

**Operator**

Ladies and gentlemen, good day and welcome to the PI Industries Limited Q4 and FY12 Results Conference Call. As a reminder, for the duration of this conference all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Please note that this conference is being recorded. At this I would like to hand the conference over to Mr. Mayur Maniyar of CDR India. Thank you and over to you, sir.

**Mayur Maniyar**

Thanks, good afternoon everyone and welcome PI Industries Q4 and FY2012 conference call. On the call today are senior members of the management who include Mr. Mayank Singhal, Group and Managing Director, Mr. Rajnish Sarna, Executive Director, Corporate Strategy and Finance. I would like to highlight at the outset that certain statements made on this call may be forward-looking statements and the company does not undertake to publicly update them. A statement in this regard has been included in the invitation to this conference call.

We will commence with perspective from Mr. Mayank Singhal on the company's operating progress and strategy, and we shall have Mr. Rajnish Sarna following him with his views on the financial performance during the reporting period. Thereafter, we'll open the lines for a Q&A session.

I now turn the call over to Mr. Mayank Singhal. Over to you, sir.

**Mayank Singhal, Managing Director and Chief Executive Officer**

Yeah, good afternoon and thank you for joining us on our annual results conference call. I am proud to share two key milestones that PI has recorded in this year. First, that we have crossed gross revenue of Rs. 10 billion and a net profit of 1 billion. Both our businesses, domestic and our contract manufacturing export business have delivered both on the topline and of the sectors expectations, whereas the increment in agri business has stood at 22% and the custom manufacturing has improved over 61% growth. The -- industry is highly under penetrated in India and it remains highly dependent on the uneven distributed rainfall.

During the rabi season we have seen that the farmer has opted not to invest heavily in crop production due to the lower production and rain related issues. In the contingent upon us is to this sector to establish a most strong and the need for use of -- insecticides which can enhance the levels by many folds. Within the sector, PI has taken a differentiating posture, one that emphasizes a new generations in licensed and core marketing products and we've been able to identify what the farmer needs and fill up the gaps in the market with products that have turned out to be leaders in their category.

PI's robust marketing distribution infrastructure has and it's key brand building strength for our progresses has been a apart progressive performance. We-to be a global innovators who are -- who have an attractive portfolio of products and suitable to suit the Indian agri conditions. Steadfast represents the idea of -- is allowing us to introduce existing new products into the market.

Now let's talk about our performance in terms of NOMINEE GOLD which is perhaps has been well recognized rice herbicide market in India. I am glad to share that the product has been recommended by several agricultural universities and in the area of rice cultivation and has also given -- we have also given the right this year to other players in this sector for co-marketing product so we can establish a more rapid growth of our strategy which is working very well.

In our intention to launch the other products with attractive market potential, we have launched last year two products VOLTAGE and CLUTCH in this year, a insecticide and a fungicide respectively. PI is a broader area of offerings in the pipeline and continue value the opportunities where it can make a differentiator. And we recently in this coming year shall be launching a new generation insecticide which we expect to give us that view that NOMINEE has done in the past.

Now let's move on to our custom manufacturing business, our Custom Synthesis operations which have grown from strength-to-strength and the overall pipe continues to increase. PI is pride in its ability of partnering with the innovators in the early stage and developing the existing molecules in our understanding of a complex chemistry and a mastery of multi-step process involving our respect our IPR has put us in this unique position.

And at any point in time, our lives are engaged in the development stage between 25 to 30 products and has a very good chance of commercializing more than 10 to 12 products at the end of its maturity like which is already -- has been demonstrated over the past.

Like in the agri-input business, we are focused our relationship with exclusive partners as amongst the top one or two suppliers in the world and to achieve leadership position.

Our model is gaining traction and our order book continues to grow handsomely and you would know that we have both the benefit of certain multi-year contracts and long-term visibility and flexibility to enter into annual contracts, which again are rolled over from year-to-year. I see this business going very strongly and contributing towards the structural improvement in the profile of our earnings and our visibility as an organization.

That the last year, we divested from the polymer compounding business and operations have been allowed us to channelize our energies in these two respective businesses. Our plans to announce exports further are progressing, and our facilities in Jambusar, in Gujrat are on it's way. This will be another important milestone for warping our operation to deliver on customer synthesis business.

