



“Insecticide (India) Limited  
Q1 FY2022 Earnings Conference Call”

**August 11, 2021**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY2022 earnings conference call of Insecticides India Limited, hosted by Asian Market Securities Limited. 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 touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Saurabh Kapadia from Asian Market Securities Private Limited. Thank you and over to Sir!

**Saurabh Kapadia:** Thank you. From the management side we have Mr. Sandeep Aggarwal, Chief Financial Officer. Without further ado, I would like to hand over the call to Mr. Sandeep Aggarwal for the opening remarks. Over to you Sir!

**Sandeep Aggarwal:** Good afternoon everyone. Myself Sandeep Aggarwal, CFO on behalf of Insecticide India Limited, I welcome you all to the Q1 FY2022 results conference call. I hope you and your loved ones are staying safe and healthy during the health pandemic.

Our Managing Director, Mr. Rajesh Aggarwal, could not be present on this call due to health issues. We would continue with our usual approach. I will present company’s financial and operational performance during this quarter and then we will open the floor for question-and-answers.

Let us have a view of the industry from here. First quarter of the fiscal year started on a mixed note. Second wave of COVID-19 impacted the economy and continued state wise lockdowns restricted the business activities to varying extent. Agriculture sector was largely less impacted with stable demand but spillover impact of general macroeconomic environment, slowdown was present hampering operations of dealers, distributors, and market outreach program of the company. There were scattered and delayed monsoons present in the initial stages, though we are expecting a revival in the monsoon, but the current situation led to delayed sowing in the second half of June.

Now let us discuss about the company’s performance. In the Q1 FY2022 Insecticide (India) saw a strong growth in sales on both sequential and year-on-year basis. The company reported revenue from operation of Rs.468 Crores showing a growth of around 14.3% on a year-on-year basis. In this branded sales for the quarter was 305 Crores, a growth of 2% year-on-year basis and contribution of 65% to the total sales.

Institutional sales stood at 124 Crores, an increase of 29% year-on-year and contribution of around 27% in the total sales. Export revenues grew significantly by 180% year-on-year to Rs.39 Crores. I would like to highlight that Lethal Group of products are receiving positive response in the market as a substitute of sales of both Thimet and Nuvan and entire Maharatna product range is experiencing good growth.

In the first quarter, EBITDA for the quarter stood at 53 Crores with a margin of around 11.3%. Operating margins were slightly impacted year-on-year basis due to the increased share of institutional sales and the institutional sales margins are lower than the branded sales margins. Net profit for the quarter was at Rs.35 Crores with margins of 7.4% which are improving and moving closer to the pre-COVID levels.

During the quarter, we have received three 9(3) category registrations. The new products will further strengthen and improve our product portfolios and at present we have total of 20 products approved under 9(3) categories. Due to pandemic challenges, there is delay in receiving approvals from the regulatory bodies, so new product launches are getting affected, still our plan is to launch five, six new value added products in FY2022 even considering this situation.

One product, which we have already launched in the month of July called Hachiman is giving us a very good response in the market. New products launched in the last fiscal are witnessing positive response from the market and we had registered a sale of around 12 Crores during this quarter and we are expecting that they will see a stronger growth in the coming years.

As mentioned earlier, we launched Lethal Group of products for replacing two shelved off products, Thimet and Nuvan and these are receiving positive response in the market. Looking ahead we are optimistic on long-term growth of agri sector due to strong fundamentals and being the backbone of Indian economy. In short-term we have to be cautious as recovery of both economy and agriculture will depend on impact of sequential waves of health pandemic COVID 19 and our nation's ability to contain it.

We believe the temporary setbacks are behind us and company will deliver strong growth going forward, as we receive new product registrations and improve our product mix which will definitely help the company to improve its bottomline.

Thank you. Now I would like to hand over the call to moderator and address question and answer queries. Thank you.

**Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Saurabh Kapadia from Asian Market Securities. Please go ahead.

**Saurabh Kapadia:** Sir, if you can give more details in terms of demand environment post Q1 so, if there is monsoon progression, how the demand in the domestic market is shaping up?

