



**“Punjab Chemicals and Crop Protection Limited  
Q1 FY '26 Post Result Conference Call”  
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**MODERATOR: MR. RIJU DALUI – ANTIQUE STOCK BROKING  
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**Moderator:** Ladies and gentlemen, good day, and welcome to the Punjab Chemicals and Crop Protection Limited Q1 FY '26 Post Results Conference Call. As a reminder, all participant 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 this conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Riju. Thank you, and over to you, sir.

**Riju Dalui:** Thank you. 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 side, we have Mr. Shalil Shroff, Managing Director; Mr. Vinod Gupta, CEO; and Mr. Vikash Khanna, CFO, on the call.

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

**Vinod Gupta:** Thanks. So good afternoon, everybody, and thank you for joining the -- joining on the call today. It is my pleasure to extend a warm welcome to all the participants in this season's conference call. We genuinely value your time and appreciate your ongoing interest in our company's performance. I trust you have reviewed the financial results and investor presentation that is now loaded on, available on the Stock Exchange.

In the call today with me, we have Mr. Shalil Shroff, Managing Director; and the CFO, Mr. Vikash Khanna. As most of you must have noticed by now that agrochemical industry has experienced early signs of recovery after a challenging period over the last few quarters and inventory levels have normalized and the price decline has now halted. Favorable monsoon, higher reservoir levels have also resulted in positive sentiments in the market.

However, excess capacity continues to be a challenge. I'm pleased to share that Punjab Chemicals delivered a strong performance this quarter. Revenue stood at INR319.5 crores, making a 31.9% year-on-year growth, driven by robust momentum in both domestic and export markets. Gross margin stood at 33.1% and EBITDA at INR34.4 crores, reflecting a 24.5% year-on-year growth, supported by volume growth and a mix of product portfolio. EBITDA margins for the quarter stood at 10.8%.

With recovery in the industry cycle, demand for most of our flagship products have revived to normal levels. Our relentless focus on quality and cost is helping us to maintain market share in an excess capacity scenario. New products introduced over the last 2 years are received very well in the market and value addition of these products is likely to increase in near term.

We continue to strengthen our customer reach, focus on research and development and add to our technical capabilities to win new businesses. We win new businesses, add new products and build new partnerships. Our chemistry portfolio is gradually expanding and is catering to large segment in Specialty Chemicals division. We also continue to pursue a forward-looking

strategy centered on infrastructure enhancement, talent addition and integration of various advanced chemical technologies.

In line with this, we are pleased to announce a strategic investment of approximately INR60 crores to expand and cater to business growth for global market. This capital expenditure will involve construction of new manufacturing blocks and also debottlenecking of certain capacities at our existing facility.

The new products cater mainly to exports market with a focus on Japanese and European markets. We have already -- we already have environmental approval in place for this expansion, and we believe this initiative will significantly strengthen our presence in these high-value markets. The expansion planned over the next 2 years is expected to contribute anywhere close to INR100 crores to INR150 crores in sales over the next 2 to 3 years.

These promising collaborations underscore our growing credibility in high-value chemical market and marks a significant milestone in our growth journey. On domestic front, we have successfully commercialized one Herbicide in quarter 1, further enriching our product portfolio.

Additionally, we are actively evaluating a new site to support our long-term growth. In the interim, we are also exploring third-party manufacturing for noncritical processes to cater to peak demand which comes on a seasonal basis. Our strategic focus remains on identifying new products, exploring novel chemistries and expanding our customer base.

I'm pleased to share that we have a robust pipeline with several products on track for commercialization over the next 2 to 3 quarters. We remain closely engaged with our customers to ensure consistent growth and respond to market needs. Our commitment to delivering a value to stakeholders is unwavering. We continue to prioritize innovation, quality, sustainability and customer centricity as a cornerstone of our growth journey. So thanks once again for your time and continued support.

With this, I hand over the call to our CFO, Mr. Vikash Khanna, for giving more details on the quarterly performance. Over to you, Vikash.