We believe that we are on the right to built this company into a world class enterprise given the combination of attractive in market products and on the hand exciting possibilities in the pipeline for other domestic business is due to deliver substantial performance. On the other hand, the customs synthesis business is gaining skill as per our plans and With that, now I would request Mr. Rajnish Sarna to give you his share of perspective on the financial performance of the company for the year. Thank you.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Thank year Mr. Singhal and good afternoon to you all. It has been a momentous year for PI as we achieved our twin milestones as explained by Mr. Singhal. Operationally, I believe we have delivered on expectation we had set for ourselves at the beginning of the year.

Our net revenues have shown a growth of close to 22% at Rs.8.7 billion given the combined effect of 22% rise in our domestic sales and 61% increase in our custom synthesis exports year-on-year. I want to underline the fact that our agri input business is showing topline, top torrential growth in this sector into this portfolio of new and existing products. Concurrently the increase in synthesis business has followed a robust ramp up in execution of orders.

Our model of focusing on two complimentary business is yielding results with growth in EBITDA standing at 28%. The EBITDA stood at Rs. 1.45 billion with margins showing marginal improvement by 75 basis points over last year. Our profit before tax stood at Rs. 1.39 billion and had a growth of close to 55% over last year. The net profit stood at close to Rs.

1 billion, higher by 57% year-on-year given a good operating performance and also including the sales proceeds from our polymer compounding business that we have divested in the beginning of the year.

Our basically EPS was at Rs. 40.27 from Rs. 28.76 at the same period last year.

To give you my thoughts on the performance for the fourth quarter, our net revenue growth by close to 23% year-on-year. If we take this without the polymer business which was not present this year, the revenues were close to Rs. 2.35 billion.

Our domestic business showed revenue of close to 1.45 billion, which was almost flat compared to same quarter last year on account of erratic rainfall, lower pest infestation, demand constraints owing to fall in prices of agri produced and rise in input costs.

Our synthesis operations, our revenue stood for the quarter at Rs. 1.36 billion which is reflection of working we are doing with our early stage of molecule, the business grew at close to 55% in this quarter. The quarterly EBITDA stood at Rs. 373 million compared to Rs. 368 million last year.

The net profit meanwhile stood at Rs. 218 million giving us a basic EPS for this quarter at Rs. 8.72 both high businesses continues to show excellent traction given the strong product portfolio in the domestic business and progressive ramp up in our custom synthesis business.

We remain on track to deliver an aggressive growth performance. However, at the same time, we remain mindful of the present external environment which is indeed a cause of concern, namely the prevalent negative economic and business sentiments, volatility in energy prices, highly volatile ForEx rates et cetera. The company is fully watchful of them and continues to review its policies and processes to meet these concerns.

We also believe that food and feed are going to remain the key priorities of mankind. And barring unforeseen circumstances, we should be able to sustain our growth momentum going forward.

Thank you. Back to you Mahesh.

**Operator**

Thank you. Sir, should we begin the question-and-answer session?

## **Corporate Participant**

Yes.

## **Questions And Answers**

### **Operator**

[Operator Instructions]. We have the first question from the line of Mitul Mehta from Lucky Securities. Please go ahead.

### **Mitul Mehta**

Ya, hi sir good afternoon and congrats for a good operational results. Sir my question is pertaining to Q4, this, minus polymer business seems did grew quite handsomely, but if we do some like to like margin comparison, we did experience some pressures. So can you just elaborate what were the key reasons for the margins to fall? And as far as working capital management goes, is there further room for us to kind of cut our receivable days from the present levels, any -- sir your thoughts on these two points? Hello?

### **Mayank Singhal, Managing Director and Chief Executive Officer**

Hello, are you audible?

### **Mitul Mehta**

Yeah. I'm not audible, sir.

### **Operator**

Hello sir, you may go ahead sir.

### **Mitul Mehta**

Yeah. Sir did you hear my question, sir, should I repeat that? Hello?

### **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

First of all, margins in quarter four, yes, there was a pressure on margins in quarter four and the key reason has been the input cost have gone up, as you all know. The kind of pressure we are seeing in energy cost, in environment cost management, even in raw material cost. So there was certainly pressure. On the other side, there was even pressure of lower demand, particularly in our domestic business. So yes, the product mix also got impacted and as a result the margins were under pressure no doubt about it.

