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Dated: August 16, 2024

**The Manager**

<b>Listing Compliance Department</b> BSE Limited (Through BSE Listing Centre)  <b>Scrp Code: 532851</b>	<b>Listing Compliance Department</b> National Stock Exchange of India Limited (Through NEAPS)  <b>Symbol: INSECTICID</b>
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Dear Sir/Madam,

**Sub: Transcript of the Earning Conference Call for the Quarter ended June 30, 2024**

Pursuant to Regulation 30 read with Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the transcript of the Earnings Conference Call – Q1 of FY 2024-25 held in connection with the Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter ended June 30, 2024 on August 09, 2024, is enclosed and is also available on the website of the Company and can be accessed on the following link: <https://www.insecticidesindia.com/investors-desk/>

This is for information & record.

Thanking You,

Yours Truly,  
**For Insecticides (India) Limited**

(Sandeep Kumar)  
**Company Secretary & CCO**

*Encl: As above*



# “Insecticides (India) Limited Q1 FY25 Earnings Conference Call”

**August 09, 2024**



**MANAGEMENT: MR. RAJESH AGGARWAL – MANAGING DIRECTOR,  
INSECTICIDES (INDIA) LIMITED  
MR. SANDEEP AGGARWAL – CHIEF FINANCIAL  
OFFICER, INSECTICIDES (INDIA) LIMITED**

**MODERATOR: MR. BHAVYA SHAH – ORIENT CAPITAL**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Insecticides (India) Limited Q1 FY '25 Earning Conference Call.

As a reminder, all the participants' line 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 star then zero on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Bhavya Shah. Thank you, and over to you.

**Bhavya Shah:** Thank you. Good evening, everybody, and welcome to the Q1 FY '25 Earning Conference Call of Insecticides (India) Limited.

Today on this call, we have with us Mr. Rajesh Aggarwal – Managing Director; and Mr. Sandeep Aggarwal – Chief Financial Officer.

Before we proceed with this call, I would like to give a small disclaimer that this conference call may contain certain forward-looking statements, which are based on the beliefs, opinions and expectations of the Company as of date.

Now I would like to hand over the call to M. Rajesh Aggarwal for his opening remarks. Over to you, sir.

**Rajesh Aggarwal:** Thank you, Bhavya. Thank you, ladies and gentlemen, and a very good evening. We extend a warm welcome from Insecticides India for the Q1 FY '25 Results Con Call. We appreciate your time and interest in our Company's Performance.

I hope that everyone had an opportunity to go through the Financial Results, which have been uploaded on the Stock Exchanges.

We are delighted to present the Q1 Results, which underscore the strength of our operational performance and successful execution of our strategic initiatives. The numbers we share with you today are testimonial to the resilience of our business model and effectiveness of our growth strategy.

I would like to turn to the micro environment:

The industry outlook today is very, very optimistic. The rains, which were a little low during the month of July, are turning good in the month of August. The crop situation broadly is very good across the country and there is a very good demand across all segments, namely, herbicides, insecticides and fungicides.

If you look at the demand supply patterns, I can say that the people were not trusting that this would be such a good season. So, the preparedness of the industry is a little weak. So, there is a

lot of demand. And if we look at the international scenario, again, the prices have already touched the bottom, and the markets have stabilized. Today, since these demand-supply gaps are already visible, so, which has led to a slight increase in the prices, again, which means that today market has already bottomed out, it is stabilized. Certain products are increasing at a small marginal level, which means that future outlook is very, very optimistic.

The general scenario again looks cautiously interesting. Why I say cautiously? Because if you look at the entire country, the dams across the country are full. Everywhere there is rainfall. Certain areas were looking apparently a little drier, but again they are receiving good rains and the optimism in the industry is very, very high and the real sales at the ground level have started. It started with the herbicides. Now insecticides and fungicides are also expected to move, and some of the insecticide sales is already coming to the full swing and there is heavy demand.