**Sandeep Aggarwal:** As far as after Q1 in the month of July, there are good rains except some states across the country and yes definitely the sales in the month of July is also quite good and we are hopeful that we will be able to meet our target of 10% to 12% topline growth in the full year

**Saurabh Kapadia:** Sir, how is the situation with the distributors?

- Sandeep Aggarwal:** As far as distributors are concerned, though there was some delay in sowing but yes the sales have already started picking up and the materials is getting liquidated because this is the time second quarter when I hope that most of the materials will get liquidated even from the counters of distributors.
- Saurabh Kapadia:** I will come back in the queue.
- Moderator:** Thank you. The next question is from the line of Jitendra Agarwal an individual investor. Please go ahead.
- Jitendra Agarwal:** Thanks for giving me the opportunity. Sir, I have a few questions regarding expansion. What are the expansion plan for coming two, three years and how we are going to fund those expansion. I mean, is there any plans for equity dilution or it will be a mix of maybe equity and Debt or how it is going to shape out Sir?
- Sandeep Aggarwal:** As far as expansion plans are concerned, we had already last year given our guidelines that we will invest around 120 Crores in coming two, three years and out of that around 50 Crores approximately has been invested last year and even in this first quarter we had already spent around 10 Crores, 10 Crores capital advances is already been given, we are waiting for machinery for that and hopefully by the end of third quarter we will be able to start one or two projects. Since last year due to this COVID pandemic, they got delayed and some approvals are delayed due to that but now we have got the approval and we are ready to start the project, but yes all the amount invested in the expansion will be funded through the internal accruals. We are not going to dilute further or take any debt from the market.
- Jitendra Agarwal:** Thanks a lot Sir.
- Moderator:** Thank you. The next question is from the line of Dhruv from HDFC Asset Management. Please go ahead.
- Dhruv:** Thank you so much. One question was on the two products that we have got, I think the rest category products, is it possible to share what was the sales in the last first quarter for these two products, because I believe in this quarter you do not have the sales for these products, but there was there in the last quarter, is that right?
- Sandeep Aggarwal:** Last quarter there was only one product. Thimet we had already finished off last to last year and only Nuvan was there during this quarter and I think in the last year total sales of Nuvan was around 110 Crores and in the first quarter Nuvan sales I do not remember exactly in the first quarter, but in full year it was around 112 Crores.
- Dhruv:** Sir, if I look at our performance on a two year basis because even last year was a bit abnormal because of all the COVID issues so on a two year basis, so basically basis 1Q FY2020 so, if I look at this growth on a two year basis is about 30% in revenue, but if I look at some of the other

companies in your peers they seemed to have done on a two year basis have done a decent plus 50% kind of growth. So, is it because of the products that we have been catering to where probably the demand was not high or something else that you can point out why the growth has been bit below what the peers have done and when we think of peers I mean, I am referring to most of the other guys.

**Sandeep Aggarwal:** Practically as we are catering to the whole lot of basket and we generally depend on the new products and new introductions into the market for our products and we want to change the product mix also but during these two years of pandemic. The restrictions of the field staff are very restricted even they are not able to give proper demo to the farmers, they are not able to provide them with all our benefits of the new products so that hamper our growth whereas the companies we are talking about their products are already established in the market. They are not coming out with the newer products. Whereas our company has started in 2001 and now trying to change our product portfolio, so when you come out with a newer technology, newer product in the market, first three years you have to work very hard with the farmers, you show them the results of the products and that can be done only by communicating with the farmers. That hampered us in the last few years even in this quarter that was a challenge again in this quarter.

**Dhruv:** So, basically for us it is the new product which drives a lot?

**Sandeep Aggarwal:** Practically, you can do the meetings in Zoom, but you cannot show the result.

**Dhruv:** Sir, but if I look at this way take for example the Maharatna entity would be the product that which is your overall category of products and the others I assume are the generic ones where you are selling relatively normal brands. But you keep hinting for a decent 50% of your B2C sales, but these are very regular category products. These are not giving you, I mean, I was trying to understand what am I missing? I mean, when you say you do not have very strong basket of your own products, so I am just trying to get some sense?

