



“Insecticides India Limited Q2 FY2021 Earnings Conference Call”

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November 10, 2020

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Moderator: Ladies and gentlemen, good day and welcome to the Insecticide (India) Limited Q2 FY21 Earnings Conference call hosted by Prabhudas Lilladher Private Limited. Before we begin, I would like to mention that certain statements in this call could be forward looking in nature and are subject to risk and uncertainties which could cause actual results to differ materially from those anticipated. Such statements are based on the management's beliefs as well as assumptions made by information currently available to management. 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 the conference call please signal an operator by pressing * then 0 on your touch tone phone. Please note that this conference is being recorded. I now have hand the conference over to Prashant Biyani from Prabhudas Lilladher Private Limited; thank you and over to you sir.

Prashant Biyani: Hello everyone, on behalf of Prabhudas Lilladher, I welcome you all Q2 FY21 Earnings Call of Insecticides (India) Limited. I would like to thank the management of Insecticides India for taking out time for today's concall. From the management side we have Mr. Rajesh Aggarwal, Managing Director, and Mr. Sandeep Aggarwal, CFO. First, I will request Rajesh Aggarwal ji to discuss about the company's results and key industry highlights for quarter 2 and then we can start with Q&A. Rajeshji, you can take it forward.

Rajesh Aggarwal: Yeah, sure thank you very much. This is Rajesh Aggarwal, MD, Insecticides India Limited and I take this opportunity to welcome all the participants to this Q2 conference call.

As you are aware, we continue to see good rainfall in the beginning of Q2 and the expectation from Kharif season were high. But somehow it was a continuous rainfall and levelling of the areas in the country suffered, particularly eastern zone due to continuous rains, particularly Eastern UP, Bihar, Assam and other North Eastern states and then there was flood like situation in the dry crop areas of central India like many areas of MP, Maharashtra, they suffered due to the excessive rainfalls and this excessive rainfall continued in north India and western part of the country and then also in southern zone. So, what happened was that many of the sprays which were about to happen, they got missed. Despite having good rainfall, the opportunity to use pesticides lowered a little. We can therefore say that there was a loss but still it was a good season.

Coming down to the company's performance in this quarter, it was a decent quarter full of challenges as there was lack of movement of the people. We had to face challenges in the plants, fields because the people were not able to travel the way they used to, the people who used to travel 5 days in a week, they were hardly travelling for 3 – 4 hours and they could not cover long distances and could not touch base with the customers. So, there were challenges that we were not able to contact our retailers WDED, somewhere even the distributors and, of course, our ultimate customer farmer, it was difficult to contact him all through. So, we were using social media, we were trying to organise online meetings, nearby to the headquarters of the people but still that was a challenge. But despite of such challenging situation, we have done a wonderful job and we have registered total sales of about Rs. 456 crores in Q2 of FY21 which shows a decline of 9.4%, the brand sale had a overall decline of 15% with Maharashtra declining by 4% and other brand products by 25%. The institutional sale and export has increased by 9.5%. For the overall revenue, this is not a normal year, we all are facing this Covid situation for a first time actually and it's not a highway to run on full speed. So, our focus was more on cash sales and higher collections. I am very thankful to my team that they took this challenge in these difficult times when selling and collection was difficult; they have collected what they have sold. I mean to say we are working on cash-and- carry basis, we are trying to sell the product on small credit in certain areas and despite all of that we are able to touch this 90% plus sales in these difficult circumstances. And if you look at the EBITDA, EBITDA is Rs 58 crores with margin of 12.7% and PAT margin has come to 41% with the margin of is 9%. The profitability of

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this quarter is subdued due to the challenges which were there in the markets and also the prevailing conditions of Covid but despite of that there are certain positive aspects which I would like to highlight.

We focused on working capital management and as a result the overall cash conversion cycle has reduced to 115 days in the first half of FY21 from 184 days in FY20. The company has generated robust cash from operations which amounts to almost 156 crores. Our total debt has reduced by 128 crores in the first half and we have generated a cash surplus of about 80 crores in the end of September 2020. In light of the strong cash flows, the Board of Directors have announced the interim dividend of 20% in this year.

