

# INDIA PESTICIDES LIMITED

An ISO 9001:2015, 14001:2015, 45001:2018 and 10002:2018 Company  
CIN No. U24112 UP1984PLC006894



Water Works Road, Aishbagh, Lucknow – 226004 (INDIA)  
Tel : +91-522-2653602, 2653603, 2653622, 4041014  
Fax : +91-522-2653610  
Website: [www.indiapesticideslimited.com](http://www.indiapesticideslimited.com)  
E-mail : [info@indiapesticideslimited.com](mailto:info@indiapesticideslimited.com)

Date: February 15, 2022

To

<p>The Manager, Listing Department <b>BSE Limited</b> P. J. Towers, Dalal Street, Mumbai-400001 <b>Scrip Code: 543311</b> <b>ISIN: INE0D6701023</b></p>	<p>The Manager, Listing &amp; Compliance Department <b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot no .C/1,G Block, Bandra- Kurla Complex, Mumbai-400051 <b>Symbol: IPL</b></p>
---	--

## Sub: Transcript of Q3 FY 22 Earning Conference Call held on February 4, 2022.

Dear Sir/Madam,

Pursuant to Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a copy of transcript of Q3 FY 22 Earning Conference Call to discuss Unaudited Standalone and Consolidated Financial Results of the Company for quarter and Nine Months ended December 31, 2021.

The same will also be available on the Company's website, '[www.indiapesticideslimited.com](http://www.indiapesticideslimited.com)'.

Kindly take the above on record.

Thanking you,

Yours faithfully,

For India Pesticides Limited

*adrpandey*

(AJEET PANDEY)

Company Secretary and Compliance Officer

Membership No.: A42500



Regd. Office: Swarup Bhawan, 35-A, Civil Lanes, Bareilly – 243 001. Uttar Pradesh, India. Phone: 0581-2567476  
Manufacturing Unit 1: Plot No: E-17 to E-23 & G-31 to G-35, UPSIDC Industrial Area, Dewa Road, Chinhat, Lucknow,  
(UP) Manufacturing Unit 2: Plot No: K-2 to K-12 & D-2 to D-4, UPSIDC Industrial Area, Sandila, Hardoi, (UP) to K-12 &  
D-2 to D-4, UPSIDC Industrial Area, Sandila, Hardoi, (UP)



**“India Pesticides Limited  
Q3 FY2022 Earnings Conference Call**

**February 04, 2022**



**Dolat Capital**



**ANALYST: MR. ARCHIT JOSHI – DOLAT CAPITAL**

**MANAGEMENT: MR. ANAND SWARUP AGARWAL – CHAIRMAN – INDIA  
PESTICIDES LIMITED  
MR. D. K. JAIN – CHIEF EXECUTIVE OFFICER - INDIA  
PESTICIDES LIMITED  
MR. S.P. GUPTA – CHIEF FINANCIAL OFFICER - INDIA  
PESTICIDES LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the India Pesticides Limited Q3 FY2022 earnings Conference Call hosted by Dolat Capital. 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. Archit Joshi from Dolat Capital. Thank you and over to you Sir!

**Archit Joshi:** Thanks Aman and good afternoon, everyone. On behalf of Dolat Capital, I would like to welcome all participants to India Pesticides Limited Q3 FY2022 earnings conference call. We would like to thank the management for this opportunity to host this call. Today, we have with us the Chairman of India Pesticides Limited, Mr. Anand Swarup Agarwal; the CEO Mr. D K Jain; and the CFO, Mr. S P Gupta.

Allow me to read out the disclaimer for the safe harbor statement before starting the call on behalf of the management. During the call, you can make forward-looking statements considering the environment we are into today this which obviously carries a risk in terms of uncertainty due to which the actual reasons could be a little different and we do not undertake to update the statements periodically.

Without any further ado, I would like to hand over the floor to Mr. Anand Swarup Agarwal Ji, the Chairman of India Pesticides Limited for his opening remarks post that, we will also have opening remarks from the CEO and CFO and then we can have the floor open for a Q&A round. Over to you Sir and thanks a lot!

**Anand Swarup Agarwal:** Thank you Archit. Good afternoon, ladies and gentlemen. I hope you and your family, are staying safe and healthy. I take the pleasure of welcoming you all for the Q3 FY2022 earnings conference call of India Pesticides. I hope you all had the chance to look at the financial statements and earning presentation uploaded on the exchanges in our website.

During the quarter our profitability growth momentum continued backed by our efficient business operations and unique product offerings. During the quarter, we launched one new product which received overwhelming response as well as for the other product launch in the first half of the fiscal year continue too.

Our R&D team and customer acquisition team is working to identify future pipeline of product offerings which can further add significant value to our offerings. Presently we have five upcoming products in pipeline and about to be launched by Q2 FY2023.

During the quarter we further increased our Sandila plant capacity by 500 metric ton. Our progress of the ongoing expansion projects is as per timelines and as per our expectations. We are confident that our enhanced capacity coupled with our new products launches will continue to drive profitable growth for us in the near to medium term.