**Vikash Khanna:**

Thank you, Vinodji, and a warm welcome to all shareholders and investors present today. Good afternoon, everyone, and thank you for joining us on our Q1 FY '26 earnings call. I'm pleased to provide a comprehensive summary of our financial performance for the quarter. For the quarter, our revenue from operations reached INR319 crores with a year-on-year increase of 31.9%. Analyzing the geographical contribution, the domestic market accounted for INR196 crores, while the international market contributed to INR123 crores to our total revenue.

The gross margins for the quarter stood at 33.1%. EBITDA for the quarter reached INR34.4 crores, a strong growth of 24.5% year-on-year. EBITDA margin for the quarter stood at 10.8% compared to 11.4% in the same period last year. PAT for the quarter stood at INR20.63 crores, up by 52.8%, a robust growth year-on-year. PAT margins stood at 6.5%, an uptick of 90 basis points year-on-year.

Capacity utilization across all three sites demonstrated a positive trend this quarter. Specifically, the Agrochemical division in Derabassi achieved a utilization rate of 79%. The Performance Chemicals division in Lalru recorded 70% for the quarter, while the Industrial Chemical division in Pune operated at full capacity utilization.

With this, I now open the forum for question-and-answer session. Thank you all once again for your time.

- Moderator:** The first question is from the line of Jatin Damania from Svan Investments.
- Jatin Damania:** Congratulations on the strong sets of revenue. Just wanted to understand that now we are already operating at 75%, 80% of our capacity utilization and our revenue growth was almost 30% and 50% year-on-year and sequentially. However, the commensurate growth in the EBITDA was restricted largely due to increase in the overall inventory. So can you help us understand, what was the key reason for the inventory piled up during the quarter?
- Vikash Khanna:** Okay. So Jatin, thank you for this question. Now one of the reasons for this margin was that we had a higher closing stock in the previous quarter. We anticipated that there was a good market in the coming quarter. So as a result, we created an inventory. We built up an inventory.
- Now as you know that the inventory is normally valued at cost in the books, whereas when you actually realize those inventory, they are at the selling price. So obviously, there was a higher cost factor, which was involved in the closing stock. It finally got diluted in form of sales in the coming quarter. So that was the reason why the percentage is a little lower. It gets ironed out in subsequent quarters.
- Jatin Damania:** So the entire INR39 crores of the inventory got liquidated in the month of July, right? Fair to assume that?
- Vikash Khanna:** Yes. I mean it would be in this quarter.
- Vinod Gupta:** I think if you see from quarter-to-quarter, our inventory levels have gone down from previous quarter to this quarter, and that inventory level will continue to go down as we regularly do our business.
- Jatin Damania:** But if you look on the receivables levels also, which had increased in the last financial year from 77 days to 125 days. So what is the situation in the -- at the end of 1Q? Where do we stand in the receivables and the entire working capital cycle?
- Vikash Khanna:** So see, the net working capital cycle, which we had in FY '25 was 111 days, which has come down to about 107 days, which means that the company has higher amount of capital tied in the business operation. The capital is being utilized for running the business efficiently.
- Jatin Damania:** Right. Okay, sir. And sir, one on the 4 products that we launched last year, out of which one was a Specialty Chemicals, which were largely targeted to the Europe business. So can you help us in understand how big that Specialty Chemical product will be for us over the next 2 to

3 years? And are we manufacturing this for one particular customer as a CDMO or it's a generic product?

**Vinod Gupta:** No. I think this product is, first of all, for a very special application under an exclusive arrangement for one particular customer. And we expect this product to give us a top line of about INR30 crores to INR40 crores over the next 2 to 3 years every year. So this year, again, our volumes are going to be double of what we have done last year. And gradually, as the customer also takes approval for their various applications, this will continue to grow.

**Jatin Damania:** And sir, one more question on your investments, definitely, the current existing land bank where we don't have an excess land bank, but we are doing a INR60 crores of capex for setting up one more new manufacturing block and debottlenecking, which will help us increasing our capacity.

