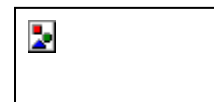
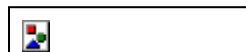
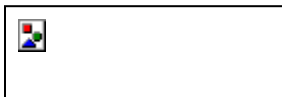




“Insecticides (India) Limited
Q4 FY2022 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to Insecticides India Limited Q4 and FY2022 earning conference call hosted by Asian Markets Securities Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual results may defer from such expectations, projections, etc., whether expressed or implied. Participants' are requested to exercise caution while referring to such statements and remarks. 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 phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Saurabh Kapadia from Asian Markets Securities. Thank you and over to Sir!

Saurabh Kapadia: Thank you. Good evening everyone. On behalf of Asian Markets Securities, I would like to welcome you all for 4Q FY2022 earnings call of Insecticides (India) Limited. From the management we have with us Mr. Rajesh Aggarwal, Managing Director; and Mr. Sandeep Aggarwal, Chief Financial Officer. We shall start the call with the opening remarks from the management and then we will move to Q&A session. I now hand over the call to Mr. Rajesh Aggarwal for his opening remarks. Over to you, Sir!

Rajesh Aggarwal: Thank you Kapadia Ji, and a very good afternoon to all the participants' and a very hearty welcome to our financial performance call for Insecticides India for this quarter and also for the whole year arranged by AMSEC Securities.

So I again welcome you. Friends, agrochemical is a sector which has been growing at a decent phase within the country and also in the world. So it is a great expectation for the agrochemical sector because of China Plus One policy because if you look at the international scenario people are looking at alternates which can supply to the world the agrochemicals and India comes as I would say a immediate solution and India can do very good in this aspect and not only the domestic market but also there is a huge potential due to this reason for the growth in the international markets from India.

So today it is expected to be a market of about 6 billion plus where the size of exports is higher than the size of the domestic market, domestic market is set to be about little below \$3 billion and the export market is believed to be \$3 billion plus rather sometimes in the industry we talk about 30000 Crores of the domestic market and 30000 Crores plus of the international market which is already there and it is expected to grow at a good phase in the short-term about 8% to 10% as per the some industry reports and some people believe that again there is a good potential actually. So if you look at the season during the last quarter it is a low season for us in terms of sales because it is the ending of the year and this year there were good rains actually during this period which fulfill the requirement of the rains during this period and good beginning like it aided to a good beginning for the rabi season. So I would say that monsoon wise the expectations are quite good the declarations about the monsoons are good though there was a lot of heat but in

last few years only it has rained in many parts of the country and overall people are happy about the season and they are looking good and if you look at the crop conditions also or the crop cycle if we look at the seed sales that is showing a trend that people are increasing lot of different crops actually and the farmer is excited due to the high price of the different crops like even in the dry area and also in the wet areas where they grow rice. So the farmer is excited and overall the trade is excited. The raw material conditions are quite disturbed again because of the container shortages and also due to the freight issues and the international situations and if we look at some of the Asian countries, which are the large supplier for the agrochemical Chain is distributed, Korea is disturbed, Japan is disturbed so we see disturbance all around and in this disturbance the prices have gone up actually because it is not only it is crude but also metal, etc., everywhere the prices have gone up which has influenced the cost of our agrochemicals also. So we are trying to pass on this cost to the market phase-by-phase and as the cost of the company is going up we are trying to pass it to the market, but season is yet to begin. Already we have taken on an average 10% type of price increase because there are certain herbicides which has gone up by 30%, 40%, 50% there are certain fungicides where the prices have increased and particularly some insecticides, particularly the organophosphorus compounds has shown a high rise in the prices and that is being passed to the market whereas there are some other products where it is a reasonable hike so on an average you can say that 10% hike has been gone to the market and at this point the sentiment is reasonable so I do not see a further more hike till the beginning of the good season. Good season means the monsoons and the healthy market demand starts.