So here I would like to tell you that in my opinion this was not the correct time to move very aggressively into the market but rather to strengthen our production capability and be ready for the time when the markets open up and we are ready with the products. So, with that in mind we have about 10 new products which are going to come into the next fiscal and in second half of this year, so we are not going to delay these launches. As we bag the registration, we'll try to be ready for these products and we would like to do the trial launch in this year itself so that we start getting the advantages. So approx. 10 launches to be done, out of which 3 good launches have come in which I would like to name in second quarter of FY 21, they are Master Stroke, Dominant and Mahir. So, these new products have contributed about Rs. 10.6 crores to the total sales and Dominant is receiving a very good response from the farmer. This is a very good product for BPH in paddy and also for sucking pests in cotton, and we are very, very hopeful that this will multiply in the next year. So in the first half we have launched about 5 products and we are expecting to launch many more in the second half of this year and we'll continue the journey because I believe with the movement of Make in India and we should be able to bag more registrations and most of these products are very interesting products which will be coming out of our R & D and through our Japanese partner, so we are very confident that we will have many great products in the second half of this year and particularly giving the effects in the new fiscal. But I am devoting this time in setting up the plant and investing in these plants to make this proper synthesis as well as the formulations. So now I would like to talk about Thimet which is our flagship brand and you are aware that we have not sold Thimet this year. But the good news is that we have launched Lethal Granules this year, Lethal is another flagship brand and we launched the granules and we have received a tremendous response for Lethal Granules in this fiscal, and looking at that we will be multiplying the sales of Lethal Granules in the second half of this year and, of course, the next year. And along with this we are also planning to launch 2 new products Taraki, Taraki is a product which is another granule and which will be coming from our partners OATJapan. We wanted to launch it early but now it is coming this Diwali, so in the month of November we are bringing this product to the market and are very hopeful to achieve a good success. And then there is one more product which is cleared by CIBRC, but we are am preparing for the technical benefits and we will be launching this product in the last quarter of this fiscal. So, we are coming out = with these three products, Lethal, Taraki and Supremo which will be able to compensate Thimet in full in the coming fiscal itself. So, I believe that we will be able to make 100% in the next year itself, whatever we have lost in Thimet so that will be made by these 3 products only out of which Lethal is already launched, Taraki will be launched in November, and Supremo will come in the next 3-4 months time period. We are committed to drive the growth and profitability as we have to strengthen our capital structure. We are now well positioned to launch new innovative molecules and improved product mix and head towards the era of growth and higherprofitability. So, we are working on strengthening the manufacturing facilities in both the synthesis units at both the locations in Rajasthan and Gujarat. We are ramping our distribution channel that as we bag the registrations, we launch these products into the market and we are also strengthening our formulation base at all the locations including: two locations in Rajasthan and

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Gujarat including SEZ. We are using this time when we cannot move around the market in a big way in strengthening our plants. But I am very hopeful that the second half of this year will also be very productive and overall during this year we should be positive both in terms of the top line growth and the bottom line growth. With this I thank all the participants and now I open the house for questions.

Moderator: Thank you very much, sir. We will now begin with the question and answer session. The first question is from the line of Rohit Nagaraj from Sunidhi Securities, please go ahead.

Rohit Nagaraj: Thanks for the opportunity, and congrats on making the balance sheet debt free. My question related to this that now since the balance sheet is debt free how are we planning to use the cash flows which will be generated over a period of time, so is it going to be capex focused or maybe significant amount of this will go to R&D, or what are the plans for the same for the next couple of years.

Rajesh Aggarwal: Yes, the expansion is on our way, we have budgeted about 150 crores for two years, out of which about 40 crores for spending in the next year and this year again there is a budget spending of 50 crores. Of course, we will be increasing our numbers in a phased manner, so we will need working capital also. So initially most of these funds are going to go in capex and working capital. We are spending decently in these R&D centres and also in the registrations. When I say registration, because it is not easy, I can make a product, but I have to register that product in the country and then I have to take the registration across the world. So due to Covid situation in 4-5 months, the expenses are reduced particularly on the registration but still we have a long queue of products where we are working and we are trying to take them to international market and trying to register more and more products in the country. So R&D expense in registrations and in developing these products will continue actually in all directions. So majorly the expenses will be here.

Rohit Nagaraj: Okay, thanks. Also a second question is in terms of the export target, you had indicated that this year it will be 100 crores but probably you may fall short of it, so what is the plan for FY21 and how do we pursue it for FY22.

