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Date: November 21, 2022

To

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

Dear Sir/Ma'am,

Sub: Transcript of the Earnings Call for the quarter ended September 30, 2022.

In continuation to our letter dated November 10, 2022 and pursuant to Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the transcript of the Analyst/Investors Call on the Unaudited Standalone and Consolidated Financial Results of the Company for the Second quarter and half year ended 30th September, 2022 held on Monday, November 14, 2022.

The transcript of the earnings call is also available on the Company's website at https://www.indiapesticideslimited.com/InvestorRelations.php

Kindly take the above on record.

Thanking you,

Yours faithfully,
For India Pesticides Limited

AJEET PANDEY
Digitally signed by AJEET PANDEY
Date: 2022.11.21 13:55:12 +05'30'

(AJEET PANDEY)
Company Secretary and Compliance Officer
Membership No.: A42500

"India Pesticides Limited
Q2 FY2023 Earnings Conference Call"

November 14, 2022

ANALYST: **MR. TEJAS SONAWANE – 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 Q2 FY2023 Earnings Conference Call of India Pesticides Limited 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. Tejas Sonawane from Dolat Capital. Thank you and over to you!

Tejas Sonawane: From Dolat Capital I would like to thank the management of India Pesticides Limited for giving us the opportunity to host their Q2 FY2023 earnings call. From the management team we have with us today Mr. Anand Swarup Agarwal – Chairman, Mr. D. K. Jain – CEO and Mr. S. P. Gupta – Chief Financial Officer. Without further ado, I would like to hand over the call to the management for their opening remarks, post which we will open the forum for a Q&A session. Thank you and over to you, sir!

Anand Swarup Agarwal: Thank you Tejas. 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 Q2 FY2023 earnings conference call of India Pesticides limited. I hope you all had the chance to look at the financial statements and earning presentation uploaded on the exchanges and our website.

During the quarter our revenue grew by 38.8% supported by increased demand of existing products and new product launches. Our margins were impacted by various macro-economic factors across the globe. Industry faced challenges in terms of raw material prices with logistic constraints also creating pressure on the business. However, Indian economy demonstrated its resilience amidst such adverse atmosphere, and it continued its performance. All our recently launched products are performing well and we expect their demand to grow going forward. Further to this we have planned Rs.70 Crores capex for expansion at Sandila plant in FY2023, 4000 metric ton capacity at our Sandila plant will be additionally added under phases over the coming quarters, one herbicide and one intermediate will also be added there. An update on our Hamirpur project, EIA report was accepted by MOEF and meeting with EAC is underway. During the quarter, our long-term credit facilities were rated A+ by CARE rating which highlights our ability to manage capital efficiency. Management team is fully equipped and committed to drive growth with registration of new products, improving product mix and increase in brand business, which will help company to scale new heights. We are constantly working towards our vision of supporting chemical business and farmers across the world by producing superior value chemicals by improvement in quality and efficiency. Now, I will hand over the further presentation to Mr. Jain. Thank you very much.

D K Jain: Thank you, sir. Good afternoon ladies, and gentlemen. I thank you for taking out time to join this earning call for Q2 FY2023. During this quarter we continued our journey of product development and customer acquisition. Our business continues to remain resilient despite external challenging environment that has resulted in the highest ever revenues during this quarter. However, our gross margins have been slightly dented due to the following major reasons: 1) Carry over of the high-cost inventory. 2) Increase in the operating and fuel cost.