Talking about the performance of the company. First I will talk about this quarter. The last quarter has been decent we have closed a total sale of about 278 Crores with a 9% growth year-on-year. The EBITDA also have gone up to 36 Crores from 19 Crores in the previous year and if I talk about the year as a whole, the total sales of the company the recorded sales is about 1504 Crores which is 6% up to the previous year which is 1420 Crores in the previous year. The EBITDA has also shown a good increase it has come up to 170 Crores from 152 Crores which is an 11.5% increase and similarly the PAT has also shown good increase to 107 Crores against 94 Crores in the previous year.

So that way I would say that the performance of the company has been quite decent in these difficult times and now since the expectation from the season is very, very good and we are in the process of completing our products because we have done a lot of expansion in the Corona period and this expansions have been done in the technical manufacturing, formulations and also in the terms of backward integration. We have done a lot of expansion in our Rajasthan Chopanki plant where we will be almost doubling our technical production. In Gujarat we have increased our production capacity by almost 50% but a lot of thing is going into backward integration where we are trying to backward integrate the raw materials for some of our technicals which will increase our strength in the international market as well as in the domestic market and I see a lot of support coming from the large companies across the world in buying some of those molecules actually and that will be very, very helpful in establishing India or establishing us as a big player in the technical market in the international markets also so we are expecting a lot of support in that direction.

So we will be completing these projects in this quarter itself in the June we have the target of completing both Rajasthan as well as Gujarat projects. So Rajasthan will be completed in full and Gujarat also will be 80%, 90% complete during the first quarter itself and we will start getting the advantage of the production from this plant. This is one direction the second direction is we have also made the expansions within the plants actually and the results have already started coming because in the last three, four months we have launched several products and here I would like to talk about particularly two big products which are launched recently which is Shinwa which comes from a Japanese collaboration of Nissan it is a patented molecule and this product is doing very well Nissan has shared this with two partners we are one of the two partners and from last two months itself it is showing very good signals of good sales actually and similarly we have developed a product called Torry which is a herbicide actually and this comes from our R&D center first time manufactured in the country, this is also showing a good sales actually and we have very high expectation and I can say these two brands itself will contribute more than 100 Crores and we can also think about the institutional sales of almost similar size in the first year itself which means that these brands will not only help us going with the domestic market and that also help us in B2B sales. So early to say that there is a huge potential because if I look at the pipeline, the pipeline is coming from Nissan Japan, the pipeline is coming from our own R&D centers where we are backward integrating and we are trying to make some more technicals and of course we will be converting them into the formulations also so there is a very big expectation. So we are going to launch about 5 to 6 new products actually in the recent months actually in the kharif season and they should contribute in a big way to our growth actually and along with this there are certain products which are launched in the previous Corona time and we were not able to take them to the farmers in a big way because of the restrictions our teams were not moving in the market so there also I see a big improvement coming. So I can say that 2023 should be a robust year for growth when I say robust I presume that the growth of the company will be strong double digit growth actually because of the launch of these products because of establishing the capabilities, capacities and getting the new production from the new plant so all these things are going to give a big support to the company sales actually and I see a all round growth.

If I talk about the exports, exports we have doubled our sales this year from 60 odd Crores we have touched 130 odd Crores and this year there will be a target of again jumping 50% which means we are going to cross 200 Crores in the international business also in this current fiscal 2023. Along with this we will improve on our B2B sales because of by virtue of some of our products which are coming now and also we will be improving our B2C sales. So I see the growth in all three directions and I can say that we have the growth not only in the top line but also in the bottom line and we expect the EBITDA increase of minimum 100 basis points on this increased sales. So lot of registrations are in pipeline and they are coming and I would say that it is a continuous effort by the company and our R&D that we are working on newer technology newer products because we believe that the consumer wants the solution he do not want the product. So we are trying to patent some of the new formulations actually, so when I say new formulations we make the scientific mixtures where we are able to prove the synergy of the products and we can prove that yes our product can give better results than the existing conventional product so we are able to bag some patent and we have been recently granted some

of the patents in this range so there are products which are expected to be launched now and some are launched so a lot of launches which are coming in these days are 93 products actually which are being launched for the first time either these are the technical manufacture for the first time or the formulations or the patented formulations again where we are getting this advantage. So a strong pipeline we are going to bring to the market and in the two years actually we have seen that our top brands particularly Thimet and Nuvan has moved out of the market but we have recovered the entire sales from the entire market actually so whatever was the impact of this Thimet and Nuvan it has been taken care by Lethal Veralu and also Lethal Gold were two new launch products and there are many new products which have been launched into this period and strong pipeline which is coming in the year 2023 that is going to cover this in totality.