**Sandeep Aggarwal:** It is not like this. Though we are giving the generics into the market, but as tail cutting strategy we are not very keen to supply the generics in a big quantity and we are focusing on the new product Maharatna category, you are absolutely right. If you see, in either 2020-2021 there was a decrease of around 7% even in Maharatna sales. That is a big challenge for the company and that has happened only because Maharatna products contain the newer products only and for that you have to work with the farmers. You can do meetings electronically, but you need to show the results of your products into the market only then and in the very first day you cannot take care of the whole of the market. It will take at least two to three years to take care of your markets. So it depends on time and the COVID period is such a period that the movement was restricted everybody knows that and this year it was even more dangerous mainly shutting had also happened with our dealer distributors also so that was a big challenge. But still now we are hopeful that now people have started moving into the markets from mid of June so hopefully this

year if it did not happen again, then we are hopeful that both topline and bottomline will improve.

**Dhruv:** This is very helpful Sir. Sir, the capex guidance that you give, what is the capex for the year that you are targeting?

**Sandeep Aggarwal:** This year it will be around 60 Crores.

**Dhruv:** 60 Crores, okay. Sir, some comments on the margin profile, so we have about 12%-odd over the last two three years but this year I believe the red category products would not be there, so do you see some improvement in mix because of that and overall some guidance on the margins, how do you see that ranging?

**Sandeep Aggarwal:** As far as margins definitely the margins will improve with the change in the product mix and we will be able to work with our farmers then definitely it will improve on a faster pace, but yes we are targeting 15% of the EBITDA margins and hopefully in two years or three years, we will be able to achieve that.

**Dhruv:** Sir, this is across portfolio not just B2C right when you are saying 15% it includes the exports?

**Sandeep Aggarwal:** If you will see it is more than that. It will be across portfolio.

**Dhruv:** Got it. Thank you so much Sir.

**Moderator:** Thank you. The next question is from the line of Bharat Gupta from Edelweiss Securities. Please go ahead.

**Bharat Gupta:** Sandeep Ji good evening. Sir, just a couple of questions from my side, first thing regarding the inventory levels, so we are seeing that the monsoon is primarily remained erratic during the month of June and July so what is your sense on the inventory front particularly for herbicides inventory situations out there in the southern markets and the northern markets.

**Sandeep Aggarwal:** You are absolutely right. There are herbicides inventories in the market, but as far as the inventory is concerned, inventory will get diluted because now in the month of July, there are good rains and good demand in the market, so I am quite hopeful that the inventory will get diluted even from the billable distributor front also and we are not keeping a very good inventory for herbicide with our branches and our factories.

**Bharat Gupta:** Sir, if we look at the new product launches so definitely we have been one of the companies we have remained very aggressive in launching our new products so can you give us a sense what is the idea in the mix for our company currently and the potential of the new products, which we are going to launch. Can you throw some light on the products which we are about to launch and the products which we have even launched recently?

**Sandeep Aggarwal:** The products which we have launched last year so last year the total turnover of those products were around 58 Crores and during the first quarter we had already clicked a turnover of around 12 Crores from these products and hopefully the turnover from these products would be more than 60 Crores to 70 Crores this year. As far as the current fiscal is concerned, though we got the registration of three products, but we could not launch even a single product in this first quarter, we launched one product called Hachiman in the month of July and we got a very good response from the market. The product is with the help of Nissan and one product is from Insecticide these are a combination of these two products and we are hoping that at least four, five more products and registrations we will get during the year. Depending on the timing, if we get it after the finishing of the second quarter then definitely the bigger impact of the sales will come in the next year, but yes even in the second half there will be some sales, but that will only be for the introductory sales.