We are optimistic that prices should rationalize in the coming quarters. We have been able to partially counter this increase. We are sourcing most of our raw materials locally and backward integrated in most of our products which has supported our operations. Having the ability to develop chemicals that can substitute and reduce our dependence on imports is an important part of our R&D capabilities. Government focus to make India Aatma Nirbhar aligns with IPL's growth strategy of focus on backward integration. During the quarter I am pleased to announce that we are in line with our expectations in terms of growth, capex expansion plans and product category expansions. Saying that at the same time we are constantly working towards customer acquisition, new product development and identification. As informed by Mr. Agarwal, our Hamirpur project is on schedule. The application has been accepted and listed for presentation tomorrow i.e 15th of November at the Ministry of Environment Expert Committee, we hope to get a positive result. We are optimistic on long-term growth on the back of our strong fundamentals and R&D at the core leading to renewed focus on our new product development and head towards the era of growth and higher profitability. With this I would like to pass on to Mr. S. P. Gupta, to walk us through our Q2 FY2023 financial highlights. S. P. Gupta Ji

S P Gupta: Thank you, sir. Good afternoon, ladies and gentlemen and thank you for joining the India Pesticide Conference Call to discuss Q2 FY2023 results. Taking you through the financial highlights, the total revenue stood at Rs. 253 Crores as against Rs.182 Crores in Q2 FY2022 i.e., Y-o-Y robust growth of 38.8%. EBITDA in Q2 FY2023 stands at Rs.55 Crores, EBITDA margin was 21.7% in Q2 FY2023. The PAT stood at Rs.37 Crores in Q2 FY2023 as compared to Rs.42 Crores in Q2 FY2022. The revenue from exports stood at Rs.122 Crores as compared to Rs.78 Crores in Q2 FY2022 showing a healthy growth of 56% and domestic revenue stood at Rs.128 Crores as compared to Rs.100 Crores in Q2 FY2022. Revenue from technicals and formulations stood at Rs.182 Crores and Rs.69 Crores during this quarter. While our profitability is down we are generating reasonable cash to support capex plans and increased working capital requirement due to high level of turnover. We remain confident of continuing our growth trajectory while extending full support to our customer, supplier, and other valued stakeholders. With this we would be happy to take your questions. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. We have the first question from the line of Satish Kumar from S. K. Investments. Please go ahead.

Satish Kumar: Good afternoon. Sir, my question is regarding the dependence of India Pesticides Limited for raw material from China, the latest credit rating report released by CARE as on 6th October 2022. They say that we are dependent on Captan raw material from China and based on annual report also we could fairly say that around 40% of our raw materials we are importing. But what we were told that the company is fully backward integrated for all the products that they are selling and it is basically they are procuring the commodity type of chemicals from the domestic market. Can you clarify on this?

D K Jain: Thank you, sir. Actually, the Captan raw material we are not sourcing from China, we are sourcing very miniscule if any. But more than 90% of the critical raw material we are sourcing outside China and it is not a commodity product but all other chemicals required for Captan production are sourced locally from India itself that is number one. The dependence of us on the raw materials of China are for some other products are there. Because we are backward integrating some of the products what we are making and there we are trying to reduce the dependence on China imports.

Satish Kumar: But sir, are you saying that for 90% of raw material requirement for Captan you are sourcing it locally?

D K Jain: One of the raw materials we are importing, but not from China.

Satish Kumar: Okay, sir earlier we had around six molecules and then we have launched eight more. So, once we are completing the capex work at Sandila how much percentage of that are completely backward integrated like out of fourteen molecules how much we are completely backward integrated and we can procure the raw materials from the domestic market?

D K Jain: In many of the products we are fully backward integrated, we don't import anything from anywhere we are totally buying from India itself and such products if I understand at least five products out of this list of fourteen and in the remaining products one critical raw material in each of these we are importing from China. This we are trying to further reduce this import by developing our own technology and doing still backward integrated product, but there are some few bulk products which is completely out of our range that we try to import from China or other sources.

Satish Kumar: Out of fourteen you are saying five we are completely backward integrated and nine partly we are procuring it from China or other countries?

D K Jain: Yes, sir.

Satish Kumar: Is it possible to quantify how much percentage of our total raw material requirement we are still dependent on either China or other countries?

S.P. Gupta: Around 35% of our total raw material purchase is imported and dependency on China is around 20%.

Satish Kumar: 20% of 35% or 20% of our total requirement?

S.P. Gupta: The entire purchase.

