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www.insecticidesindia.com
CIN : L65991DL1996PLC083909



Ref: IIL/SE/2022/1608/2
Dated: August 16, 2022

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
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Dear Sir/Madam,


Sub: Earning Presentation for Q1FY2023 Results

Please find enclosed the Q1FY2023 Earning Presentation on the First Quarter ended Financial Results of the Company

The same will also be available on the website of the Company at <http://www.insecticidesindia.com/EarningsPresentation.html>

This is for information and records.

Thanking You,
For Insecticides (India) Limited

Sandeep Kumar


Sandeep Kumar
(Company Secretary & CCO)

Encl: As above



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Q1 FY23 Earnings Update

Revenue from Operations reported at **Rs.5,606.90 Mn** in Q1 FY23

EBITDA stands at **Rs.584.53 Mn** in Q1 FY23

PAT at **Rs.383.08 Mn** in Q1 FY23

Delhi, 13th August, 2022: Insecticides (India) Ltd. (referred to as “IIL”, “The Company”), one of the premier Agrochemical manufacturing companies in India, has announced its unaudited Q1 FY23 financial results.

Consolidated Financial Statement Highlights for Q1 FY23 v/s Q1 FY22:

Particulars (Rs. Mn)	Q1 FY23	Q1 FY22	Y-o-Y %
Revenue from Operations	5,606.90	4,682.61	19.74%
Other Income	1.94	16.30	
Total Revenue	5,608.84	4,698.91	19.34%
Total Expenses excluding Depreciation, Amortization & Finance Cost	5,022.37	4,151.79	
EBITDA*	584.53	530.82	10.12%
EBITDA Margin (%)	10.43%	11.34%	
Depreciation & Amortization	66.24	63.40	
Finance Cost	14.08	21.54	
PBT before Exceptional Item	506.15	462.17	
Exceptional Items	0	0	
Share of net profit of joint venture accounted for using the equity method	3.12	2.47	
PBT	509.27	464.64	9.61%
Current Tax	133.08	115.88	
Deferred Tax	-6.89	-0.84	
Total Tax Expenses	126.19	115.04	
PAT	383.08	349.60	9.58%
Other comprehensive profit / loss	12.50	-4.48	
Net PAT	395.59	345.12	14.62%
PAT Margin %	6.83%	7.47%	
Diluted EPS	19.41	17.37	11.74%

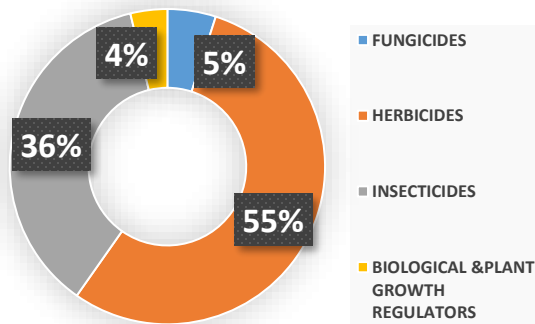
*EBITDA has been calculated on Operating income only. Other income has been excluded.

Financial Performance Comparison – Q1 FY23 v/s Q1 FY22:

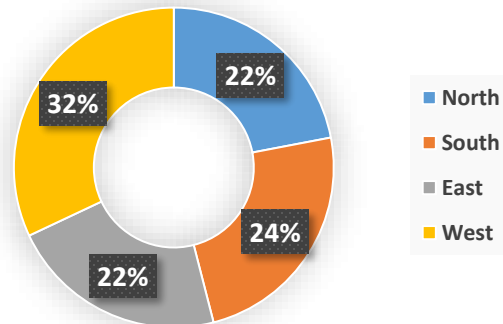
- Revenue from Operations has **grown by 19.74%** from Rs.4,682.61 Mn in Q1 FY22 to Rs.5,606.90 Mn in Q1 FY23 due to *increased traction in Maharatna segment business & growth of the B2C & B2B business.*
- The EBITDA **increased by 10.12%** from Rs.530.82 Mn in Q1 FY22 to Rs.584.53 Mn in Q1 FY23 *mainly driven by increased share of premium products in product portfolio and higher sales of products launched in FY22 like Hachiman, Oxim and Shinwa which grew by ~3x in Q1 FY23.*
- **EBITDA margins decreased marginally to 10.43% in Q1 FY23 from 11.34% in Q1 FY22** mainly on account of industry headwinds of rising raw material and energy costs. The company also made a M2M provision of ~INR 6.5cr to account for the Forex fluctuations on raw material purchases during the quarter.
- **PAT increased by 9.58%** from Rs.349.60 Mn in Q1 FY22 to Rs.383.08 Mn in Q1 FY23.
- **PAT margins marginally declined to 6.83% in Q1 FY23 from 7.47% in Q1 FY22.**

Revenue Mix for Q1 FY23:

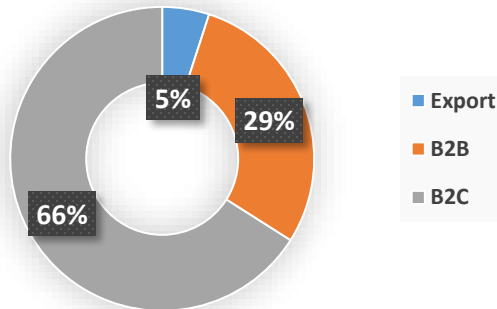
CATEGORY-WISE SALES BREAKUP



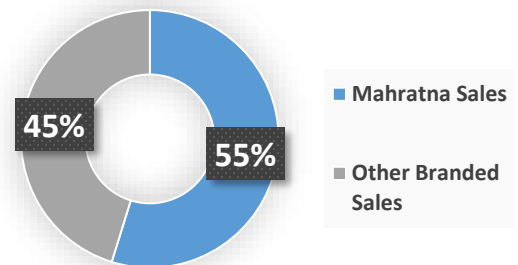
REGION-WISE BRANDED SALES



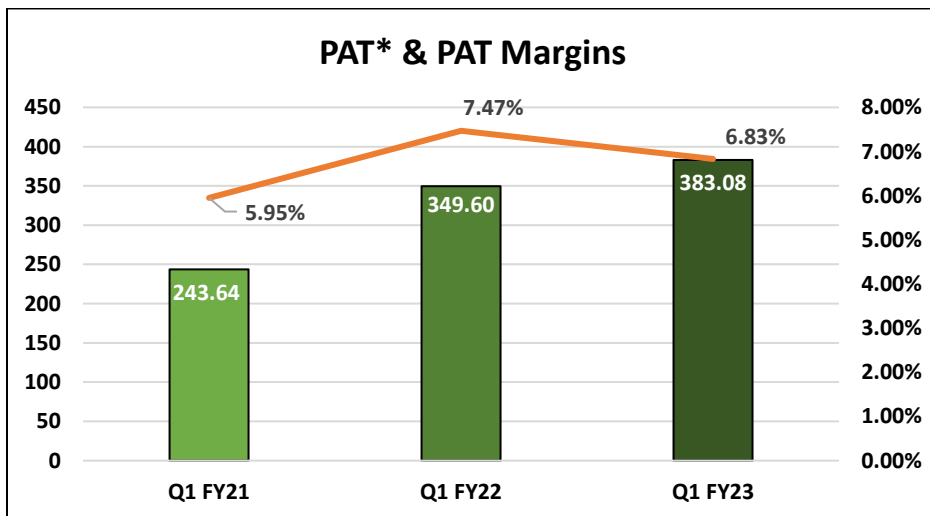
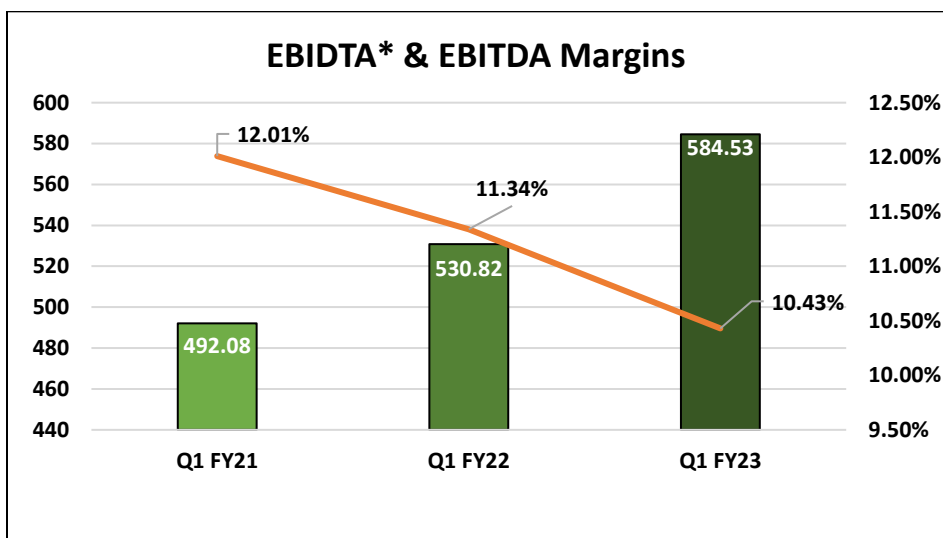
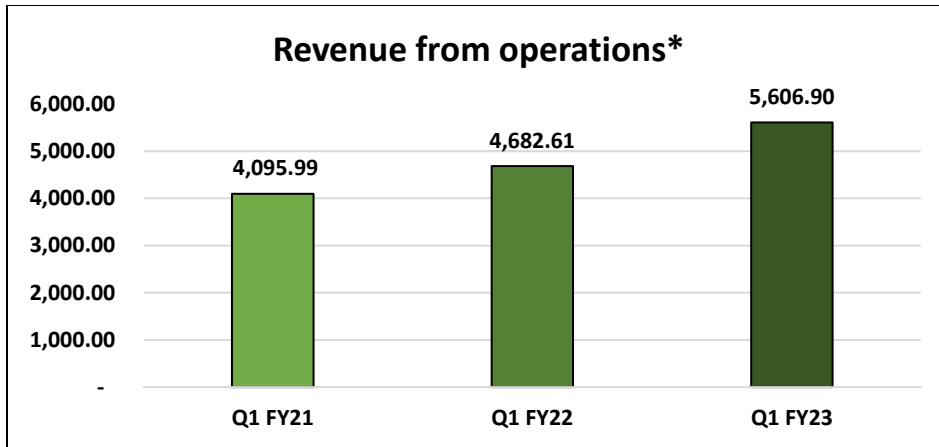
NET SALES BY SEGMENT



MAHARATNA PRODUCTS VS OTHER BRANDED PRODUCTS



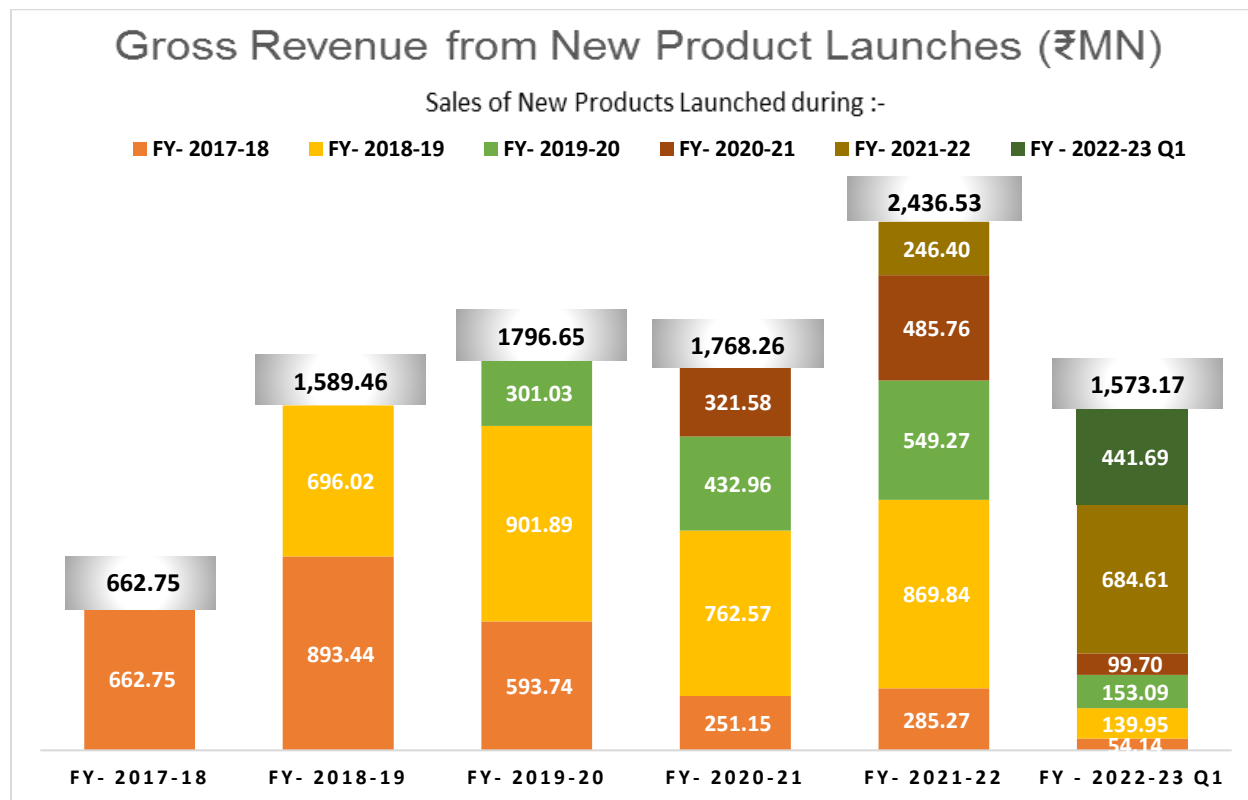
Financial Snapshot:



*Figures in Rs. Mn

Product Freshness Index:

IIL is committed towards providing unique and advanced solutions to all types farmer's needs by consistently launching new products to keep in touch with the changing needs of the Indian Agricultural market. The below graph depicts Revenues from new products launched till date since FY18



*Please note that while the Revenue from new products has been tracked since FY13, for brevity purposes we have depicted graphs starting from FY18. The total Revenue from New products launched from FY13 to FY17 is Rs.11,440 Mn.

*There is decline in total revenue generated from new products from FY19 onwards, due to ban in sale of product "NUVAN" by the government, whose sales revenue has been included in preceding years.

Commercial Updates for Q1 FY23:

A. GLP Certification (Good Laboratory Practice Certification)-

- The Company's Research & Development Centre at **Chopanki, Rajasthan** gets prestigious **GLP Certification** by Department of Science & Technology, Government of India. This is a highly coveted accreditation, so far awarded to just 51 labs in India. IIL's Chopanki, Rajasthan-based lab is now the **52nd Lab in India** to receive this Certification. With the company's other three labs at locations of Jammu & Kashmir, Gujarat & Rajasthan already being certified under *NABL (National Accreditation Board for Testing and Calibration Laboratories)*, the GLP certification echoes the company's focus and commitment to deliver innovative and high-quality products to the market.

B. Capex Update

- The Company 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.* 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 expects to incur ~Rs.150 Mn in Q2 FY23**. The Technical Synthesis plant at Dahej (Gujarat) is expected to commence operations by the end of first half of FY23. The company plans to manufacture new intermediates with this capacity expansion that will be used for captive consumption going forward.

C. Patent Receipt: IIL has bagged several patents for fungicides and pesticides in FY 23 till date and expects it several pending patents to be granted in this fiscal year.

- The Company has received patent for fungicide **“Novel Fungicidal Carbamate Compounds”** for a term of 20 years from 29th January, 2018.
- The Company has received patent for pesticide **“Novel Miticidal Benzylamides”** for a term of 20 years ending in July, 2036.
- The Company has received patent for pesticide **“Novel Dithiolane Compound”** for a term of 20 years ending in March, 2038.
- The Company has received patent for pesticide **“Novel Granules & its Pesticidal Compositions”** for a term of 20 years ending in July, 2039.

D. New product Launches: -

The company has launched the following new products in the current quarter: -

- **Torry**, which is an **Herbicide** used for control of weeds in Maize Crops. Torry is **made in India for the first time, by IIL**.
- **Sargent Xpress**, is an insecticide which is used for the control of Stem Borer and Leaf folder insects.
- **Himax**, which is a non-selective weedicide.

Management Comments:

Commenting on the performance of Q1 FY23, Mr. Rajesh Aggarwal, Managing Director, said:

“We are very happy to share that we have had an extremely successful quarter both in terms of financial performance and market acceptance of our newly launched products in last fiscal year. We are glad to see that our Research and development initiatives are being recognized as successful innovations in the form of several patents being granted recently. We are also extremely proud to share that our testing facility at Chopanki, Rajasthan has been awarded the coveted GLP certification recently.

For the first quarter of FY23, The Company has recorded revenue from operations of Rs.5,606.90 Mn & EBITDA of Rs.584.53 Mn, thus delivering a growth of 19.74% in terms of revenue and 10.12% in terms of EBITDA. Revenue growth was majorly driven by following:

- Growth in the B2B Segment (Institutional Sales) mainly on account of appointment of co partners for our new products in that channel. The institutional sales have grown by more than 30% for Q1FY23 vis-à-vis Q1 FY22.
- Traction in Demand for the Focus Maharatna Range (premium of 11 product range consisting of the top Maharatna brands which are high-ranking in nature with superior margins).
- Growth in sales of new products launched in the prior fiscal year FY22, such as Hachiman & Shinwa, where we are witnessing a remarkable level of market acceptance. These new products contributed ~12.21% of the Revenue in the first quarter of FY23.
- The herbicides business has done extremely well for Q1FY23, reporting a growth of 44% over Q1FY22.
- We are now in the process to register a number of new products in both domestic and international markets, which will further support the top line of the business in this fiscal.

During the quarter, we witnessed certain challenges in terms of rising input costs and weakening of the Indian Rupee. Our EBITDA Margins declined by 91 bps mainly due to increase in input cost of Raw Materials and higher energy costs. The Exchange rate fluctuations on raw material procurement resulted in a M2M provision of ~6.5crores which impacted the margins adversely. Challenges on the international front in terms of demand fluctuations and supply chain bottlenecks resulted in a contraction of our export demand in Q1 FY23. Exports contributed to ~5% of our Revenue in Q1 FY23 vis-à-vis ~8% in Q1 FY22 due to instability in the export markets. We expect these challenges to continue for the next quarter and accordingly we have revised our export guidance to a targeted export revenue of ~INR 1,500 MN for FY23. Further, our PAT Margins have declined marginally 64 bps.

We expect our B2C business to do extremely well for the next quarter, on the back of growing demand for our newly launched products in that segment. In the current fiscal year, we will focus on offering composite and distinctive solutions, to the range of demands of the farmers with improved efficiency at an affordable price. We also plan to provide Farmers, the necessary training for using our products. Further, our Company is also capable of entering into CRAMPS and sees a great potential in FY23 for the same.

At our R&D facilities, we are also developing Mixture and Combination products that will improve the effectiveness & efficacy of our products and that will provide farmers a variety of options in a single package. To stay up with the rate of industry advances, we are regularly adding strength to our R&D capabilities through a variety of prestigious certifications. We recently received the GLP Certificate for one of our labs at Chopanki, Rajasthan from the Department of Science & Technology, GOI, making us one of the only 52 Companies to have this Certification.

In terms of product innovation, we are committed to keep adding products to our repertoire, by launching a minimum of 6+ products in FY23 and phasing out old generics products under our tail cutting policy.

In the past five years we have put in a lot of effort to generate data for new product registrations in both domestic as well as international markets. We have shifted our focus towards research & innovation, in tune with our objective to be the market leader in all our segments. We are in the process of generating data and initiating registration processes for our products in some of the highly regulated markets like Brazil, USA & Europe. 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.

In addition to our product innovation initiatives, we believe in strong backward integration of all our operations. Our technical facility in Dahej is well-equipped to develop technicals that will, in part, lessen our reliance on foreign inputs and get us closer to self-sufficiency in the coming years. Our inventory levels were a little bit higher than typical in Q1 FY23 since the challenge of procuring raw materials from international markets, such as China, is currently affecting the entire agro-chemical business. With some assistance from our in-house technical plant, we anticipate that the supply situation will improve in the current fiscal year.

In recent times, one of the most talked about subjects in the Agro-chem industry is the transition to Biological Products and their widespread acceptance in farming. We are one of the earliest companies to make efforts in this field, and we currently offer a number of products in this segment. In FY23, we expect to increase our business in this segment by providing environment friendly, and high efficacy products to the farmers. We have also stowed a new wholly owned subsidiary by the name of "IIL Biologicals Limited" to conduct 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.

IIL always placed a focus on adapting to changes and using the most updated technologies. With our key focus placed on constantly upgrading ourselves, to provide better quality products and services, we are testing the use of Drones for spraying fertilizers.

To conclude, I would like to express my gratitude to all our stakeholders and business partners for their unwavering support and belief in us over the pandemics' two most recent fiscal years. We are extremely optimistic about the kharif season and expect to take advantage of the rising demand for our new products in this season. We are stepping up our outreach initiatives, to better our distributors/retailers network and educate farmers about new practices. Lastly, we at IIL are entirely committed to fulfilling our promises and achieving success based on high-quality, distinctive goods that are sustainable over the long run."

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 expects the **EBITDA margins** to improve by **100 bps** in **FY23** from 11.28% in FY22 attributable to better product mix, cost optimization measures and backward integration for certain raw materials.

- The management has a target of achieving a revenue of **Rs.1,500 Mn** through exports. 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 & Udampur (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

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