Going forward with portfolio of distinct products we are confident of enhancing shareholders value and to achieve our long-term goals.

Thank you, I will now handover the further presentation to Mr. D K Jain.

**D K Jain:**

Thank you Sir. Good afternoon, ladies and gentlemen. I thank you for taking out time to join this earning call for Q3 FY2022. During this quarter, we continued our journey of product development and customer acquisition. We launched one new product Herbicide during this quarter with capacity of 500 metric tonne per annum.

Also in January this year, we have soft launched one insecticide and one new herbicide is supposed to be launched by next month. Further to this, we have three products in pipeline which will be launched in Q2 of FY2023.

Capacity expansion at Sandila and Hamirpur are very much in line with our expectation as Anand Ji said also we have taken position of Hamirpur land for our unit three and are in the process of making application for environmental clearance.

During nine months, we invested Rs.55 Crores in capex for expansion at Sandila plant and soft launch of 1500 metric tonne capacity during this nine month of FY2022, increasing our overall technical capacity to 21,000 metric tonnes, we are targeting overall 9,000 metric tonne capacity expansion at Sandila facility.

Further, we expect to invest Rs. 15 Crores in capex in this quarter Q4 FY 2022 at Sandila and as informed earlier 70 Crores capex is planned for next year FY 2023 at Sandila unit. We remain committed to deliver continuous, sustainable, long-term growth with R&D efforts at the core leading to continuous innovations in products as well as in process optimization.

During the quarter, same was reflected in our performance and will continue improving with our upcoming initiatives.

With this, I would like to pass onto our CFO, Mr. S P Gupta to walk us through our Q3 financial highlights. Thank you so much.

**S P Gupta:**

Thank you Sir. Good afternoon, ladies and gentlemen and thank you for joining the India Pesticides conference call to discuss Q3 FY2022 results. India Pesticides margin and profitability continued to remain strong with our efficient asset utilization and efforts to further optimize our processes. We are also thankful to our customer who has supported us by absorbing the increased raw material cost.

Now taking you through the financial the total revenue stood at 548 Crores as against 520 Crores in 9M FY2021 that is a YoY growth of 5.3% and 191 Crores in Q3 FY2022.

EBITDA in nine months of current year stands at 180 Crores as compared to 151 Crores achieved in 9M of FY2021 with a growth of 19.1% Y-o-Y and 63 Crores in Q3 FY2022. EBITDA margin have increased to 33% in nine months of current financial year as compared to 29.1% achieved in the corresponding nine months of last financial year.

The PAT stood at 127 Crores in nine months of FY2022 as compared to 108 Crores achieved in 9M of FY2021, a growth of 18.1% on Y-o-Y basis and about 43 Crores in Q3 of current financial year, PAT margin has also increased to 23.2% in 9M as compared to 20.7% achieved in 9M of FY2021.

The domestic revenue stood at 252 Crores as compared to 191 Crores achieved in last year and export revenue stood at 280 Crores as compared to 318 Crores achieved in nine months of last year.

Revenue from technical and formulations stood at 386 Crores and 147 Crores during the 9M of FY2022. During the quarter, we have maintained networking capital cycle of 125 days which has improved from 130 days in September 2021.

Further the board has revised the dividend policy of the company and has suggested a dividend payout ratio of 5% to 15% of profit after tax. We remain confident of continuing our growth trajectory while extending full support to our customer supplier and other valued shareholder.

With this, we now hand over to Archit Ji. Thank you very much.

**Moderator:** Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. First question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

**Rohit Sinha:** Thank you for taking my question. Just wanted to know if you are having some capacity expansion and some of the products, new products are in the pipeline, so after considering these all new product addition, what sort of revenue visibility have for next two years and what would be the margin profile considering that we are still pretty much at the higher end as of now going forward with new capacity and new product addition, what sort of revenue target and margin profile will be looking at next two-three year?

**S P Gupta:** Actually, we have a capex of 140 Crores, 70 Crores being spent in current year and 70 Crores is being spent in next year at our existing site. We are projecting asset turn of more than two times against this capex, so we are quite confident to achieve growth of around 20% in next two years. As far as our new capacity which is coming at our new plant that will boost our revenue significantly since we have projected a capex of 300 Crores to 400 Crores in next three years to four years. As far as, EBITDA margins, margin profile is concerned, we are making niche products, so we are very much confident that our EBITDA margin will be in the range of 29% to 33% in future also.

**Rohit Sinha:** That is helpful and secondly when we are adding capacity what normally we take to reach up to the optimum utilization for these capacity or even I mean it varies differently for different products?

**S P Gupta:** Rohit could you repeat the question please, it is not clear.

**Rohit Sinha:** When we are adding capacity then I would say that if we are adding capacity then it is going to be commissioned, so how much time it will be taking to reach out to the optimum utilization?

**S P Gupta:** It takes around two to three quarters to reach the optimum level and it stabilizes, so it takes nearly two quarter to three quarters.