Satish Kumar: Okay, fair enough sir. Second question is on the operating margins, if you see after March 2022 the operating EBITDA margins have been less than 30%, whereas before that it used to be in excess of 30%. Now, we claim that we are fully backward integrated, no other Indian company makes this product and there is a huge demand from the existing customers asking for additional quantities and all that. So, in spite of that I understand there is increase in power cost or logistics all that we expect there is a drop of 1 or 2%, but here the operating margins have fallen by more than 10% over a period of three quarters. Can you give some clarification on this.

D K Jain: You are right the margins have slightly suddenly reduced, that was number one. During the last quarters there were serious problems of logistics, whatever raw material we were buying from outside India the logistic problems were too many. So, we had to order bit more of the raw material to avoid any production loss at that time the prices were high. Now, we have to carry over those inventories which is resulting us in the reduction in the margins that is number one. Number two, even in the Indian market the Indian raw materials also have increased. There has been serious increase in some of our basic raw material what we are using like carbon disulfide and alkali's there has been almost more than two-fold rise in the prices of these commodities. Though we could pass on some of these to our customers, but full pass on was difficult and number third major reason was that there has been tremendous increase in the energy cost, the fuel what we are using though we are using green fuel, we are not using any fossil fuel, that way we have green certification, we are using green fuel. But the cost of this fuel also increased almost three times which has seriously dented the overall profitability during this quarter.

Satish Kumar: Sir, now I understand this increase is there generally for all the companies with we being making import substituted product and there is a huge demand from the customer. Are we not in a position to pass it on entire to these customers?

D K Jain: Sir, customers they are also under severe pressure because they don't get so much of price increase at their end. So, they keep on requesting us to partially adjust here and there, so we have to somewhere in between we have settled it. Because, we are working in long-term basis, so sometime you may get the better margin, so at least try to adjust this time like that we have to keep on slightly adjusting the prices considering the long-term association with the customers.

Anand Swarup Agarwal: I want to further add on this issue that one big multi-industrial company was with us and we were getting better margins. But because of the increase in raw materials we were not gaining anything, but we remained continued with the customer in hope that in coming years we will make some money and that came true. Now, the prices are going down, we are comfortable with that company.

Satish Kumar: I understand the company's tactics of managing the customers, keeping the long-term relations in mind. If this is the scenario with new capex, new products are coming up, is it possible for the company to go back to 30% operating margin or will it be as a relatively lower level which is sustainable keeping three to five years in mind?

D K Jain: Sir, three to five years keeping in mind though 30% is slightly optimistic, we feel that it should be around 25% we should be able to manage. Because the new products what we would be launching initially there we have little higher cost and will take little time to stabilize, that would there. But we are quite hopeful that in the long run we should be able to manage around that level.

Anand Swarup Agarwal: Minimum 25% level we should be able to handle. We are hoping for more but we are committing 25%.

Moderator: Thank you. We have the next question from the line of Karan Shah from Gee-Cee Holdings. Please go ahead.

Karan Shah: Hi! Sir, thank you for the opportunity. Sir, my question is regarding the price pass on and raw material inventory. I assume we have high-cost inventories that was procured in the previous two quarters and that has impacted our gross margins in this quarter as well. What portion of this inventory would still be there that has been carry forward towards the third quarter and where we will be facing this pressure and secondly, if you can quantify the amount of inventory loss that was there in this quarter. Thank you.

S.P. gupta : The high-cost inventory as on 30th September was around 55% which we have purchased earlier and there is no inventory loss as such since we are selling our product on profit only, but only margin has declined since we have consumed high price raw materials. So, our margin has declined, but there are no inventory loss we have booked.

Karan Shah: Okay, and remaining 45% of the inventory will be utilized in the third quarter, is it safe to assume that?

S P Gupta : Entire high-cost inventory will be utilized and it will be in this quarter only. It will be consumed and sold.

Karan Shah: Okay, and how was the price passed on across majority of our products?

S P Gupta: In herbicide category we could not pass on the price rise fully.

Karan Shah: And in the other categories price rise was possible to full extent?

S P Gupta: Majority of the extent we have been able to pass on in other categories. But in herbicide we could partially pass on the raw material increase.

Karan Shah: Okay, and what was the utilization for the current quarter?

S.P. Gupta: It was 78% on technical products.

Karan Shah: What would be the approximate volume growth in the current quarter?

S.P. Gupta: Volume growth was around 32% and value wise it is around 39%.

Karan Shah: Okay, sir. I will re-join in the queue again. Thank you.

Moderator: Thank you. We have the next question from the line of Rahul Jain from Credit Suisse. Please go ahead.

Rahul Jain: Thanks for the opportunity. With regards to the gross margin earlier we have always maintained that our gross margins will remain at around 50% plus including as you had mentioned in earlier calls that the new molecules, the new products which you are adding they will all have a 50% plus gross margins. Last two quarter we have seen for the first time after almost four-five quarters the gross margin fell below 50%, in first quarter it was around 48.5% and in the current quarter it is around 43%. So, in medium to long-term say next one, two, three years how do we look at our gross margins?

S.P. Gupta: We are expecting our gross margin to stabilize around 50%.

Rahul Jain: Okay, and that could happen in next two- three quarters?

S.P. Gupta: Yes, this quarter it may not happen since we are carrying high price raw material and other inventory. But next quarter onwards we are quite hopeful.

Rahul Jain: Okay, and in terms of gross margins can we assume that the 43% could be among the worst margins which is possible from here on you may see some improvement or maybe stable gross margins for next one or two quarters but not further deterioration?

S.P. Gupta: Further deterioration will not be there but it will improve gradually in next two quarters.

Rahul Jain: Sure, and sir with regards to the capex part, in the current year till date how much we have spent, we were expecting to spend around Rs.70 Crores in the current year on our existing premises and around Rs.20 Crores for the Hamirpur facility in the current year. So till now how much has been spent?

S.P. Gupta: We have spent Rs.35 Crores in first half year.

Rahul Jain: We expect further Rs.35 Crores will come in the second half?

S.P. Gupta: Yes.

Rahul Jain: Sure, and in Hamirpur do we expect to spend some capex in the current year. Given the current situation at which we have already got the EC approvals?

S.P. Gupta: We have spent some money on land and as soon as we receive the approval in the fourth quarter of current year, we will be spending more on. Our budget is to spend Rs.20 Crores.

Rahul Jain: Sure, in the last quarter we had mentioned about utilizations at around 80% and current quarter you mention to the previous participant we are at around 78% and we have had almost 30% volume growth. I am just a bit confused in the three things put together because there is no capacity increase in this current quarter, right?

S.P. Gupta: Yes, there has been no capacity increase.

Rahul Jain: Okay, I am not able to understand in spite of a volume growth of 30% our capacity utilization remains almost the same?

S.P. Gupta: In some products seasonality is involved. Actually, we have commissioned new product for which the season starts from the fourth quarter to first quarter of next year. So, some products they are seasonal in nature for domestic market.

Rahul Jain: Sure, one last question. We continue with regards to the new products which we have introduced. You expect further two molecules to be introduced in the second half, so these eight molecules they will all be around 50% plus gross margins number one and number two what could be the contribution from these products say in FY2024?

D K Jain: We would be adding these two new products during remaining period of this year and the overall revenue we expect to be almost about 2.5 times assets turnover now what we are expecting and we have done the capex of about Rs.70 Crores last year and Rs.70 Crores this year we will be doing. We can expect accordingly revenue increase next year compared to last based on that.

Rahul Jain: Next year we are well on course to achieve our Rs.1000 Crores plus of topline?

D K Jain: Yes, certainly.

Rahul Jain: Sure, thank you so much. Wish you all the best.

Moderator: Thank you. We have the next question from the line of Ayush Mittal from Mittal Analytics. Please go ahead.

Ayush Mittal: Good afternoon, sir. First of all congratulations on the growth in business. I have two questions, one when we see the balance sheet we are seeing a consistent increase in the inventory values. Can you share what is happening on this front and why?

S.P. Gupta: Ayush ji, there are few reasons, one important reason is, we have purchased a lot of inventory in Q1 thereby lot of disruption in logistics and due to raw material prices were increasing, so we have contracted a lot of inventory for our production, high-cost inventory. Secondly, in last quarter we have started one herbicide which will be used in fourth quarter of current year and first quarter of next year. We are building up stock of that herbicide since it is big herbicide in India. The inventory has already started declining in October and November, inventory in absolute number has declined.

Ayush Mittal: Okay, so this should come back to normal levels of usually like inventory base used to be 70-80 that is the level you will bring it down to or this will remain elevated?

S.P. Gupta: By March it will be at that level only.

Ayush Mittal: Okay, sir second all these new products that we have been introducing, do we have any metrics by that if you can share how much of contribution these new products are contributing in absolute overall revenues or what is the progress on this seen something insights on these new products?

S.P. Gupta: This quarter new products have contributed Rs.30 Crores of revenues.

Ayush Mittal: Rs.30 Crores that is very good, so for this year these new products will doing more than Rs.100 Crores?

S.P. Gupta: Yes, around Rs.100 Crores, already we have achieved Rs.52 Crores of turnover.

Anand Swarup Agarwal: That would be more than Rs.100 Crores what we anticipate Mittal ji. But we want to be very conservative as far these numbers are concerned.

Ayush Mittal: Okay, and there is some more capacity addition that we will be doing in Sandila?

S P Gupta: Two more blocks are coming up, one block will be operational by November end and another block will be operational in fourth quarter. That will be for intermediate and this one block that is expected to commission in this November it is herbicide and intermediates.

Ayush Mittal: Okay, great sir. So, hopefully in FY2024 can we expect that from Sandila we can grow beyond Rs.1100 Crores to maybe more than that once all these projects come online and they get stabilized?

D K Jain: Last year our revenue was Rs.650 Crore and after that we started on the journey of having these eight products wherein, we have added 70 plus 70, Rs.140 Crores of capex and we expect an asset turnover of at least 2.5 times. So, we can expect the turnover to be in that range 140x2.5+650 it will be around Rs.1000 Crores this year end and next year by 2024 it will be certainly more, because at that time all the units will be in operation.

Ayush Mittal: Great sir. Thank you and wish you all the very best.

Moderator: Thank you. We have the next question from the line of Rohit Nagaraj from Centrum Broking. Please go ahead.

Rohit Nagaraj: Thanks for the opportunity. We have done commendable volume growth during the quarter and first half. Did we see any demand side challenges from domestic market or exports market given that there has been lot of issues in the European market which is going on plus US has inflationary pressures. So, any demand related setbacks that we are currently facing or any order where postponements or cancellations of that sort any happening. Thank you.

D K Jain: We have not yet received any cancellation of orders up till now. But there are some challenges in Europe because Europe this year has been very dry. But now people are planning for the next year, we have not received cancellation of the order and on domestic front there has been erratic monsoon all across India that has resulted in somewhat different utilization of our capacities in different regions. This has slightly affected us in few of the molecules in the domestic sales. But internationally we have not found any challenge up till now, even the Ukraine-Russia war because we don’t have a serious business in Russia or Ukraine there is not much of effect at all.

Rohit Nagaraj: Right sir, got it. Sir, second question is in terms of the price pass on, are we facing challenges in terms of completely Passing on the prices in the domestic market or international market or it is equally across both the markets. Thank you.

D K Jain: Passing of the increase in prices, that is always a difficult task because the customer they also have their own limitations and though we have good discussions and then at least partial increase we are able to effectively do. But some cost we could not pass on especially the energy cost etc, and as informed by Mr. Gupta in one of our herbicide products we could not pass the full increase because considering the long-term relationship with the customer and hope that we will get compensated in future for that.