So friends at one part we are focusing on productivity, we are focusing on R&D, we are also focusing on sales and marketing because I believe that when you have a strong pipeline of products we also have to have a strong pipeline of customers and today the major focus of the company is to develop the last mile connectivity because now we are selling our products to the distributors and distributors are believed to be our ultimate customers but they are not my customer they are the network from the distributors the material is going to the retailers and from the retailers it is going to the framers. So we are trying to connect all these knots through the help of the system actually and we are trying to install the new CRM system which will incorporate or which will include the total peoples in one ecosystem where we will be able to have better dialogue to and fro with the entire network actually entire chain I would say from company to the consumer so that the vision of the company of launching these new products and making them as the top brand will come alive actually and we are trying to connect with the network more and more.

So this is the development which is happening in India and similarly we are getting good response from the international market with more and more and registrations are coming and we are signing more and more contracts and particularly in the last quarter we have got registrations in South America and also the first beginning in Europe so I would congratulate the international team and I would like to tell you that we are bagging the registrations also in the advanced economies now which ultimately is going to increase our international sales and sales of some of our technicals also.

In the same way the company is also working on the environment a lot we are working on establishing the new systems and we are trying to save the electricity cost, we are trying to save the power and definitely the steam cost actually we are working a lot on that we have installed two solar power systems in two of our plants one in Rajasthan, one in Gujarat and we are working towards the environment and try to minimize the water which is used in the systems and trying by reusing it and we are trying to reduce affluent as much as possible and we are working with a very well positive mindset and I believe that there is a very good future for the agrochemical industry and also for insecticides India. With this I thank you very much and I would request the CFO to explain the results in detail and meanwhile give me a break for just

two minutes actually I would like to look through the note so I will join in two minutes actually. I will be available on that call so Sandeep ji please explain the results in detail.

Sandeep Aggarwal: Good afternoon everyone. As you had already checked the results and the brief has already been told by the MD Sir. So let me tell you about some breakups like segment sales and other sales so category wise sales if you see the insecticide portion during the year was around 53%, herbicide was around 33%, fungicide 11% and biological was around 3% and if you see the region wise sales in south we are at 36%, in east we are at 22%, west 21%, and north contributed 21% of the total sales. If you see the segment wise sales the B2C contributes 65%, B2B contribute 26% and exports contribute around 9%. As far as the bifurcation of Maharatna and other branded sales in B2C segment the Maharatna contributes around 55% and other branded sales contributes around 45%. During the year if you see the in licensing products through in licensing product we did around 114 Crores of sales during the year and from the patented product also during the year we did a sale of around 65 Crores from our patented product. If you see the new launches there is a graph also so during the year whatever the new launches were there we did around 25 Crores sales for those new launches during the year and the product which we launched last year from those products we did 49 Crores of sales during the current year from the launches we did last year and if you will see the launches of around four, five years then the total sales from the five year launch product is around 244 Crores. I think we are working towards this thing only to improve our Maharatna sales and to focus on patented product in licensing product and definitely on the new product which are now focusing to Izuki and Shinwa. Thank you from my side.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: Thanks for the opportunity. Sir just 100 basis point expansion in margins despite completion of a sizable Capex, are you under guiding or if we are not then do not you think that this is a very small expansion for the investments that we have done.

Rajesh Aggarwal: Your point is very valid actually, but the season has already started and the plant has not started yet and this guidance is on the increased volumes actually where we are saying that we will be having a strong double digit growth in the top line so this is over and above and taking care of the past portion also so yes you can say it is a conservative target but I want to be reasonable actually at this movement I do not want to sound very aggressive and share that it will be a 40%, 50% growth in the bottom line actually if you compare in absolute terms.

