

Regd. & Corporate Office : 401-402, Lusa Tower
Azadpur Commercial Complex, Delhi -110 033
Telefax : +91 11 27679700-05 (6 Lines)
e mail : info@insecticidesindia.com
www.insecticidesindia.com
CIN : L65991DL1996PLC083909



CERTIFIED COMPANY

Ref : IIL/SE/2022/0811/1
Dated : November 08, 2022



insecticides
(INDIA) LIMITED

The Manager

Listing Compliance Department BSE Limited (Through BSE Listing Centre) Scrip Code: 532851	Listing Compliance Department National Stock Exchange of India Limited (Through NEAPS) Symbol: INSECTICID
--	--

Dear Sir/Madam,

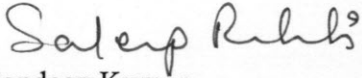
Sub: Earning Presentation and Press Release for Q2 & H1 FY2023 Results

Please find enclosed the Q2 & H1 FY 2023 Earning Presentation on the Quarter and Half year ended Financial Results of the Company

The same will also be available on the website of the Company at <https://www.insecticidesindia.com/investors-desk/>

This is for information and records.

Thanking You,
For Insecticides (India) Limited


Sandeep Kumar
Company Secretary & CCO



Encl: As above



CIN: L65991DLI996PLC083909

Registered Office: 401-402, Lusa Tower, Azadpur Commercial Complex, Delhi – 110033

Q2 & H1 FY23 – Earnings update

Revenue from Operations reported at **Rs.5,822.09 Mn** in **Q2 FY23** and **Rs.11,428.99 Mn** for **H1 FY23**

EBITDA stands at **Rs.684.54 Mn** in **Q2 FY23** and **Rs.1,269.08 Mn** for **H1 FY23**

PAT at **Rs.448.33 Mn** in **Q2 FY23** and **Rs.831.42 Mn** for **H1 FY23**

Delhi, 7th Nov, 2022: Insecticides (India) Ltd. (“IIL”) is one of the leading manufacturers of agrochemicals, pesticides and technical products catering to the needs of domestic as well as international markets. IIL boasts of an impressive product portfolio consisting of 21+ technical products and 105+ formulation products. IIL, in its’ board meeting, has announced its unaudited results for Q2 and H1 ended on 30th September, 2022.

Consolidated financial statement highlights for Q2 FY23 v/s Q2 FY22

Particulars (Rs. Mn)	Q2 FY23	Q2 FY22	YoY%	Q1 FY23
Revenue from Operations	5,822.09	4,439.39	31.15%	5,606.90
Other Income	2.84	(3.14)		1.94
Total Revenue	5,824.93	4,436.25	31.30%	5,608.84
Total Expenses excluding Depreciation, Amortization & Finance Cost	5,137.55	3,797.70		5,022.37
EBITDA	684.54	641.69	6.68%	584.53
EBITDA Margin (%)	11.76%	14.45%	-269 bps	10.43%
Depreciation & Amortization	63.99	64.39		66.24
Finance Cost	27.40	16.99		14.08
PBT before Share of profits of JV & investment	595.99	557.17		506.15
Add: Share of Profits of JV & Investment	1.70	1.17		3.12
PBT	597.69	558.34	7.05%	509.27
Total Tax Expenses	149.36	139.55		126.19
PAT	448.33	418.79	7.05%	383.08
Other comprehensive profit / loss	2.79	5.44		12.50
Net PAT	451.12	424.22	6.35%	395.58
PAT Margin %	7.70%	9.43%	-173 bps	6.83%
Diluted EPS	15.15	14.15	7.07%	12.94

Consolidated financial performance comparison – Q2 FY23 v/s Q2 FY22

- Revenue from Operations has grown by 31.15% from Rs. 4,439.39 Mn in Q2 FY22 to Rs. 5,822.09 Mn in Q2 FY23 mainly led by increase in sales of branded formulations owing to resilient demand in domestic market and acceptance of the newly launched products in the market.
- The EBITDA increased by 6.68% from Rs. 641.69 Mn in Q2 FY22 to Rs. 684.54 Mn in Q2 FY23. EBITDA margins declined from 14.45% in Q2 FY22 to 11.76% in Q2 FY23 on a YoY basis due to increase in cost of raw materials and currency headwinds which led to a forex loss. However, on QoQ basis, the margins improved by 133 bps primarily led by better product mix and calibrated price hikes majorly offsetting elevated input cost and currency headwinds.
- PAT increased by 7.05% from Rs. 418.79 Mn in Q2 FY22 to Rs. 448.33 in Q2 FY23.
- PAT margins decreased from 9.43% in Q2 FY22 to 7.70% in Q2 FY23.