**Bharat Gupta:** Sir, if we look at the blockbuster products, definitely Green Label was amongst one primarily in the year 2016 when we launched it, so do we have some such kind of a product, which can become one of the blockbuster products going ahead, the products which is there in the pipeline, any such products which can generate a turnover of more than 200 odd Crores for the company going forward? Do we have such kind of products in pipeline?

**Sandeep Aggarwal:** Very difficult to say that there will be a single product who can clock the turnover of 200 Crores, very difficult to say, but yes there are certain products in lethal category like Lethal Gold and Lethal Granules we have introduced, Tadaki is one product, which we have introduced, all these products are showing very good results in the market and hopefully, the lethal group can cross 100 Crores and one or two major products are also in pipeline, one is with the Nissan. Once we get the registration, we are confident that these products would be a very big products. I cannot say more than 100 Crores or 200 Crores but yes definitely it will be more than 50 Crores. As a strategy, we are targeting to have 10 products in our kitty which can contribute around 50 Crores instead of having one or two products who contribute 100 Crores or 200 Crores, because at the time of running it gives you a bad shape like Thimet and Nuvan both were around 100 Crores, highest selling products and got banned, so it is very difficult to lose a 200 Crores sales and then maintain growth. We know how to do it, but it is a painful process, so it is better to have five, seven or 10 products with a 50 Crores turnover instead of having one or two products.

**Bharat Gupta:** Sir, what kind of a strategy are we inking, particularly scaling up these products like are we increasing our distribution base or are we going to increase our overall penetration of these products in the markets?

**Sandeep Aggarwal:** We are not trying to increase the distributor business, we are trying to increase our farmer base. We are trying to improve the penetration because we have to show the result of the products in the market. With these products if we are able to show or demonstrate good results, then we can penetrate among more farmers even out of your farmer kitty you can even penetrate to other farmers also. So, we are trying to work on the field with the farmer instead of working with the

distributors. We want to get the demand generated from the farmer, so that distributor can sell it easily. So that is our strategy.

**Bharat Gupta:** Just pertaining to our exports front, where we have seen a strong bit of an improvement, so what has been the key drivers behind this which has spurt in the overall level of growth?

**Sandeep Aggarwal:** Exports, the basic growth driver of export is registration. As and when we get the registrations of the newer molecules in the country, or the registration of newer countries definitely the demand will come from those countries and exports will get good boost. Though there is around 80% of increase in the exports in the first quarter, but still due to the problem of containers, which we are facing since last quarter of last fiscal also that is hampering our export as of now. We are having good orders in our hand, but due to the paucity of containers, I hope that even with this challenge also we will be able to double our export this year from the last year.

**Bharat Gupta:** Sir, if we look at our raw material cost issues, particularly are we taken sufficient pricing increase in order to mitigate the cost increase which you have seen in our raw materials and is there a likely scope of further price increase during the subsequent quarters as such?

**Sandeep Aggarwal:** Everybody knows that the pricing of raw materials are going very high, one reason is petroleum and another reason is China, but specifically it is not growing in a straightway in all the molecules particularly in one of our sourced molecule related it is going in one direction, but yes we are feeling that till December they are not going to down further, and as all these prices are increasing for the whole industry so it is easy to pass on to the consumer, but if it goes only for one end then very difficult to pass on to the consumer, but yes if some industry is having inventory of old stock even then it is difficult to pass on the whole increase that may impact your margins. But yes now we know that it is impacting the whole industry so whatever will be there, it will be passed on to the consumers in a phased manner.

**Bharat Gupta:** But generally speaking, what kind of a pricing increase has the industry been taken so far on the generic side, as been on the trans it side?

**Sandeep Aggarwal:** It depends on product to product basis, but you can say 5% to 7% increase can be there in various products and in some products there may be more than 10% to 15% rise also, but those products are only related to the phosphorus like glycolic acid, Glyphosate so these types of products are there, some you can say even fertilisers have gone up, so that is a particular category which is taking more price impact. Others are in the range of 5% to 6% overall.