Prashant Biyani: And can you name the intermediates that we are going to manufacture at the technical plant.

Rajesh Aggarwal: It will become public actually in just one month's time so I would say that let us just wait for one month or another investor call actually which will have for Q1 because it will open up the strategy in the market I do not want to open from that note.

Prashant Biyani: Sir how much was the volume growth in quarter four.

- Rajesh Aggarwal:** Volume I do not compare basically because since last 20 years the value has grown ten folds there was a 2000 Crores market which has come to 25000 Crores and volume is continuously declining so the volume in terms of the AI you said will continue to keep on decline as we come up with the new product you have to understand the older technologies we were using one liter, two liter, 5 kg, 3 kg of the formulation with 40%, 50%, 60% type of load but if we talk about a newer technology in the newer technology the AI is 3%, 4%, 5%, 6%, 7%, 8% and the dose is 50 ml, 20 ml, 100 ml so the volume will for this industry will keep on declining and it will be the value which still rise as the patent products come in as the new generation technology is going to come in the volume will continuously decrease so we do not measure in terms of volume exactly but some Sandeep will have the numbers we can tell you the numbers.
- Sandeep Aggarwal:** Yes, practically if you will see the out of the total growth around 3% to 4% volume growth and rest is from price growth.
- Prashant Biyani:** Sir have we passed on entire cost inflation or some yet to be passed on.
- Rajesh Aggarwal:** The cost is passed on actually because in terms of profitability you will see this will be from the first quarter itself so when you see the development which means the cost is passed.
- Prashant Biyani:** And lastly can you highlight something about the product for which we have got patent for our joint venture with Otsuka because it is an innovative molecule.
- Rajesh Aggarwal:** In India unfortunate parties nobody was investing in the product discovery I started this JV in 2013 and for the first time the country somewhere company said that we will do the new product discovery, luckily we have filed nine patent, nine international patents from the JV and I think this is the first one I am not sure first or second but yes we have already identified the products we have worked up on the products and we like we are developing all the technologies to launch some of these products actually in the market it is a little longer-term gain because with the Japanese onboard there is a chance of launching the product before 2025-2026 actually so it is little long-term this product got invented in 2017 but it took a long time in developing the I would say the technical then the formulation and then generating of data and lot of data is still is in process actually since the data will be generated with the international standard so it will take some time but this will be the new molecule discovery first molecule from Indian side actually this will be going to the international market with a huge potential and of course there will be the patent exclusivity for 10, 20 years but it starts from the day I had filed the patent.
- Prashant Biyani:** And sir whenever we commercialize it even for the international market the JV or Insecticides India in particular will have the selling rights or Otsuka itself will market in the international market.
- Rajesh Aggarwal:** JV is our company which was said as a partnership between the two companies the main aim JV is just to discover the molecule and file the patent. The JV transfer the patent in the name of the two companies in their respective areas so we have about a dozen countries and the rest of the world is to Otsuka now it is called OAT. So the first right of receivable is on us when I say right

of receivable to manufacture because ultimately we are developing the plant, we are developing the technology together with them and we will be making it in India. So I believe that we should be able to supply it to the entire world of course in the OAT areas it will go to Otsuka in my areas it is go to my partners at my price.

Prashant Biyani: But whatever OAT supplies that also we will only manufacture.

Rajesh Aggarwal: It is not an exclusive contract but it is an understanding that yes they would give the preference to us.

Prashant Biyani: Thank you Sir, thank you for your time.

Moderator: Thank you. The next question is from the line of Varshit Shah from Veto Capital. Please go ahead.

Varshit Shah: Rajesh ji heartiest congratulations to you and your team for the performance because it is not just about earning growth, but the EBITDA margin, actually the EBITDA growth of 20% for the quarter shows the efforts which you have done on the product mix in two to three new molecules. So I think in the last two, three years of extreme hard work it is finally paying off it seems in the numbers. So once again heartiest congratulations. Sir my question is first given that we have not fully passed on in the B2C segment a lot of prices by end consumers and still have reported YoY improvement in the gross margins so this is largely accumulate to change in product mix I think that will be single margins any reason for change in improvement in gross margin on a YoY basis is my assessment correct.