Rohit Nagaraj: Right sir, one last question on the projects which are currently ongoing. Are we facing any delays from the project commissioning or everything is on track and will be commissioned as per the timeline so that our future growth will not get hampered. Thank you.

D K Jain: They are more or less in the same timeline is on track except there is slight delay in commissioning one of our herbicide plant which we expected to commission in September end/October because of one of the critical equipment we got at very delayed time, that was the problem because that is a very special equipment requiring hastelloy lining etc, that took little more time for us to decide and to procure that equipment. But now that equipment is in place and all the raw material have been ordered which are expected to be received by next week. We would be commissioning this plant by the end of November or first week of December. But otherwise all other projects are on schedule.

Rohit Nagaraj: Sure. Thank you so much for answering all the questions. Best of luck.

Moderator: Thank you. We have the next question from the line of Rohan Gupta from Nuvama. Please go ahead.

Rohan Gupta: Hi Sir, good afternoon. Thanks for the opportunity. First question is on the current capacity utilization, if you can just give some number. What is the current utilization rate?

S P Gupta: It is around 77%-78%.

Rohan Gupta: Okay, and we have plans close to Rs.70 Crores more capex with the 4000 tons additional capacity that takes our total technical capacity to close to 28,000 tons?

D K Jain: 27,500 tons.

Rohan Gupta: Right, so on this the new product also which you mentioned on the herbicide product which has been launched in this current year with the Rs.100 Crores turnover. On that if you can give some more clarity, what is this product and whether it is exports market and how much potential you see going forward on this.

D K Jain: This product is herbicide mostly used on rice and majority it will be sold in India. It is for the domestic sales and it is a very big product in India. We are already commissioned this plant and we are producing this product regularly as Mr. Gupta has told now the season starts late third quarter and it continues to be fourth and first quarter of the next year. That is a major season for this herbicide. So, we are stocking this product presently and we hope that we would be able to get more than Rs.100 Crores revenue from this product when it goes full capacity.

Rohan Gupta: Is this a 9(3) registration or the product has already been there in the market and we are making too?

D K Jain: No, the product has been in the market and it is there since quite some time, it is not 9(3). But majority of the intermediate has been imported up till now, we have started making this intermediate also in our plant i.e. backward integration what we have said that this intermediate is very critical intermediate and which has more than 90% being imported up till now. That import will get reduced and we having backward integrated our system we would be in a better position to compete in the market.

Rohan Gupta: Right sir. In terms of our backward integration you mentioned that roughly out of the fourteen products, roughly five you are fully backward integrated and balance nine you still are import dependent up to the extent of 35%. How do you see that and in this balance product also we can be backward integrated in what time frame and what can be the investment requirement for that and will it enhance our margins further.

D K Jain: We are trying our best to reduce the dependence on imports, but still there are few products and few intermediates which nobody is making in India and which needed to be imported. We are trying to reduce this dependence by developing technologies for these intermediates also. So, the one which we have already done in other products we are doing the plant is under erection. Similarly, we are working on two more intermediates which get used here itself rather than importing.

Rohan Gupta: Got it, sir. Thanks that is all from my side. Thank you.

Moderator: Thank you. We have the next question from the line of Jay Shah from Capital CMS. Please go ahead.

Jay Shah: Congratulations for a good set of numbers. My question is more on the broader side because of this crisis in Europe and because agrochemical the demand is also increasing. Are we getting enquiries from export markets more for contract manufacturing or CDMO kind of enquiries or even do white labeling from them. Is there any kind of tail winds that we are seeing on that front.

D K Jain: We are getting lot of enquiries from overseas with multinationals and they keep coming to us and they keep on asking new products. We have regular discussions with them, we are open to any contract manufacturing also if they require there is no doubt about it. We are in discussion with many multinationals on this account and we have identified few products with them. We are already working on those products which we would be implementing at our Hamirpur site.

