



# PUNJAB CHEMICALS

AND CROP PROTECTION LTD.

CIN NO. L24231PB1975PLC047063

Regd. Office & Works

Milestone-18, Ambala-Kalka Road, Village & P.O. Bhankharpur, Derabassi, Distt SAS Nagar, Mohali (Punjab)-140201, INDIA  
Tele: 01762-280086, 522250, Fax: 01762-280070, E-mail: info@punjabchemicals.com, Website: www.punjabchemicals.com

Date: 4 February, 2022

BY E-FILING

The Manager  
Department of Corporate Services  
BSE Limited  
MUMBAI-400 001

The Manager  
Listing Department  
National Stock Exchange of India  
Limited  
MUMBAI-400 051

Re: BSE Scrip Code: 506618;

NSE Scrip Symbol: PUNJABCHEM

Sub: Transcripts - Post Results Conference Call Q3, FY 21- 22

Dear Sir/Madam,

We hereby enclose the transcripts of Post Results Conference Call Q3 FY 21-22 which was hosted by the Company on Monday, January 31, 2022 at 11:00 hrs.

We request you to take the above information on records.

Thanking you,  
Yours faithfully  
For PUNJAB CHEMICALS AND  
CROP PROTECTION LIMITED

(CS V. SRINIVAS)  
COMPANY SECRETARY &  
COMPLIANCE OFFICER  
(ACS 37078)



# “Punjab Chemicals and Crop Protection Limited Q3 FY2022 Earnings Conference Call

January 31, 2022



**ANALYST: MR. MANISH MAHAWAR – ANTIQUE STOCK BROKING**

**MANAGEMENT: MR. SHALIL SHROFF – MANAGING DIRECTOR - PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**MR. VINOD GUPTA – CHIEF EXECUTIVE OFFICER - PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**  
**DR. SRIRAM SWAMINATHAN – CHIEF FINANCIAL OFFICER - PUNJAB CHEMICALS AND CROP PROTECTION LIMITED**

**Moderator:** Ladies and gentlemen good day and welcome to the Punjab Chemicals and Crop Protection Limited Q3 FY2022 Results Conference Call hosted by Antique Stock Broking. 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 please signal an operator by pressing “\*” and then “0” on your touchstone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Manish Mahawar from Antique Stock Broking. Thank you and over to you, Sir!

**Manish Mahawar:** Thank you, Inba. On behalf of Antique Stock Broking, I would like to welcome all the participants on the call of Punjab Chemicals and Crop Protection. From the management we have Mr. Shalil Shroff – Managing Director; Mr. Vinod Gupta – CEO; Mr. Sriram Swaminathan – CFO on the call. Without further ado, I would like to hand over a call to Mr. Shroff for opening remarks post which we will open the floor for Q&A. Thank you and over to you Mr. Shroff.

**Shalil Shroff:** Thanks Manish. First of all thank you so much everybody for taking your time and a very Happy New Year, hope you all are safe and good.

As you know that Punjab Chemical, our major concentration is to supply products to big multinational companies.

**During the nine months ended we have a sale of around INR 670 Cr.** and I think the presentation has already been sent to you. Just to give you a little bit outlook at the business. The business has been strong. The requirement from our global customers has been steady. There have been few challenges, but our procurement team has been very good in ensuring timely raw material coming to our plants, and the manufacturing has been good to ensure that the product is delivered in time, and in good quality.

Going ahead as you see the world is changing, things are getting more challenging, but we believe that going forward we have been well covered in terms of our raw materials as already mentioned to you that the supply and the discussion with our customers has been very good. There have been good opportunities which are coming our way and we are working closely with these customers to ensure that in the coming few years we do these products and delivered to them in time.

I think at this stage we are ready to take your questions and take it forward. Thanks once again for all your time and Manish we can then start the Q&A.

**Moderator:** Thank you very much, Sir. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Samarth Singh from TPF Capital. Please go ahead.

**Samarth Singh:** Good morning. Thank you for the opportunity. Please could you give an update on the three new contracts that we are supposed to have started this year, which is the Nippon Kayaku the Singapore-based grass herbicide and domestic contract.