But when do we see probably a greenfield announcement because we are talking this since last 6 to 9 months. And even in AGM, we indicated near about another 12 to 18 months for the fresh investments. So can you throw some idea in terms of our greenfield projects, what size it will be, when one can see some announcement on that front?

**Vinod Gupta:** See, I think we are continuously looking for a good option. And we want to look for a greenfield project, which can actually take care of our business needs for next 4 to 5 years. I think as announced in earlier con-calls, we have shortlisted a few locations. There are some -- we are at an advanced stage of discussions.

But at the same time, because we have some space available in existing sites, we are looking to acquire at the right time so that we put capital and don't block it for a longer period. So yes, I think we are actually scouting for the right opportunity. And that's why I think you will probably have seen some delay, but I think we are working hard on it.

**Moderator:** The next question is from the line of Rahul Jain from Credence Wealth.

**Rahul Jain:** Sir, first question is on the capex. So we are doing a INR60 crores capex. I understand this is a brownfield capex. And in the previous call, you had also mentioned about a total capex of roughly INR250 crores over a period of next 3, 4 years. So if you could understand the exact kind of the amount and the time lines involved in both the brownfield and the Greenfield capex? I mean what phases do we start commercializing this?

**Vinod Gupta:** So I think currently, the new manufacturing block that we are talking about and some debottlenecking of capacities will be commercialized in the next 12 to 18 months. And that's an immediate future that we can clearly see because based on our product pipeline and the demand that we are seeing.

The balance investment that we had projected was to start with a greenfield project, where obviously land acquisition costs will be a significant cost, followed by the -- all the approvals and then investment in the new facility that we are planning to -- planning in an integrated facility. So that plan for investing about INR250 crores over the next 3 years remains intact.

Once we sort of -- as I answered in an earlier question, once we finalize the Greenfield location, I think that detailed planning will be shared with all of you.

**Rahul Jain:**

And this brownfield capex involves increasing capacity on the phosphoric side also?

**Vinod Gupta:**

I think at the moment, we are not looking at expanding capacity in the brownfield project. Brownfield project is mainly on Specialty Chemicals, Intermediates and Agrochemicals. So it's a combination of all the 3 products. For Phosphorus Chemical, I think we will basically -- we are planning to build a complex in the new integrated greenfield project that we are planning to announce.

**Rahul Jain:**

Sure. Sir, with regards to the financials on revenue and margin. So yes, we have done exceptionally well on the revenue side, both domestic and export sales have grown and overall top line has grown. But sir, our gross margins at 33% are the lowest in last almost 15, 16 quarters. So generally, we were in the range of around 37%, 38% to 40%, and this has substantially come down to now 33%.

You have mentioned in your PPT, it is regarding the product mix. But with the new product contribution increasing and backward integration benefits coming in, cost optimization benefits coming in, and on the basis of previous call also, we were somewhere hoping that the margins will be stable or probably improve gradually from there. So if I can understand why this sharp fall in the gross margin, sir?

**Vinod Gupta:**

So I think as Vikash mentioned, responded to earlier queries, and we also mentioned in our last con call, see, in Agrochemicals, what happens is there is a demand in a particular season. And generally, capacities are not able to cope up with the demand for that season. So we took a strategic call to keep -- produce some quantities in the previous quarter. And then we basically sold it in this quarter. Now as per the accounting practice, what happens that the product gets built on the full cost in our inventory.

So when you sell in the next quarter, your margins are low. So that has had a significant impact. I can -- only thing I can assure is that our gross margin levels are protected and intact based on the running business that we are doing.

**Shalil Shroff:**

And even as we see for the Q2, Q3, we'll be back at the margins, which we are between 37% to 39%. And moving forward, as we do where we plan, which we have done an announcement for certain MoUs, which we have signed, so those products will also give better contribution, which we'll see coming in Q3 and the next financial year.

**Rahul Jain:**

And is there some product mix change because you mentioned that in your presentation, the gross margin fall?

**Vinod Gupta:**

So when I say product mix -- no, I think when we are saying product mix, what we meant was a strategic decision taken to utilize the capacity in Q4 when the demand is low and carry forward that inventory in this quarter. I think that's what we meant by product mix.

Otherwise, our product mix is healthy. New products are giving higher margin than the existing ones. That is a clear sign we are seeing. Only thing is the proportion of the new product is gradually increasing, and you will see our gross margin improving over a period of time.

**Rahul Jain:** I have a couple of more questions. I will come back in the queue.

**Moderator:** The next question is from the line of Rudraksh Raheja from ithought Financial Consulting.

**Rudraksh Raheja:** Yes. Congratulations on a good set of results. My question is regarding our peak revenues that we can do at this existing capacity.

**Vinod Gupta:** I think, I mean, obviously, peak revenue is dependent on the product mix, market demand, product pricing because there are so many variables. But at current -- assume that the price levels are what they are currently, from our existing assets, we can do every quarter with an optimum capacity utilization roughly about INR300 crores to INR350 crores per quarter. And so I think that will be the rough number.

**Shalil Shroff:** And as we have said that within the existing site, we'll be making these -- the new block. So that -- because in Agro and Specialty Chemicals, it takes time for registration and all, which is in place. And that's where I mentioned that hopefully, once we have the block ready, that revenue will also be added to the quarterly numbers.

**Rudraksh Raheja:** Sure. And sir, when do we anticipate this block kicking in?

**Vinod Gupta:** Block should kick in from Q3 of the next financial year. That's the target we have kept in mind. And I think till that time our product registrations and approvals will be ready because we are already giving some commercial lots from our existing multipurpose plants and pilot plants so that we are taking care of approval part in advance.

**Rudraksh Raheja:** Understood. Sir, can you share more details on the upcoming launches in the coming quarters? You have hinted something like that in your opening commentary.

**Vinod Gupta:** I think, I mean, we had indicated in the last quarter presentation that this year, we'll be commercializing at least five products. So we are on track to commercialize minimum five products. Maybe it will -- the number will be 4. And so the things are on track as per the -- whatever we have projected. And also the products that we have introduced over the last 2 years are showing good signs of growth. This year, demand is healthy.

**Moderator:** The next question is from the line of Naman Bhansali from Nine Rivers Capital.

**Naman Bhansali:** First question is on the proportion of new business or new product sales, which was, I think, 12% for the last financial year. Can you share the number for Q1 and our expectations for FY '26?

**Vinod Gupta:** I think because I'll say that the share is growing. But I think we'll probably prefer to share this growth over a longer period of time rather than quarter-to-quarter. Only thing I can say that, yes, the growth on these products is minimum 10% year-on-year. And also some of these

products are seasonal products also. So some demand will come in Q1, some demand will come in Q2. So that's why it's not the right metrics to look at on quarter-to-quarter basis. I think we'll indicate on a year-to-year basis.

**Naman Bhansali:** Got it. And secondly, on the MoUs that you have written in the press release, you've given a number of INR120 crores to INR150 crores scale up over the next 2, 3 years. Is it specific to those 3 MoUs or it is overall about the new products which you talk about?

**Shalil Shroff:** So basically, these are the three products which we have signed with these customers. So it's pertaining to that. And as Vinod did mention that already there are five, so another two products are already ready. But please understand that in certain parts, registration takes place -- takes time. And also, as Vinod said, that for commercial quantities for -- do some formulation trials, etcetera, we have done it from our existing site.

**Moderator:** The next question is from the line of Viraj Mahadevia from MoneyGrow.

**Viraj Mahadevia:** Congratulations on the improvement in results. We've seen a marginal uptick in -- a meaningful uptick in revenue in first quarter from Q1 last year and from Q4 '25. Is this driven by largely improvement in pricing, new product introductions or is it seasonal?

**Vinod Gupta:** I think this is mainly driven by two, three things. One is, obviously, the new product introduction. And second is our -- if you look at our capacity utilization, that has gone up. The demand is healthy. And also some strategic call we had taken last quarter to basically optimally utilize capacity.

So we actually could forecast certain demand that will come in Q1, Q2, and we utilize our capacities in Q4. That actually resulted in giving us some extra sales in this quarter. So I think it's a combination of factors. Unfortunately, though, we would like to see a price improvement, but that is not the case here.

**Viraj Mahadevia:** Understood. So -- sorry, go ahead.

**Shalil Shroff:** So even -- yes, even -- just to add to that, our R&D is working very strong, and we are ensuring that we do a lot of improvement in terms of our processes to ensure that we have better margins and to retain the growth.

**Viraj Mahadevia:** Understood, sir. Would you say INR300 crores to INR350 crores would now be the new normal revenue on a quarterly basis going forward?

**Shalil Shroff:** That's right.

**Viraj Mahadevia:** Okay. And in terms of the initiatives taken for future growth that you highlight in your presentation, the MoU for the export products, the domestic market expansion and the product pipeline commercializing, what could be the incremental revenue delta that you could generate over a 2-year period over FY '25?

**Shalil Shroff:** If you see our press release, we have already mentioned that would bring in a revenue of close to INR120 crores to INR150 crores on a year basis.



- Moderator:** The next question is from the line of Vignesh Iyer from Sequent Investments.
- Vignesh Iyer:** Yes, sir. So two questions from my side. So the first question to understand what would be the contribution of new products, maybe the products that were launched in last 2 years to our total revenue in FY '25 and quarter 1? And second question is more towards understanding on the pricing side of it.
- When you say you feel the prices have bottomed up -- bottomed out, so just wanted to understand, would it be fair to assume that there would be some uptick coming in by, say, at least end of this financial year?
- Vinod Gupta:** I think, Vignesh, to the first question, we have already responded that I think last year will be at about 12% revenue from the new products. This year, it will be higher than last year. But on quarter-on-quarter, it's difficult for us to say because there are some products which are seasonal or are produced in multiple multipurpose plant based on campaign. But overall, we basically foresee that our contribution from new products will be increasing and this year will be higher than last year.
- As far as pricing is concerned, I think there will be an uptick, but it will be not a runaway -- our assessment is it will not be a runaway increase in the prices. But gradual improvement in the prices is clearly -- will be visible because I think the profitability based on current prices is not great for most of the players. So gradually, you should see some improvement, maybe 5%, 10% towards the end of this financial year.
- Shalil Shroff:** Third, fourth quarter. Yes.
- Vignesh Iyer:** Okay. So when you say that on a peak revenue side, we can hit somewhere around INR320 crores, INR350 crores per quarter, this is a possibility, I mean, of reaching that revenue. Is it on the prices that is prevailing in quarter 1, right, on basis of that, the turnover you have given?
- Vinod Gupta:** Yes. I mean that's a fair assumption.
- Vignesh Iyer:** Okay.
- Shalil Shroff:** Fair assumption, and also as we move, as we go to Q4 and next year, the revenue will further go because by the time the product registration, commercialization, everything will happen.
- Vignesh Iyer:** Right, right, right, sir. Or the product mix will change the things. I understand.
- Moderator:** The next question is from the line of Dhwanil Desai from Turtle Capital.
- Dhwanil Desai:** Sir, my first question is in the earlier call, we have indicated that over next 2 to 3 years, our milestone that we are looking for in terms of margin is around 17%, 18%. We ended FY '25 with 11% margin. So the bright part from 11% to 18%, as I see it is that current year, if you normalize the gross margin, we are already at 15%, 16% kind of a number. And then as the new products scale up, we will move towards that 18% number. Is that the right way to look?

- Vinod Gupta:** I think that probably is the right way to look because I think what we are looking at is, obviously, as Mr. Shalil mentioned, we continue to focus on improving our cost position for existing products. So there is a lot of R&D work going on to see we do yield improvement or alternate supply chain that is going on.
- The new product addition is definitely at a higher margin. So a mix of this and the contribution from new products will take us towards that journey. And then obviously, we are looking -- also looking at some price improvement in the products going forward because the market is now stabilizing and demand is now picking up.
- Dhwanil Desai:** Okay. So what I'm asking is that even without those new products, etcetera, coming in, we are still at 15%, 16% kind of a margin on a normalized gross margin basis, right?
- Vinod Gupta:** Yes, I think anywhere between 14% to 16%. That's the broad range because it again depends on the product mix.
- Shalil Shroff:** And as we also have mentioned that moving forward, the new products which are coming in where the margins are good. So hoping that for the next financial year, that is '26, '27, we should be between that 16% and 18%.
- Dhwanil Desai:** Sure, sir. Very helpful. Second thing, sir, we are looking for around 15%, 20% growth for FY '26, and we did very well in Q1. So for us to get to that 20% mark, our base business also has to grow at 15-odd percent or slightly more than that. So what is the visibility on that base business growing at 15-odd percent?
- Vinod Gupta:** I think our initial signals what we are getting in the Q1 is indicating that we will have that kind of a growth in this year where demand is healthy. And our forecast from most of our markets and customers is looking very, very good and very bullish. So I think we should be growing existing product also anywhere from 10% to 15% during this financial year.
- Moderator:** The next question is from the line of Ankit Gupta from Bamboo Capital.
- Ankit Gupta:** Yes. Congratulations for a good set of numbers. Sir, on the domestic side, we have seen a significant jump in revenue for us. And if we hear the commentary of some of the formulation -- formulator players in the industry, they have talked about postponement of the application of the various agrochemicals because of the onset of the early monsoon.
- So has that been the case in for us as well because like since the demand for formulations have increased, that will indirectly impact our demand also. So what is your view on the same? And do you think the kind of performance we have seen in Q1 is sustainable over the next 2, 3 quarters as well?
- Vinod Gupta:** So I think, first of all, coming to domestic market, I think this year, monsoon has been good and the overall demand in domestic market has been good. However, for us, even the domestic sales is comprising of two parts. Some products we supply to local customer, which the customer formulates and takes it to the export market.

So when we reflect our domestic sale, it is not only for the India market, it's also for the global market, which is being taken by a customer, formulated and exported. So I think significant revenue in domestic comes from that. As far as the local market is concerned, whatever we supply in local market, I think we are seeing that, yes, demand is healthy and that momentum, I think this year will continue.

Okay. As far as your second question around the momentum that we have generated in Q1, I think we expect the momentum to continue in this year. Obviously, as we mentioned earlier, this quarter sales was also capacity utilization of previous quarter. So that kind of an impact we'll probably see in revenue being slightly on a lower side, but we see -- I think, and the earlier caller asked us, the revenue growth projection of around 20% is what we are clearly seeing achievable this year.

**Ankit Gupta:** Sure. Sure. And then on the export side, the direct exports that we do, how is the market doing there in some of our top geographies like Europe and Japan and US. US is a relatively small market, but on the Europe and the Japan side and how is the pricing there as well, if you can talk about it?

**Vinod Gupta:** I think as far as export market is concerned, Europe demand is healthy this year. So I think that's a very positive sign because a lot of our products are focused on Europe. Japan market demand is also stable. So we don't see a challenge from Japan market also. There is obviously some challenge, which is coming from Latin America market, where some of our products go to that market.

But I think that is being offset by the demand that is coming from Rest of the World. So Rest of the World means Europe, Japan or India. So I think overall demand is getting offset. And that's why that gives us the confidence for the revenue increase that we are forecasting this year.

**Shalil Shroff:** And even just to add, as you know, that the tariffs from China into U.S., that is also giving a good advantage to many of the Indian agro companies to get a good footprint into that market.

**Ankit Gupta:** Sure, sir. Because if you look at our performance on the export side because of the challenging environment, last year, we saw our Europe sales declining from INR340 crores to almost INR240 crores. So do we expect to go back to the FY '24 levels or like it will take a year for that?