- Rohit Sinha:** Okay. That is it from my side. I will come back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.
- Bharat Shah:** Just wanted to revisit the business model again, wanted to hear from you once again what is the key levers for business model in terms of the R&D strength, customer relationships, kind of operating the leverage benefit, asset turn and therefore the margins and therefore the business model where it is kind of on a relentless basis drives a certain kind of a growth rate, so if you can spell it out again will appreciate?
- D k Jain:** As you know very well that our major effort is on the R&D and we have been working on molecules which have good potential and we already have discussions with our customers and based on their discussions, we select the molecules, so we are not dependent upon the possibility of selling the product after we developed it but before itself we are more or less same in agreement with the customer so that at least they will take more than 50% of our production, that is one of the criteria that is a model which we have been following and we are already in discussion with many of our existing customer as well as new customer for the product and existing and the new products which are coming up in the coming two to three years, that is one thing and number two, our R&D is doing very well and we have already launched two products, this quarter we will be launching and three products which are remaining now would be launching in the next two quarters of FY2023 and overall, 8 products we have in pipeline, so these 8 products we will be adding at our Sandila unit and then the remaining products which work is already going on that will be launching at our new site what we have taken at Hamirpur industrial area and I think we are in the right direction and we see a very clear visibility of retaining the margins because we already work out the cost and discuss with the customers in advance.
- Bharat Shah:** What gives the confidence about margins what Gupta mentioned that minimum 29% margins that he referred to, what makes you confident that because 29% is remarkable margin and especially when asset turns are also at reasonably efficient rate, so what brings us confident about such margin?
- D k Jain:** Because number one is that we are in the area of some niche products, so there are not many producers around the world and many of the products what we produce we are the sole producer even in India and even in world we are may be among the top three, so that is always good possibility of getting decent margins and number two because this multinational companies they would like to have a reliable partner in India apart from China, so they don't mind giving us slightly better margins than Chinese products because their dependability on us is much more reliable than the general Chinese suppliers that is one of the reasons and number two, we have with the registration process itself we take lot of time, so that is also one of the reasons that we can get a little better margins.
- Anand Swarup Agarwal:** I just want to add that the product which we have recently launched and just told that it got very good response even from China because Chinese people they say that how could you produce this product because already one or two people are making this product, so apart from what Mr. Jain has told, we are very particular about niche product and what we see before producing this product that our gross margin should be at least 50% of sale, these are one or two things which we emphasize.

- Bharat Shah:** Are we not being bit unduly conservative when we are talking of 20% growth in top line for two years that Gupta Ji referred to?
- D K Jain:** 20% is a very modest estimate what Mr. Gupta has given us, I as a technical person, I initiate little more but he wants to take a cautious approach.
- Bharat Shah:** Thank you Mr. Jain.
- Moderator:** Thank you. Our next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.
- Rahul Jain:** Thanks for the opportunity and congratulations on a good set of numbers. We appreciate that you have been having fantastic gross margins of more than 50% up and even in this quarter when some of the other companies which are into technical businesses, they have reported some fall in the margins whereas we continue to improve our margins even in this quarter or in this current year like last three years till FY2020, we were around 40 and 50 and current year FY2021-2022, we are somewhere reaching around 55%-56% margins, so typically and this is in spite of the raw material prices going up in the last 12 months or so, so what exactly are we trying to or what is the different thing which we are doing which helps us to keep this kind of margins?
- D K Jain:** We reported last time also, we are optimizing in the processes what we are adopting and trying to optimize on product conversions number one and also the utility requirements, so based on these two parameters, we are able to optimize the process further so that our overall cost gets reduced and number two, we have a better product mix this time and that is why we are able to get slightly higher margins.
- Rahul Jain:** On the product side, two parts of that product side, one is the existing product where Captan, Folpet and Prosulcarb, these are our three top products, so what kind of growth can we see in these three products going ahead and any of this you have mentioned in your presentations continuously for last three quarters that none of our products happened to in red category but do you expect any of this product to get into red category may be one year down the lane or say 15 months to 18 months because these are very large products for us?
- D K Jain:** No, I do not think it will be in the red category because red category products normally they categorize it as red when the LD50 value is less than 50 whereas the LD50 value of these products are more than 2000 to 5000 PPM level, so these products getting into red category is very, very remote and difficult.
- Rahul Jain:** With regards to new products, you have introduced two products in first half and you had mentioned be in the size of 80 Crores to 100 Crores and 30 Crores-35 Crores, you already introduced one more product in the previous quarter and in initial remarks you spoke about further three products being launched, so typically the latest product which you have already launched in Q3, what is the size of that product and the coming three products what could be the size of those products?
- D K Jain:** This is the product what we have launched in this last quarter, the size is about 500 metric tonne per annum, and it will generate the revenue of almost 50 Crores.
- Rahul Jain:** And the next three products which are there?