**Bharat Gupta:** Thank you Sandeep Ji. Wish you all the best.

**Moderator:** Thank you. The next question is from the line of Deepak Kolhe from B&K Securities. Please go ahead.



- Deepak Kolhe:** Thank you for this opportunity. Sir, I have a couple of questions; how do you see the working capital days in this quarter and also if you can provide some guesstimate cash position as on the Q1?
- Sandeep Aggarwal:** As far as working capital is concerned, definitely in the first quarter if you see the working capital days, it will be on the higher side, so now we are having a good inventory of raw materials also with us because the supplies from China are interrupted and to have a smooth supply of that finished products in the market, we have good raw material inventory with us. As far as debtors are concerned, still the collection from the market are on the slower side because of the pandemic and the market is opening up now after July 15, so hopefully by the end of second quarter the working capital days will come down, inventory will also come down and debtor days will also come down, but as far as this first quarter is concerned, the debtors are on the higher side, the inventory is also on the higher side.
- Deepak Kolhe:** What about the net cash position?
- Sandeep Aggarwal:** Net cash position in the first quarter, we have not worked out the exact number, but yes it is not on negative side.
- Deepak Kolhe:** Sir, how do you see the raw material prices currently and what is the reason for stable gross margin despite higher raw material prices?
- Sandeep Aggarwal:** Higher raw material charges will impact you only when you are the only person, you are bearing the brunt of the higher raw material prices. This whole industry is bearing the brunt of higher raw material prices then the higher cost can be passed on to the consumers gradually. You cannot pass it on one go, but gradually you can pass on so the margin profile will not get impacted aggressively, but yes if it is only for one company, then it is a different, we are not going to get it back, but if it is for the whole industry then different, definitely the impact will be on the lower side.
- Deepak Kolhe:** Sir, we have guided for four to five new product launches in FY2022. Sir, but we have not launched any new products, in fact got, I think are we expecting any product launch in the second quarter?
- Sandeep Aggarwal:** Already, we had launched one product called Hachiman in the month of July. The response is very good from the market. It is a combination of the one product from Insecticide and one product from Nissan and we are hoping for the registrations of six, seven new products, it depends on the timing of the registration, but if I get it before the end of the second quarter then there could be some good sale, but if we get it after second quarter then there will be only introductory sale during the year and next year the impact of the major sales will come.
- Deepak Kolhe:** Sir, you have also mentioned about the 60 Crores capex for FY2022, is it only maintenance capex or are you going to spend on any, adding some like in backward integration you are doing?

- Sandeep Aggarwal:** Maintenance capex during the year comes out to be around 10 Crores to 15 Crores, so rest will be on the newer capacities. We are working on some new raw material manufacturing to reduce the imports from China, so those plants I hope that will get ready by December. So we are expanding on that.
- Deepak Kolhe:** Thank you Sir. Thank you very much Sir.
- Moderator:** Thank you. The next question is from the line of Riju from Asian Market Securities. Please go ahead.
- Riju:** Thanks for the opportunity. Sir, I would like to know the volume growth and the value growth and the value growth for Q1? So, if you could give these two numbers?
- Sandeep Aggarwal:** Out of the 14%, you can say the value growth would be around 6%, 5% to 6% and balance is the volume growth.
- Riju:** Also I would like to know like if you have taken any kind of price hike in Q2 if we look at the raw material prices that have gone up significantly and other companies are also doing some price hike in Q4 FY2021 or Q1 FY2022? Have you taken any kind of price hike or are you planning to take any hike in the next month or maybe next quarter?
- Sandeep Aggarwal:** Price hike, you can take only with a trend of the industry. It is not possible that only Insecticide can take price hike and others cannot take it. It is not like. If Dhanuka will take price hike, UPL will take, definitely, Insecticides will take. So any individual company can never take the price hike from the market because it is a consumer market. So, it depends on the product to product also. As I have already earlier mentioned that yellow phosphorus products they have got price hike in first quarter also and other products whose raw material prices are rising, due to petroleum products, or due to other reasons those products will definitely get price rise in the market and their sales have been will come.
- Riju:** But this hike that you have taken in the last quarter, that is enough to maintain your gross margin or like will you plan to take another price hike?
- Sandeep Aggarwal:** You cannot take price hike to maintain your margins. This is a consumer market and you have to work with the industry only, if all the players in the industry will take hike, in say, a product X only then you can take price hike in products, you cannot individually say that yes my margins are lower, I want to take price hike in for product X then definitely you are not going to get the sales of those products in the market. So, it is an industry trend. It cannot be individual company trend.
- Riju:** Got it. Sir, one last question on the export revenue so, the export revenue growth run rate that will continue for the full year? That we can expect.