Rajesh Aggarwal: We have not reduced our plans for FY21, it still stands at about 100 crores, we have a lot of orders pending in hand. The international scenario is continuously changing actually, there is shortage of certain molecules which we have to supply, as we have got the confirmed order. So, we are trying to arrange those molecules. We have not reduced the targets for export at this moment, so the target is to cross 100 crores and we wish to grow continuously. So, we have set the targets, so let's look forward how we perform in this quarter, then we will take a call, but as of now we don't want to reduce the target at this juncture.

Rohit Nagaraj: And, sir, last question on the guidance plan, so last call you had indicated for FY21 you expect to cross 1500 crores next year and you expect better bottom line as well. So how do we foresee after the first half is over?

Rajesh Aggarwal: I will not talk about the number exactly, but I will say that we are positive both in top line and bottom line. On a year-on-year basis, you will see the growth in the top line, still we are growing despite a decline in this fiscal quarter. In terms of bottom line as last year it was subdued, I am very confident that there is no risk of that type and we should be positive, so I am still hopeful.

Rohit Nagaraj: Thanks a lot, best of luck and Diwali wishes.

Rajesh Aggarwal: Thank you for the Diwali wishes.

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- Moderator:** Thank you, participants to ask a question you may press * and I. The next question is from the line of Kunal Sabnis from VEC Investments, please go ahead.
- Kunal Sabnis:** Hello, sir. I wanted to understand the strategy for cash sales and so what does cash sales exactly mean, does that mean there will be no credit or is there cash discount or debtors to pay off. And if you could compare that with what was it last year, I mean that will help me understand this strategy better.
- Rajesh Aggarwal:** Generally there are distributors who will buy in cash and there are distributors who buy on credit. The people who buy on credit they buy with a credit period of 120-150 days, so the payment cycle increases. This year we have tried to control that payment cycle and tried to limit that within 120 days and in many areas we are pushing cash sales. So we are trying to move certain states to cash-and-carry model and we have got good cash collections, We have tried to curb the credit type of distributors, so we are not supplying material if they are not paying in time and if they are delaying for more than 90 days or sometimes we have given an extension to 120 days but we are trying to curb it. So, we have brought down the credit days overall in our system and we are trying to keep the cash sales which means cash-and-carry, of course, when they pay in cash we have to offer them DCD, but still we are trying to convert the market into cash market. We wanted to be debt free but this year the reason is in this challenging environment to collect cash late is very tough because many people are suffering from Covid, distributors, dealers, even in certain areas, the staff. So, the risk is very high, so I didn't want to take that type of risk in the market and in order to reduce the risk we have converted the market to cash-and-carry market.
- Kunal Sabnis:** Right, so as proportion of your revenue could you share that what percentage of your earnings could be in cash-and-carry and credit?
- Rajesh Aggarwal:** It is close to 50%-50% but Sandeepji will be able to tell it better, but more than 50% of the business would be cash-and-carry in my opinion.
- Kunal Sabnis:** And that will be higher than the last year?
- Rajesh Aggarwal:** Yeah, of course, it is all time high.
- Kunal Sabnis:** Got it, and does that mean that your debtors going forward will trend lower as a proportion of sales based on criteria you said earlier
- Rajesh Aggarwal:** Like we are talking of the second half of the year, our collection is more than our sales. So, if I follow that yes, our debtors will be lower and our collections will be better.
- Kunal Sabnis:** Got it, if you could give us a sense of the margins going forward, now our strategy has impacted our marketing little bit, do you expect the margins to return back to that of higher credit and higher margins, how do you look at the reduced margins in last couple of quarters' trend going forward.
- Rajesh Aggarwal:** We will have to divide it in two parts, for this fiscal I don't see any significant improvements in the margin. So, they will remain at this level and they will increase slightly. So, last year's second half there was a decline, so that decline is not going to happen, this will increase. So, overall this year it will increase. When we are talking about the next fiscal year, we are focusing to replace our product range, so it is a continuous effort to bring the new products to the market and I wanted to bring a lot of them this season itself. But we got delayed. So, I am very confident to bag these registrations in the second half of this year, and once these registrations come

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in, so we will be doing the trial launches in the market and this means that our product will be ready for next year Kharif. So, if we are able to launch these products in the market, this will give a momentum to the company because we will be taking these molecules to the farmers with new generation products with higher margins. So, I have seen that despite our policy of cash, the profitability will not shrink further. Rather, it will show an improvement..