Coming down to our Performance:

I would like to talk macro of the strategy. The details will be given by the CFO. So, we were very, very clear in our strategy that we have to focus around premiumization of our business. We had very clearly divided our business into Focus Maharatna and Maharatna, which are the premium products for us. We are very, very clear that these are the products which contribute minimum 35% to the bottom line.

And of course, Focus Maharatna are the products which are very established large products in our portfolio. Sometimes I call them engines for growth because as the engine drives the train, they are like engines. They are the products around which we advertise. They are the products which we promote. They are the products which we educate the farmer and the network.

So, they are the key products of our portfolio. I can call them superstars of today or superstars for tomorrow because generics are already under a lot of pressure, a lot of international pressure because sometimes I say, when India starts producing, the world has to stop because we can make the products at such beautiful prices that it becomes very difficult for the world to compete.

So, India is becoming a hub for manufacturing the generics and in the old generics, since it leads to price war, and sometimes for the developed world, they feel that since the generics are coming at very aggressive prices from India, they are hurdle in their growth of new generation products. So, some of the old generation generics are always under the review, under pressure. Sometimes this pressure is coming from NGOs. Sometimes this pressure is coming from Europe. Sometimes from other areas. But yes, the market is increasing, but the product mix is changing. The old products will go, and the new products will always come in. So, Insecticides India is fully prepared, fully aware about this scenario.

Looking at that, we are working with our partners, particularly the Japanese partner who are giving us the patented technologies. If I talk about Nissan, with Nissan we are doing half a dozen products already. And this range is increasing because they are also offering newer solutions.

So, a lot of new solutions are coming from Nissan. In the past, we had started with single products with them, but slowly we made the mixtures where we could back the IPR rights. So, with that, our portfolio became stronger, and these products also became part of our Focus Maharatna. And now, the new generation products which are coming from Nissan, for that also we are working with the mixtures also so that we can extend their life cycle, and we will get a full period of 15-16 years to establish these products into India and can establish them as a good premium product. Actually, this is the vision.

Along with Nissan, our R&D centers, the four R&D centers of the Company are also working beautifully. We are making innovations out of that. When I say innovations, we are making new AIs because generally we talk about the new launches, the new launches of the brand which goes into the market. But all these launches, they are backed by 9(3) technical registrations, what we do in India and manufacture these technicals in India for the first time or sometimes we are the seconder, but we are among the initial players who manufacture these products in the country for the first time.

So, we get the manufacturing advantage here. And then since we are fully integrated, I mean to say, we are making the technicals, taking these formulations to the market, establishing them as brand because that is our key focus to take these new technologies to the market, establish them between the network and the farmers. So, that is giving us a big edge and we are very successfully able to take these products to the market.

Just to testify this, I can say that the products which were launched after 2020, they are contributing almost 33% of our total brand business. Like if my brand business in the last fiscal was Rs. 1,500 crores, Rs. 500 crores have come out of the new products which were launched in the last four years, which means that the acceptance of our new technology product is very, very high. We are very beautifully able to take these technologies to the market, establish these technologies in the market as the brand leader because we are consistently trying new innovative ways in the market to establish these products.

Talking about our activities in the market in the Q1. So, I would like to share because generally I never share the sales activities which we are doing in the market. But here I would like to tell you that we have been continuously working in strengthening our sales and marketing teams, like the total number of people in our organization has touched 1,700. So, it has grown by 100 plus in Q1 itself.

The touch base with the farmer is increasing. We have touched more than 4 lakh farmers by way of one-to-one meetings, by way of group meetings, by way of large meetings and we have conducted more than 6,500 farmer meetings in the first three months of this year including the large demonstration, large meetings, small meetings. We have conducted more than 3,500 demonstrations across the country, and we have conducted more than 400 field days.

I mean to say that our teams are very, very active with the farmers and also with the retailers because the number of retailer meetings which we have handled in the 1st Quarter itself is not less than 75, which means that we are trying to educate the farmer, trying to educate the network towards the new generation products so that we can create a euphoria for these new products, we can establish them as brands and we are getting very good success.