And we believe that when these kind of cost pressures are there, it takes time to pass on these kind of cost increases to the market, it takes time because there are many players in this industry and everyone takes little time to correct their pricing and then correct their margin. So going forward, yes, given the kind of trend we have seen and which is also bit Coming to your second question on scope for further improvement in working capital, yes there is truly some scope there, particularly in terms of inventories. And we are -- as an organization, we are working in these areas and we hope to achieve improved working capital levels in coming quarters. Thank you.

### **Mitul Mehta**

Sir if you allow me my last question. In terms of the overall CapEx, we have invested about 100 crores in the new plant other than this particular CapEx any other CapEx that has been lined for -- there will be steady state maintenance CapEx going forward?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Increased supply quantities of even the existing products are there, there would be some CapEx going forward as well and the balance CapEx for our Jammu side, are expecting -- are projecting close to 125 crore to 140 crore of CapEx in the coming year as well.

## **Mitul Mehta**

Okay. Thank you so much sir.

## **Operator**

Thank you. [Operator Instructions]. The next question is from the line of Ajay Nandanwar from UBS. Please go ahead.

## **Ajay Nandanwar**

Good afternoon sir, if you could give us sort of some breakup of domestic versus international business for the whole year and Q4?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yes, domestic business annual revenue is close to 503 crores and our synthesis business revenue is close 373 crores. This is annual revenue I am saying.

## **Ajay Nandanwar**

Right.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

And the quarter revenue, for fourth quarter, the domestic revenue was close to 105 crore and the synthesis revenue was 131 crore.

## **Ajay Nandanwar Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well we are able to maintain the kind of order book we had maybe couple of quarters back despite the fact that we are growing our deliveries by more than 50%, 60% on quarterly basis. I mean this year, this business has recorded a growth of close to 61%. And despite that, we are still maintaining our order book position in excess of \$300 million.

## **Ajay Nandanwar**

Right.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

So while this order book has not substantially increased but we have been able to maintain this order book position despite significant scale up.

## **Ajay Nandanwar**

Understood, sir. Understood, okay. And sir on the domestic front, what are the factors that will sort of make you more optimistic about next year outlook?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well, there are couple of drivers for PI. For example, introduction of new products. So, we are planning to introduce couple of new products in the coming kharif season and then going forward also in rabi season. So these are the products which will drive -- which will get us revenue. Then apart from this, the products which we have already launched in last couple of years, there is tremendous potential for growth in those molecules, those products. And given the kind of growth and the acceptance we have seen for these molecules in last one or two years, we are expecting that those products will also bring in lot of growth for us.

## **Ajay Nandanwar**

Correct. And sir, how do you see the overall industry agri-input and pesticide industry in India compared to say last year, last year H1 was strong but H2 was weak for the industry. Do those pressures about low MSP or pharma income, do they still continue?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

Well let's put that a couple of issues that took place in the last half year. One was the agrochemical conditions and also the produced prices but clearly these are cyclical in nature as you very well know, that I always say that if you look at agriculture take a slightly longer perspective, because this is a seasonality business and one season goes down the other season will definitely pick up, prices pick up, supply shortages happen. And food is a constant growing demand which is always there. So with the pressure on productivity and efficiency for the farmer the input business definitely is something which is going to grow aggressively. And more so if you got the inputs which can add greater value to the farmer in terms of both qualitatively and quantitatively with the least input effort.

## **Ajay Nandanwar**

Sir, how do you see the produced price, specially on a -- from the rabi side government have taken MSP increase last year, but on the karif side that has not been done yet, right?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

Right, but eventually that price not increasing and a lot of acreage has also gone down in some of the crops, so the supplies are going to come short and that the demand is going to pick up and the price is going to go back, so this is a cycle. So I don't see that as a bigger challenge, and those prices would slowly and steadily do rise.

## **Ajay Nandanwar**

Sure. Do you see a turn in H1 this year or you think H1 may be subdued as well for the industry and then hopefully we'll see something up turn in H2?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

It will be a challenge in the H1, surely, I think, these are all, as I said these are blocks which get connected. We look at financials, look at quarter-to-quarter in the quarters, but the industry looks at the weathers and this cycles are somewhere offset or onset which each other, right. So we have to kind of -- I would say yes, it could be not such a great H1, but definitely move into a great going forward into a greater season going ahead.