**Shalil Shroff:** Yes, thanks for your question. Let us take first with the Nippon Kayaku. As you know that we had signed this contract in December 2020 and initially we had some teething problems as there was the second wave, but fortunately our team and the people at the plant, our raw material suppliers work with us and we did start the production. As on a date we are close to around 55% to 60% of the production, things are going pretty well and during the last quarter and coming towards the financial year of next year we believe we will be in full gear of making this product and supply. We have already supplied the product to them they are very satisfied with the quality and the products which they have already taken into their formulation plans and we believe that this product has a good potential to take it forward.

As far as the Singapore-based companies, as you know that the major markets are Europe and Australia. Australia has been a little difficult because of the drought and certain situations. Having said that this product also we have supplied a good quantity in hundreds of tons and moving forward also we believe that we will be able to achieve the target which we have planned, which is close to between 500 to 600 tons. Eventually our plan was to do 1000 tons, but we are working closely with customers also working with our European partners to ensure that during the last quarter and the financial year of next year we should achieve what we have planned. Thanks.

**Samarth Singh:** And there was a domestic contract as well right.

**Shalil Shroff:** Yes, domestically also we have been pretty aggressive. Already we have started two products, as these are under secrecy agreement. So we will not be able to disclose the name, but as stated from last year to this year our domestic presence is going to go up substantially and you will see next year will also grow very high in terms of supply to many of the formulation companies. We are already discussing on two more projects which we hopefully should come alive do the production beginning of the second quarter of next year.

**Samarth Singh:** And for FY2024 the Nippon Kayaku and the Singapore contract together would contribute about INR 100 Crores in organic is that right.

**Shalil Shroff:** A little bit more should be between INR 130 Crores to INR 150 Crores.

**Samarth Singh:** Okay and today we had about INR 900 Crores of topline I think we have said in the next two years we will get to about INR 1500 Crores. So that INR 600 Crores of delta, I think INR 200 Crores would probably come out of Metaconazole and INR 150 Crores from these two new contracts, is that correct and then the balance INR 250 Crores where do we see that coming from.

**Shalil Shroff:** Basically as you see that for the nine months we have already clocked in INR 670 Cr which was our last year sales. So we have another quarter to go. So we are pretty hopeful that we should end at a good number should be around INR 900 Crores. Moving forward as rightly you stated that our plan is the roadmap is well established in terms of the product with the existing products as well as the new which will come in. So that is where we plan that even next year we envisage

another anywhere between INR 200 Crores and INR 250 Crores worth of new products which would add to the topline.

**Samarth Singh:** Okay, thanks and my last question I think we were installing a HH refinement plant, has that been installed and have you started seeing the benefits of that in margins already.

**Shalil Shroff:** Yes, so basically hydrogen hydride is one of our basic raw materials as you know we buy from Japan as well as Europe, having said that with supply chain we always try and see that the raw materials are closer to us. So yes we have already started this exercise and we are pretty successful in delivering within our premises and we have also commercialized the production and we have used it. So the quality issue is also taken care and everything is as planned.

**Samarth Singh:** That is it from my side. Thank you.

**Moderator:** Thank you. Our next question is from the line of Manish Mahawar from Antique Stock Broking. Please go ahead.

**Manish Mahawar:** For this quarter, if possible to share what is the volume or pricing growth in terms of revenue.

**Shalil Shroff:** So, basically as you know that close to around 60% to 65% of our contract with the customers including MNC is where we have an auto check on raw material, so that cost passed automatically every quarter as same goes with the freight because as you know that the freight has been pretty erratic maybe starting 2020 and then a little bit in 2021. Having said that for the last couple of months maybe between four to six months there has been a correction, but whatever in terms of raw material whatever in terms of freight is automatically taken care in terms of pricing, auto check. As far as the margins and other expenses, we do it on a yearly, so that we would again discuss with our customers somewhere now which will happen between the next two months and we believe keeping the spirit of the agreement which we have done for last many years they would continue doing the same.

**Manish Mahawar:** New order of two or three products, which we are commercialized what was the contribution in terms of our revenue contribution in this particular quarter from that products

**Shalil Shroff:** So as far as the products which we had planned during 2021, in the quarter three, the two products have contributed close to I think should be around 20% in terms of the sales and as I already told you that there is a price mechanism which is in place so automatically that has been reflecting on the performance of the company.

**Manish Mahawar:** And in terms of the gross margin because what I understood these two or three products which we have commercialized are better margin products as compared to the earlier product profile. Despite that gross margin has been seen some pressure or I would say decline for a company as a whole on a Y-o-Y basis. So is it more of a Raw Material or more of a product mix also.