Today if I look at my portfolio, I am very proud to tell you that we have very strongly established our portfolio of herbicides. Particularly in all leading crops, we have got multiple solutions. If I talk about rice, then my multiple solution of rice, they are the brand leaders in the market. If I talk about maize, again I already had introduced Torry last year. This year I launched Torex and very soon I am going to launch Torry Super. With these three products, my maize portfolio is very, very strong.

Similarly, if I talk about soybean, then in the leadership of Hachiman, Hakama and some other products like Selector, So, again my portfolio is very, very strong. Similarly, if I talk about cotton, I have launched Pyrethiobac sodium. So, the brand has gone to the market, very good acceptance though we were a little late in the launch, but I believe that in the next year I would be able to multiply many times the sales what we have gone in this season.

So, similarly we are going to launch good solutions for wheat in this coming Rabi season again. So, I mean to say for all leading crops including even sugarcane, pulses, we have got very strong solutions for herbicides. And similarly, if I talk about insecticides, then we have the leadership product Shinwa, which has become very big with Nissan, Nissan's product. That was the first product of Nissan which could cross 100 crores net sales in the last fiscal and this year we are committed to more than double the sales and we are getting very good response from the market.

Mission, a new generation insecticides, CTPR, very common product. You have heard many times from the MNCs and some large Indian companies. We had made the technical and we launched the brand Mission into the market and today, again, I am proud to say that it enjoys the number two status in the market only after the parent Company which launched the product in the past. So, very good acceptance among the farmers, very good acceptance of the brand going at a premium product.

My portfolio of fungicides also very largely appreciated by the market. My mixtures which have gone to the market again very largely. So, I mean to say that we are very, very focused around our premium brands, particularly the Focus Maharatna and we are getting very good response from the market and our 1st Quarter results are the testimony that people are accepting our products, and we are increasing the sales of these premium products continuously.

Like just to give an example of last year, in 2023, our total sale of Focus Maharatna was 51%, which came to 59% in the last year, and this year Q1 itself it has crossed 60% already and major growth in terms of quantity, the growth is even much higher because the prices have dropped this year. So, the quantity growth which I see is 15%, whereas the net growth in terms of the



total value has come to 3%. So, with the 15% volume growth, 15% plus and 3% net growth, I see a good future because this Q2 looks very, very promising across India. There is a huge demand and huge opportunity which is evident to me.

So, with our strategy to build up the sales of these premium products because we believe that we will be growing our sales of Focus Maharatna and Maharatna which are our premium products in a big way. When I say big way, I mean to say double-digit growth. Strong double-digit growth should come out of this.

So, in the generic segment, we are playing a policy of tail cutting where we are reducing certain products and we are just supplying these products as per the market demand, but the basic focus of the Company is to grow the premium segment, the Focus Maharatna and Maharatna and the outlook is whatever new products we are going to launch in future also, they should satisfy our criteria of Maharatna product at least and they should have the capability. Some of those which are being launched to enter into Focus Maharatna, that is the vision. With that, we are introducing the new products.

I would here also like to talk about the inventories. The inventory levels are also coming under control though in the end of Q1 that has touched somewhere around 700 crores, but I expect the inventory levels to come down even further. 650 plus minus should be a reasonable number at the end of all the quarters because we are changing the product mix and coming out of many generics. So, we have already stopped more than six generics technicals which we were making in the past where the profitability was very low and there was a high risk of market fluctuations. So, that has also helped us in building up the margins with these premium products.

So, the CAPEX plan 100 crores for the Sotanala project is there and we have started the construction. I believe in next 1-1.5 year we should be able to get through this project where in Sotanala, Belror, Rajasthan, we should be able to build up our facility not only for the formulations but also for the technicals, particularly the insecticides and fungicides technical and formulation facility will be built over here.