Rajesh Aggarwal: Like it is a continuous effort actually we have made our clear range now our range is known as focused Maharatna, Maharatna's gold and silver, so silver 10, 13 products I mean to say they are range product we are just providing to the market to just fulfill the requirement and there are more than 50 products in silver you will be suffice to know and these 50 products are contributing less than 5% to our total sales. so everybody is very, very clear that we are not focused around it and we are working towards focus like establishing the new technology which we are bringing through our partners and also through our R&D centers so we are trying to change this product mix actually because as I told in the previous commentary that we are believing in lot of the formulations, new mixture products actually so all these are value added products and very beneficial for everybody, for the customer, for the company for the farmer everybody is benefited out of these products actually, so newer technology yes the focus is on bringing the newer technologies we have to work more in the market we have to be associated more with the market but yes they will give the return I can say we are trying to create our position.

Varshit Shah: Sure that is helpful and secondly I mean if I were to see historically also it is not like we have not achieved 30% plus gross margin given the change in product mix in the next two to three years I am not asking the particular number for the next year but somewhere to kind of a math of past two three years can you sustainably have a gross margin of 30%, 35% by that time you will have

more share of your revenue from new molecules also, is it possible to guide a broad range and what you might be working with something.

Rajesh Aggarwal: I would say it is a very strong target which we are talking about because it will be almost doubling my PBT or the gross margins also almost it is like doubling these gross margins so you will see a definite improvement it will be a big improvement will suffice also because the virtue of the new launches actually the situation is going to change in totality but I do not want to put up the target which will confuse the market. So we have given a conservative target of 100 basis points improvement in the EBITDA margins and a good growth like you can expect a good double digit growth this year and that will be even from the first quarter itself. Please see our first quarter results and then make an assessment.

Varshit Shah: Absolutely it is really helpful. And my last question is on the Capex so I think I have probably missed your commentary in the earlier part when are you starting commencing the technical plant you mentioned that it has not yet started.

Rajesh Aggarwal: The new technical plants are being constructed at both the sites Rajasthan and Gujarat and we are expecting to complete both the plants in the month of June so June we will complete the Rajasthan plant in totality and 80%, 90% Gujarat plant will start functioning actually we are trying to do it in full, yes it should start functioning. So both my plants will start yielding results from the June itself so July onwards Q2 we should get the full advantage of this expansion.

Varshit Shah: And sir one more question on working capital, we have kept working capital is pretty tidy even in this kind of environment so is it the range of product which allows you to kind of decide your price to the farmer or is it something else.

Rajesh Aggarwal: We are working in a very strong session where we are trying to control our creditors and trying to control the other credits so yes we work very strongly when we will see that our outstanding are not stuck in this season though we had a very bad experience two years back actually and the people are around bar and we are fighting a court case for what happened recently in India central eastern part of the country. It was a remote I would say odd chance which happened actually but we very vigorously monitor our outstanding actually and we work in the market so that we do dump actually try to create the demand from the field actually first from the farmer then retailer then distributor and then we place the product actually. So due to this strategy since we are not dumping like if you see in our quarter my third quarter and fourth quarter will be lower from competition because we are not placing the material just without the season actually so we are not doing that at all we are trying to collect for me too sure generally it is a collection period actually than the selling coming period. So the idea is like we do not dump any products and we try to clear the accounts on the market and that will be edge but of course the new product mix, the new products we launch the R&D by the way our R&D function will be collaboration of our function so everything will be here in the market actually did not helps us so the brands popularity in the market is going up actually and that is helping.

Varshit Shah: Just one more if I could squeeze in so if I see our inventory days are still above 150 days as on 31st March as of the percentage of sales and generally at least I personally observed because I am working many companies and any one implement this kind of CRM and technological initiatives generally with a lot of companies are able to bring down that inventory levels both at the raw material as well with the finished goods now because there are better visibility because of the technology. I was asking on number but will this also a part of your plan that we implement those CRM was till the end consumer then helps actually it will help me to plan your demand better both at the raw material **inaudible 31:35**.

Rajesh Aggarwal: Your observation is correct but the unfortunate part is that ours is as cyclic business and when the transit time has become a problem because in these days we are planning the transit time of two and a half to three months actually and things are not being dispatched so at this time if I have inventory I am lucky so we are trying to build up the maximum inventory in Q1 also we will see the inventory rising, but it will come down because if I do not have the inventory I cannot sell. This is the time when there are acute shortage for my purchaser this is a very difficult period when the prices are going up and nothing is available so difficult. We have inventory, but yes we will have better control we have already developed the system in DIDO value that would have developed we have been given to all the departments to see their visibility to see their performance to see the company's performance so all these things we have already started actually so it not going to come through CRM, CRM we are working for the connectivity and this will be meant for basically the sales team the development team connecting with the consumer connecting with the farmer, dealer, distributor so that will be the main theme of CRM, but the other part we have already started taking care actually. The dashboard is functioning very nicely actually and already the 60 managers of the company have got the dash board access and we are trying to make some more report because there are more than 200 managers in the company and different departments so we are trying to provide them the information directly through the dash boards on daily or like twice a week basis so that becomes automatic and they are informed about everything about other departments about their departments whatever information is necessary should be available so we are trying to help our team so that everybody is informed and everybody can perform better.

Varshit Shah: Absolutely Sir great and all the best to you I will come back in the queue for more questions.

Moderator: Thank you. The next question is from the line of Samir Desai from Phillip Capital. Please go ahead.

Samir Desai: You mentioned we are going to launch Hydrosis new generation product in FY2023 so what will be your expected turnover from this new product and whether this product will be for international or domestic market or we had one any tie up with the multinational or we are going to sell it in the open market this is one question and second is can you give any guidance for the top line in for next two to three years.

Rajesh Aggarwal: I will go step by step. First I will talk about the products there are lot of new launches actually which are going to come this year and mostly the products are 93 products. So the first support I

get is the B2C sales because of course these are all meant for my brand but at the same time there is a high potential that I can market it through the competition our B2B business in the domestic market so we are getting lot of inquiry into the domestic market we have already started selling to some of the partner companies which includes the multinational company also you said multinational I would say multinational otherwise yes we are partnering with some of the companies to our co-marketing some of our products and they are interesting into other products also so this business opportunity arising and there are companies which are talking about the international markets also but here I would like to tell you that the every market to open any market I have to register so yes we are working on a data today we are one of the companies having the huge data, data means international data I have about the complete data packages for more than 40 products in totality including technical and formulation but we are working on a similar number and I want to have more than data of more than half dozen technical products actually in totality so that I can register them around the world so that is my vision for 2022-2023 that I have to generate data on further more products and enter to these markets but it takes time actually so the first there will be entry from the domestic market then to the international market so regarding the order books yes the partners who have signed with us they have already placed the order and they have given their estimates for this coming season and also for the of course when you sign you make a comment for two to three, four years actually so that type of commitments are very much there we do not estimate the exact numbers which are coming that I would say that from B2B I should gain a sale of more than 100 Crores from these new products which I am launching and of course the B2C sales will also be more than 100 Crores because I told 100 Crores is going to come from two products and there are another 4, 5 Crores which are going to come so another 100 Crores I can expect from there so we are keeping our fingers cross because the pipeline is strong and we are trying to launch these products and go in the domestic markets from the international market I have already given a guidance of 200 Crores which may not include the new generation molecules in this fiscal but in times to come yes there is an opportunity.

- Samir Desai:** And what about revenue guidance to a three to four years any guidance.
- Rajesh Aggarwal:** I will request CFO to give those numbers actually because I do not going to found where I get you on that.
- Sandeep Aggarwal:** Yes we are expecting for this year around a growth of double digits term growth and definitely the double digit growth would be expected for coming two, three years or so.
- Rajesh Aggarwal:** I think the message is clear the CAGR will be expecting in next two three years will be strong double digit.
- Sandeep Aggarwal:** Okay fine.
- Moderator:** Thank you. The next question is from the line of Yogesh from Arihant Capital. Please go ahead.

- Yogesh:** Congratulations Sir and thanks for taking my question. Actually last year as a part of strategy we had decided to launch a product Lambda.
- Rajesh Aggarwal:** Which product can you name the product again please.
- Yogesh:** Lambda Cyhalothrin.
- Rajesh Aggarwal:** Lambda is a product I have been doing for many years actually which have been manufacturing in the technical from one decade and now we are getting the international registrations also and this is one of the product which has already got my European registration.
- Yogesh:** So can you throw some light on what is the demand scenario for this product.
- Rajesh Aggarwal:** Like the international market size is very, very strong because it is doing good in America and Europe particularly also good in Africa and Asian market for domestic market also have various formulation which are based on Lambda and they are doing good actually so the growth the CAGR is not very, very strong in the domestic market but international market yes and B2 business B2B yes I am always with the order I am not able to make it and I will be doubling my capacity of Lambda technical and I will be making some intermediates also for this.
- Yogesh:** And my other question basically is it is like we have seen a strong growth in exports almost double and next year also you are guiding for a very strong growth in export so where is the demand coming from and if you can also share some color on which products are basically raising this demand.
- Rajesh Aggarwal:** There are two usually when we were expecting we are going to non-regulated markets more but now it is more regulated markets where we are getting the demand of course Middle East and Africa they play an important role in our sales but now we are starting to see the markets of South America and Europe the demand also started coming from there. So we are selling lot of products, the major sales Capex to herbicides and insecticides we try to sale the maximum our own technical's which we manufactured so we supply also from our own technicals so a lot of products are in demand actually so particularly all my technical's like Lambda, Thiamethoxam so we see a sales coming out of all these products.
- Yogesh:** And finally we are targeting about five to six products launch every year so if you can give me an approximate breakup of how many would be in the pyrethroids range and how many of prospects and what would be the current mix of pyrethroids and organophosphates in your total revenue what would be the approximate increase.
- Rajesh Aggarwal:** Actually generally we are not working on organophosphorus compounds these days these are all generic products which we have in our portfolio so they are existing so I do not see any new increase of the OT compound even in the mixture we are trying to avoid the OT compound but one of our products called Lethal which is very, very popular for Thiamet control and has also using to agriculture it is a OT compound we manufacture the technical also over there called

chlorpyrifos so that is doing quite well so that way we are there in terms of synthetic pyrethroids some of my technicals like Lambda Cyhalothrin these are relatively new generation and then it was in only our synthetic pyrethroids you can say so these products yes they are contributing to my international business and there is a good demand because they are relatively newer generation products actually and they are not objective in the world so they are doing very well even in the list of 27 products none of these were present actually and recently well news has come from Ministry that only three products which the industry do not defined are being banned and rest they are trying to give some more time to generate data and they will be free so no issues I see in the domestic market also in the short-term and the mid-term exact numbers if you want well that can be issue actually even drop your question and then those numbers can be given to you.

Yogesh: Sure Sir and just one clarification so I heard that about chlorpyrifos so that the news basically was that is, it was banned in Europe and US so is there any demand challenges for this product globally.

Rajesh Aggarwal: Actually my major piece of chlorpyrifos is the domestic market so Indian domestic market it is doing very well and I do not see challenge here actually in the domestic market. There were some issues in USA I am not sure about that actually in Europe there maybe some issues because Europe with a different type of weather and they do need many products which are manufactured in US and this was the USA invention so then for the Insecticides of the older generation US and Europe have difference of opinions it happen sometimes but for me since it is our domestic market I do not see any challenges actually.

Yogesh: Thank you very much Sir I will get back in queue thank you.

Moderator: Thank you. The next question is from the line of Saurabh Kapadia from Asian Market Securities. Please go ahead.

Saurabh Kapadia: Sir my first question is on the raw material pricing or the availability so has that improved in this quarter or maybe in the month of May with China opening up slowly.