**Sriram Swaminathan :** Actually this is more of a product mix and basically if you look at it even the contract manufacturing segment we pass on the raw material cost increase . So our sales and raw material remains constant. So that also reduces our percentage terms. So these two things put together have reduced our overall gross margin and EBITDA to certain level.

**Manish Mahawar:** But going forward I think so what we have indicated for the long-term EBITDA margin guidance will remain same right, if you move towards maybe 17-18% overall maybe 24 months perspective, right?

**Sriram Swaminathan :** Yes, 24 months perspective definitely it should increase, yes, from the current level.

**Manish Mahawar:** And last question in terms of the capex, we are expected to commercialize two new projects in the next year. So whatever guidance, we have given Rs150-odd Crores of capex for our existing order book. So, for two projects we will get it to over and above this 150cr or this is included in this.

**Sriram Swaminathan:** This Rs150 cr is additional for the new project what we are planning for the next couple of years.

**Manish Mahawar:** So that will be over and above the Rs150 odd Crores, right.

**Sriram Swaminathan:** Yes.

**Manish Mahawar:** Okay, sure. Thank you. That is it from my side.

**Moderator:** Thank you. Our next question is a follow-up from the line of Samarth Singh from TPF Capital. Please go ahead.

**Samarth Singh:** Just one clarification on this capex the 150cr is the total capital out of which 50% would be bu us and balanced by the customer is that right.

**Shalil Shroff:** Yes, so generally know whenever we sign contracts we also bring in the customer on board, the advantage happens is that they also become part of the project which of course, I mean, whenever we are signed obviously it is a long-term, but yes to answer your question we do that.

**Samarth Singh:** And could you just tell me what are the top five molecules for us and what are the revenues for molecule.

**Shalil Shroff:** So basically our major I would say 70% of our sales is agrochemicals, so it is distributed between herbicide and fungicide and that is the way we work with the product portfolio, having said that we are also working on a certain intermediate which also in the next two years would bring in a good percentage of business I think it is best to once because we plan to commercialize this in the second quarter of next year. So once we have this because please understand any intermediates which we supply to either agro or pharma they need to go through a process of checking, doing

the trial batches. So in one of them we already have started that and we believe moving forward these both will be commercialized as planned.

**Samarth Singh:** Okay, I will ask the question in a different way I believe Metaconazole and Metamicon were 40% of our topline in FY2020. So with that percentage still hold has that come down if you can just give some clarity on that.

**Shalil Shroff:** I think to the existing products which you just mentioned yes there could be up, anywhere between 5% to 15%, but as far as the Japanese contract on Metaconazole you will see better numbers during the financial year next year as we are going to enhance the production towards one of the there are two products which we produce for the Japanese customer one is Metaconazole and the other is an intermediate. So on the intermediate side there would be a 100% jump in terms of revenue and in terms of sales.

**Samarth Singh:** And our presentation talks about having a INR 1500 Crores order book. So what is the timeline for delivery of this amount?

**Sriram Swaminathan :** So basically this is the contract which we have already signed with the most of the customers and how we are worked out is basically some of the contracts is getting expired in two or three years time we have taken up to that level and all the new contracts which are up to five years level we have taken at that level and this does not mean that at the end of the expiry of the three years we will not continue to manufacture this is an automatic renewable process which we have with the customers. But what we have taken in the order book is only those live contracts.

**Shalil Shroff :** . So as you know that for December we have already done what we had done last year and moving forward we have a quarter to go and we believe in the next two years as we have said we will be achieving what we have said that would be between 1400, 1500 Crores in terms of revenue.

**Samarth Singh:** On the industrial chemicals and speciality chemicals, could you just talk about that business.

**Shalil Shroff:** Yes, so the speciality chemicals I just talked to you about some intermediates which we did, we are going to do. As far as the phosphorus chemistry which that our customers are very strong that is Coca-Cola, Pepsi and then we have the pharma giants in India and overseas. So this year also we have a good road map towards this business portfolio as I told you that this business portfolio can go as high as 250 Crores in sales. This year we have done very good we should be closing anywhere compared to last year almost double for this financial year and next year we envisage with the discussion which we had with our export customers there should be an increase of at least 25% in terms of sales and business with the industrial division products.