And in Dahej, we should be able to commence production out of the L&T plant, the new plant, which we are not able to capitalize because we are waiting for certain approvals from the local government. Though we have received the approval from center, but the state approvals are still in process and there were certain queries which were raised in the past which we have replied and we are expecting that we should be able to get the registration soon and the plant should come under production in this month or maybe maximum by next month. The expectation, yes, the results, the ultimate results are going to come in the new year from this plant, but yes the plant will come into operation and will start producing the new products.

The vision is that we should continuously be able to launch these new products from the plant in terms of technical manufacture and there is also a plan to do the backward integration for certain AI. So, we should be able to start this in the season itself. That is the vision. There are

certain launches which have already happened in Q1. We could launch one brand called Terrox, which is Topramezone, the herbicide for maize.

Then the technicals we have made are also Pyriithiobac sodium which I just announced, a cotton herbicide. We made ourselves, we made one more AI called Topramezone.

So, these are the few AIs which we have already started and there are further few products which are evident which we are launching in this Q2, particularly Shark Super has gone to the market which is a mixture insecticide.

Torry Super, which will be Tembo plus Atrazine mixture, patented mixture, it is going to be launched into the market in the month of August itself. Gold Stem or PGR will also go to the market in the month of August.

So, there are these launches and after these launches we are also going to start the manufacture of Pyroxasulfone Technical and we are going to take our brand Million in a big way in this year, particularly in the wheat crop.

So, I see a lot of good products which are going to come during this year, and they should be able to establish as brands in the market with very high acceptance from the farmer because the interest which the market is showing is really high. The indications which I am receiving from the market are again very, very high and I see the portfolio of insecticides, fungicides, all growing together along with the herbicides, and particularly this Nissan's portfolio also growing in a big way in the leadership of Shinwa and Hachiman in particular and also Izuki and Kunoichi should also show very good performance in this year particularly. Of course, PULSOR and Hakama are the popular products of Nissan So, all the products of Nissan also should signal a decent growth in this fiscal that I believe.

So, I would here also like to touch upon the technology part because we are making, using dashboards very frequently. We are using the CRM program because we are trying to connect the farmer. We are trying to connect the retailers. We are trying to connect the distributors. So, all the apps are already made and given to the market, and we are trying to use these apps so that our touch base with the consumer goes little high and there is a two-way communication.

We are also working in automation of all the processes, automation of plants, automation of working style, automation of processes and not only in plants and the IT programs but otherwise also, wherever we can improve our processes. So, we are building up our SOPs in a fashion so that we can achieve better results, faster results and the teams and processes we are working on strengthening. So, wherever there are gaps, we are strengthening our team continuously and it is not only the team in the market or in the R&D or in the manufacturing we have strengthened or in the sales, but also at the director level, we are trying to strengthen our Board, and we are working continuously to do these improvements.



So, in the end, I would say that I have very, very good expectation from the season. I see a good opportunity. A little caution, like in this quarter we have grown by 10.8%, which is a good EBITDA increase for more than, I would say, 57% or a little less than 400 basis points. So, we are going to see good growth in this year.

But I am not trying to indicate that this quarter should be the full result of the full year. Though I expect that the EBITDA margins in this year should be in double digit, but I don't want to declare that that will be crossing 10.8%, but I can say my expectation is yes, good double-digit and the expectation I see from the season is strong So, I am a little bullish, but I don't want to convey those numbers from here.

So, with this, I thank you very much for your interest and we will open the house for questions. Before this, I would request the CFO to talk about the results and our current achievements. Thank you.

**Sandeep Aggarwal:**

Thank you, sir. I will now share the Highlights of our Performance for Q1 FY '25:

The revenue from operations stood at 657 crores in Q1 FY '25 as compared to 640 crores in Q1 FY '24. EBITDA stood at 72 crores in Q1 FY '25 against 46 crores in Q1 FY '24. PAT stood at 49 crores in Q1 FY '25 against 29 crores in Q1 FY '24. For the 1st Quarter of \*, the share of insecticides is around 33%, Herbicide 61%, fungicide 4% and others 2%.