- Sandeep Aggarwal:** It will not continue at that pace, 180%, but yes definitely with the challenge of transportation which we are facing, the container availability is very less and whatever containers are available the government is giving priority for the food grade items first. So, despite those challenge, we are hopeful that we will be able to double our exports in absolute terms from last year.
- Riju:** So, might be a good growth you can expect for FY2022?
- Sandeep Aggarwal:** Yes.
- Riju:** Sir, like which geography has seen the growth in Q1?
- Sandeep Aggarwal:** Basically the major growth in Q1 has come from the institutional sales, around 27%, 28%.
- Riju:** No Sir, which geography, in terms of in export market?
- Sandeep Aggarwal:** In export market overall I cannot specify a particular geography because across countries where we are exporting we are getting good response from all the countries. During this period, we got some registration in Brazil and Latin American countries also, so we will keep getting orders from them and we will start selling to them.
- Riju:** Got it. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Saurabh Kapadia from Asian Markets Securities. Please go ahead.
- Saurabh Kapadia:** Sir on the pricing front you are mentioning mentioned if industry-wide the pricing goes up. So looking at the industry level inventory, do you see any possibility that industry is adipose of price hike and also, how we are looking at the demand situation do you think that price hike is possible?
- Sandeep Aggarwal:** The price hike as already explained to you, the price hike can only be when the industry can take the price hike and as far as inventories are concerned there was a supply disruption of raw material from China and other countries, also people were not having much more inventory but yes with the situation of pandemic going forward, now industry is planning to procure the raw materials for at least three, four months in advance with the raw material which were procuring earlier in the month of January to March but what we are doing we are now planning to procure those materials from Diwali onwards. So that there should not be any short supply for the material in the market. But as far as some herbicide market is concerned due to the delayed monsoon those herbicide demand has picked up in the month of July even in the first quarter if you see the sales of herbicide is maximum even in our side the sales of herbicide is maximum during this first quarter also so inventories with dealer and distributor will not be much and I will not say that it will be zero but it will not be on the higher side.

- Saurabh Kapadia:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jitendra Agarwal, an individual Investor. Please go ahead.
- Jitendra Agarwal:** Sir I have a question regarding see there was 20 Crores write-off I think it was last year so I just wanted to know is there any legal proceeding going against them and I think it was totally written off in the book so are we expecting any recovery from that 20 Crores amount and if yes then what is the expected timeline Sir?
- Sandeep Agarwal:** We have not written 20 Crores totaling from the books we had written 50% of that 10 Crores we have written off from the books and I think 4 Crores or 5 Crore we had already recovered and 4 parties are there behind the bars and we are hopeful that by the end of this year we will be able to recover other balance amount of 4 Crores, 5 Crores form the parties.
- Jitendra Agarwal:** What are the checks and balance for the, these things are not happening again so is there any something we have I mean any plan so that this is going to happen again?
- Sandeep Agarwal:** Generally we had already applied many checks and balances. The major balances we have applied is we are now getting the balance confirmation from all the parties on quarterly basis. Every month we are sending them their balance sheet and quarterly basis we are asking them to confirm their balance and send us if there is any discrepancy. So now the chances of misappropriation are very less. When it happened that was about 20, 22 year our old staff, company were having facing the old staff so that has happened but yes now we are very strict. We are stricter at the point of our branch level also from where the material is going to the dealer and distributors we are having private agencies deployed at that basis and the best part is that we are sending the statements monthly and getting the confirmation on quarterly basis and which we are getting audited from our internal auditor also that we have already received 100% confirmation or not. So those are the some checks and balances which we have introduced.
- Jitendra Agarwal:** Sure Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Dhruv from HDFC Asset Management. Please go ahead.
- Dhruv:** Sir in your presentation you gave quite helpful data on slide #3 the products freshness index. Sir, is it fair to say that this just wanted to confirm this split is for your B2C sales right?
- Sandeep Agarwal:** This split for our sales is including B2C and B2B because we are selling the packing product to B2B also like we are come out with the Hachiman during the month of July so Hachiman we have shared with to one or two quarters in the month of July so this will include the total sales.
- Dhruv:** So this includes even for technicals also is it, so because in B2B you also directly sell to them?