## **Ajay Nandanwar**

Okay. Sir just one last question, sort of on the trend side, right. Obviously you guys are launching a lot of new products and that's very exciting. Sir how does farmer look at sort of -- does it do the stake -- does the spend farmer do on your product for any new products? Does it take share away from older generic molecules? And if that is the case, then what do you think is the?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

That double approaches. See, we are here creating different markets and different opportunities of application for the farmer. At the same time providing better solutions, which will also take away some of the -- some share while creating new share. So it's the --

this is the beauty of what we are coming out with hopefully in the market and taking away from our market, both applies. Hello?

## **Ajay Nandanwar**

Yeah. Thank you so much, I think my questions are answered.  
Thank you.

## **Operator**

Thank you very much, sir. The next question is from the line of Bhavin Shah from Dolat Capital. Please go ahead.

## **Bhavin Shah**

Thanks Mr. Singhal and Mr. Rajnish congrats on the great numbers. After stellar performance in NOMINEE GOLD and likely to continue for some more time, just wanted to have a sense on the kind of products that we probably launch, how long do you anticipate any such product to reach to a size and scale of what NOMINEE has today or will obtain in future, should we give a time gap of another two years or three years?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

Yeah, I mean it depends on the strength of the product and parts, we very carefully select these products after years of research. These products are introduced in the market, a lot of trails already gone in at the field level. So we are pretty sure that the kind of products which we are introducing in the market are going to benefit vise-a-vis the kind of solutions they are already using and in certain cases there are no solutions also available. So we take, between two years to three years for a new product to reach to a respectable level, but yes when you ask about the reaching the maturity, it may take, may be even more, three years to four years.

## **Bhavin Shah**

Okay.

## **Mayank Singhal, Managing Director and Chief Executive Officer**

To reach to the maturity of a product.

## **Bhavin Shah**

Okay, fine. Got it, thanks. And just to reassure the revenue growth guidance in case for '13 that you would give?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

Well, we would like to maintain our earlier guidance for coming year and we would still like to maintain that on a company basis, we are expecting to sustain the growth of 30% plus for coming year as well.

## **Bhavin Shah**

Okay. And lastly, what portion of the raw material cost would be imported?  
Close to 40%.

## **Bhavin Shah**

40%, right. I have a couple of questions. I will be in the queue. Thanks so much.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Thank you.

### **Operator**

Thank you. The next question is from the line of Viraj Mehta from Equirus Securities. Please go ahead.

### **Viraj Mehta**

Hello sir. Congrats for great set of numbers. Firstly coming to guidance was 30%. Now because you just mentioned that H1 is going to be tough and in spite of that, it's more than half of our business, 500 crores coming from agri. And assuming that there we see very low growth, are we are seeing more than -- are we seeing 30% because we see more than 50%, 60% kind of growth again in the CSM business or am I getting my numbers wrong?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Not really. See the point is the outlook on domestic business frankly speaking business to also grow 30% plus in the coming year because of but when some one is asking the outlook on 31st of May just may be 15 days before the monsoon and you know the importance of monsoon year lot of sentiments work on monsoon. So point is that yes we are quite upbeat on our outlook for domestic business. But we are little cautious in committing any kind of number for say quarter one or half one or something. But yeah I mean year-on-year basis, we are pretty confident that we should be growing the domestic business also at the same pace. And it is not that the one business is growing at 50, 60 and other business is growing at 15, 20.

And therefore, the guidance of 30% blended, no that's not the idea.

### **Viraj Mehta**

Okay, okay. So if I get it correctly, you are -- what you are saying is that probably we would also be close to the same number for both the businesses, I mean the overall guidance?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yes.

### **Viraj Mehta Mayank Singhal, Managing Director and Chief Executive Officer**

Good. This was the first year of launch and you can imagine the initial efforts from product promotion, product development, education to the channel, to the farmer, a lot of efforts have gone into that. And there has been good acceptance as we get the feedback from the field. So we are expecting that both these products, these other product which we have launched in last couple of years, should do well in the coming season.

### **Viraj Mehta**

Sir if we look at the 100 crores CapEx, what part of that would Jambusar CapEx and what would maintenance CapEx for our existing plants?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well mostly was Jambusar only.

### **Viraj Mehta**

Mostly was Jambusar only. So when we using 140 crores for this year as well CapEx, then what is the total CapEx that we are

expecting in Jambusar?

### **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well close to 150 crores, 155 crores.

### **Viraj Mehta**

Okay. So if out of let's say 100 crores, around 80 crores was Jambusar last year. So assuming around 80 crores from this year as well, are we assuming around 50 crores, 60 crores of maintenance CapEx this year?