\*1<sup>st</sup> Quarter of FY25

Coming into the segment-wise sales in Q1 FY '25:

The B2C sales is around 71%, B2B sales is around 26% and exports around 3%. In Q1 FY '25, the premium products contribution is around 60% of the total B2C sales and 40% is from the generic side.

So, that's all from my side. So, now we open the house for question-and-answer session. Thank you.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

**Pradeep Rawat:**

So, my first question is regarding our raw material sourcing. So, how much of the raw material for a formulation is sourced from our own technical facilities?

**Rajesh Aggarwal:**

Most of our, I can say, the premium products are made from our own in-house technicals. So, all the new products which are coming in particular, we make the technicals by ourselves. So, we will be able to give you a response in writing because I don't have it handy. But here all the

new launches, most of the new launches are coming out of either our own technicals or they are coming through the Japanese partner, particularly Nissan. That much I can say as of now.

**Pradeep Rawat:** And do we make patented technicals also?

**Rajesh Aggarwal:** At the moment, I am not making the patented technicals, but I am making a lot of patented formulations. Some of the processes of our technicals, we have got patents, which were done 10 years back. So, almost 7-8 years life is still pending. Mostly, when we talk about the patented technicals, we are doing the new project discovery in OAT Agrio, which is OIL, which is a JV of OAT Agrio and IIL. So, with this, we will make some patented technicals. But at the moment, if I talk about my current portfolio of technicals in particular, then there are no patented technicals because most of them are off-patent technicals which we make.

**Pradeep Rawat:** And I missed it in the opening remarks. So, our EBITDA margin, EBITDA, improved by 57%. So, it is quite a significant increase. So, can you highlight the reason behind that?

**Rajesh Aggarwal:** You missed it. So, I would like to tell you that we are working around the premium products. So, the premium products are called Focus Maharatna and Maharatna in our portfolio. These are the products which contribute 35% plus and in the 1st Quarter, because there were changes in the prices, when I say changes, because the market has stabilized and the prices have come down, the contribution was little higher than 35%. So, it was 40% plus type of contribution which has come from the Maharatna products or premium products in particular. So, that has helped us in building our margins and the contribution of Maharatna has been 60% plus in this quarter.

**Pradeep Rawat:** So, this was the only reason for quite a significant rise in margins, right?

**Rajesh Aggarwal:** Yes, because the market has stabilized, the inventory whatever we have is now the market price inventory in the last fiscal. Yes, from last two fiscals, the inventories were little high price inventories, and we were not able to make the profit, what is required profit actually, because of the sudden decrease in the prices. So, those challenges were there. So, yes this is the main thing.

**Pradeep Rawat:** And can you also highlight the margin difference between our Maharatna products and other products?

**Rajesh Aggarwal:** Like the premium products contribute roughly 35% plus and in the Q1, they have contributed 40% plus. Generally, the other ranges contribute in the range of about 12% to 15% gross margin.

**Pradeep Rawat:** Gross margin, right?

**Rajesh Aggarwal:** Yes, I am talking about the gross margin.

**Moderator:** Thank you. The next question will be from the line of Aman Soni from Nvest Analytics Advisory LLP. Please go ahead.

**Aman Soni:** My question is on the revenue growth guidance. With the number of the distributors growing from 6,600 to over 7,500 with the expected growth contribution from these newly added distributors, could you please provide us the overall growth guidance in revenue for FY '25?

**Rajesh Aggarwal:** We are able to increase the volume by big number. The volume growth is substantial if I talk about this Q1 itself because the prices have gone down by about 10% to 15% product to product. So, on an average, we can say that there is a fall of about 12%. So, we have grown in terms of volume by 15% in this quarter which has ultimately led to the value growth of about 3%. So, that has been the scenario in the Q1.