Kunal Sabnis: So, 15% to 16% margins is possible in the following year?

Rajesh Aggarwal: I'll not give numbers, it will depend on that registrations we have done and the products we launch and the timing of these products. But it will start showing improvement. We have not planned exact numbers for the next year yet. But yes, I think by December we are planning that we hope that business normalises. So, before the festival we will start our planning and will be able to share the numbers in the next call which I believe will be better.

Kunal Sabnis: One last question regarding the Nuvan inventory, is it all over or it is still somewhere remaining?

Rajesh Aggarwal: We have just made that small inventory. I think we should be able to finish by November itself.

Moderator: Thank you. The question is from the line of Bhaskaran S, shareholder, please go ahead

Bhaskaran S.: First of all, I would like to thank the management of the company for showing a very decent and very good performance compared to last quarter. I also had the benefit of hearing the management's version of what is going to be there in future. I know that there are a lot of positive things going to happen in future also. I am very glad about the result as well as the plan of the company in the future. But I have two questions which are related to the last quarter results. In the last quarter results there was a mention about fraud and the company has filed a police complaint against its own employees and they have provided an exceptional item of 10 crores out of total receivable invoice of 20 crores, isn't it? So, I would like to know what is the time status on both cases, whether the company has recovered anything and what is happening to the remaining 10 crores also? How the company is going to do it? And what are the steps taken the company has taken to deal with them prior being implemented to prevent such occurrence of frauds in future. Because 20 crores is a large amount, isn't it? This is my first question.

Rajesh Aggarwal: Yes, we have encountered a fraud in the last quarter. This was the old team I would say the team like the head of business was the major culprit, who was working with us for more than 20 years, from the inception of the company. I never believed that this person could do thing like this. It was a one-off thing which happened with us. We filed a case against these people. So, the three people are still under arrest including the three staff who were the main culprit actually and one distributor. So, the complaint was filed against 16-17 people and police is about to file the charge sheet. I had heard that they have filed the charge sheet yesterday but we have not yet received the copy but they have not arrested those three people. Out of various people we have made three settlements so far and the contracts are signed to get the money. They have issued us PVC and they are going to honour those PVC or they are going to send the RTGS for those payments. So, these agreements are signed for the settlement is about 4 crores and the discount which we had given is to the tune of about 60-70 lakhs. So, these three contracts are signed so far and the people are there in court, the police case is filed so still the legal battle is on and we are trying to do more settlements. So, as we get the opportunity, we would like to settle the things as early as possible. So, we believe that there may be a hit, for that we have taken a provision. But I think that we should be able to make better recovery out of this. So, as the things progress, we will keep everybody posted.

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- Bhaskaran S:** What are the systems you have introduced or being introduced to prevent such occurrence?
- Rajesh Aggarwal:** We have done two things. One is we have adopted control mechanism and we have strengthened our controls, the credit limits we have reduced and there are multiple checks by finance and also from the auditors now and auditors have given certain suggestions which we are going to implement soon. So, many things we are doing in this direction. Our internal auditors our statutory auditors and our team, all are working to introduce for better check policy, like we are trying to strengthen our security systems and also the indulgence of finance department more into sales. I mean to say in multiple checking of the papers because this system of the waiving was not there in Chhattisgarh and from all other states there is waiving. So, there could be advantage of this situation, which we didn't realize and we are working. We were telling about the benefits of the party once the invoice is raised but now we are trying to build in a system, wherein we will be able to inform the party as the material is dispatched. So, there will be multiple levels information to parties, through e-mail, through SMS and there will be controls in the market. Also, we are trying to check the e-mail invoices multiple times actually on a monthly basis so the audit teams also are stringent along with the marketing part. So, we are trying to adopt the measures so that this type of fraud does not repeat.
- Bhaskaran S:** I am very much glad with your team who have taken such stringent steps towards this fraud. Can you please update us on the current status of investigation and action taken by you ?.
- Rajesh Aggarwal:** Immediately a complaint was filed and the people were put behind bars. The important part is there was a monetary loss and it is the public money, but at the same time the reputation is very important because we are always working across the country and extending so much credit to people so one incident can lead to multiple incidences. We have to set an example so we have not taken any relaxation and we have filed complaints against all the distributors, they are absconding today, police is not able to arrest them but we are working on that.
- Bhaskaran S:** I am very glad sir. One question, I observed in the balance sheet, your cash balance is close to 80 crores and short term borrowing amount is 8 crores at the end of 30-Sep. Do you have any plans to make the new borrowings or looking to expand with a new facility?
- Rajesh Aggarwal:** This time I don't think we'll need to borrow actually because we will be sitting on hard cash. We are investing in these expansions but the pace of investment is very slow. Like, we are planning to invest 50 crores this year, 50 crores next year will be enough to cover all our expansion budget, so at this moment, I don't see any need of any borrowing actually.
- Bhaskaran S:** Thank you so much. I wish you all the best.
- Moderator:** The next question is from the line of Rohit Nagaraj from Sunidhi Securities. Please go ahead.
- Rohit Nagaraj:** Thanks for the follow up sir. How has been the trend in terms of the procurement of materials from China both in terms of intermediates as well as technical? And how was overall import situation and the pricing? Thank you.
- Rajesh Aggarwal:** Actually the country's policy as you know is, I would not say stop but at least restrict exports from China, so a lot of problems are coming into imports. During this quarter itself lot of shipments were delayed and then alone in the last one month there has been another problem at customs to many importers who are importing technical or who are even I would say high overseas transactions, so there are some issues. So, overall I would say the policy of the government is to restrict China and

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shift towards Make in India. So, we generally do not import anything technical from China, just sometimes for exports. When we are doing import for export, so in those cases we buy some technical, otherwise we are basically importing the intermediates and making the technical in-house from these intermediates. For these intermediates also we are trying to work out that for some of our major products we can do backward integration so that we can avoid import of raw materials also. So, we are working on that direction for 2-3 products and I believe that when this phase of expansion will complete we make the intermediates for at least 3 more products and like releasing the imports for these products. We are doing the expansion with two things in mind, number one, to introduce our products. Number two, to do the backward integration with certain products so that we can compete better in the international markets.

Rohit Nagaraj: Thanks. How has been the pricing trend, have you seen the prices increase in Q2 and in recent past like last one-and-a-half months?

Rajesh Aggarwal: The trend is very tricky. It's always a cycle up and down. So, it was reducing in Quarter 2 but in the last 1-1 ½ months the trend is reversed, all the prices are going up again. So, that is the situation.

Rohit Nagaraj: Thanks. One clarification on CapEx plan. We have 110 crores of CapEx over the next two years which is including FY21 and FY22. So, how is it changed and whether a part of that plan will be commissioned earlier than the entire CapEx? So, we will have some facilities which would be utilised for FY22 or the entire CapEx will come at one go? Thank you.

Rajesh Aggarwal: We are expanding majorly at 3 locations and if you look at all minor expansions also, then we are expanding at 5 locations. So, nothing will be at one go. They will be things which are coming in phases because we have already started utilising some parts of that CapEx, but not majorly. So, everything is lined up. So, some plans will be completed in this fiscal, some plans will go into next year, so the biggest expansion is in Dahej which is going to take some time. It will go into the next fiscal also because it is a bare plant from the technical synthesis. So, it will be phased actually, I would say. So, I can say SEZ phase 2 will be completed in this fiscal. Chopanki technical plant, Chopanki Formulations facility expansion will get completed in this fiscal. The Dahej technical plant will get completed in the next fiscal, it will be a little in those terms the expense will come in next year. So, whenever we buy something we take some advances and some payments are paid later. So, we may do the expense but we may not have paid them in full. So some payment will go to the next year also because the things will become generic every March, so that may get paid in April-May and whatever the other machines are coming in April-May-June so that will get paid. I am not sure about this year fiscal, it will be 50 crores, 60 crores or 70 crores but this 100 odd crores will get distributed into it.

Rohit Nagaraj: Thanks a lot and best of luck, sir.

Moderator: Thank you. The next question is from the line of S. A. Narayan from Capricorn Research. Please go ahead.