### **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

This is not maintenance CapEx but this is balancing CapEx as well. Just for an example, if your existing circuit has certain capacity for a product.

### **Viraj Mehta**

Sure, sure.

### **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Metric tonne and you have now demand for two metric tonne, then you will have to do the balancing of the equipments and plants to make it produce two metric tonne. So this is also part of this whatever 50 crores, 60 crores you are saying.

### **Viraj Mehta**

Okay. So basically part of it would be increasing the capacity as you -- I mean would that be correct right. Sir going forward this year also we have increased our dividend payout, what kind of -- I mean a steady state dividend payout can investor assume going forward when probably we are done with the growth phase, let's say three years or four years down the line?

### **Mayank Singhal, Managing Director and Chief Executive Officer**

It would surely improve than what we have done this year.

### **Viraj Mehta**

Okay. But would there be a steady state that you would like to mention, steady state payout?

### **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well, as you mentioned that the way we are growing and we are investing for growth, and the company would surely like to improve from the current levels of 12%, 12.5% of payout of it's earnings, and from here we would surely like to improve and as our investments stabilize, maybe say in next two years to three years the investment will freeze and stabilize, then yes, the out pay will surely further increase.

### **Viraj Mehta**

Out of the \$300 million of our order book of our order book in CSM, what part is for FY13? Hello?

### **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah. Can you please repeat your question.



## **Viraj Mehta**

Sir out of \$300 million of order book that you mentioned, excess of \$300 million in CSM business, what part of that order book is for FY13?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah. It should be close to \$60 million, \$65 million.

## **Viraj Mehta**

\$65 million.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology Viraj Mehta**

Okay, okay. And, okay, how much currency have we hedged?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Pardon?

## **Viraj Mehta**

How much currency have we hedged for our exports? For net exposure, how much have we hedged?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Right now, our forward hedging would be close to 20 million to 22 million. So which is not more than, I would say 18% to 20%.

## **Viraj Mehta**

So what I wanted to come to is that if we have not hedged too much going forward with the currency, Indian currency depreciating the way it is, can we expect a margin increase in the business going forward?.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yes and no.

## **Viraj Mehta**

Okay.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

It will surely, it should result in improvements in margin, but for some of our businesses there are clear understandings of part through, so which should not impact the profitability or the cost for both the parties.

## **Viraj Mehta**

Okay. I've got few questions, but I'll be in the queue for the same.

## **Operator**

Thank you. The next question is from the line of Abhijit Akella from IIFL. Please go ahead.

Hello, a very good afternoon gentlemen and thank you for taking my questions. First, I was just wondering if you could comment on the segment wise margins for the fourth quarter?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well, yes, I mean we generally don't share segment wise margins, but the margins remained almost at the same level as we have discussed in past. Agri inputs slightly lower than the earlier quarter margins, close to 16% or so and synthesis was more than or around 20% you can say.

**Abhijit Akella**

Okay, got it. And you mentioned the inability to pass through certain cost increases given the soft demand environment. So are there any plans right now to take some price increases ahead of the kharif season or is it going to take some time longer?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

We have already taken those initiatives and we have started this new year with new prices.

**Abhijit Akella**

Okay. So can the domestic businesses profitability improve in the first quarter and beyond?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah. We hope so.

**Abhijit Akella**

Okay. Then on the new product sir, you mentioned one new generation insecticide, which I presume is coming up in time for kharif, okay. And how many products are we planning to launch during the year in total?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

We have plans to launch two products minimum and third product we are trying and probably in rabi season if we could complete our process.

**Abhijit Akella**

Okay. So the two that you are planning are both for kharif and I, if I recall correctly, both of them are insecticides?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Pardon?

**Abhijit Akella**

Both of them are insecticides, if I'm not wrong?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah. Both of them are insecticides.

## **Abhijit Akella**

Okay, sir. And any significant promotional spending that we are planning on this and whether it could have some temporary dampening effect on margins in 1Q or 1H?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well, yes when we are launching new products and when we have to grow our newly launched products, yes of course I mean there are promotion plans and spending plans. But yes I mean we are -- we would be very cautious in our spending and also be mindful of the current external environment in terms of monsoon and demand and the agri produce prices leading to demand. So we'll surely be mindful of all those external environment. But yes as a plan, we have plans for promotion and spending as we are launching new products

## **Abhijit Akella**

Sure. And finally on the Jambusar plant sir, do we still expect a September commissioning date for that

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yes. That's what our plan.