Q2 we should be able to perform better, that is my belief, looking at the market scenario. Because I already told you that the dams are full across the country, there is availability of water. The crops mostly are saved. There were issues. There were risks that the crop might not survive in many areas,

So, broadly, the crop is in a safe condition and the pest infestation has already started because there are rains everywhere. So, they say, this is the time when we see Easter leaves, which brings lot of infestation of pests and disease, So, that is the current scenario of the market which means that there should be good demand, So, we are very, very optimistic about now.

**Aman Soni:** And in the last presentation, it was mentioned that the focus on Maharatna products was 13 and however in the current presentation, the Company focus has shifted to 11 products. Could you explain the reason behind the decrease in the numbers of focus products?

**Rajesh Aggarwal:** No, there is no decrease basically. Focus Maharatna are 11 products. In the past, it might be 12 or 11 only. I think there were 11. There is no change in that. Maharatna are the other set of products. I already explained that Focus Maharatna are the engines. They are the already popular products in the market and their gross contribution is more than 50 crores per product or they have a potential to do that and Maharatna are also the products which have good contribution, more than 35% plus to the bottom line, but the top line may be little, smaller, 5, 10, 15, 20 crores, they are into Maharatna,

So, we work around the top most products and of course, the Maharatna are also focused from area to area because they may not be all India products. They may be popular in certain areas, certain geographies, So, that is why the focus is so different, but yes, these are all premium products, and we work around the premium products, but largely, we advertise the key products.

So, we have established 11 superstars you can say and these 11 superstars we are advertising. We are focusing around 11 superstars and this list of superstars will grow further. It will not come down. That much I can assure.

**Moderator:** Thank you very much. The next question will be from the line of Bharat Gupta from Fair Value Capital. Please go ahead.

**Bharat Gupta:** And it's really heartening to see our margins coming back in the double digit. Sir, a couple of questions from my side in regard to it. So, if we look at the overall level of contribution coming in from the premium products, definitely there has been an increase, but it's also likely the scenario where generics' contribution has also increased. So, is the understanding correct in terms of the improvement in the gross margin coming in from the generic space as well?

**Rajesh Aggarwal:** Yes, you can say that there is some improvement from the generic space as well because in the last fiscal when the inventory was high cost, there were certain generics which were giving a negative contribution. So, this year, I can say, there is no negative contribution from a single product. So, overall, they are contributing. So, maybe just 15% gross margin or little lesser, but still they are good, not bad.

**Bharat Gupta:** And do we expect that the margins will likely to remain over this particular range in the generic space and on the consol basis will likely to improve on the 11% kind of a margin going forward in the rest of the year?

**Rajesh Aggarwal:** Difficult to commit 11% for the full year, but I can say yes, we will remain double digit. Yes, we can be close to 11%. There is a possibility, but I will not be able to declare the exact number till we pass on one more month of good monsoons and good things because if there are floods, there can be a risk. But if there is no flood and continues like this only, then it will be a very good year for the farmer and definitely for the industry also, there will be a good opportunity. And if things remain like this, then it will be a bumper year and the margins can surpass even 11%. That is a possibility.

**Bharat Gupta:** And sir, secondly, when we look like because Kharif is mainly dedicated towards the Q2 side where the overall like the consumption of insecticides tend to only be the increasing side. So, how are we looking at the current scenario in a place where streams have been good? So, in a way, do you see that the momentum is likely to remain on the positive side going forward for Q2 as well?

**Rajesh Aggarwal:** This is a very typical year. The rainfalls in June and July were not constant. So, what has happened is that the season has extended. The sowing has taken place in 1-1.5 months, generally the sowing takes place in one area in 15 days for one crop. So, it is widespread, and the difference is 1 month, 2 months, 1.5 months from area to area, village to village, farmer to farmer which means the season is prolonged.