Consolidated financial statement highlights for H1 FY23 v/s H1 FY22

Particulars (Rs. Mn)	H1 FY23	H1 FY22	YoY%
Revenue from Operations	11,428.99	9,122.00	25.29%
Other Income	4.78	13.16	
Total Revenue	11,433.77	9,135.16	25.16%
Total Expenses excluding Depreciation, Amortization & Finance Cost	10,159.91	7,949.49	
EBITDA	1,269.08	1,172.51	8.24%
EBITDA Margin (%)	11.10%	12.85%	-175 bps
Depreciation & Amortization	130.22	127.80	
Finance Cost	41.48	38.54	
PBT before Share of profits of JV & investment	1,102.16	1,019.33	
Add: Share of Profits of JV & Investment	4.82	3.64	
PBT	1,106.97	1,022.97	8.21%
Total Tax Expenses	275.55	254.59	
PAT	831.42	768.38	8.20%
Other comprehensive profit / loss	15.29	0.96	
Net PAT	846.71	769.34	10.06%
PAT Margin %	7.28%	8.42%	-114 bps
Diluted EPS	28.09	25.79	8.92%

Consolidated financial performance comparison for H1 FY23 v/s H1 FY22

- **Revenue** from operations recorded a growth of **25.29%** from **Rs. 9,122.00 Mn** in **H1 FY23** to **Rs. 11,428.99 Mn** in **H1 FY23** mainly driven by *the institutional sales and the increased acceptance of IIL's newly launched products.*
- The **EBITDA** increased by **8.24%** from **Rs. 1,172.51 Mn** in **H1 FY22** to **Rs. 1,269.08 Mn** in **H1 FY23** and the **EBITDA margins** de-grew from **12.85%** in **H1 FY22** to **11.10%** in **H1 FY23**.
- **PAT** stood at **Rs. 831.42 Mn** in **H1 FY23** as compared to **Rs. 768.32 Mn** in **H1 FY22** recording a growth of **8.20%** and **PAT margins** stood at **7.28%** in **H1 FY23** as compared to **8.42%** in **H1 FY22**.

CONSOLIDATED CASH FLOW & BALANCE SHEET ANALYSIS

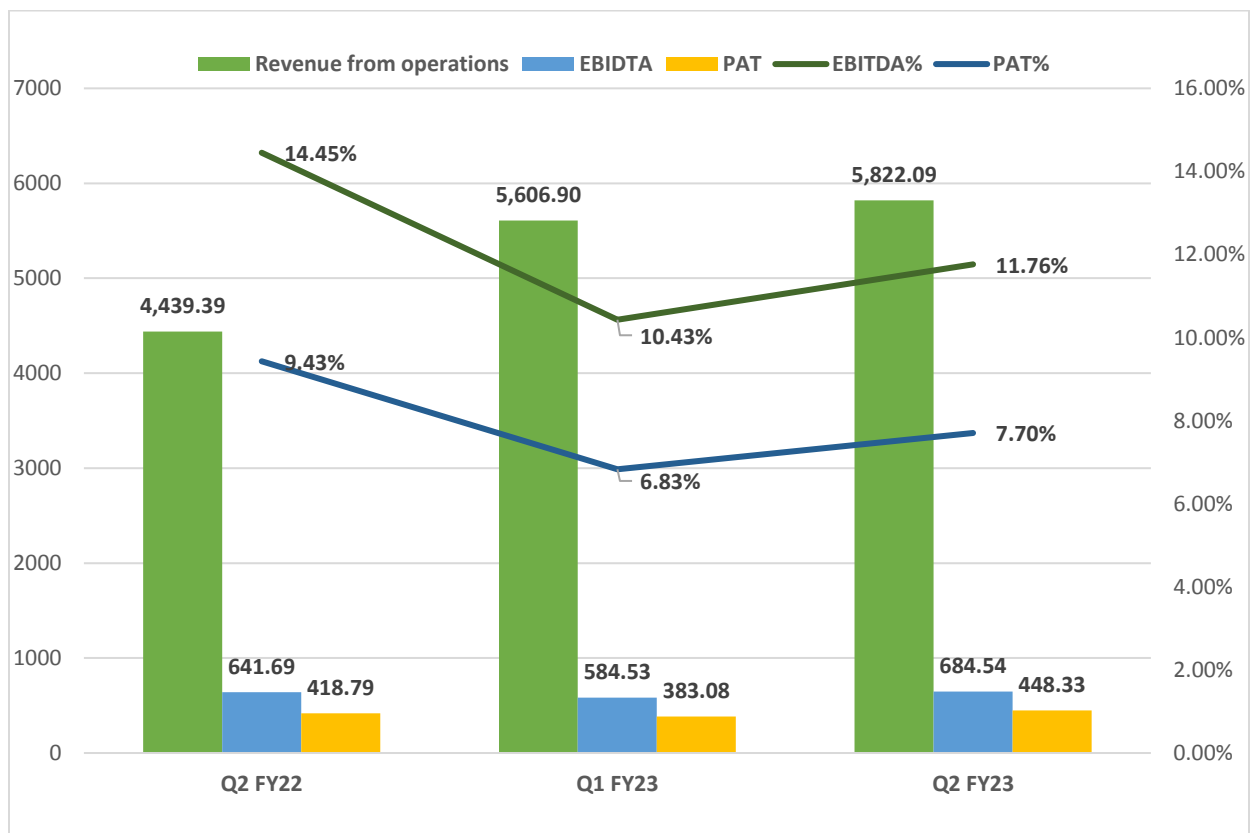
Particulars (Rs. Mn)	H1 FY23	H1 FY22
Net Cash Generation from operation	(1,977.03)	(803.56)
Net Cash Generated/ (Used in) investing activity	(439.00)	515.72
Net Cash Generated/ (Used) from Financing activity	2,199.83	327.33
Net Increase in Cash and Cash Equivalents	(216.20)	39.49

Particulars (Rs. Mn)	30.09.22	30.09.21	Particulars (Rs. Mn)	30.09.22	30.09.21
Assets			Equity & liabilities		
Non-current assets			Equity		
Property, plant and equipment	2,138.98	2,004.66	Equity share capital	197.32	197.32
Capital work-in-progress	1,256.70	712.59	Other equity	9,286.31	8,185.21
Right-of-use assets	255.98	267.21	Total equity	9,483.63	8,382.53
Intangible assets	67.40	64.10	Non-current liabilities		
Intangible assets under develop.	53.24	51.33	Borrowings	29.37	18.61
Investment in JV	108.43	102.91	Lease liabilities	25.34	31.94
Investments	73.28	47.69	Provisions	16.11	27.68
Other Financials assets	19.84	24.95	Deferred tax liabilities (Net)	125.19	127.08
Non-current tax assets (Net)	168.63	152.21	Total non-current liabilities	196.00	205.30
Other non-current assets	88.95	158.01	Current liabilities		
Total non-current assets	4,231.42	3,585.67	Borrowings	2,709.73	1,908.90
Current assets			Lease liabilities	18.05	19.12
Inventories	7,989.65	5,693.09	Trade payables	4,738.45	2,813.45
Trade receivables	5,210.34	4,155.91	Other Financial Liabilities	473.13	304.45
Cash, bank and cash equivalents	213.39	122.60	Other Current Liabilities	242.30	241.73
Other financial assets	19.88	23.63	Provisions	27.67	47.99
Other Current Assets	457.26	450.16	Current tax liabilities (Net)	233.02	107.59
Total current assets	13,890.55	10,445.39	Total current liabilities	8,442.35	5,443.24
TOTAL ASSETS	18,121.97	14,031.06	TOTAL LIABILITIES	18,121.97	14,031.06

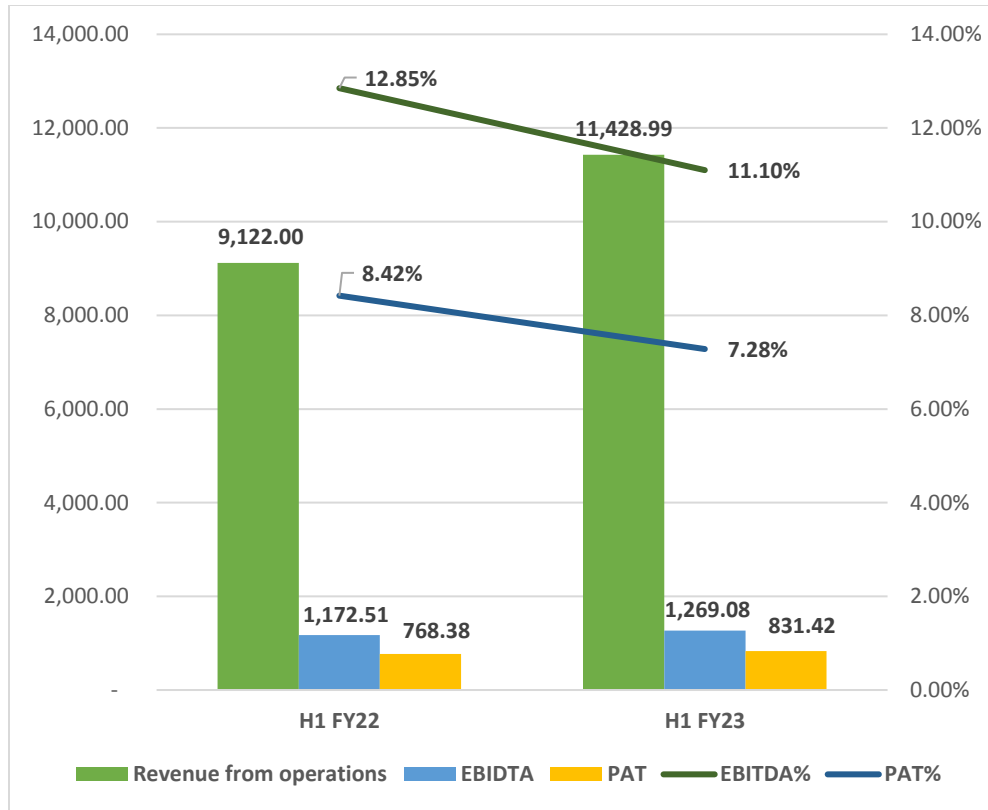
- Total fixed assets (tangibles inc. CWIP) grew by 24.96% from Rs. 2,717.25 Mn in H1 FY22 to Rs. 3,395.68 Mn in H1 FY23 owing to the CAPEX incurred.
- Current assets stood at Rs. 13,890.55 Mn in H1 FY23 as compared to Rs. 10,445.39 Mn in H1 FY22.
- Long term borrowings stood at Rs. 29.37 Mn in H1 FY23, compared to Rs. 18.61 Mn in H1 FY22 and Short-term borrowings at Rs. 2,709.73 Mn in H1 FY23, compared to Rs. 1,908.90 Mn in H1 FY22 owing to the increase in working capital requirement.
- Working capital cycle has marginally decreased to 153 days in H1 FY23 as compared to 159 days in H1 FY22.
- Debt Equity ratio stood at 0.29 in H1 FY23 compared to 0.23 in H1 FY22 owing to the increase in the short-term borrowings.
- Cash flow from operations stands at Rs. (1,977.03) Mn in H1 FY23 as compared to Rs. (803.56) Mn in H1 FY22.

Financial snapshot

Improving Performance QoQ

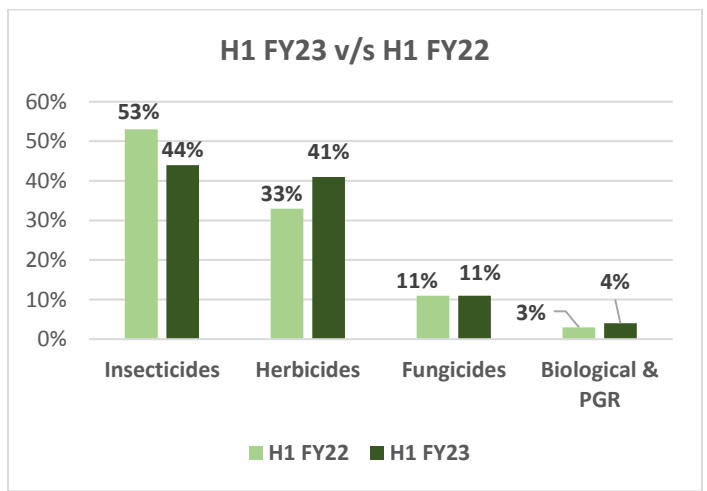
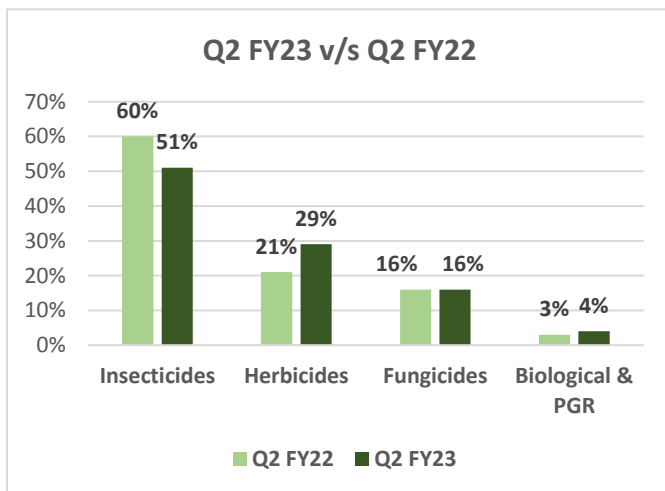


Half Year Performance

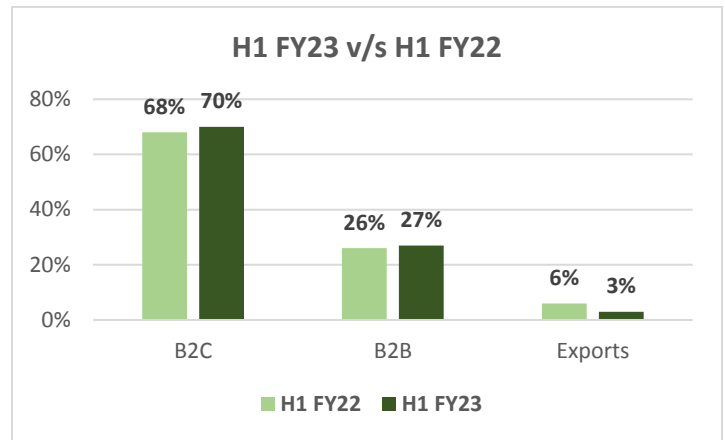
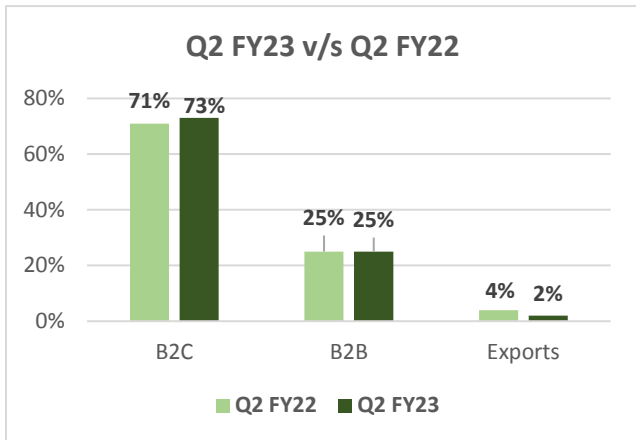


Revenue mix

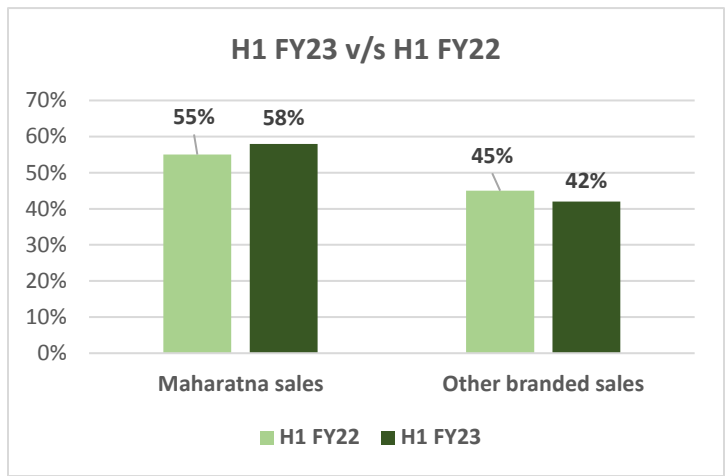
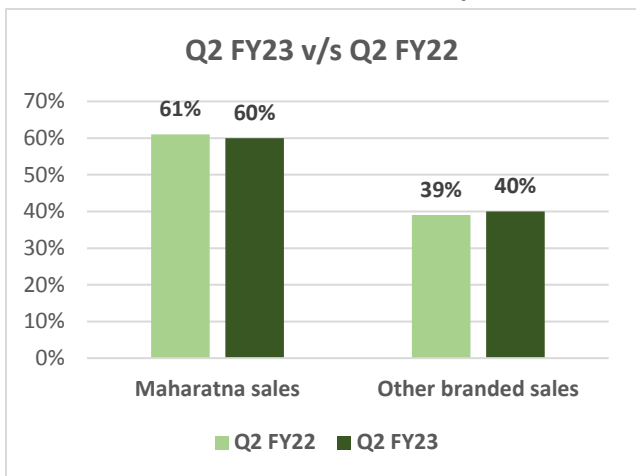
- CATEGORY-WISE SALES BREAKUP**



- NET SALES BY SEGMENT**

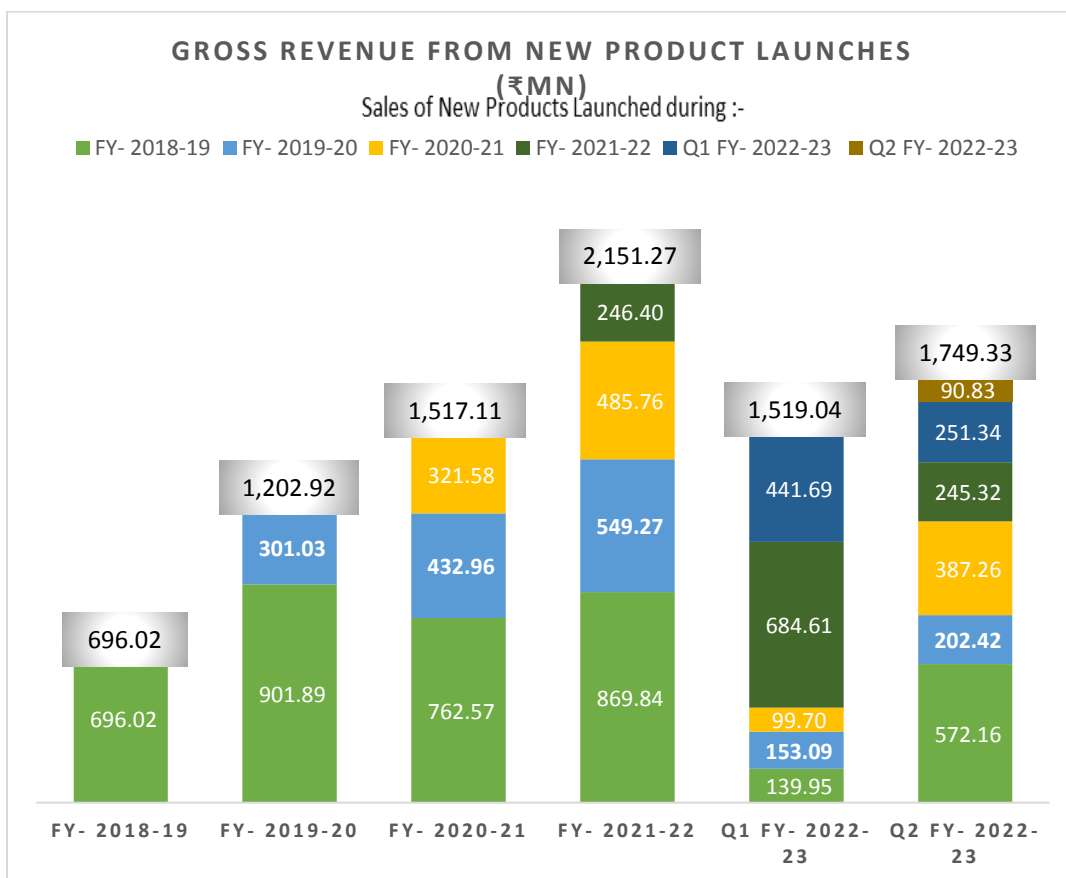


- MAHARATNA PRODUCTS V/S OTHERS**



Product Freshness Index

ILL is committed to launching new products to keep in touch with the changing needs of agricultural market. The below graph depicts Revenues from new products launched since FY 13 till date.



*Please note that while the Revenue from new products has been tracked since FY13, for brevity purposes we have depicted graphs starting from FY 19. The total Revenue from New products launched from FY13 to FY 18 is Rs. 1162 Cr.

*There is decline in total revenue generated from new products from FY 19-20 onwards, due to Ban in sale of Product “NUVAN” by the government, whose sales revenue has been included in preceding years.

Recent Notable Developments for Q2 FY23

a. Update on CAPEX

- IIL commenced a major expansion program aimed at increasing the capabilities at both technical and formulation units in Chopanki (Rajasthan) and Dahej- SEZ (Gujarat) in FY21 with a **budget of Rs. 1,100 Mn**. There is a marginal increase in capex budget on account of inflationary costs and non-budgeted incidental expenditures (such as construction of warehouse, installation of solar panels, etc.). The Company already incurred a **total expenditure of Rs. 1,132 Mn till the end of FY22**, going a little over the original budget. Additionally, the Company incurred an **expenditure of ~Rs.190 Mn in Q1 FY23** and incurred **~Rs.150 Mn in Q2 FY23**. The Technical Synthesis plant at Dahej (Gujarat) is expected to commence operations by Q3 FY23 and the management further expects to incur **~Rs. 150 Mn to ~Rs. 200 Mn in Q3 FY23**. The company plans to manufacture new intermediates with this capacity expansion that will be used for captive consumption going forward.

b. Business updates:

- On 6th July, 2022, IIL was awarded with the **prestigious GLP compliance certification** for one of its Research Lab at Chopanki, Rajasthan by NGCMA of Department of Science & Technology, Government of India making it one of the **only 52 companies** having the certificate.
- On 18th July 2022, IIL has incorporated a wholly owned subsidiary under “IIL Biologicals Limited” with the paid-up share capital of Rs. 100,000 sub-divided into 10,000 equity shares of Rs. 10/ share acquired in cash. IIL Biologicals Limited shall carry on the business of manufacturing, sale, purchase, etc. of all kind of Organic and Biological farming fertilizers, bio-pesticides, bio-control agents or any other allied products.
- In August, 2022, IIL appointed Mr. Anil Kumar Bhatia, as an Independent Director and Mr. Anil Kumar Goyal, having an experience of 36+ years and being associated with IIL since 13+ years, as a Whole Time Director.
- IIL issued bonus shares in the ratio of **1:2** taking its’ total number of shares to **2,95,97,837 of Rs. 10/- share** post the bonus issue subject to the approval of shareholders and other regulatory approval.
- IIL’s board approved the increase of authorized share capital from the present Rs. 25,00,00,000 sub-divided into Equity Shares having face value of Rs. 10/ share to **Rs. 35,00,00,000 divided into 3,50,00,000 equity shares of face value of Rs. 10/- share**.
- IIL declared a **final dividend for FY22 at 30% of the face value i.e. Rs. 3/- share**, with the record date of 16th September, 2022.

c. New product launched in Q2 FY23

- **Izuki:** Izuki is a combination fungicide developed by IIL, for the first time, in technical collaboration with Nissan Chemical Corporation, Japan. Izuki is used as prophylactic and curative against the diseases like Sheath Blight and Blast in various crops like Paddy.

Management Comments:

Commenting on the performance of Q2 and H1 FY23, Mr. Rajesh Aggarwal (MD) and the management team said:

“We are very happy to share that we had a modest quarter and half year, both in terms of financial performance and in terms of market acceptance of our newly launched products in last fiscal year.

On the financial front, IIL has recorded revenue from operations of Rs. 5,822.09 Mn & EBITDA of Rs. 684.54 Mn for Q2 FY23, thus delivering a growth of 31.15% in terms of revenue and 6.68% in terms of EBITDA. The EBITDA margins subsided by -269 bps in Q2 FY23 on a YoY basis mainly due to the increased cost of raw materials and the EBITDA margins improved by 133 bps on QoQ basis, mainly due to improved product mix and stabilized cost of inventory. Further, for H1 FY23, revenue stood at Rs. 11,428.99 Mn and EBITDA stood at Rs. 1,269.08 Mn. The EBITDA margins declined by -175 bps in H1 FY23 owing mainly to the increase in cost of raw materials as compared to H1 FY22. Revenue growth was majorly driven by following:

- Products launched in FY22 recorded a revenue of ~Rs.929.93 Mn in H1 FY23, contributing to ~8% of the revenue from operations, as compared to Rs.246.40 Mn in FY22. This shows the market acceptance of our products among the targeted customers.**
- Our R&D initiatives are being recognized as successful innovations in the form of several patents being granted in H1 FY23, taking our total patented products to 18, which have performed better than expectations.**
- The Herbicides business has done extremely well in this half year and they now contribute to ~41% in H1 FY23 as compared to ~33% in H1 FY22.**
- Focused Maharatna products (premium of 11 product range consisting of the top Maharatna brands which are high-ranking in nature with superior margins) have performed really well in this half year and our total Maharatna products contributed to ~58% in H1 FY23 as compared to ~55% in H1 FY22.**

During H1 FY23, we witnessed softening of cost of basic raw materials, however the currency headwinds has limited the positive impact of the same. Further, as there is a market acceptance of our products launched in FY22, we can confidently say that the margins will further improve in the H2 as well.

Further, our working capital cycle has reduced to ~153 days in H1 FY23. There has been slight increase in debtor days owing to delayed monsoons, which led to poor cash flows in the market. However, we believe that this is a temporary phenomenon, expected to reverse in the upcoming quarters.

In lines with our continuous efforts and focus towards research & innovation, we are pleased to inform that we have successfully obtained 9(3) registration for Cyazofamid 34.5% SC. Since product registration is a lengthy and gestational exercise in our industry, we expect our sustained efforts at data generation & registration to yield several product registrations in developed international markets in the next two years.

On the exports front, we continue to witness good demand, however we focused on exports in a calibrated manner, retaining our caution on the currency movement and likely distress of foreign debtors. We expect the exports to pick-up in H2 FY23, thereby enabling us to meet our exports target for FY23. The export sales works towards removing the quarterly cyclicity of the business.

During this quarter, we have received a GLP certification for one of our testing facilities at Chopankhi, Rajasthan, which showcases our unwavering commitment to produce highest quality products with most efficient processes. As a constant endeavour to enhance our presence in the biological markets, we have incorporated a wholly owned subsidiary by the name of “IIL Biologicals Ltd”.

Our ongoing CAPEX plan at Dahej is slightly delayed due to factors beyond our control such as erratic rainfall, but we expect this plant to be operational by Q3 FY23 and to be fully operational in FY24. We have witnessed an increase in the cost over the allocated budget owing to additional expenditure incurred on account of construction of warehouse and installation of solar panels and the rising inflation, however appropriate and timely actions were taken to minimize the incremental cost.

At IIL, we continue to move forward on our mission to grow responsibly towards a sustainable future through continuous support of our employees and other stakeholders. I will like to conclude by thanking all our stakeholders for helping us grow and move in the right direction.”

Management Guidance:

- The management expects the **top line to grow by a double digit in FY23**, mainly driven by expansion of facilities, addition of new generation products and adding significant number of product registrations in the current fiscal. The new generation products will not only help in top line growth but also help in margin accretion.
- The management has a target of achieving a **revenue of Rs. 1,500 Mn through exports** in FY23. This will be achieved by penetrating in new geographies, obtaining a higher number of product registrations in existing countries & adding new relationships with overseas players through contract manufacturing.
- The management expects to launch **5 to 6 new generation products in FY23**.

About Insecticides (India) Limited

Insecticides India Ltd. (IIL) is one of India’s leading manufacturers of Agrochemicals. It provides farmers with a range of products for their crop protection requirements. It also owns the prestigious “Tractor Brand” which has gained great popularity in the farming community. It has state-of-art manufacturing facilities located at Chopanki (Rajasthan), Samba & Udhampur (Jammu & Kashmir) and Dahej (Gujarat). It also has technical synthesis plants at Chopanki and Dahej which provides the company with competitive advantage by backward integration. The company also prides of having great R&D capabilities and technical expertise to provide farmers with effective and innovative products. IIL foundation, an initiative by IIL, is involved in imparting knowledge to farmers regarding modern agricultural practices to improve their crop output.

For further information on the Company, please visit www.insecticidesindia.com

Sandeep Aggarwal (CFO)

Insecticides (India) Ltd.

Email: sandeep@insecticidesindia.com

Contact: +91 11 2767 9700

Vinayak Shirodkar/ Naman Maheshwari

Captive IR Strategic Advisors Pvt. Ltd.

Email: vinayak@cap-ir.com/naman@cap-ir.com

Contact: +919372467194

Disclaimer:

CERTAIN STATEMENTS IN THIS DOCUMENT MAY BE FORWARD LOOKING STATEMENTS. SUCH FORWARD-LOOKING STATEMENTS ARE SUBJECT TO CERTAIN RISKS AND UNCERTAINTIES LIKE GOVERNMENT ACTIONS, LOCAL POLITICAL OR ECONOMIC DEVELOPMENTS, TECHNOLOGICAL RISKS, AND MANY OTHER FACTORS THAT COULD CAUSE OUR ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY THE RELEVANT FORWARD-LOOKING STATEMENTS. INSECTICIDES (INDIA) LTD WILL NOT BE IN ANY WAY RESPONSIBLE FOR ANY ACTION TAKEN BASED ON SUCH STATEMENTS AND UNDERTAKES NO OBLIGATION TO PUBLICLY UPDATE THESE FORWARD-LOOKING STATEMENTS TO REFLECT SUBSEQUENT EVENTS OR CIRCUMSTANCE