- D K Jain:** Yes, the next two products we are going to, one product we already soft launched in January and one more Herbicide, we are proposing to launch next month, that is one and then we have three more products in pipeline, two of them are intermediates and one is the technical product.
- Rahul Jain:** What could be the size of these products?
- D K Jain:** The size of these products would be much bigger than this.
- Rahul Jain:** One question with regards to our marketing expenses not related to this quarter but last two years to three years, your marketing expenses had gone up from about 25 Crores in FY2019 to 34 Crores in FY2020 and 43 Crores in FY2021, so how is it in the current year and given that, correct me if I am wrong, we are increasing our proportion of technical sales and in the initial remarks you also talked about the contracts for the new product launches which are happening and which are going to happen in the next 12 months further, so where do we see this marketing expenses, why they are higher and do we see this flattening out in terms of the marketing expenses?
- S P Gupta:** Actually the expenses which i think you are referring to is a total expenses of other expenses of the company, it also includes power and fuel and freight also, so our marketing expenses have not gone up substantially, but these freight and fuel expenses have recently they are on elevated level.
- Rahul Jain:** Okay, no I could see fuel difference, this was basically selling an administration expenses, so they are largely fixed in the nature having an administration expenses?
- S P Gupta:** Yes, now actually for our technical products, we do not have to employ big marketing teams, so it is a B2B business, we are incurring mostly for our formulation business which is growing at around 20%-25%, so that expense will also grow in that portion only.
- Rahul Jain:** Last question Sir, in Q2 of the current year you had some deferment in shipments with regards to sale and also there was logistic issues, are all those issues settled now and can we see a better growth going forward with regards to this particular issue getting sorted out?
- S P Gupta:** It has largely been sorted out but still earlier the problem was very much, we were not getting container for many weeks, now we are getting around after say seven weeks, so the situation has just got better.
- Rahul Jain:** Sure, and if I may just squeeze out small question, with regards to our Hamirpur expansion, is the ECA approval expected soon?
- D K Jain:** We are already applying for that then it will take about four months to six months before we get the approval.
- Rahul Jain:** So, it is not yet applied Sir?

- D K Jain:** No, it is in the final stage because they require a lot of information when we got but then they require some more information which we have already provided, so I think this may be in another one month we should get this first stage what we call it TOR stage, so that we should be able to get in another one month time and after getting TOR it will take another four months to five months for getting approval because three months we have to make studies and submit and after submission it may take another two months to three months for getting the approval.
- Rahul Jain:** Thank you so much Sir. Thanks for the detailed replies and wish you all the best, in case of other questions, I will come back. Thank you so much.
- Moderator:** Thank you. Our next question is from the line of Bhavin Chheda from ENAM Holdings. Please go ahead.
- Bhavin Chheda:** Good afternoon to the management teams for excellent performance the company is doing in terms of existing products, few questions, if you can share the number of the new product which couple of few products which you said you launched in first half and one is in this quarter, how much turnover they would have generated in first nine months?
- S P Gupta:** They have actually these products have been launched, these products has generated revenue of around 7% to 8% up to this nine-month period.
- Bhavin Chheda:** Three products Sir?
- S P Gupta:** Yes, all the three products, since we have launched in two products at the end of Q1 and one product in Q3, these products we have just soft launch, we are doing backward integration for these products then when backward integration capacity comes up then we will launch in these products in full swing.
- Bhavin Chheda:** Sir, 7% to 8% of the technical sales or the total reported sales of the company?
- Anand Swarup Agarwal:** Total reported sales of the company?
- Bhavin Chheda:** Second question you said current capacity now is 21,000 tonnes and you said 9,000 is getting further expanded to take it to 30,000, right, this is existing two plants and largely the expansion is happening at Sandila?
- D K Jain:** Actually, our capacity was 19,500 initially and we have added 1500 tonnes of capacity during these three quarters and remaining 7500 tonnes we would be adding in the coming six months from technical, yes, so total 9,000 tonnes increase we have made.
- Bhavin Chheda:** Yes, so from 21,000 further 7,500 will take it to 28,500?
- D K Jain:** Yes.
- Bhavin Chheda:** Okay and this 28,500 be completed by when?
- D K Jain:** By another six months, by the end of Q2 of next financial year.

- Bhavin Chheda:** Largely by H2 FY2023?
- D K Jain:** Yes.
- Bhavin Chheda:** Okay and by that time Hamirpur approvals will come, so post that your Hamirpur expansion?
- D K Jain:** Yes, we will start working at Hamirpur later on.
- Bhavin Chheda:** If you want to share what is the capacity utilization or the volume run rate which you are doing in this quarter or nine months whatever number you are ready to share?
- D K Jain:** The capacity utilization has been around 60% this quarter.
- Bhavin Chheda:** Okay, of 21,000?
- D K Jain:** Yes.
- Bhavin Chheda:** First nine months would be?
- D K Jain:** First nine months also it will be in the same range proportionately.
- Bhavin Chheda:** Okay, same range and Sir optimum utilization you can do is 80%-90%, right?
- D K Jain:** 80%-80% is not possible because there is a slightly seasonality is involved in these products, so 80%-85% is not just maximum it can go up to 70%-75%. Sometimes we achieve that also, so it is normally in that range.
- Bhavin Chheda:** Sir my last question was this Captan capacity was planned in their significant expansion, it was expected to be completed by February, so is that complete now?
- D K Jain:** Yes, it is almost getting completed, it is on track. We have planned to complete it by February end and start increase production trials by March 1, so it is on track.
- Bhavin Chheda:** Okay and after this what would be the capacity of Captan?
- D K Jain:** That will be forward looking statement because of the contract that is why.
- Bhavin Chheda:** No problem and the other questions on the other division, one is the formulation how is that division do we any new product or FDU launched their distribution network if you want to update us on that?
- D K Jain:** Formulation, we are adding new products regularly, regularly we keep on adding the new formulation individual product as well as formulation products and we are increasing the number of depots what we have because earlier we had 15 and now we have more than 20 depots across India and we are trying to increase our presence in more number of states and we are growing because our technical are also increasing, so we are introducing the formulations of our technical also.

- Bhavin Chheda:** Any formulation what kind of topline growth are you looking, there could be more than technical implying with technical product of this because the base is too low, if I understand you are around 150 Crores – 160 Crores, so base is too low, so what kind of growth are you looking at formulation?
- D K Jain:** We are looking at around same 20% in line with our technical growth from the ratio is more or less remains same.
- Bhavin Chheda:** Yes and one question for Mr. Gupta on the balance sheet side, what is the gross debt and cash number as on December 31?
- S P Gupta:** It is around 120 Crores net of debt.
- Bhavin Chheda:** If you can give separately gross debt and cash number?
- Anand Swarup Agarwal:** It is about gross debt is around 25 Crores and cash is around 145 crores, cash and cash equivalent, bank.
- Bhavin Chheda:** Thanks a lot Sir. Best of luck.
- Moderator:** Thank you. The next question is from the line of Jimesh Sanghvi from Jimesh and Company. Please go ahead.
- Jimesh Sanghvi:** Can you share the breakup in terms of exports and domestic, how is that and if this new product launches, is it purely likely to be sold in the domestic market or it will be more export oriented?
- D K Jain:** Our domestic sale for this nine month, there have been about 252 Crores and exports have been 280 Crores and this new product what we are launching, some of them are for Indian market as well as for export and few of them are essentially for exports.
- Jimesh Sanghvi:** So, how should one look at margins out in the domestic market vis-à-vis the export market, is it substantially different or how is that as a number?
- D K Jain:** They are more or less same.
- Jimesh Sanghvi:** Okay and these new products, will it have similar margins of the existing one or it will be better margins on a relative basis?
- D K Jain:** There will be more or less same range.
- Jimesh Sanghvi:** Okay and any risk in terms of raw material cost increases or is it generally a pass through for the company, how do we deal with the raw material cost basically?
- D K Jain:** Raw material prices in the recent past, there have been lot of variations, but we are thankful to our customers that they are been able to absorb this cost increase.

- Jimesh Sanghvi:** Okay and also can you share the names of some international players in the two or three key products wherein you are kind of the lead sole supplier in India, what are the names of those international players of you can share that?
- D K Jain:** Yes, in one of our Fungicide the major international player is company by name Adama.
- Jimesh Sanghvi:** Okay and any other like because there are three products, right, your Captan, Folpet and Thiocarbonates, these are the three products wherein you are the sole supplier, so can you share for each of these three segments, the names of any international players out there?
- D K Jain:** The Captan and Folpet both Adama is our major international the major competitor and China we have very small producers in China.
- Jimesh Sanghvi:** Okay and what part of our revenue will be contributed by these three product segments, Captan, Folpet and Thiocarbonates?
- D K Jain:** It will be around 40%-45%.
- Jimesh Sanghvi:** 40-%45% and how is this particular segment growing in terms of overall growth?
- D K Jain:** It is growing very well because even in Europe, the market size is increasing year-by-year.
- Jimesh Sanghvi:** But any number that you can share like is it growing at 10% as a market overall or 5%, if you have any number of that?
- D K Jain:** Our estimate should increase by at least 10%.
- Jimesh Sanghvi:** Okay and how easy it is to develop similar products as yours what could be the kind of entry barriers which could be there in these product segments that we are catering to?
- D K Jain:** The entry barriers number one is the technology, the availability of the special facilities required for these products because these require very special handling up to this hazardous chemicals which we have developed over the last so many years and number three is that we have long term contact with our customers, so anybody entering there it is not easy and because the registration process it takes three years to four years and it is a very costly affair.
- Jimesh Sanghvi:** I am just trying to understand this probably if you can share some more light just from the basic thought process that you are making something like 30% in margin, why are someone not trying this business like their are lot of players in this particular business with various product, so what keeps us kind different vis-à-vis the other, if you can give some more details on that, that would be very helpful Sir?
- D K Jain:** Normally, all these products what we have made, we have made it from a very basic chemical. We are fully backward integrated for these products, so that is why we set up is quite large to make this and for anybody to make, it requires lot of efforts on that count and number two is the niche technology what we have developed over the years, so that we can optimize on the overall yields and pros and cons.

- Jimesh Sanghvi:** So, these technologies are kind of patented or something of that sort or made indigenously out here?
- D K Jain:** We have made indigenously out of our own R&D , these are all products, whatever products we are presently selling all the technical, they are all based on the Research and Development Team effort and they have developed the process and then we have done the scale up and then we have done our own project engineering on this and the plant has been erected.
- Jimesh Sanghvi:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vishal Biraia from Max Life Insurance. Please go ahead.
- Vishal Biraia:** What will be the extent of backward integration for **Pretilachlor** ?
- D K Jain:** It will be from the very basic stage, it will be from the very basic stage for Pretilachlor it will be that one of the intermediates normally is been produced, once the China people get only that, we will be producing that intermediate and also the raw material required for that intermediate also. So, we would be the first company to have the full backward integrated production of these products.
- Vishal Biraia:** Okay and what is the raw material that you will start with?
- D K Jain:** Raw material is Diethylaniline, and another material is Propoxy ethyl chloride I think if am not wrong.
- Vishal Biraia:** Could you name these products again and will these products be your starting materials?
- D K Jain:** Yes, Diethylaniline would be our starting material.
- Vishal Biraia:** Okay and where could you get this material from?
- D K Jain:** We can get in India, India people there are few companies who make these materials and we have already tied up with them and they have agreed to supply of this material and also there as we can source this from outside India also.
- Vishal Biraia:** Okay and after you get this raw material, after how many processes will you get the final product, I mean I am trying to understand as to how complex is manufacturing of Pretilachlor and di-n-propylamine?
- D K Jain:** there will be at least four to five stages to get finished product.
- Vishal Biraia:** Okay and currently what is the import content of these two products, Pretilachlor and di-n-propylamine?
- D K Jain:** when we would be making the imported component then it would be less than 15%.
- Vishal Biraia:** When you start making this, your import component will be only 15%.
- D K Jain:** Yes.

- Vishal Biraia:** Okay and what is the competitive scenario in these two products?
- D K Jain:** Competitive scenario we got from this basic stage, I do not think there are many players, I think we would be first to have from these basic stages.
- Vishal Biraia:** Okay and if we take **Pretilachlor** as an example, what will be the differential between if we imported from China, what will be the mandate cost and there is no major what will that differentiate?
- D K Jain:** Certainly, would be cheaper than what it is being imported presently from China, and we would be able to make this intermediates ourselves, we would be fulfilling the aim of our Prime Minister of Atmanirbhar bharat.
- Vishal Biraia:** If you consider the current prices then how much cheaper would be these?
- D K Jain:** It is very difficult to tell now but certainly it will be cheaper.
- Vishal Biraia:** You would be able to achieve to get 15%-20% margin that would be the ideal margin that you make on these products or what you would say?
- D K Jain:** Yes certainly. That has been our basic benchmark.
- Vishal Biraia:** Okay, so let us say what is your target margin on these products?
- D K Jain:** Around 30%.
- Vishal Biraia:** 30% and you expect this 30% margin to sustain?
- D K Jain:** That is what we feel.
- Vishal Biraia:** Okay, this is the last question these things that the traditionally margins in this kind of a business raised between 15% to 18% and it has been more than a year back I guess that your margins have sustained above 25%, so how long do you think it will take before they go back to 15% to 18% kind of levels?
- D K Jain:** We wish that we should never return to 18% level, we want to keep always around this level only and we have made all our efforts to maintain these margins.
- Vishal Biraia:** Sir do not you think that there will be a competition coming in, because there are many are making multipurpose that multipurpose plants for this products will be fine tuned and you can get the product?
- D K Jain:** It is not like that that many people's are planting but no one is making through its basic stage, and this is little a complex chemistry with some extreme conditions, so everybody will not be able to make they required lot of infrastructure and lot of technical expertise to make these products, it is not very easy to make this. People normally they import n minus one product and then they produce at last stage only in reactor.

- Vishal Biraia:** Okay, Pretilachlor is the herbicide, so its handling and its contamination risk will not affect on other products?
- D K Jain:** See we have the herbicide section and the other fungicide section and it is absolutely separated and separated by a wall, the men present on this side will not come here and the men present on the other side will not go there, totally it is done a separate plant and so there is a more or less it is a combination of two plants we can say with the herbicide section even the entry is separate and the man power is separate.
- Vishal Biraia:** Okay, thank you Sir, I will come back in the queue. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Sandip Bansal from ASK Investment Managers. Please go ahead.
- Sandip Bansal:** Thank you for the opportunity. My first question was is the revenue growth this quarter in line with our expectations, the reason to ask is two; one is we have seen good cost inflation which we pass through and secondly, I think there was some revenue which might have shifted from last quarter to this quarter due to logistic challenges?
- S P Gupta:** Actually Q3 revenue is likely less than the first half average, so the pass over of deferment of last quarter has concluded even for this quarter we have because of some logistic issue we have some order has to be shipped in January only but the earlier say the delay was two weeks to three weeks, now it has come down to one week or 10 days in arranging the container and about technical growth has been in as per what we have projected but in case of formulations there was slight due to some difficulty as per our projection in Q3.
- Sandip Bansal:** Okay and Sir any new customer that we have added in the technical business in this quarter?
- S P Gupta:** In the new technical, we are selling mainly to our new customers.
- D K Jain :** We have added, all the new product we are having new customers only and we are also in discussion with many more new customer for our future products also.
- Sandip Bansal:** Any name that we would have added in the top ten, global MNCs?
- D K Jain:** Global MNC we have, Syngenta is our customer like UPL, there are so many.
- Sandip Bansal:** Right. Sir is there any conflict which exists due to our technical and formulation business from a customer standpoint?
- D K Jain:** From a custom standpoint?
- Sandip Bansal:** From a customer standpoint, from a client perspective?
- D K Jain:** From a customer standpoint, not very much, no, we do not have any conflict of interest from any of our customers.

- Sandip Bansal:** The products we keep are completely different?
- D K Jain:** The other product we keep completely different and even in export normally we do B2B business, we have not in direct sale of the product, we do not do B2C customer in B2C business in our technical, normally we do only B2B, so there is no conflict at all.
- Sandip Bansal:** Sure and Sir my last question is that for our Hamirpur facility since it is a large facility and also the fact that it takes lets say few years for a registration to come by, we would be having a number of new products over there, so obviously the construction of the facility will itself take some time once the EC approval etc happens but would we start the registration process for the new products soon or we would have already started or if you can just share your thoughts?
- D K Jain:** We have already started the registration process for few of the technical what we envisage we maintain to produce at our Hamirpur site, registration process and central board has already started, number one and parallely we have already started the application for the environmental clearance, so both the activities are going on parallely and what we will do that by the time we get the technical registration, we would go first for some intermediate because intermediate we do not have to depend upon the technical registrations, so we can go ahead with intermediate first and by the time we get the technical registration then we can go for technical production, this is how we have planned to save on the time.
- Sandip Bansal:** Okay, you said that the EC approval will take six months to nine months then may be another year or so for construction, so the first production we should expect that will come only from FY2025 at the earliest?
- D K Jain:** Intermediate, we will produce in Q2 of FY2024, it will take only six months to nine months to produce the intermediates. In between we would be able to make all the infrastructure require, so that we would be doing parallely.
- Sandip Bansal:** Okay but Sir sorry to harp on this point again, you know because of lack of proper understanding but let us say you start manufacturing intermediates that is fine but let us say if the full plant construction is with the EC approval etc., takes two years, so wont we have to start the process of registration let us say from here onwards for next one year or so or we can continue with the intermediate manufacturing for another year before we start technical over there?
- D K Jain:** With a registration for technical we have already started because with the central it takes more sometime it takes one year, sometimes it is slightly less, sometimes it takes little more than a year, so we have already started the registration and just will be safer, we intent to start the intermediates first and then by the time we should be able to get the registration for the technical also.
- Sandip Bansal:** Sure. Thank you so much Sir and all the best.
- Moderator:** Thank you. The next question is from the line of Karthi Keyan from Suyash Advisors. Please go ahead.

- Karthi Keyan:** Good afternoon, couple of things, one is when all this 8 products are launched, so FY2024 what would be the revenue contribution likely from the products and second part you said two of these products are intermediates, so what applications have been for, or these are entirely captive purpose or it can be any third party feed also?
- D K Jain:** It will be the intermediate what we have launched we would be using captively also as well as we will be able to sell in the market also because these intermediates are presently imported and number two we will be doing the capex at our Sandila unit at 70 Crores this year and 70 Crores next year, it will be about 140 Crores and we expect an asset turn of 2-2.25, so accordingly the revenues will increase.
- Karthi Keyan:** Sure. Thanks for answering Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Pritesh Vora from Mission Holdings. Please go ahead.
- Pritesh Vora:** I want to understand what kind of capacity we are putting in Hamirpur?
- D K Jain:** The capacity initially what we have applied for EC clearance is 30,000 tonnes per annum and we will be putting this capacity in modular way, we will not put all the capacity at a time, we would be putting one block and another block, like that we can be adding and two years to three years we will achieve that capacity.
- Pritesh Vora:** do we have already identified product which you will be manufactured at that facility for 30,000 tonnes?
- D K Jain:** We have already identified, we identified lot of products and much more and we will be working on that certainly.
- Pritesh Vora:** The present capacity is around 18,000 tonnes and you are expanding around 7,000 tonnes more, right presently?
- D K Jain:** Yes, definitely at Sandila unit we are expanding by about 9,000 tonnes from the present capacity of 19,500, so it will 28,5000 total capacity at our Sandila unit.
- Pritesh Vora:** Right but it will take two years to come up, right?
- D K Jain:** This will be this year itself it will come, this FY2023 it will come.
- Pritesh Vora:** But your 8,500 tonnes capacity which you have said is which will come in Sandila, it will take two years to come up that facility, right in two phases?
- D K Jain:** Two years, it was FY2022 and FY2023, in these two years what we will have. We already spent almost 60 Crores at our Sandila unit, already we have spent till now and another 10 Crores – 12 Crores, we will be spending by March end and then another 70 Crores.
- Pritesh Vora:** 8,500 tonnes will come by which year?
- D K Jain:** Next year in FY2023.

- Pritesh Vora:** So, that will start in Q2, is it?
- D K Jain:** Yes.
- Pritesh Vora:** Okay, so can we assume that our revenue will increase because the capacity is coming by 50%, can assume the revenue also will increase by 50%?
- D K Jain:** Yes, in two years time, it takes some time to stabilize, so probably by next year it should.
- Pritesh Vora:** Alright Sir. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Ananth from AS Capital. Please go ahead.
- Ananth:** You had mentioned that three products where Adama is the competitor, like Adama is excellent company, now what kind of market share we have in these three products like why are they manufactured from like our cost will be lesser than them, so we can get more market share, is that possible?
- D K Jain:** We are the number two in the world and Adama we are more or less equal to Adama's capacity what we feel, exact capacity we do not know about Adama but what we feel from our market information that we are almost equal to them in one of the products and one product they may be little more but we are the second one and Adama is also our customer, they are buying from us.
- Ananth:** Same product Sir?
- D K Jain:** Yes, one product they are buying from us.
- Ananth:** Okay and Sir presently you had mentioned that our total capacity will go to 28,500 metric tonne, now you have mentioned that 70 Crores capex this year and 70 Crores capex next year, so with the 70 Crore capex this year will go up to 28,500 and next year capex, will it increase further?
- D K Jain:** No, this 28,500 will achieve after spending this 70 Crores for the next year.
- Ananth:** All this new product that we are launching, so all these products are completely backward integrated like we are trying to integrate fully for all the newer products also?
- D K Jain:** Yes, that is our basic, we want to start with the basic chemicals.
- Ananth:** Sir at 10% of the sales is coming from API Segment like which segment do they cater to and is there like any plan to scale that also?
- D K Jain:** This APIs are in the dermal applications and they are doing quite well.
- Ananth:** Are you adding capacities for new products on this section or like what is the plan here?
- D K Jain:** We would be doing at Hamirpur site, thereafter we have shortlisted few products and that we would be doing at our Hamirpur, presently here at our facility there is no space available now.

- Ananth:** Okay Sir, thanks a lot, so my questions have been answered.
- Moderator:** Thank you. The next question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.
- Bharat Shah:** Thank you. Just to on the business model, so as we have discussed earlier than now, the focus is on niche products ensuring that we had scale economy there, complex ahead of manufacturing so that there is no uncertainty in the business, backward integrations starting from starting materials to the margin advantage and is operating leverage kicks in that further helps margins, one integral piece of the superior asset turn, what are some of the strategic advantages we have in order to generate superior asset turn of the kind that we do?
- D K Jain:** As I have said earlier also sometimes we have mentioned that we are doing our own technology developments, number one and we are doing the product plant as well as the complete plant erection by our own team, that is how we are able to get little cost advantage and integrate the product value, that is one of the key criteria what we are doing.
- Bharat Shah:** Then I suppose the product selection also is such which the kind of margin that we are seeking in the selection brings that it facilitates superior asset turn?
- D K Jain:** Yes absolutely.
- Bharat Shah:** Sure, and these are typically swing facilities or these are very product specific plants?
- D K Jain:** We have product specific plants and if the product there is a problem, then we can change over once all to other products also.
- Bharat Shah:** Okay with some amount of re-engineering?
- D K Jain:** Yes, have been some slight re-engineering which is required then we can change over once for all but normally we do not want to produce multiple products in the same plant because of the contamination issues, in some companies what they do, they make products on campaign basis, that we do not do, we do exclusively in one plant product.
- Bharat Shah:** Right but if required plant can be re-engineer to make something else, plant will not go waste, if we have particular product some reason is not in demand?
- D K Jain:** Yes absolutely.
- Bharat Shah:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that would be our last question for today. I now hand over to Mr. Anand Agarwal, Chairman for closing comments thank you and over to you Sir.
- Anand Swarup Agarwal:** Thank you very much and we have got very comprehensive discussions and I thank everybody. Thank you very much.



**Moderator:** Thank you very much. Ladies and gentlemen, on behalf of Dolat Capital that concludes this conference.  
Thank you all for joining us and you may now disconnect your lines. Thank you.

**Investor Relations Contacts:**

<b>S. P. Gupta</b> Chief Financial Officer <a href="mailto:investor@indiapesticideslimited.com">investor@indiapesticideslimited.com</a> +91 522 265 3602	<b>Bijay Sharma / Ashok Negi</b> Churchgate Partners ipl@churchgatepartners.com +91 22 6169 5988
<b>India Pesticides Limited</b> Water Works Road, Aishbagh, Lucknow-226 004, Uttar Pradesh, India <a href="http://www.indiapesticideslimited.com">www.indiapesticideslimited.com</a>	

**Safe Harbour:**

Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The company's results may be affected by factors including, but not limited to, the risks and uncertainties in research and development; competitive developments; regulatory actions; the extent and duration of the effects of the COVID-19 pandemic; litigation and investigations; business development transactions; economic conditions; and changes in laws and regulations. India Pesticides Limited will not be 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 circumstances.