So, I believe that August is going to be a peak season and September should follow suit. So, if this is the scenario, then a very big opportunity is going to come in this Kharif season and since the tanks and bunds are full, so, which means that there is a lot of opportunity for the Rabi season also. So, the team is very confident that there will be full Rabi crop also in the entire country.

**Bharat Gupta:** Sir, a question like on the B2B side of the business where we have faced some challenges, So, can you just help us understand the key reasons for the same? And also, is there any kind of

availability issues which the market is facing particularly because of the Red Sea crisis or the freight increase?

**Rajesh Aggarwal:** Yes, B2B segment actually the prices have fallen a little more than the brand size because the immediate impact has to go to the market. So, the B2B team is facing a challenge. The challenge is they are achieving the volume, but they are not achieving the value. B2C team is easily achieving the value as well as the volumes. But that is a challenge for B2B and also for international business.

Like if I were to talk about the international business, the number of containers handled during this quarter is almost equivalent or little more than the last year, but the value is little lesser. Similarly, in the case of B2B, they are not achieved to the similar value like last year. They are little lesser though they are doing the sales. So, yes, there is a challenge, but yes, you are correct, that already the shortages have started. This is a sellers' market. The prices have started going up and there is demand.

**Bharat Gupta:** I am saying on the export side also, the scenario where the de-stocking was continuing to take place because of China dumping, so, have you seen any kind of a revival taking place?

**Rajesh Aggarwal:** There is a revival in international markets also, but there are lot of issues which are there in the international market and continuously, one or the second issue we are facing. These war situations are worrying the market. The devaluation of the countries is another worry. Devaluation of currencies is another worry. Then there are issues of the market demand, market pricing, the credibility of the Company, the downgrade by ECGC, the reduction of limits by ECGC.

So, export market is coming with lot of challenges, but still, I believe that the de-stocking is already happening. So, some demands we can see has started coming from Europe side also, American side also, other places also. Demand is there, but yes, the growth is little slow due to a number of challenges which are there in the international market.

**Bharat Gupta:** Last question from my side, sir, if I am allowed. So, what will be the share of the new products in our overall revenue composition and what's the product pipeline which we are planning to launch over the Kharif and the Rabi season?

**Rajesh Aggarwal:** In the Q1, we have launched one product. In Q2, there are 3-4 launches which are evident. In the Rabi season also, like this year again, we will be launching more than half a dozen products. In last 2 years also, we have done same, but I told that there was a contribution of more than 500 crores in B2C segment from the products which were launched in last 4 years. So, if I take my net sales of B2C as 1,500 crores, then 33% has come from the new products.

So, we provide a freshness index. If you look at the freshness index, then most of my sales is coming from the new products because from genetics, we are shifting towards the new products



and our Focus Maharatna and Maharatna particularly all the products, most of the products are just new products because they are the contribution, contributor.

Generics will always have a small margin because they are an established market and the consumer also wants at certain price, at a fixed price. So, they are not a part of our focus Maharatna or Maharatna range and we have already touched Maharatna to 60% in Q1 and I believe in Q2, our percentage of Maharatna is going to cross 60%.

**Bharat Gupta:** In terms of the overall launches, I think 10 of products we are supposed to launch over the FY '25. So, how many of the products will be in the 9(3) category and 9(4) category?

**Rajesh Aggarwal:** These days most of our launches come in 9(3) category only. There are very few which 9(4) launches we do. So, mostly everything is coming, or most things are coming in 9(3) category. So, I have a lot of lined up. There are certain mixtures, which will be patented mixtures, which are going to be launched this year, at least 3 more. There will be a Nissan's product, which we expect to come into this Rabi season again. So, there are a lot of launches pipelined and mostly will be the Maharatna and Focus Maharatna type of products.

**Moderator:** Thank you very much. The next question will be from the line of Bhavya Gandhi from Dalal and Broacha Stock Broking. Please go ahead.

**Bhavya Gandhi:** Sir, just wanted to understand, can you provide guidance on volume growth for FY '25?

**Rajesh Aggarwal:** