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CIN : L65991DL1996PLC083909



Ref: IIL/SE/2023/0211/2
Dated: November 02, 2023

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 Update for Q2 & H1 FY2024

Please find enclosed the Q2 & H1 FY 2024 Earning Update for second quarter and half year ended September 30, 2023. 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



insecticides
(INDIA) LIMITED

EARNINGS RELEASE

Q2 & H1 FY24 | November 02, 2023



Key Highlights:

- Insecticides (India) Limited registered a significant revenue growth of 20% during current quarter. The Revenue stood at ₹6,959 Mn during Q2FY24 as compared to ₹5,822 Mn during same period last year. The Company registered ₹13,359 Mn of revenue in H1FY24 as compared to ₹11,429 Mn in H1FY23 registering a robust 17% growth in Revenue on y-o-y basis.
- The growth is largely driven by Value Added Products which now constitutes 64% (blended, B2B & B2C) of total revenue in H1 FY24 as compared to 56% in H1FY23. The Company continues to focus on improving the mix of value added products i.e Maharatna and Focus Maharatna, on consistent basis.
- Efforts on new launches like Hachiman, Torry and Shinwa in last two years has aided in higher growth.
- Continuous focus on inventory management has led to a marked improvement in inventory with ₹2,675 Mn of reduction in first half of current financial year, reaching to 105 days as compared to 227 days during FY23.
- The net working capital days also shows significant improvement, now stood at 112 days as compared to 169 days in FY23.
- The total borrowings registered improvement even with the higher seasonal output, and stood at ₹1,783 Mn as on 30th September 2023 as compared to ₹2,739 Mn as on 30th September 2022 and ₹1,590 Mn as on 31st March 2023.
- Significant scale-up of digital connect with farmers. Digital capability enhancement improved channel engagement and crop advisors with accurate data availability. Increasing customer focused Brand building activities and engagements with Ajay Devgan resulted in high demands for key products.
- Company is happy to declare Interim Dividend of Rs. 3 per share (30% of face value of Rs. 10/-) and record date for dividend is 10th November 2023.

About us:

- Insecticides (India) Limited (IIL) is one of India's leading manufacturers of Agrochemicals. IIL provides farmers with a range of products for their crop protection requirements and owns the prestigious "Tractor Brand" which has gained great popularity in the farming community.
- IIL's product portfolio comprises of 21+ technical products, 105+ formulation products that includes 35+ Maharatna Products.
- The Company boasts cutting-edge manufacturing facilities strategically situated in Chopanki (Rajasthan), Samba & Udhampur (Jammu & Kashmir), and Dahej (Gujarat). Additionally, IIL possesses technical synthesis plants in Chopanki and Dahej, offering the company a distinct competitive advantage of backward integration. Furthermore, the company operates a toll manufacturing plant in Shamli, Uttar Pradesh, with a specific focus on Biologicals.
- IIL prides of having great R&D capabilities and technical expertise to provide farmers with effective and innovative products.

Our Capabilities:

Marketing & supply chain

- 21,00,000+ Farmers,
- 70,000+ Dealers,
- 6000+ Distributors,
- 380+SKUs.

Product Portfolio

- 21+ Technical Products,
- 105+ Formulations Products which includes
 - 14 Focused Maharatna products
 - 21 Maharatna products.

Facilities

- 2 Technical Synthesis Plants
- 6 Formulation Plants
- 1 Toll Manufacturing Biological Plant
- 4 R&D Centers.

Manufacturing capabilities

- 30,900 KLPA Liquid
- 80,750 MTPA Granules
- 24,770 MTPA Powder
- 15,800 MTPA Active Ingredient and Bulk.

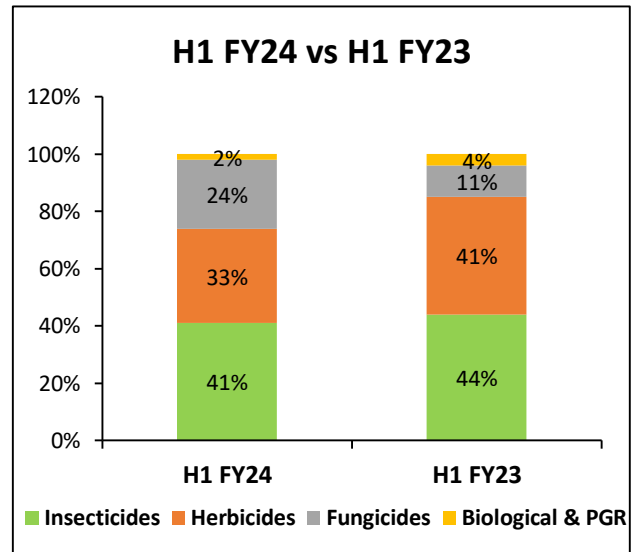
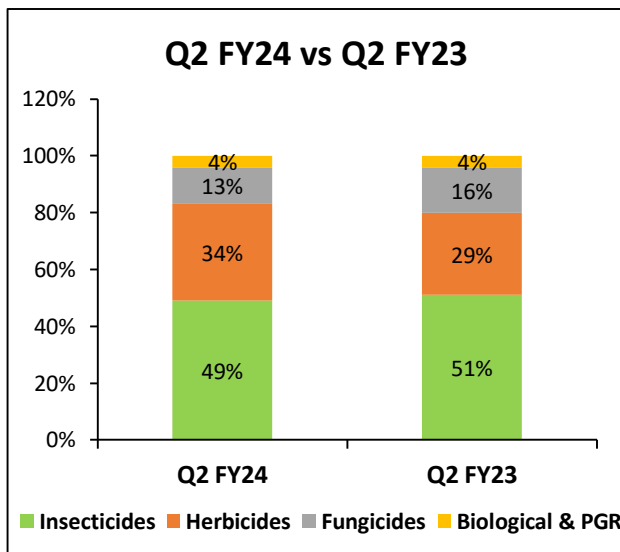
Our Business Strengths:

- With 4 R&D centers, R&D team continue to emphasize on new innovation in technical and formulation to enhance the efficiency and quality of premium maharatna products.
- IIL is strategically positioned to meet the growing demand for sustainable and ecologically responsible crop protection and nutrition solutions through its expertise in biologicals & chemicals.
- The company has a notable intellectual property portfolio, with 22 patents granted and an additional 17 patents pending.

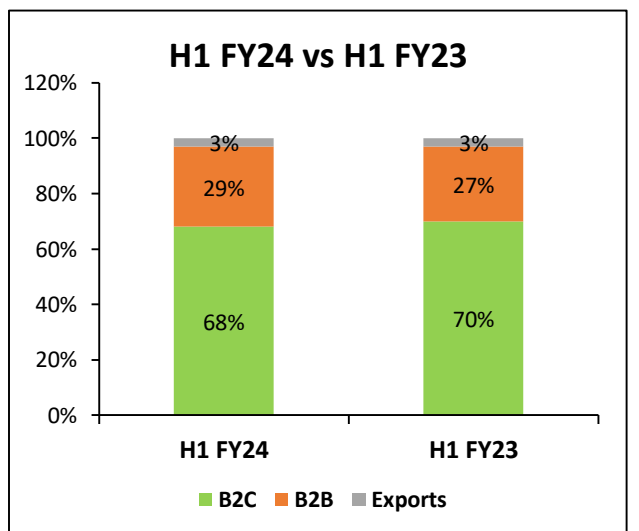
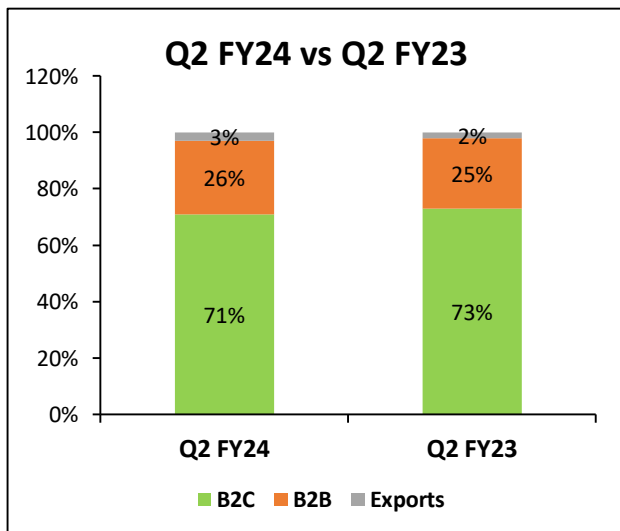
Key Performance:

Revenue Distribution:

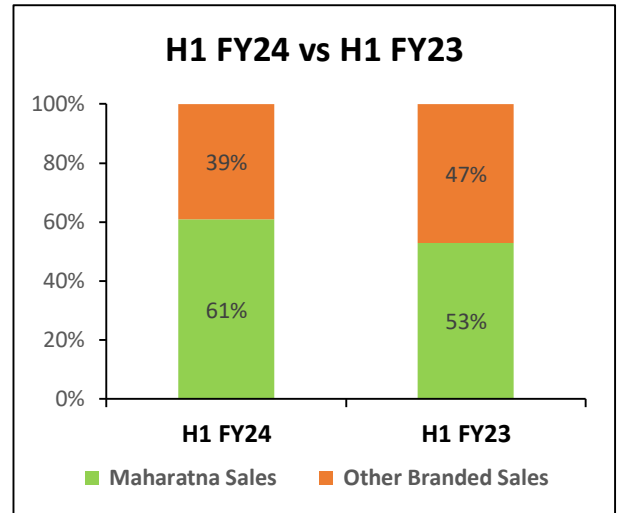
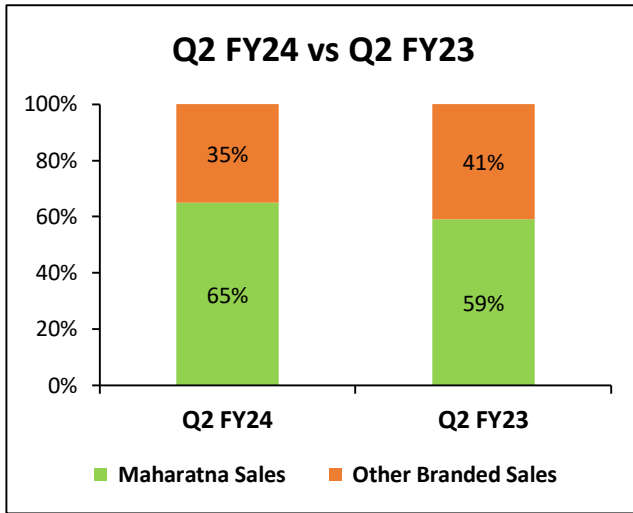
Category-Wise Sales Breakup



Sales by Segment

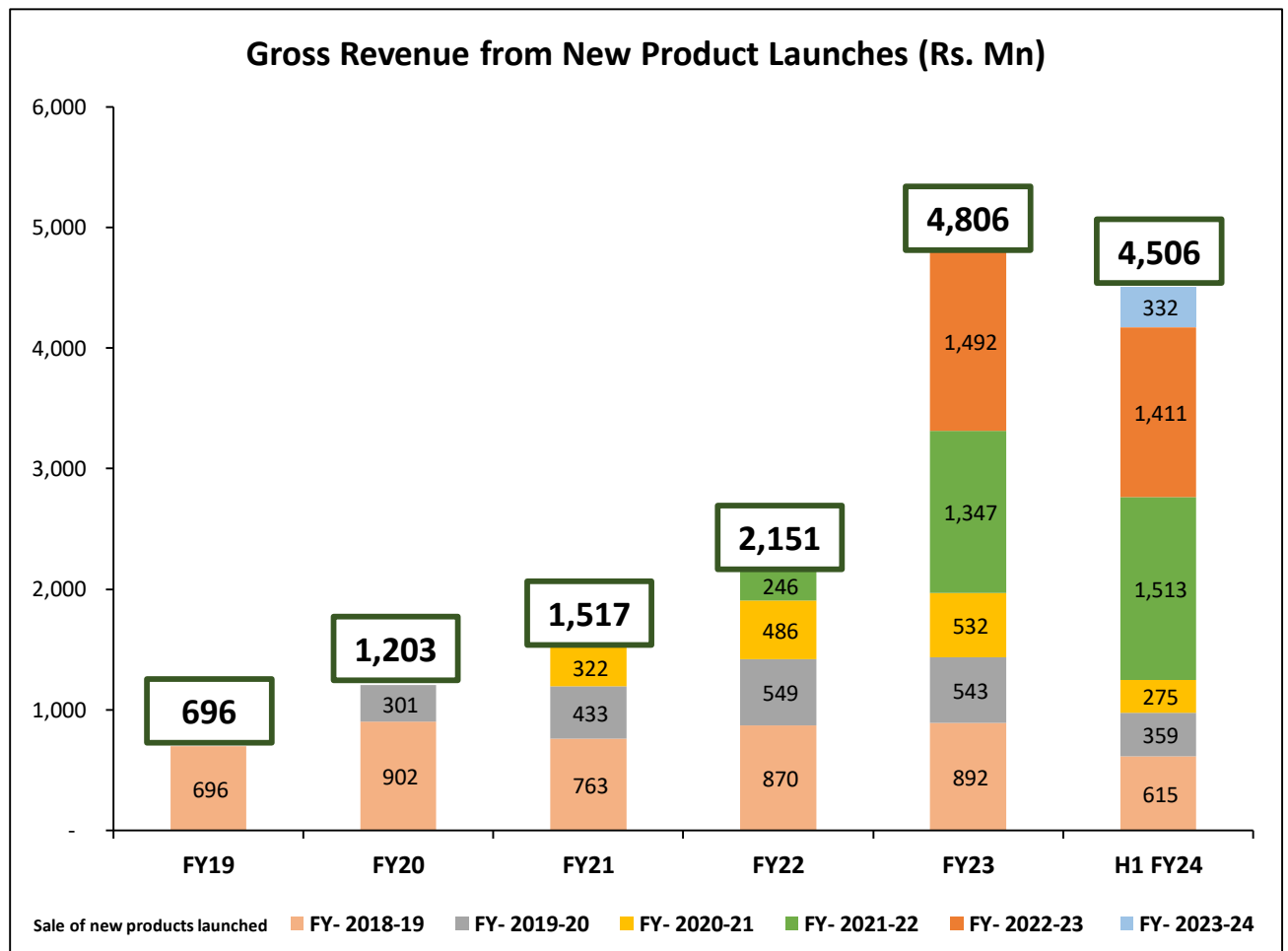


• **Maharatna Products V/S Others (B2C)**



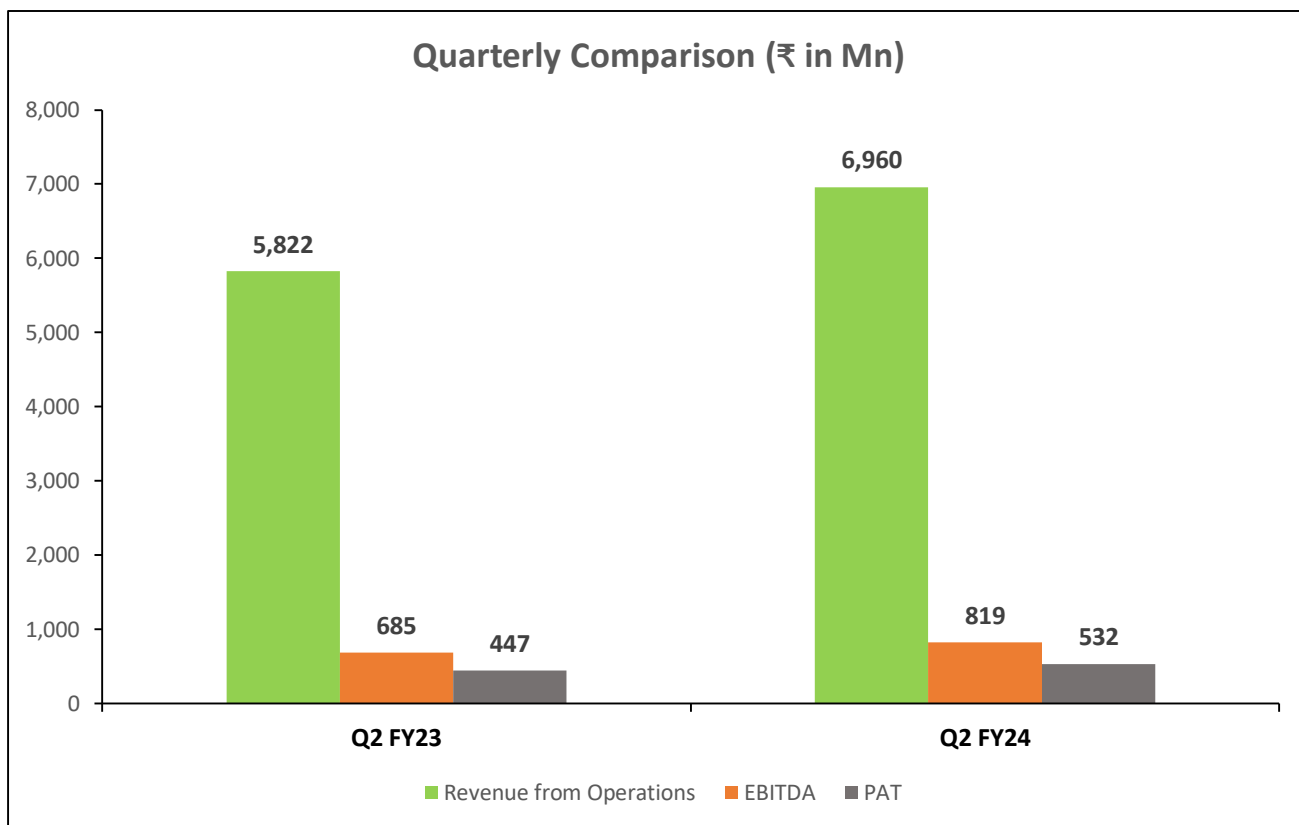
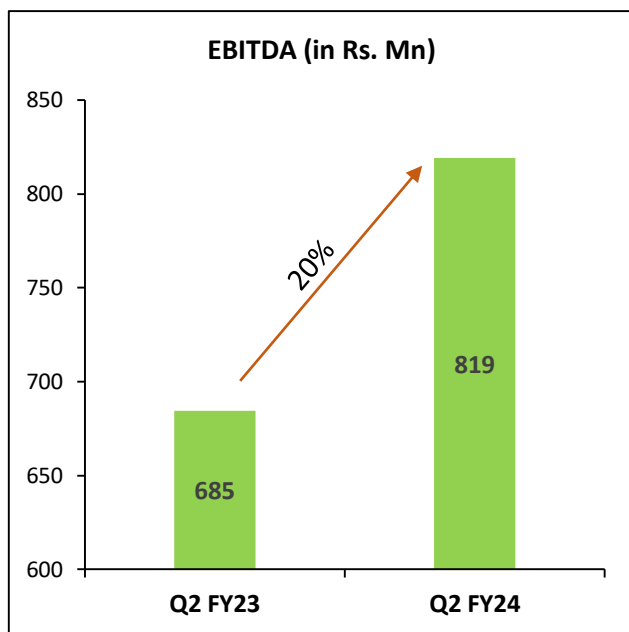
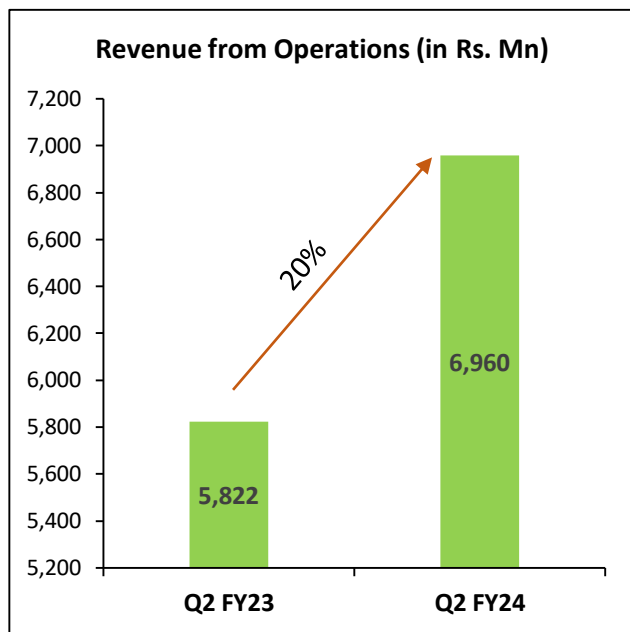
Product Freshness Index:

IIL 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 19 till date.

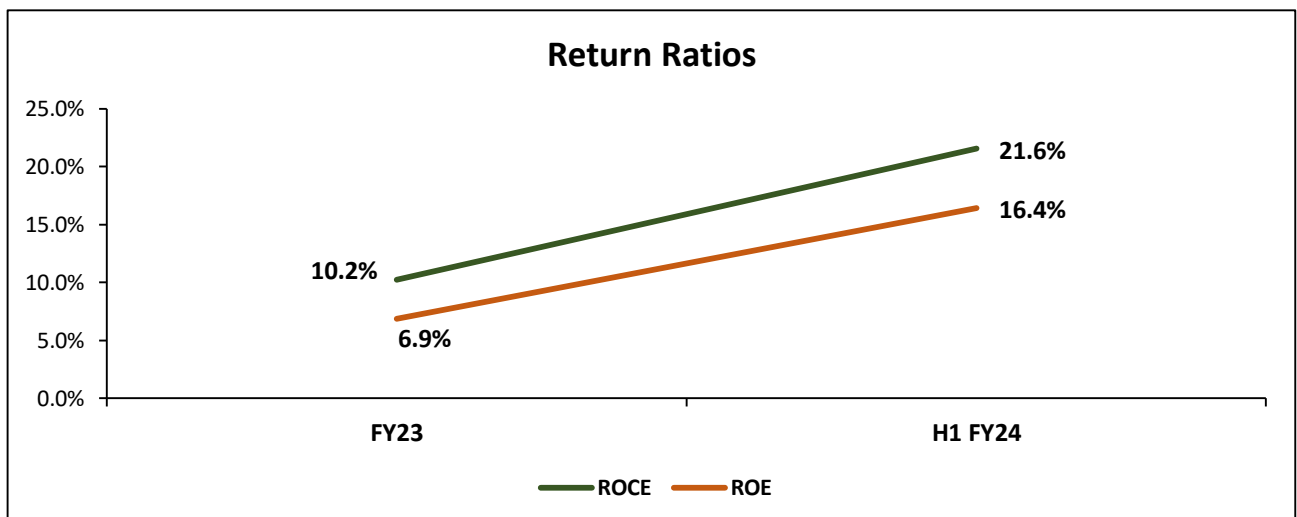
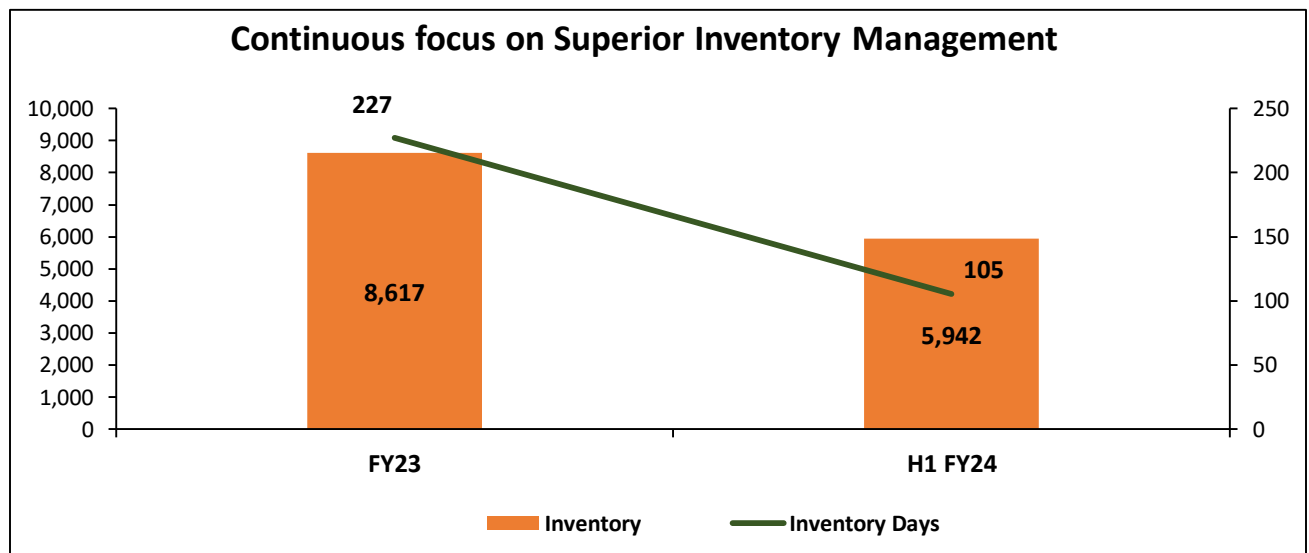
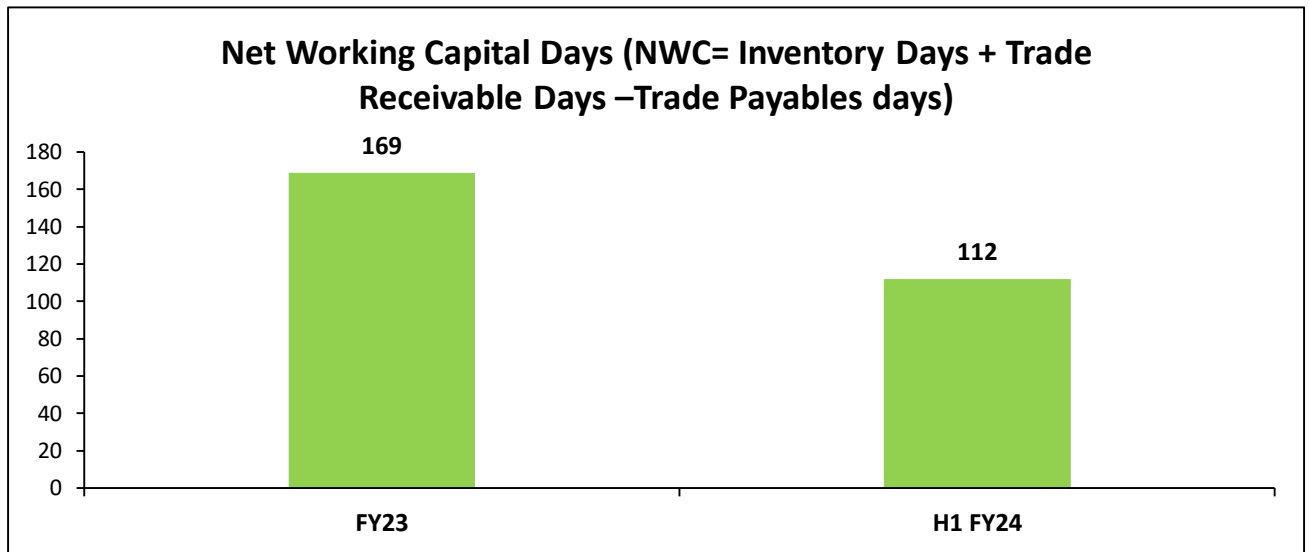


*Please note that while the Revenue from new products has been tracked since FY13, for brevity purposes we have depicted graphs starting from FY19. The total Revenue from New products launched from FY13 to FY18 is Rs. 1,62,316 lakhs.

Financial Snapshot:



Improving Ratios:



RoCE is calculated as $EBIT / (Total Assets - Current liabilities)$, EBIT is annualized for H1FY24

RoE is calculated as $PAT / (Networth)$, PAT is annualized for H1FY24

Consolidated Income Statement:

Particulars (Rs. Mn)	Q2 FY24	Q2 FY23	YoY%	Q1 FY24	H1 FY24	H1 FY23	YoY%
Revenue from Operations	6,959.88	5,822.09	19.54%	6,399.53	13,359.41	11,428.99	16.89%
Other Income	(1.74)	2.84		38.87	37.14	4.78	
Total Revenue	6,958.14	5,824.93		6,438.41	13,396.55	11,433.76	
Total Expenses excluding Depreciation, Amortization & Finance Cost	6,140.55	5,137.55		5,943.05	12,083.60	10,159.91	
EBITDA*	819.33	684.55	19.69%	456.48	1,275.81	1,269.08	0.53%
EBITDA Margin (%)	11.77%	11.76%		7.13%	9.55%	11.10%	
Depreciation & Amortization	73.51	63.99		68.81	142.32	130.22	
Finance Cost	28.61	27.40		31.66	60.27	41.48	
Share of net profit of joint venture accounted for using the equity method	2.03	1.70		1.11	3.14	4.82	
Profit Before Tax and Exceptional Items	717.50	597.69		396.00	1,113.50	1,106.97	
Exceptional Items	-	-		-	-	-	
PBT	717.50	597.59		396.00	1,113.50	1,106.97	
Tax	185.97	149.36		104.58	290.55	275.55	
PAT	531.53	448.33	18.56%	291.42	822.95	831.42	(1.02)%
PAT Margin %	7.64%	7.70%		4.55%	6.16%	7.27%	
Diluted EPS	17.95	15.15		9.85	27.80	28.09	

*EBITDA is calculated excluding Other Income

Consolidated Cash Flow:

Particulars (Rs. Mn)	As on 30.09.23	As on 30.09.22
Cash Flow from Operating Activities	99.21	(1,977.03)
Cash Flow from Investing Activities	(223.57)	(439.00)
Cash Flow from Financing Activities	119.69	2199.83
Net Cash Flow	(4.67)	(216.20)

Consolidated Balance Sheet:

Particulars (Rs. Mn)	As on 30.09.23	As on 31.03.23
Assets		
Non-current assets		
Property, plant and equipment	2,469.07	2,298.06
Capital WIP	1,237.86	1,174.54
Investment Properties	8.68	8.68
Intangible Assets	75.18	69.52
Intangible Assets under development	50.86	56.08
Investment in Joint Venture	109.23	106.12
Right of use assets	385.33	249.73
Financial Assets		
-Investments	70.78	63.18
-Other Financial Assets	42.26	20.57
Non current Tax Assets (Net)	157.60	262.88
Other non-current assets	104.96	331.69
Total non current assets	4,711.81	4,641.06
Inventories	5,942.26	8,617.21
Financial Assets		
-Trade Receivables	6,114.13	2,962.44
-Cash & Cash equivalents	181.62	186.28
-Other Bank Balances	0.50	10.66
-Loans	1.36	1.92
-Other financial assets	32.66	8.94
Other current assets	307.50	534.62
Total current assets	12,580.01	12,322.08
TOTAL ASSETS	17,291.82	16,963.14

Particulars (Rs. Mn)	As on 30.09.23	As on 31.03.23
Equity & liabilities		
Equity		
Equity share capital	295.98	295.98
Other equity	9,712.67	8,886.92
NCI	0.0	0.0
Total equity	10,008.65	9,182.90
Financial Liabilities		
-Borrowings	338.15	18.59
-Lease Liabilities	25.90	21.69
Other financial liabilities		
Provisions	18.32	18.32
Deferred tax liabilities	127.51	126.51
Total non-current liabilities	509.88	185.11
Financial Liabilities		
-Borrowings	1,444.57	1,572.10
-Lease Liabilities	19.21	14.59
-Trade Payable	4,336.31	4,482.68
Other Financial Liabilities	516.49	315.01
Other Current Liabilities	305.17	1,185.92
Current tax liabilities (net)	38.84	24.84
Provisions	112.71	0.00
Total current liabilities	6,773.29	7,595.13
TOTAL EQUITY & LIABILITIES	17,291.82	16,963.14

Recent Notable developments for Q2 FY24:

New Products Launched:

In the current quarter, Insecticides (India) Limited introduced a total of four new products into the market, details of which are given below:

- Supremo SP is an insecticide which finds application on paddy fields and vegetable crops
- Nakshatra is a 9(3) herbicide specifically designed for sugarcane
- Green Expert is a 9(3) patented combination herbicide that finds application for paddy
- Bouncer is a non selective herbicide

New Patent Received:

The Patent Office, Government of India has granted patent to Insecticides (India) Limited entitled "NOVEL AMIDE COMPOUND, METHOD FOR PRODUCING THE SAME, AND MITICIDE" for the term of 20 years from 14th day of September 2017.

Management Commentary:

Reflecting on the performance of Q2 FY24, Mr. Rajesh Aggarwal (MD) and the management team stated:

*"In Q2 FY24, the company experienced strong revenue growth, which was fueled by extensive product portfolio and robust market expansion. In Q2 FY24, our financial performance demonstrated notable improvements as compared to the preceding quarter, Q1 FY24. We witnessed a substantial uptick in revenue, reflecting higher sales volumes and a more favorable pricing environment. In Q2 FY24, we achieved a year-on-year (YoY) growth rate of **19.54%**, with our revenue from operations reaching **₹6,959.88 Mn**, owing to our laser sharp implementation of our go to market strategy and good offtake of existing and new products. The share of our Maharatna category stood at a healthy **65%**. In Q2FY24, EBITDA stood at **₹819.33 Mn** and EBITDA margin stood at **11.77%**. Despite a challenging pricing environment in this quarter, our EBITDA margin has remained stable, thanks to our effective cost control measures, improved inventory management, and the expansion of our operations. PAT stood at **₹531.53 Mn** with PAT margins at **7.64%**.*

*In terms of H1 performance, revenue from operations increased by 16.89% and stood at **₹13,359.41 Mn** in H1 FY24 compared to **₹11,428.99 Mn** in H1 FY23. EBITDA remained stable at **₹1,275.81 Mn** in H1 FY24 compared to H1 FY23 and margins stood at **9.55%** in H1 FY24 on account of liquidation of high-cost inventory from previous year as of 30th September 2023. The high-cost inventory is significantly liquidated as reflected by reduction of inventory by INR 2,674 Mn in the first half of current financial year. PAT stood at **₹822.95 Mn** in H1 FY24 and margins at **6.16%** in H1 FY24.*

It's noteworthy that after a period of consistent decline, raw material prices have now started to stabilize and, in some cases, are gradually on the rise. This shift is indicative of a growing stability in prices within the market.

As a result of a overall positive monsoon season, demand has improved significantly for our products. The government's hike in the MSP for Kharif crops for the marketing season of 2023–2024 is another significant element that propelled robust growth. These positive developments bode well for the industry's growth.

As a consequence of our focused marketing efforts on the entire Maharatna products line introduced in recent years like Torry, Hachiman, Shinwa, Green Label, Izuki, Dominant, and Kunoichi have started to generate healthy and favorable results and gain significant traction. Our implementation of go-to-market methods, customer focused brand building activities including engagements with celebrities have been crucial in helping to raise brand awareness among consumers and increase the demand for our products.

In order to further enhance our connect with farmers we have significantly scaled-up digital connect with them. These digital capability enhancement efforts improved channel engagement and crop advisors with accurate data availability.

There has been gradual liquidation of channel inventory which represents a positive trend, signifying improved market conditions. Furthermore, there is evident demand at the grassroots level, which is promising for the industry's overall recovery and growth prospects

The introduction of new products like Bouncer, Supremo SP, Nakshatra, Green Expert during this quarter is expected to have a substantial positive impact on our financial performance in the upcoming quarters. These new offerings are poised to not only boost our revenue but also expand our range of offerings and in turn increase profitability. This strategic move underscores our commitment to innovation and growth, positioning us for a more promising future in the market.

At IIL, we continue to move forward on our mission to grow responsibly towards a sustainable future through continuous hard work and dedication of our high performing teams and I would like to conclude by thanking all our stakeholders for supporting us move in the right direction.”

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) Limited 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

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