S. A. Narayan: Thanks. Rajesh, while I appreciate your business performance and approach and I am glad that you have been able to get on with a cash and carry business and release cash. Are you getting a benefit of purchasessay in cost of goods, are you able to buy now a little cheaper now that you can afford to pay cash?

Rajesh Aggarwal: At certain places, yes. And many other places like I must say that opportunity is striking is such a great way because particularly the government policy has also changed and now MSME suppliers

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we have to pay 45 days compulsorily, so that has come as a burden and we don't get much credit out of MSME. We have to pay them within 45 days. So, our large suppliers plus many places we are getting the benefit. I would say it is mixed. So yes, we are open for CB schemes, we are already floating the CB schemes and any vendor can come and get discount from us, so we are offering that we are trying to push that actually. We have not received the benefit in a big way that we should have actually, but maybe because of the COVID situation also, things were disturbed but now yes we should start getting.

S. A. Narayan: So, this approach to business has not added to a world profitability either on the buying side or on the sell side?

Rajesh Aggarwal: So, far I can say in the COVID times, yes. You may be true partially.

S. A. Narayan: Second thing is a minor one but with a request to hear it. The website side is quite outdated.

Rajesh Aggarwal: Yes, I understand. Our new website is delayed a little because of this COVID situation. The launches expect it very soon, so you will see a new website before we talk next time. That is for sure.

S. A. Narayan: Great. Because it is making it difficult for us to do the trend analysis.

Rajesh Aggarwal: You have pointed out the correct thing. That was a weakness on our part. Somehow that has taken time but maybe we can launch it very soon, but still I ask for two months time, the new version will come in this calendar year.

S. A. Narayan: All the best to you and happy Deepavali.

Moderator: Thank you. The next question is from the line of Prashant Biyani from Prabhudas Lilladher. Please go ahead.

Prashant Biyani: Thanks for the opportunity. There was some news of import controls from China or even government planning to introduce TLI scheme for Atchem. Any timeline which you are kind of hearing by when these measures can be introduced if government has any plans to introduce?

Rajesh Aggarwal: Actually, government plans sometimes take a long time, so I don't know the timeline but at least the government is thinking in this direction which is very important. So, we are quite hopeful that as and when the government gets the opportunity, they should implement this for the betterment of the country and we wish to see more Make In India with the benefits coming in. There are restrictions already which many of the companies are facing which are major importers. Somehow we have not faced any such problems during the last two months but I know the people are very panicky. The situation is difficult but I would say it's the opportunity to Make In India and we would like to do that.

Prashant Biyani: And how is the rabi season looking like till now?

Rajesh Aggarwal: Rabi is quite decent. The water availability is there due to the excessive rainfall whatever happened before Dusshera or rather I should say before Navaratri, because it rained all through Navaratri and after Navaratri the rains are not there. So, there is water availability, so there are no issues with the rabi season, so the expectations are decent.

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- Prashant Biyani:** While your SEZ phase II and Sopanki technical and formulation plant will start this financial year itself, but can we expect some benefit in Q3 or Q4 in terms of higher revenue from these plants?
- Rajesh Aggarwal:** I am not sure about that actually timeline because this is the low part of the season because it starts in what capacity then, so that is already a question mark. So, not sure, but yes it will be continuing. But the real benefit should be visible in the next year actually, so we may start manufacturing and stalking something and something next year also, so that will definitely help actually. But giving numbers will be difficult at this moment.
- Prashant Biyani:** At last sir, can we get the breakup from Sandeep ji of B2B sales, B2C sales?
- Rajesh Aggarwal:** Yes, all the breakups can be made available. I have already mentioned some of the important points but Sandeep ji can give more details like Maharatna drop by 4%. Institutional sales has gone up by 9%, export has gone up by 5%. So, these figures are shared but we will share information requested.
- Prashant Biyani:** Sure, thank you .
- Moderator:** As there are no further questions from the participants, I now hand the conference over to the management of closing comments.
- Rajesh Aggarwal:** Thank you very much for supporting us in these times. These are COVID times, anyway difficult but its great we are keeping ourselves running in the plants and market. And because of the COVID challenges our performance has dipped in this quarter but overall in the first half, it is reasonable and I believe that in the second half we will beat last year performance so that we are profiting both in top line and bottom line. Thank you very much.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Prabhudas Lilladher Pvt. Ltd. that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Notes:

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