**Vinod Gupta:** I think this year, we'll reach FY '24 levels on exports market. I think we don't see and maybe it will be slightly higher, but we'll at least go back to the same levels. Please keep in mind, I think when the earlier high number was there, that time prices were much higher. So in fact, this year, volumes will be much higher, but the prices are lower. So overall, our market share and the demand is looking healthy that way.

**Ankit Gupta:** Sure. Sure. And how is the pricing? Any views on the pricing? Have we -- are we seeing some signs of improvement in the pricing? Or you think the volumes have bounced back, but the pricing is yet...

**Vinod Gupta:** Volumes have bounced back. And as I -- sorry, sorry. I think volumes have bounced back and the question, I think, has come again. But broadly, we are seeing prices have stabilized at the bottom level. For some products, we have seen some 3%, 4%, 5% price improvement. But I think as the year goes by towards the end of the financial year, I think we should see pricing improving for most of the products.

**Moderator:** The next question is from the line of Jatin Damania from Svan Investments.

**Jatin Damania:** Just one question. Mr. Gupta in his opening remarks alluded that we are exploring a third-party manufacturing options. So just wanted to understand, definitely since our capacity has been restricted as of now till the new manufacturing blocks come. So what size of order visibility that we have at this point of time where now we are looking at exploring third-party manufacturing options? And what sorts of revenue this could be -- this could probably add to our overall business?

**Vinod Gupta:** So I think the way to look at this is that as we introduce more and more products, I think what happens is the client changeover, equipment changeover and these campaigns because in the beginning, when you introduce a new product, maybe the order will be 10 tons or 20 tons to begin with, which gradually improves over a period of time where you can have a dedicated facility.

Now when we have this kind of opportunity being explored, sometimes the equipment availability becomes a challenge. And what becomes important for us to keep our IP, that is whatever in-house research work that we have done is kept -- all those processes are done in-house.

Now in order to cater to any such requirement that we foresee coming, we actually are identifying some partners where we can take these processes out quickly and at least not lose any market opportunity that is coming up. So that's the way we are looking at it. And this -- any upside is again a part of the revenue projection that we have done. So if we have said that 20% revenue growth is what we are forecasting in this, I think everything is clubbed into this only.

**Moderator:** The next question is from the line of Rahul Jain from Credence Wealth.

**Rahul Jain:** Sir, with regards to the product side, last year, we introduced about 4 products and the year previously, we had 5 new products. So I think total 9 new products had contributed about 12% to your revenue in FY '25. So -- and you have mentioned that we have a significant pipeline of new products over the next 6, 8 quarters. So this year, what kind of further product addition do you feel we are doing in the current year? And so that would be from 12%, what kind of further improvement do you feel is possible in this year as a percentage of revenue?

**Vinod Gupta:** I think I've mentioned that we have responded to this query earlier also that this year, again, we see a very good product pipeline going for commercialization. So at the moment, we are confident that we will commercialize minimum 5 or maybe more products during the year, depending on -- I think our R&D work is progressing very well.

In some cases, there may be some delay because of the customer approval and various application trials that are done once we submit some submissions -- sorry, once we submit samples, okay? Now as far as revenue projection is concerned, I think it will be higher than 12%. Obviously, year-on-year percentage of contribution from these new products will keep on increasing. And that is our focus area for all the effort that we are making.

**Rahul Jain:** Sir, some broad range in terms of the gross margin of these new products, the 9 and further what are we introducing this year. Can you give us some range whereby the gross margin of these new products, how much higher they are compared to our existing business, the base business?

**Shalil Shroff:** So basically, please understand that this is a con call and such numbers as per the SEBI guidelines, we cannot give you. But as I did mention that one of the speakers did ask us that what would be your gross margin going up. And as I said that as the new products come in, we are at around 33%, 34%. We expect to go to 37%, 38%. And next year, we'll grow further.

So we'll keep you informed as it happens, but we're very sorry, but certain things as per the guidelines, it's a little difficult for us to really spell out the exact numbers. And I hope you understand that, please.