Jay Shah: Okay, that is great to hear. Secondly, form the new products that we will be introducing over the next few quarters. Are they majorly going to be domestic focused, or it has good place between export regulated markets and domestic markets.

D K Jain: One of the product which we would be commissioning this month end or early next month it will be completely for export and the one intermediate what we would be making that would be mostly for indigenous requirements.

Jay Shah: Sir, on the export side could you throw some light what kind of market cap would that product have with that the total requirement that is there?

D K Jain: We are putting up a plant which can give us a revenue of initial next year at least Rs.50 to Rs.60 Crores and when we get full utilization of that plant it can give a revenue of almost about Rs.100 Crores and this is also a herbicide which is registered in Europe and USA etc, and we are already registering our products there.

Jay Shah: Okay, going ahead for the next two to three years will it be fair to assume that the next leg of growth will come more from the technicals and the herbicide and led from the formulations. Would formulations as a percentage of total revenue be stable or flat or probably decreased?

D K Jain: The percentage of formulation would also increase inline with our increase in technicals. Because the technicals what we make that will be used for our formulations, we are trying to expand the basket of formulated products. The growth expected in the formulation business is also similar to our technical growth. The ratio would remain more or less the same.

Jay Shah: Okay, understood. Thank you so much and all the best.

Moderator: Thank you. We have the next question from the line of Hemanth from Navig Data. Please go ahead.

Hemanth: Hi! Namaskar, to you all. I have just a couple of questions. One is this quarter we have done good sales i.e increased. Is it due to exports or domestic. I just want to under a little bit about the mix of export versus domestic this quarter and what is projected. De we expect growth coming from exports or domestic growth.

S P Gupta: This quarter our export has grown by 56% and domestic has grown by 28%. Also, more on export front.

Hemanth: Okay, and what is the future hold like one year from now, what is like export versus domestic this quarter would that hold or do we have any specific focus on export or domestic. Just want to understand that.

S P Gupta: We are projecting around 50% from export and 50% from domestic in medium range.

Hemanth: Okay. Thank you sir. That was first one, second question I have is like this quarter we have our cost of goods sold increased rate. I just wanted to understand it is due to the imported raw material or domestic raw material or both. Is it like across the board the raw material prices have increased, any specific price which is probably imported or domestic specific item for which the prices have increased?

S P Gupta: It is both these, imported as well as for domestic for both the raw material. Price rise was all across the different raw material.

Hemanth: Okay, sir. Thank you and all the best.

Moderator: Thank you. We have the next question from the line of Satish Kumar from S K Investments. Please go ahead.

Satish Kumar: Thank you for the opportunity. In the opening remarks you have mentioned the environmental meeting is expected to happen tomorrow and in the investor presentation you have mentioned that you are confident of commissioning the Hamirpur plant by Q4 FY2024. So, one question is are you confident of getting this approval by this quarter and once you get that are you confident of commissioning because you had mentioned you will do in block wise commissioning of the plant at Hamirpur. You would be able to start the first block before Q4 of next year?

D K Jain: If we get the clearance in tomorrow's meeting, surely we should be able to start something by Q4 2024. Because we feel that it will take almost about a year for us to put up the infrastructure and one or two manufacturing blocks and then we will be adding block wise every year. Tomorrow is the meeting and let us see if we don't get any serious question then we should get it cleared. That is what we are hoping, if we are stuck up here then probably it will get slightly delayed. But if you are able to clear that then we are quite hopeful that in third quarter, last quarter of FY2024 we should be able to produce something. We have already line of the products, the products are already there in the design stage.

Satish Kumar: I know, sir in case if this doesn't get through in the tomorrow's meeting how often these meetings happen once in a month or once in a quarter.

D K Jain: The meetings happen every month, but they would be requiring some clarifications or some additional work or some additional calculations need to be done or something to be done. So, that requires time again to re-submit the modified whatever information they ask for. That we are able to do immediately then probably it can come up in the next month or so.

Satish Kumar: Okay, fair enough. My second question is the capex that you are doing at Sandila around 4000 metric tons for the remaining six months of this year. My first question is can we expand further after this spend capex or there is no more space there?