## **Abhijit Akella**

Okay, great, sir. Thank you so much and wish you all the best.

## **Operator**

Thank you. The next question is from the line of Varun Guntupalli from Edelweiss Securities. Please go ahead.

## **Varun Guntupalli**

Good afternoon, sir. My first question is pertaining to this broad based insecticide which we are planning to launch in this kharif. By when can we see this launch happening sir probably in the next one to two months time frame itself?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology Varun Guntupalli**

And the second product which you are talking about, the second insecticide?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah this would be another 15 to 25 days later.

## **Varun Guntupalli**

Okay. Any kind of insights you can provide on the second insecticide, sir? You were mentioning about the broad based insecticide which can be, which has a potential to grow to the size of NOMINEE GOLD the first one which you are saying, any insights on the second product, sir?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah, this is again a broad based insecticide already having a significant market in India.

## **Varun Guntupalli**

So, it's like both of them fall almost in the same category which would be the broad based insecticides if I get it right sir?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Same category but are in different segments.

## **Varun Guntupalli**

Okay, define crops you mean to say in that context?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yes.

## **Varun Guntupalli**

Okay. And apart from that, this rabi product, rabi what's the third product that would you be planning to launch?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

It is little early for best product. But yes I mean we're working on our activities and hopefully if we could complete that process then we should be able to. But it is little early for that product to be discussed.

Okay sir. And in the custom synthesis you were mentioning the order book remains in excess of \$300 million. If you can give the exact number sir the order book position?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well this is in excess of 300 million, I don't think 4 million, 5 million here and there would make any.

## **Varun Guntupalli**

Okay, sure sir, just over \$300 million you mean to say right, compared around the \$325 million, \$330 million a quarter back if I get it right sir?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Ya.

## **Varun Guntupalli**

Okay sir. And my final question is pertaining to this Jambusar plant, now it's like what kind of capacity scale up you would see and the revenue contribution that you would be seeing in the next one to two years time frame sir from this September onwards?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well this would be operational for part of the year this year. So when there could be a significant contribution in terms of revenue from that side, it would be close to 50 crores, 60 crores only this year.

## **Varun Guntupalli**

Okay.

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah I mean going forward yes next year and then next to next year this should contribute significant revenue for this business.

**Varun Guntupalli**

Okay sir, something like assuming a 70% capacity utilization, which I hope is achievable, what kind of revenue it can add in FY14, sir?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

We cannot actually frankly give you revenues, because we have a different product mix and different values.

**Varun Guntupalli**

Okay.

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

This is just not a product base market as you know the multi-base.

**Varun Guntupalli**

Yeah, multi-base, multi-product base, right. Okay, sure sir. Thank you.

**Operator**

Thank you. The next question is from the line of Amit Vora from PCS Securities. Please go ahead.

**Amit Vora**

Yeah. Good afternoon and thanks for taking my question. My first question is, you mentioned that you have taken price increases. So what in what range would the price increases be?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

It varies from product to product, some product it would be as high as 20%, some product it is and around 5% to 7%. So depending on the economics and the raw material position and the competitive scenario, I mean these price increase have already been taken.

**Amit Vora**

So I can assume between 5% to 7% as a total price increase across the board?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Easily.

**Amit Vora**

And my second question is if you can just give me a figure like per acre or hectare what is the kind herbicide that one farmer would be using?

**Mayank Singhal, Managing Director and Chief Executive Officer**

Per, in terms of what, I didn't get you, Per acre.

Like, for example if I want to understand NOMINEE GOLD as a product per acre, what would be the usage by a farmer?

**Mayank Singhal, Managing Director and Chief Executive Officer**

It's a 10 ml dose per spray, per acre.

**Amit Vora**

And the co-marketers that we have, all the co-marketers are Indian companies or are MNC's also co-marketing?

**Mayank Singhal, Managing Director and Chief Executive Officer**

No, the bigger one are the - all the three MNC's, Syngenta, Byer, BSF, rallies as the Indian company, then we Dhanuka as the other Indian company.

**Amit Vora**

So these are all the co-marketers for the same product?

**Mayank Singhal, Managing Director and Chief Executive Officer**

Right.

**Amit Vora**

So we are manufacturing and supplying it to them, or how is it?

**Mayank Singhal, Managing Director and Chief Executive Officer**

Yeah.

**Amit Vora**

So, the last time we had spoken we were seeing that our NOMINEE GOLD market would be around Rs.100 crores approximately, is it still the same or we have been able to increase that?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah, it has surely increased, but as we discussed earlier also, we can't discuss in terms of numbers for each specific product. But yes, product has grown from there.

**Amit Vora Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Thank you.

**Operator**

Thank you. The next question is from the line of Rajendra Shah from Fidelity. Please go ahead.

**Rajendra Shah**

Good afternoon, sir. Congratulations on the outstanding performance. But I was wondering with your relationships with the foreign companies for customs manufacturing, do you see any slowdown or postponement of projects?

### **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Not really.

### **Mayank Singhal, Managing Director and Chief Executive Officer**

No, not really I don't see that.

### **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

The kind of supply schedules what we have, the way the order book position is there, the way we have grown say for last one year and we are expecting to grow for next one year, two years. And this is based on schedules. So those schedules are surely not giving us any indication of any kind of slowdown.

### **Rajendra Shah**

And sir what is -- now that you have been in this for quite a few years, what are the strengths that are driving the growth in this business in terms of your strength or economic factor abroad which is giving you business?

### **Mayank Singhal, Managing Director and Chief Executive Officer**

Well I would say the strengths that we have been growing on is clearly that our ability of other customer to trust us, and our respect demonstrated over years of reliability and respect for intellectual property which is driving the customer to say okay, fine we can work with the company followed with the most performing capabilities of able to do it very fast then they can. And at the same time the ability to -- from a technical standpoint our capability to handle complex chemistry and high, very complicated process chemistry. And to give global quality systems in place to deliver the product at a economically better than some of the Europe or American producers would do.

### **Rajendra Shah**

Thank you sir.

### **Operator**

Thank you. The next question is follow up from the line of Viraj Mehta from Equirus Securities. Please go ahead.

### **Viraj Mehta**

My question have been answered. Thanks a lot.

### **Operator**

Thank you. The next question is follow from the line of Bahvin Shah from the Dolat Capital. Please go ahead.

### **Bhavin Shah**

Thanks for taking my question again. Just wanted to know the competitive landscape for these two new product introduction during kharif for both these broad spectrum insecticide?

### **Mayank Singhal, Managing Director and Chief Executive Officer**

For one product there is not a competition I would say. As a landscape there are existing products in that landscape, but this is unique product which is coming out which should play a big role in to the market. Vis-a-vis the other product, yes, they are already existing competitiveness which is there in the market and we hope to grow it and cash it up in to the our areas of strength where the other players with the similar product are not there.

## **Bhavin Shah**

So what's the value add for the first product maybe where we possibly see a lot of competition. Is it some sort of technical benefit or is there anything else?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

No there is a strong technical and a commercial benefit of the product and the market potential area of that could be somewhere around 500 crores is the market landscape that it could work in.

## **Bhavin Shah**

This for the first product that you were mentioning?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

First product, yes.

## **Bhavin Shah Mayank Singhal, Managing Director and Chief Executive Officer**

There is no Sony supplies. We were just working on a research project with them.

## **Bhavin Shah**

Correct. The research development.

## **Mayank Singhal, Managing Director and Chief Executive Officer**

Is a long-term shot as I had mentioned earlier and we're still working with them and looking at this going forward.

## **Bhavin Shah**

Okay. And finally Jambusar peak revenue potential could be to what number?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

Well again as I mentioned earlier, that the peak revenue potential is again because the multi-product brand depends on the value of the product that we are going to be putting in. So that's how actually this business model is slightly different than the peak, because it is -- you can also have \$1 product in there and you can also have \$100 product in the same asset so. This is something which is difficult at the moment to give up.

## **Bhavin Shah**

Alright. Thanks so much. All the best.

## **Operator**

Thank you. The next question is from the line of Varun Guntupalli:Edelweiss Securities. Please go ahead.



## **Varun Guntupalli**

Sir I have just one more question. In our revenue in FY12 503 crores of agri-input division, how much is from the in-licensed and how much is from the generic product sir?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah, it could be close to 45% would be in-licensed and rest is generic.