**Samarth Singh:** So this is the industrial division products was I think 50 Crores turnover last year is that right.

- Shalil Shroff:** No, last year our turnover towards this was close to around 45 Crores with this year we should do between 75% and 80% which I said double and moving forward would be a jump of 25% to 30% for the next financial year.
- Samarth Singh:** And when you say industrial chemicals you are talking about both the phosphorous and the speciality or just the phosphorus.
- Shalil Shroff:** It is just industrial so our portfolio is into three what we have is agrochemicals AI we call it then we have the intermediate speciality chemicals and then we have industrial. So in industrial division we have the phosphorus various derivatives which we manufacture and the existing products like oxalic acid, diethyl oxalate, various oxalates, etc.
- Samarth Singh:** And how large is our intermediate business.
- Shalil Shroff:** Our intermediate business which combines a little bit of API so this year we should do close to around 130 to 140 Crores sales for this financial year. Moving forward as I said we are working very seriously and we are pretty sure to have at least a 25% increase in terms of sales for the next financial year.
- Samarth Singh:** And any one large particular molecule in this.
- Shalil Shroff:** Unfortunately I cannot give you the name because, I mean, it is intermediates which we are discussing with good customers like Mylan, Laurus and Divis. So that is where we are already in touch with them they have appreciated and shown their concern because this product is an import substitute and at this level we are very confident the trials etc. are going very well and we are pretty confident that this would definitely come in for the next financial year in terms of revenue and sales.
- Samarth Singh:** Okay, so that is just in terms of granularity of revenue this would be one product, one molecule.
- Shalil Shroff:** So, if we say next year clocking in from quarter two we can look at sales growth between 25 to 30 Crores.
- Samarth Singh:** So this growth will be coming from one molecule that is what I want to understand.
- Shalil Shroff:** That is right. Obviously the volume towards is very high but we envisage because of the production as I said will be starting only in quarter two, so by the time we gear up the production but full potential for this product is close to 100 Cr.
- Samarth Singh:** Thank you.
- Moderator:** thank you. Our next question is from the line of Akshay Satija from Alpha Invesco. Please go ahead.

- Akshay Satija:** I just wanted to check from when can we actually consistently start generating 40% of gross margins and can these gross margins go up to like 42% to 43% when all these Japanese contracts and the new products come in.
- Shalil Shroff:** Yes, so the product mix moving forward in the next two years that is where our target is close to between 12 to 18 months as the product comes in because please understand every product we also need to take registration. So the newer ones we have already started the exercise and we believe during next year we should do close to around 25% to 30% of that new products in terms of sales and I would say post 2023 we should be where we have planned should be between 41% and 42%.
- Akshay Satija:** Okay got it. That is all from my side, thank you.
- Moderator:** Thank you. We will take our next question from the line of Jayesh Shah from OHM Portfolio Equi Research. Please go ahead.
- Jayesh Shah:** Thanks for the opportunity. I was not very clear on the topline and the order box. So with 1500 Crores of order book which you define as live and which is over two to three years and if I look at next year and say FY2024 target of 1500 Crores how much of this target is actually backed by the order book.
- Shalil Shroff:** So when we have given you or when we have stated that in the next two years will be 1500 Crores. So that order book and the contracts are already in place and as you have seen for this nine months we have clocked in for the first full financial year which we did last year and has already stated that we have another quarter to go. So moving forward we are pretty confident that what we have planned and achieved we will do it because right from the customer to our production plan everything is well organized and well set to have this target achieved.
- Jayesh Shah:** Okay so because of auto renewal what you mean to say is that you have complete visibility of 100% order book there may be a little bit of supply disruption here and there but basically your full year target is backed by total order book.
- Shalil Shroff:** Yes, so you are right because we do not foresee that the virus or there should be anything up the sleeves but at this stage yes absolutely right we are very clear everything is defined fine sealed and it will be delivered.
- Jayesh Shah:** Thank you and just on capex again a bit more confusion 150 Crores is jointly with the customer so 75 Crores is your portion and there is another 75 Crores of capex for next year is that right.
- Shalil Shroff:** Yes that is what is planned.
- Jayesh Shah:** Okay, thank you very much.

- Moderator:** Thank you. Our next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.
- Alisha Mahawla:** Sir good morning and thank you for taking my question. Just wanted some clarification because we stated two, three avenues that will drive growth rate for next year or next two years, just wanted to understand, so one is obviously the two contracts that we have commercialized during the year which is Nippon Kayaku and the Singapore client, both of these you are saying have already started contributing in this year, but you will see full potential of that in next year this is the first lever. The second is the intermediates for which you will be talking to the likes of Divi's, Laurus, etc., which you are saying will commercialize from Q2 of next year this will be part of the intermediate/speciality chemical business and the third is the Japanese contract which will start in Q2 of next year there is no overlap between these three right these are three individual contracts that we are talking about which will all start contributing fully from next year.
- Shalil Shroff:** Absolutely right.
- Alisha Mahawla:** And this will also lead to margin improvement is what we are talking about.
- Shalil Shroff:** Yes, as I said the product mix would come in which would definitely be what our plan is to do this.
- Alisha Mahawla:** And for this for now we do not need to do any capex.
- Shalil Shroff:** There would be capex spending, which are from the original capex plan, but having said that for the two products already things have been done and everything is, I mean, the production has been commercialized there has been a little delay because of the raw materials coming in and also the potential for the Nippon Kayaku we are also exploring other markets of registration which our Japanese customers are pretty confident which should come in during this financial year the benefits for us to have the product the production is already planned so have the product to those different markets also will be start rolling out.
- Alisha Mahawla:** Sure and just lastly the capex that we are seeing of 150 Crores of which we will incur 50% and the customer will incur 50% by when are we expecting this to come on stream and what is the revenue potential for the molecules that we will make from this 150 Crores capex that will be jointly done.
- Shalil Shroff:** So this capex as we said that we have already partly close to around 30% we have already spent. Moving forward in terms of debottlenecking and then obviously having the new vessels reactors coming into the plant and during the next two years we will have further to enhance the capacity of these products.
- Alisha Mahawla:** Sorry I did not understand so this capex that we are doing like you said 30% is done and over the next years we will do some more when are we expecting this to start contributing.

- Shalil Shroff:** In the next two years.
- Alisha Mahawla:** Okay, sure and just wanted to understand that like you mentioned that because our prices are reset quarterly and that is why we are also seeing some amount of jump up in our quarterly but this will be a more maintainable quarterly run rate going forward even if the prices for some reason were to contract so we will see substantial dip in revenues then.
- Shalil Shroff:** I mean raw material prices as you know we work very closely with all our suppliers and having said that we believe that the price correction has partly has come in but dramatically we do not believe that the prices would go back where we were during 2018-2019 and that is where we have done our risk assessment as well as discussion with our key suppliers and they believe very confident to ensure that there is no interruption and there is not much leverage or price difference in terms of moving it forward in the next at least for the FY 2022-2023.
- Alisha Mahawla:** Okay thank you, Sir.
- Moderator:** Thank you. The next question is from the line of Rohit Ohri from Progressive Shares. Please go ahead.
- Rohit Ohri:** Hi Shalil, Sriram and Vinod. Sir two questions, first one is with the issues related to the contingent liabilities have you been able to sort that or will it be a spillover to the next financial year.
- Sriram Swaminathan :** Yes, this has been predominantly sorted out and by the end of March we are expecting will completely go off for my books.
- Rohit Ohri:** Sir my second question is looking at the order book do you think that you should be upgrading it to around 2000 odd Crores in with a vision of three, four years do you think that the board has actually chopped it out.
- Shalil Shroff:** Yes, so basically as I did mentioned during the second quarter that our next phase of plant is already, we are doing that where right now from 1500 where do we go, do we go 2500, 3500 so and the business plan is already been prepared so I believe during the first quarter or maybe by second quarter we should be able to give you a little more clarity on it but by and large to be very clear there is a strong demand a lot of customers have come to us a few things which have been already find sales and we just needed to tabulate it and put it in so we are pretty sure during the first or the second quarter of next financial year we will come back with our phase II.
- Rohit Ohri:** Okay, Sir. Thank you, thanks a lot that helps.
- Moderator:** Thank you. Our next question is from the line of Sanjay Satpathy from Ampersand. Please go ahead.

**Sanjay Satpathy:** Hi! Sir, congratulations for a fantastic set of results and also the optimism that you are talking about in terms of long-term growth plan. Can just ask that that while you have been very positive about your revenue growth plan, you are not really investing much on your supply side? So are you looking for some kind of an asset light model that you are so confident that you do not have to really spend upfront on capacity and still get the revenue in place?

**Shalil Shroff:** So i a product mix the existing products which we were doing x and we did x plus so obviously there is some debottlenecking which goes inside. As far as the newer projects like which we did for the Japanese and the Southeast Asian customers. So we have already spent that money fortunately we have been pretty good because our asset turnover ratio is being well maintained and we believe moving forward also we would like to do that but please understand that every product every chemical which we make go through various stages so there are products which are three stage, five stage, seven stage you also have to look at the product whether the hazardous non hazardous what are the measures which we need to take so it is very important because for any customer why they like to come to Punjab is because they know that we are steady in terms of our supply and the customer range which we have which really helps so moving forward we believe we will try and maintain the same to take that is that what you were asking or there something on raw material because your voice was a little cracking so I could not understand but I hope I have tried to answer what you had asked.

**Sanjay Satpathy:** Actually what I really want to understand that what we see in the industry there are a lot of companies they either go through this process of getting a big order and then set up the factory or there are some companies which are setting up a big factory and then getting the order and it looks like you fall into the first category of getting the contract and then setting up the factory.

**Shalil Shroff:** Yes, so what I will tell you that both our plans in setting up the factory means what, I mean, is basically the production part, in terms of our utility, in terms of our energy that is what we already have in place. So when we have planned that today we want to achieve the 1500, so we have that in place what we need is to just bring in a few reactors, centrifuges, nut filters, etc. to do that. So there are three parts. So once when we discuss on the product, where we agree, we form the contract, we agree on the pricing mechanism, based on that there is phase two where we will start ordering these equipment partly in terms of utilities are already at the plant, we already have that. So we maybe need to tweet a little bit, but that is not a big challenge, the bigger challenge is to ensure safety because with the COVID situation to ensure the Japanese contract could have delivered close to 70% to 80% of the revenue only in this financial year, but because of the second wave there was a little bit delay. So taking this part phase two as I said to ensure that the suppliers from a glass line reactor to assets reactors come in time taking precaution to ensure everything goes well. So based on that we usually and also moving forward I would like to add that we have a vision that we know in the next two years these are the products, these are the contracts which are in place. So our procurement team already starts working on it. So maybe if there is a delay because of a situation which is beyond the control of the supplier and us but by and large I would say which we are at between 50% to 60% during 2020 we are almost now at 70% to 80% and we hopefully I think the way things are the virus and everything is cooling off in India so we believe we should moving forward go to close to 90% in terms of our target.

**Sanjay Satpathy:** Understood and the last question that I just wanted to understand that like you said that you are going in phase one and you will be looking at phase two so will there be some kind of softness in your revenue momentum during this transition or you have enough on your plate to continue a decent set of growth even during this transition.

**Shalil Shroff:** Yes, so the road map towards where we want to achieve in the next two years is very clear it is well defined and we are very confident that we will do that I am talking about there are some projects which would come beyond which as I said where is Punjab looking today we are at 670 Crores we want to go to INR 1500 Crores beyond that what is the plan. So that we will roll out as I said during the first or the maximum second quarter of next year where we will give more visibility to our shareholders, to our people that how do we plan to take this company to INR 3000 Crores plus.

**Sanjay Satpathy:** Thanks a lot, Sir.

**Moderator:** Thank you. Our next question is from the line of Neha Raichura from Taurus Mutual Fund. Please go ahead.

**Neha Raichura:** Thank you for taking my question. My question is with respect to, if you could elaborate on the roadmap for a slightly longer vision. So say for the next three to five years, I mean, where do we see ourselves with respect to the order book growth or say the number of product launches that we would like to have. So if you can just share your views or the vision that we have for the order book and the product launches and the client plays that we like to have.

**Shalil Shroff:** Neha you have asked two, three questions, but I will just try and reply to you. One is that as I already told you that the roadmap towards where we want to achieve in the next two is very clear and we are on target, in terms of product, in terms of production, in terms of contracts, in terms with the customers, as far as taking beyond that as I already did tell you that we would roll in that, that today we are at 670, we want to go to 1500 where do we look at the vision between 2500 to 3000 where we want to take the company or beyond that so that we would roll out during the financial year of the first or the second quarter. So at that time we would come back but I would just like to add that we are already in process of doing that close to 60% of the work has been done also please understand in agrochemicals whenever we do a contract it is also very important for getting registration. So Punjab has a manufacturing base in their registration package where they do it within Europe, Latin America, US, Southeast Asia wherever they need to register our name our impurity profile so that is also in progress so as mentioned to you and mentioned to all that during the financial year of first or the second quarter we would roll it where do we look beyond 1500.

**Neha Raichura:** Okay, Sir. Thank you.

**Moderator:** Thank you. Our next question is from the line of Karthikeyan from Suyash Advisors. Please go ahead.

**Karthikeyan:** Good morning Sir, thanks for the opportunity. Three questions, one is on the phosphorous chemistry side are there any of the non-traditional applications that you are looking at because you are among the fewer manufacturers of high purity phosphoric acid so I am just curious.

**Shalil Shroff:** So phosphoric acid what we manufacture is the high purity that is the food grade 85% and then we have the 88%, 89% so the basic clientage we are not the normal JSCL grade the technical grade nothing that we do not sell we also sell some of the technical grades but by and large 60% to 70% is this higher grade where we have customers in the pharma and in the beverage industry as I think somebody had asked me a question in which we said that we are already started our exports which obviously everybody can know through statistics we have already started our exports to these beverages company outside India other than India which we used to supply to Pepsi and Coca-Cola in India we have already started supplying to the plants in Thailand, to the plants in Korea, we are already talking to the plants in Swaziland. So overall these beverage companies have been with Punjab for the last more than 20 years they know the quality of the product is very good they rely on us only the change has come in because of the China factor so they believe and that is what I spoke to the global lady who sits in Iceland which is of course a wonderful place she has been calling me there and I wish once the situation improved I can go and meet her but she is pretty confident that close to their total procurement what they do they would increase which used to be between 2% to 3% go to between 15% to 20% in the next two years.

**Karthikeyan:** But what I meant was while this answer is very helpful what I meant was would there be any say, I mean, I am being very specific battery applications which you are looking at for this have you done any work on that side that is really where I was coming from, Sir.

**Shalil Shroff:** Yes, so these have phosphoric acid they are used in pharma companies. Now generally what happens is they give us a specification and based on that if it is an 88%, 89% which we do application wise I am very sorry, I mean, we do not like to or the customers do not like us asking them too many questions only what we try and do is that for example if they are using this product and if still to make the final API they still have maybe three or four stages to achieve that maybe we can add value by saying that okay we can take this product and add another product to make that like I will give you an example we produce one of an auxiliary which we used to supply to a European company and we have been discussing with them over many years and finally I did mention in one of my calls that finally we have discussed with them and they use this application at that first stage and before they do the final product it is almost four stage. So we believe that we have been able to convince them we are already in terms of negotiation in where we could not only give this first stage but go to the second or third stage which will not only add revenue but also add a better margin towards that product which we are selling.

**Karthikeyan:** Interesting. So the next question is in terms of balance sheet how it shapes up. Two things, one is of course if there can be greater clarity on what would be the annual capex outflow from your balance sheet versus what comes from the client side as advanced, that would be useful and secondly also how does your working capital evolve or is evolving so some thoughts on both these points.

**Sriram Swaminathan :** Yes, as far as the balance sheet is concerned whether it comes from the customer or ours it gets added to the balance sheet because that is our capital our capex plan that is only funded by the customer.

**Karthikeyan:** But the cash outflow from your site would be helpful in terms of understanding how the balance sheet shapes up so therefore.

**Sriram Swaminathan :** Yes, we are looking at say is the plan based on the customers sometimes it is 50% sometimes it is less or sadly more. So it all depends on the contract and as far as the networking capital is concerned yes we have been fortunate to work at an almost very negative networking capital but going forward that will go up because our business is substantially increasing.

**Karthikeyan:** Correct, I am sorry, I will be specific so for FY2022 what would the capex outflow from your balance sheet be and 2023 and 2024 roughly what could the numbers look like.

**Sriram Swaminathan:** So we are looking at a investment of Rs 150 Crores for a period of next two to three years.

**Shalil Shroff:** Yes, so to answer your question during this financial year this 2021, 2022 we would be spending close to around 15 to 20 Cr in terms of the contribution which would come from Punjab and it is close to around 15 to 20 Crores would come from the customer and moving forward as Sriram mentioned that it depends on the product and the customer. So moving forward in the next two years we envisage anywhere would be close to around 50% spend by the company which would come from in internal cash flows and maybe we are working on a which will come back to you and the balance would come from the customer.

**Karthikeyan:** Right yes you almost touched upon it I was wondering if you would require any external funding either in the form of equity or sort of the debt. Therefore I was emphasizing on this point.

**Shalil Shroff:** That is what we said that the phase we have a clear plan where we need to go and as I said that during the 1 & 2 we would come back with more clarity as I said more than 60% of the work has been done we are just trying to finalize it and we will be more than happy to share with you as and when it is ready that is during the first or the second quarter of next year.

**Karthikeyan:** One last question, Sir, which is more a business structure thing when you look at the inputs you gave in the early part of the conversation there are two products which is Metaconazole and Metamicron both of which contribute maybe one third of the revenues or more then you will have one more intermediate coming up which has the potential to be a 100 Crore product I hope I heard that correctly. So how do you balance between growing and not being too concentrated how do you manage that risk and can you share some thoughts on whether you think of it as a risk or not. Thank you.

**Shalil Shroff:** No, so you are right and that is where has been on our agenda that dependability on one or two products is not very healthy and which you will see during the next two years that the product mix would come in by and large the growth would come in from the gsector so for example

leaving these two products aside you look at the product which we would do for Nippon Kayaku and the Southeast Asian customers which would definitely next year would break that balance would then get distributed between four to five products and moving forward between next year and 2024 the intermediate and the speciality chemical products would also bring in but as I said that by and large the product mix which right now you see is between maybe one or two would then get defined between five to six products with strong backups with long-term contracts and moving forward depending on the product registration and all we believe by the time we go 2023 past 2024 we should be in the mix of close to around seven to eight products in terms of agro which would be close to I would say five to six products and the balance would be speciality intermediate which would add to the revenue and the product mix.

**Karthikeyan:** That is very heartening to know. The last question, Sir, please indulge me, in terms of the revenue mix now this year there has been a fairly strong shift towards the domestic does that have a bearing on your profitability or are the domestic sales as profitable as the export sales.

**Shalil Shroff:** I think the product mix combines of two things one is a generic product which we usually do for the domestic market so margins are not that what you would get on a product which is an innovator or a contract manufacturing but by and large our plan is that moving forward next year we should be in that 16-17% and then eventually the plan is by the next two years as the product mix comes in is to go between 18% to 20%.

**Karthikeyan:** Fantastic. So much applies for the clarifications and very best wishes, Sir.

**Moderator:** Thank you. Our next question is from the line of Samarth Singh from TPF Capital. Please go ahead.

**Samarth Singh:** Thank you for the follow-up. How many customers do we have in the agro side on contract basis?

**Shalil Shroff:** So from the agro side in terms of contract manufacturing we are close to four and two more to be added in the next two years and as far as the overall portfolio in terms of agrochemicals where we work with various customers at the moment is 10 which we have which includes MNCs or I would say companies in India and overseas spread across from Japan to Australia to Europe, Latin America and the US and of course Europe.

**Samarth Singh:** And the two more that we were talking about adding this would be Nippon and Singapore.

**Shalil Shroff:** No these are the new ones that would be one more Japanese and one European customer.

**Samarth Singh:** Okay so Nippon and the Singapore based customer already part of the floor.

**Shalil Shroff:** They already fall in the contract, yes, that is what I mentioned correct.

**Samarth Singh:** All right, thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question. I now have the to Mr. Manish Mahawar for closing comments. Over to you Sir!

**Manish Mahawar:** Thanks Inba. On behalf of Antique Stock Booking, I would like to thank the team of Punjab Chemicals for providing us an opportunity to host the call. Shalilji, would you like to make closing comments?

**Shalil Shroff:** Of course. Thank you so much guys and I hope me and Sriram unfortunately Vinod the CEO was on the flight I do not know whether he joined in but he had to travel but I hope me and Sriram could reply to all your questions and thank you very much in believing us and as already stated Punjab we are on the right track and we will do our best to ensure the growth pattern to grow more and we will be very, very happy to share our next phase which would come in as I already mentioned to you during next year we would roll out our plan and once again Happy New Year, be safe and thank you so much for your time and goodbye.

**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.