**Sandeep Agarwal:** Technicals are there. It will include technical also.

**Dhruv:** Sir the other thing which I notice if I look at the total sales of these products in FY2018 the products which were there in FY2018 and for the same category of products in FY2021 the sales have declined so effectively it means the new products for but your overall sales have increased since FY2018 your overall sales have increased but the products which we have launched say for example which is there in FY2018 and we have sales in FY2021 the sales is lower. But the overall sales is higher, so that means your new products are not doing as well as what your old products are doing is that a fair conclusion to draw from this and if that is the case what is the change in strategy that you are planning to address this?

**Sandeep Agarwal:** Let me clarify you. There are two type of launches in the market. One, we are coming out with certain product with this reverse engineering the products which got off patented in the market and we launch those products in the market for general distribution and the specific question for 2018 one Bispyribac sodium, which we had introduced in 2018 still in 2019 the sales go up these products which are got off patented and relaunched in the market for first two years you can get good sales, good margins also, but with the passage of time you lose your sales, lot many players will come with 9(4) registration in the market so you can only then sell your brands in the market you lose your B2B sales because they are also coming up with their own products with 9(4) registration so this is the one reason. There are second type of products which are combination products for patented products those products got sold in the increasing trend and the third one product like we introduced certain products with our partners at Nissan. We introduced Pulsor with Nissan. For first four five years Pulsor gave us a good growth but now seven, eight more players are there in the market with that particular technical so that impacts your sales as well as the margins also so it is not like this you can say the new products cannot come down, yes if it is a reverse engineering product definitely it is going to come down but if the combination product is there it will not come down at least for four, five years. It will come down only after four, five years, when other products are either competitive products are there or you lose your process patent only then that will happen that yes in reverse engineering product definitely after second year we are going to go down.

**Dhruv:** Because see for example if I see the products which the FY2018 as a base and the product that you had launched in FY2019, the number with 65 Crores, has come down to 47 Crores. Similarly products we had launched in FY2015 which was there in FY2018 at a sales of 34 Crores and FY2021 is 10 Crores so I see for all these things there is a decline say for example even the FY2018 the product which was launched in FY2018 at a sales of 36 Crores to that year and FY2021 that sales is now 25 Crores. So it seems these set of products there is a decline in all these set of products but the overall sales is still higher?

**Sandeep Agarwal:** If you will see in particularly in the year 2021 the 2021 is the year where we were not able to move into the market so whatever new product are there you have to continuously work with the market, you have to expand your reach in the market, so 2021 is a special year where the market

which was almost less than 50% even in the first quarter you will see the market presence of the staff was very less that that is how we will see there is only a 2% growth in our branded business as compared to the 14% total growth whereas our basic business is branded business so we would love to improve the sales of our branded business but that can happen only with the movement of the staff, the working of the staff with the farmers and that is only a temporary phase because the pandemic is not going to go there for the whole life so this is a temporary phase with which I feel that has now almost over.

**Dhruv:** Sure sir. Thank you so much Sir. Thank you.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.

**Sandeep Agarwal:** Thank you for patience listening. We can promise that we will be able to deliver the target growth for the year and thank you very much.

**Moderator:** Thank you. On behalf of Asian Market Securities that concludes this conference. Thank you for joining us. You may now disconnect your lines.

Notes:

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