**Rahul Jain:** No, no, I do appreciate that. And the last thing, in your presentation, you have mentioned about doubling the R&D setup in the current year. So just to understand what do we infer from this, whether we are talking in terms of adding a new lab or doubling the headcount or spending x amount of money on the R&D?

**Vinod Gupta:** Sir, physical setup will be double of the existing site, whatever we have. So that expansion is already in progress. And also because in order to get the increased physical setup, we are adding new people continuously. So it means both. When we say doubling, it is adding of people and assets, physical assets both so that we can take up more products at the same time for development.

**Rahul Jain:** Sure.

**Shalil Shroff:** And also just to add, in R&D, it's also very important that we look at the existing products, the products which we do for customers and the products which are going off patent. So for that, we definitely need more talent and which we are working. And as you see the progress in the next couple of years, we'll be adding more and more niche products with better contribution for which obviously we need skilled manpower and which we are definitely working and we already have in place, and we are adding more to get it more flourish in terms of new product development.

**Rahul Jain:** Sure. Just last one thing -- last thing. Sir, in the current quarter, we have already grown much higher than 20%. It's almost a 30% plus growth in terms of revenue. And we have been guiding in the previous call also and in the current call also in the previous questions, you have spoken about around 20% top line growth. So given the kind of growth which we have had in quarter 1, so do we -- are we guiding for a much conservative number? Is it a fair assumption?

- Vinod Gupta:** I think as a management, we are supposed to be conservative. So that's the basic principle we are supposed to follow, I think on a lighter note. But I think at the same time, our effort has been to see how to smoothen the capacity utilization and take strategic call from time to time. So broadly, I think we stick to the number of 20% forecast for the year. And yes, obviously, we are putting efforts to do better, but I think that we keep our forecast at a conservative number of around 20%.
- Shalil Shroff:** And also as being Agrochemical, the registration time. So we are working. In fact, it's quite on advanced stages, but this is in different geographical part of the world. So as and when the registrations take place, the product volume will increase, that will in turn increase our -- from 20%, we can go to 25% to 28%. I think we can take 2 last questions, please.
- Moderator:** The next question is from the line of Rudraksh Raheja from ithought Financial Consulting.
- Rudraksh Raheja:** Yes. One quick question on the manpower needs. You said that we are expanding there. Should we expect some major impact on the P&L because of this?
- Vikash Khanna:** See, on the employee cost, as you would see that while our top line is growing handsomely, our employee cost has not been that high. So if you see our financials, we were at about 11% of our total revenue in FY '25 and which has gone out a little higher because we were recruiting a lot of people for this new businesses that were coming in. But we've been in the range of about 10% throughout.
- But this quarter, because of a higher revenue, we've been at about 8% of revenue as our employee cost. So as the revenue keeps increasing, going up, our cost, which is kind of a fixed cost for us, employee cost will not grow in the same proportion. So while it will grow with our growth in the top line, but it wouldn't be in the same proportion. So obviously, there will be a benefit to the company in terms of reduced cost of manpower as a percentage of sales.
- Rudraksh Raheja:** Got it, sir. But this quarterly number, in Q1, we have incurred around INR25 crores. Should we take this as a quarterly rate for employee expenses? Or do we see that rising?
- Vikash Khanna:** No. So you can take anywhere between 7% to 8% is where we are targeting. But yes, on a higher side, we have never crossed 10%. So we'll try and fix it up within that range. So a good scenario would be about 8% to 9%, but yes, we will restrict ourselves to about 10%.
- Moderator:** As there are no further questions...
- Shalil Shroff:** I think we can take the last question, yes. Okay, very good.
- Vikash Khanna:** Okay. Thank you.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to management for closing comments.
- Shalil Shroff:** So I thank everybody for your precious time. I hope me, Vinod and Vikash could help you with all the questions. But feel free to contact us any time. And keep -- please be ensured that we, as the management, are doing our level best to ensure that on a year-to-year basis, we

grow not only on the revenue, but even on the bottom line. Thank you once again, and a very good afternoon to everybody. Thank you.

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

**Vinod Gupta:** Thank you.