## **Varun Guntupalli**

Okay. And this one you seat going to which kind of levels in the next two years, the in-licensed from 45%? Close to 70%, 75%.

## **Varun Guntupalli**

Okay, sure sir. Thank you.

## **Operator**

Thank you. [Operator Instructions]. The next question is a follow up from the line of Abhijit Akella from IIFL. Please go ahead.

## **Abhijit Akella**

Yeah. Thank you, sir. Just one follow-up the custom synthesis revenues this quarter we have seen a significant scale up, last quarter I think we were doing around 90 this quarter we have gone up to 130, 135. So I mean so I mean should we expect this to stabilize at this run rate going forward and then increase as order shipments increase?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah, I mean this would stabilize at this level and this would further increase when this Jambusar site gets working.

## **Abhijit Akella**

Understood, sir, got it. Thank you so much.

## **Operator**

Thank you. The next question is from the line of Ashi Anand from Kotak. Please go ahead.

## **Ashi Anand**

Sir, good afternoon and congrats on good set of numbers in a tough environment. Sir, the question I had was with the kind of slowdown you have seen in the domestic industry, are we see any down trading which is happening kind of impact the growth for a higher value added kind of in-licensed products?

## **Mayank Singhal, Managing Director and Chief Executive Officer**

I didn't get your question as the voice didn't come clear sorry.

## **Ashi Anand**

Sorry, given the slow down that we have seen in the domestic industry, are we seeing any kind of down trading taking place with

the farmer who have been moving back towards generic products vis-à-vis the new generation in-licensed products that we have?

**Mayank Singhal, Managing Director and Chief Executive Officer**

No, I would say probably the other way because you are looking at the more economic benefit which would come from the new generation products, the older products. So I don't see that trend actually happening.

**Ashi Anand**

Okay, excellent. Just a second question with relation to the 55% of our domestic revenues coming from generic products, do we see still have--products in the portfolio? And would we be looking at seizing any of those....?

**Mayank Singhal, Managing Director and Chief Executive Officer**

Yeah we have one odd product in red triangle in our range.

**Ashi Anand**

Okay. And are we planning continue to with that particular product or would we be looking at actually...?

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

It's got tremendous acceptance with the farmers because of the cost effective position and no as such no good competition or competitive product at this stage. But yes.

**Ashi Anand**

Okay.

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

At the same time, we are already in the process of developing and then registering a new product, so which would -over a period of time which would take it from place.

**Ashi Anand**

Okay. But in the short-term we are looking at continuing with this particular product?

**Mayank Singhal, Managing Director and Chief Executive Officer**

Sure.

**Ashi Anand**

And if I could just ask one last question. The generic part for domestic portfolio is that kind of part actually growing, are we looking at degrowing it or is it kind of largely stable? I just wanted to understand the growth on the generic part

**Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Well, our effort is not to I mean degrowth that part, but our effort or our focus is more on our in-license and newly launched products. So what is happening actually is that the share of these new products or in-license products in the overall revenue is growing. Therefore it is looking as if the generic share or generic product are degrowing. That's not the case, and again in these generic products the performance of these products, whether they are growing or stable, depends. So if season is -- even in those generics also we are seeing good amount of attraction. But if season for that particular crop or segment is not that favorable, then yes, I mean they remain where they are or there is a degrowth also in certain periods.

## **Ashi Anand**

Perfect, great. Thanks a lot for the answers.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Thank you.

## **Operator**

Thank you. The next question is from the line of Amit Vora from PCS Securities. Please go ahead.

## **Amit Vora**

Yeah, the two insecticides that you are launching, on what crops are they specifically?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Paddy and pulses.

## **Amit Vora**

Paddy and pulses, all of them?

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Yeah, broadly, and a bit in the cotton areas.

## **Amit Vora**

Okay. Ya, I'm done.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology Amit Vora**

I am done, that's it.

## **Rajnish Sarna, Chief Financial Officer and President, Information Technology**

Okay.

## **Operator**

Thank you. [Operator Instructions]. Currently there are no further questions. I would now like to hand the flow over to the management for closing comments.

## **Mayank Singhal, Managing Director and Chief Executive Officer**

I would like to thank everybody for coming on this call today and deeply appreciate everybody's participation. Thank you.

## **Operator**

Thank you very much sir. On behalf of PI Industries Limited that concludes this conference. Thank you for joining us. You may now

disconnect your lines.