Rajesh Aggarwal: I will not say that it is a big improvement because two days it looks that it has improved and then third day it looks like they gone down again so China is still playing actually I would say. So it has improved a little because their currency has also declined so it has helped in certain products in the price reduction but in many other products they have listed there is no price reduction in some products again after the reduction their prices increased. So it is a continuous feature still the market is not very clear and not very smooth, reasonable in some products yes the availability has smoothened are little not to a full extend.

Saurabh Kapadia: If the price suppose comes down or soften in the month of June so is it that we will benefit at least in the Q2 or we are like almost got our inventory for this upcoming season.

Rajesh Aggarwal: We would never buy for the full season always you will have the three months inventory so that inventory always remain and since it is a variety because the decline is never on every product the increase is never on every product in the same percentage it varies from product to product it depends with your status on that product and since we are aligned with the industry, we are not odd I have not brought expensive than the industry so the industry cannot reduce because if everybody has brought at Rs.100 then they have to sell accordingly. If I buy it at 100 people have got at 90 then the situation is difficult. Since everybody is on the same page there is no difficulties.

Saurabh Kapadia: Sir now in terms of the product placement so how has been the placement for the upcoming season and also there were some difficulty in the North India because of the unseasonal rain and also now monsoon getting slightly delayed in the southern part so any impact what we could sense on the consumption.

Rajesh Aggarwal: So far the demand has been good actually because we have launched many new products, we are seeing sales in vegetables and in some other crops so this is keeping effective in the market the new launches. The team is very, very enthusiastic and very, very bullish so we are already on a strong double digit growth actually in the last 50, 55 days and I believe that the performance is going to get better improved so July quarter two we will talk later but Q1 at least I see a wonderful future actually and we should do good and we should register a good growth in Q1 actually and of course Q2 is going to be good because the season is going to start but all your questions will come in Q2 not required in Q1 actually I believe because by beginning of Q2 we will see the onset of monsoons and everything. People were sad because of the high temperature but in the recent rains in last one week the heat is down a lot actually and I believe things are going to improve and we are improving.

Saurabh Kapadia: And sir my last question is on Capex so what will be the Capex for FY2023 and by when we should be debt free.

Rajesh Aggarwal: We are almost debt free actually so there is no I would say the long-term borrowings the utilization of the limits also is very, very reasonable level so I say we are almost debt free these days. The entire investment in the business, entire investment in the expansions is being carried out from the internal accruals we are already on the path of completion so another 15, 20 Crores whatever is the balance to be take to different vendors will grow so this will complete the two major expansion in Rajasthan and in Dahej after this we are planning one more small expansion in SEZ so which we buy the land now but we start investing after Diwali because during this period we cannot construct in Gujarat so we are not going to start with construction activity before Diwali so that project we will target to complete in six months and there will be one expansion and that will be little expansion so this year budget cannot be like we cannot expect a big budget it will be less than 50 Crores for 2023 I believe for the completion of the older product I think of our new plant of our new and people must be listening actually so two good announcement which I forgot to make. Our third plant has received NABL so our third laboratory in Samba so now our Chopanki Rajasthan laboratory is NABL, now Gujarat laboratory is NABL

and also this Samba laboratory is NABL so three out of total six sites three sites laboratories are NABL accredited and recently the final expansion of the GLPs also has taken place in the last week in Rajasthan and we expect the GLP submission also.

Saurabh Kapadia: And sir this new plant you mentioned would be the formulation plant.

Rajesh Aggarwal: The new plant in SEZ will be the formulation plant, yes.

Saurabh Kapadia: Thanks sir and that was all from my side.

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

Rajesh Aggarwal: Thank you. So we thank all the participants for attending the virtual session. We believe that we have satisfactorily run you through our company and business model and addressed every arising questions thereon put on to the floor by the participants. We continue to see growth in our broad product portfolio and witness a strong momentum across our business supported by R&D, backward integration initiatives. We remain focused on bringing new products exploring new markets creating value to all our stakeholders. Please followup with the investor relation team Vynayak and Kunal Shah from Captive IR if you have any followup questions which were not covered up in the session and hope you have a great day ahead. Stay safe, stay healthy thank you every one once again. Thank you.

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