D K Jain: There is no more space maybe a very small plant here and there Rs.5 Crores – Rs.10 Crores that could be added but not much because the site is more or less full now and we don't want to get too much congested here again from the safety reasons we want it to be relatively very safe plant and with reason able spaces between the different production grounds.

Satish Kumar: Okay, sir you said one new herbicide during this month or next month and the intermediate next quarter. That new intermediate is for this product only or for any other products that we are already selling.

D K Jain: That is for other products, for some other product not for these products. This herbicide what we are having it is already from backward integrated plant we are already putting up. We are starting from again CS2 and Chlorine etc and this is seven- eight step process, so it is relatively big plant.

Satish Kumar: Okay, sir with all this capex commissioned you said we would have added 6000 metric tons during the current year which will take us to 27,500 metric ton capacity at Sandila, correct sir?

D K Jain: Yes, sir.

Satish Kumar: Okay, sir my last question is about launching the new product. With all these we would have launched around eight new products since the IPO. Now, whatever the new products that will entirely depend on the commissioning the Hamirpur plant. Is that understanding is correct?

D K Jain: Yes, except maybe some smaller products which does not require lot of capex and requiring very small space we may add up in Sandila where we are already some registrations. From that point of view we may add one or two but majority of the major products will come at Hamirpur site.

Satish Kumar: But that smaller products the volumes may not be that much, correct?

D K Jain: Volumes could be reasonable at least 400 – 500 tons. Some special molecules maybe requiring very small volume but they are good at margins.

Satish Kumar: If that is the case, if 400 tons how much it can contribute to the revenue?

D K Jain: 400 tons, it can contribute to the revenue of almost about Rs.30 Crores.

Satish Kumar: Why I was asking this is the growth in FY2025 would be solely dependent on the commissioning of Hamirpur plant?

D K Jain: FY2025 majority it will be from Hamirpur site and the utilization of this existing because now we have added eight products they will get established and the full capacity, they will also contribute.

Satish Kumar: So, how many new products you are planning to launch at Hamirpur?

D K Jain: Hamirpur site we would be launching almost in four to five years at least fifteen products.

Satish Kumar: These are all new products?

D K Jain: For us it is new, some are existing and some will be new in the sense it will be only for export which nobody is making in India or very few people making in India.

Satish Kumar: But all these products as you have told us earlier they will have a 50% gross margin and minimum 25% EBITDA margins?

D K Jain: That is what we are calculating, sir. Then again it depends upon the market scenario at that time.

Satish Kumar: Okay, other than this Rs.20 Crores which you may do during the current year. Over a period of next two years how much capex is planned for Hamirpur plant?

D K Jain: We have planned almost about Rs.100 Crores to Rs.125 Crores every year for the coming four years.

Satish Kumar: Here also can we expect an asset turnover of 2.4

D K Jain: Yes, that is between 2.25 to 2.5.

Satish Kumar: Okay, and there also the ramp up can happen over a period of one to two years?

D K Jain: We will be adding as I said in block wise.

Satish Kumar: I know, sir as and when you keep adding can we expect to run over 50% in the first year and maybe 100% in the second year?

D K Jain: Of the total plant?

Satish Kumar: No, sir let us say you add some 2000 metric ton capacity in 2024, that can we expect 50% utilization in FY2025 and 100% in 2026, that is what I think?

D K Jain: Yes.

Satish Kumar: Over a period of two years based on their date of commissioning or year of commissioning it will take around eighteen to twenty-four months.

Satish Kumara: Okay, sir. Thank you very much and wish all the best.

Moderator: Thank you. That was the last question. I would now hand the conference over to Mr. D. K. Jain – CEO, for closing comments.

D K Jain: Thank you everyone for your participation. For any further queries or clarifications please do get in touch with our Investor Relations Team. Thank you once again and have a nice day.

Moderator: Thank you. On behalf of Dolat Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.