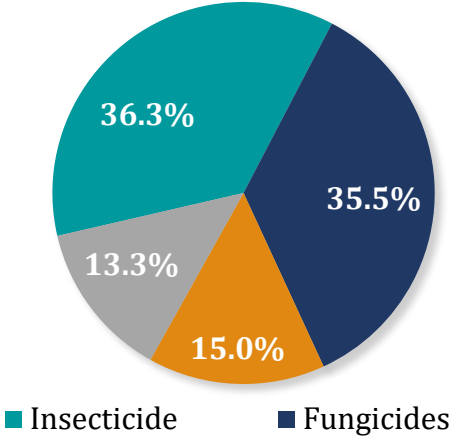


# INDIAN AGROCHEMICALS INDUSTRY OVERVIEW

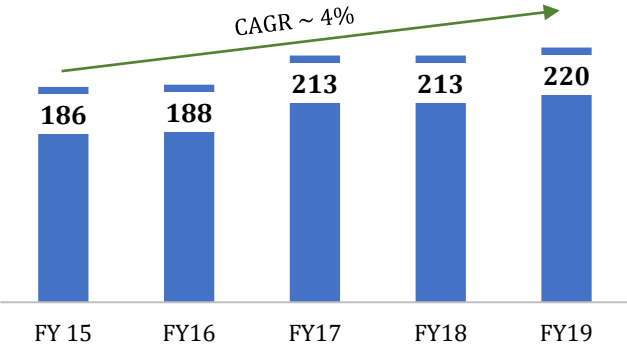
Consumption vs Exports (₹ '000 cr)



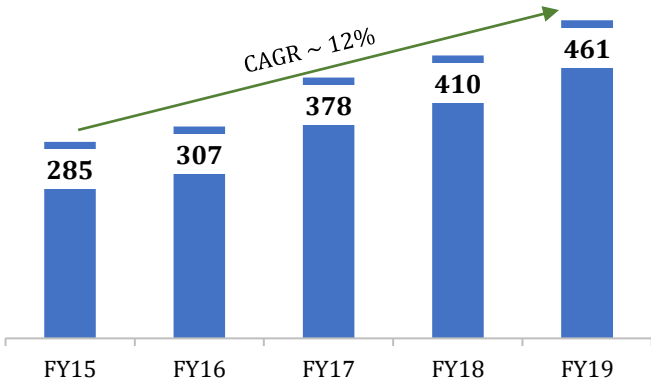
Segmental Domestic Consumption



Domestic Production of Agrochemicals  
(in '100 MT)



Agrochemicals Export from India  
(in '100 MT)



	2010	2020
Technical Manufacturers	~125	~145
Formulators	~800	~1000
Distributors	1.5 Lakh	2 Lakh
Technical Grade Pesticide Mfg	~60	~80
Capacity Utilisation	~58%	~80%



# INDUSTRY OPPORTUNITIES

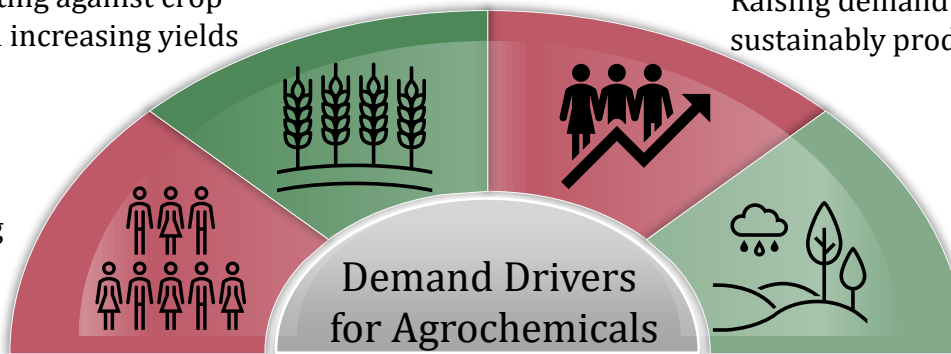
- **Integrated Pest Management (IPM)**
- **Patent expiry of agrochemical products**
- **Substituting China as Global Agrochemical Hub**

Anticipated Growth 2018 → 2025	Opportunity size	Capitalising on Opportunity
\$ 32 bil → \$ 49 bil CAGR ~ 6.3%	Biologicals \$2.8 bil → \$7.1 bil CAGR ~ 14.4%	Improvements in formulation, ease of use, shelf life and spectrum
100+ agrochemicals to go off-patent till 2023	Sales of products while under patent valued at \$11 bil	Established players will likely reformulate the off-patent products and look for production partners
\$3 bil → \$ 5 bil	FY20 - China contributed 49% of India's total pesticide imports, valued at INR 9,096 crore	Indian companies are witnessing interest from multinational companies as they seek to diversify supply chains from China



Feeding the growing global population

Protecting against crop loss and increasing yields



Raising demand for sustainably produced food

Tracking climate change

**Demand Drivers for Agrochemicals**

# MAJOR CLIENTELE

## Long Standing Client Relationships



## Global foray leading to new Clients



Target regions for next leg of growth:  
Latin America, South Asia, European Union



# PERFORMANCE TRACK RECORD

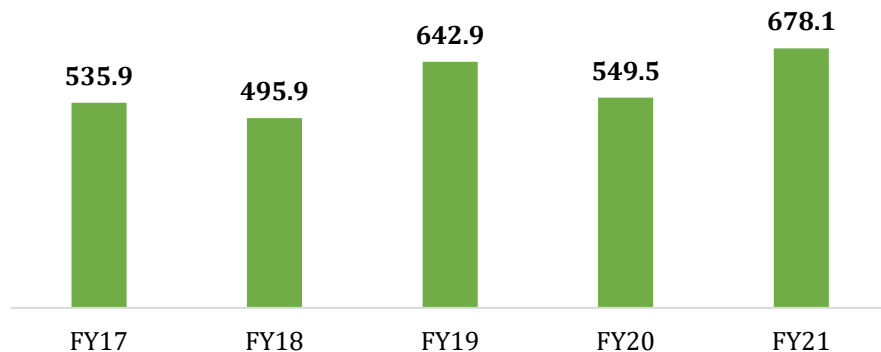


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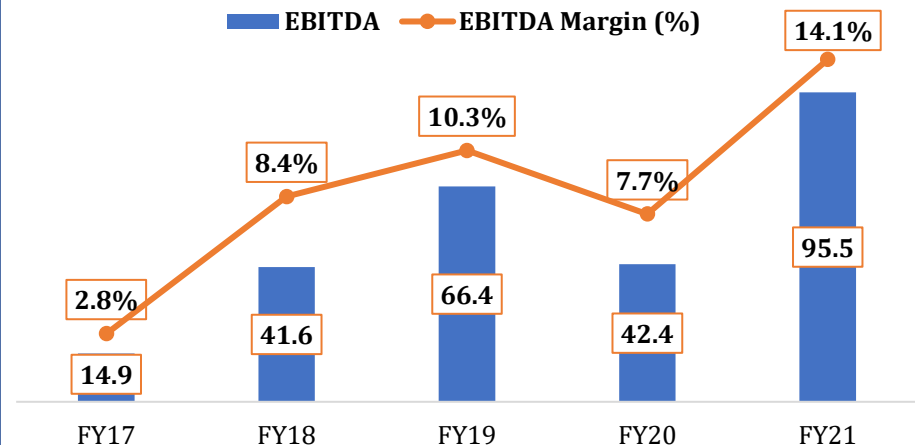
# PAST PERFORMANCE AT A GLANCE

5 YEARS TRACK RECORD (in ₹ cr)

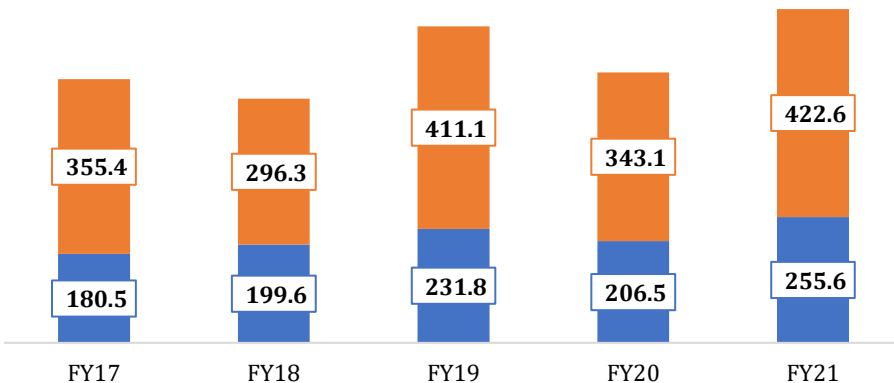
## REVENUE



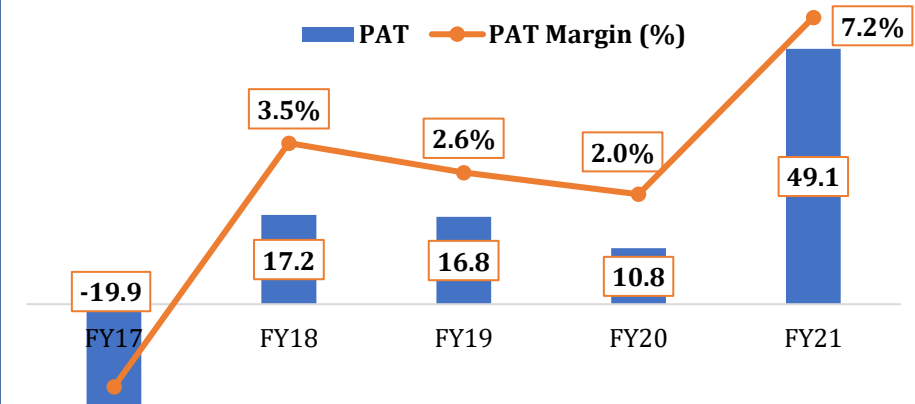
## EBITDA EBITDA Margin (%)



## REVENUE SPLIT Domestic Export



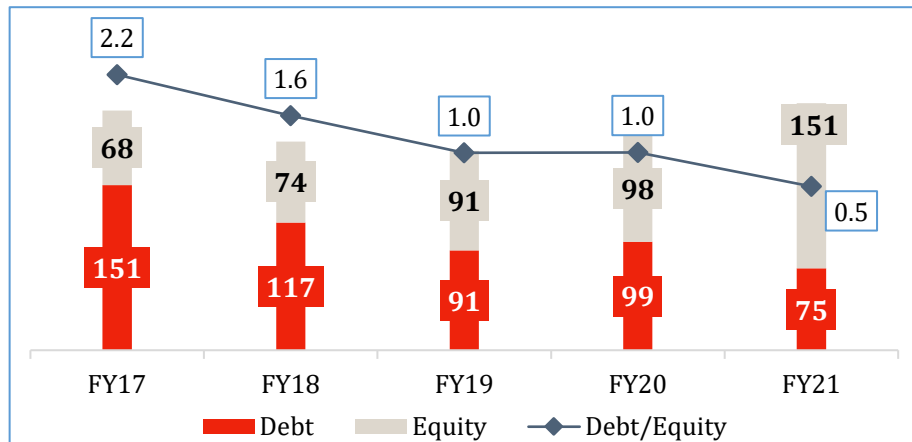
## PAT PAT Margin (%)



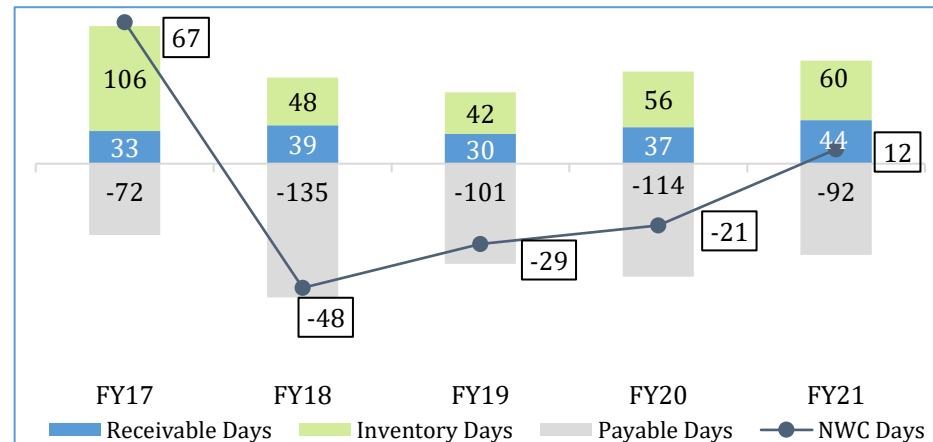
# PAST PERFORMANCE AT A GLANCE

5 YEARS TRACK RECORD

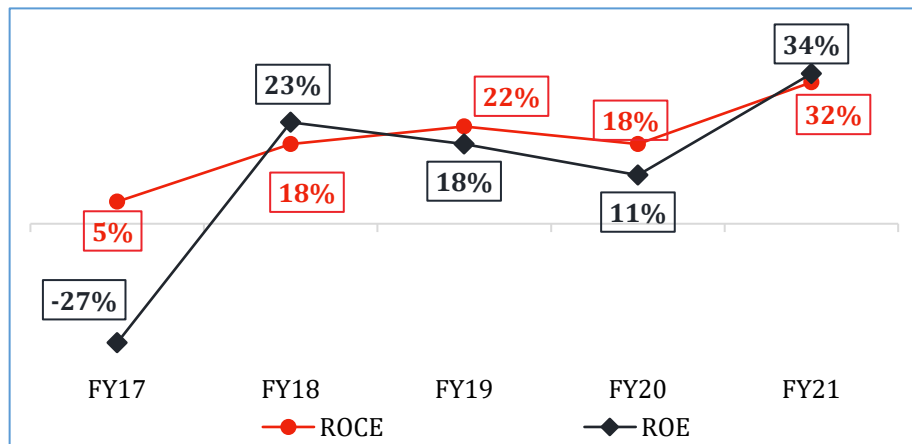
## Leverage Analysis (₹ cr)



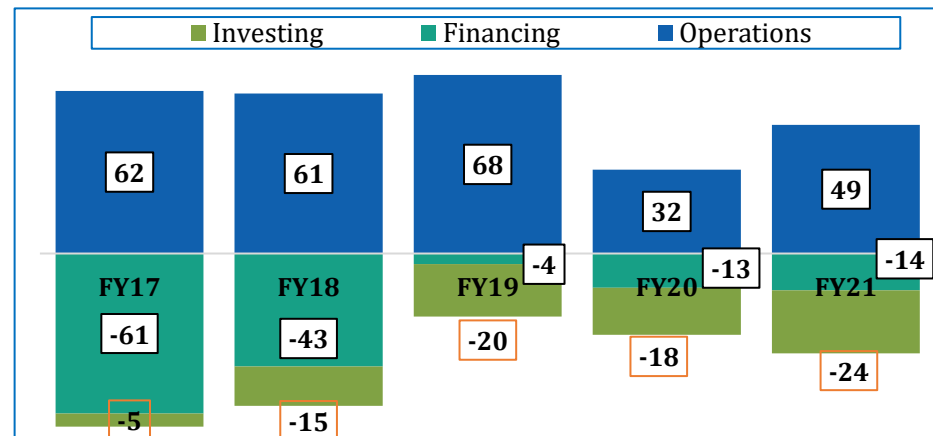
## Working Capital Analysis



## Return Ratios



## Cash Flow (₹ cr)





# THANK YOU

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**PUNJAB CHEMICALS  
AND CROP PROTECTION LTD.**  
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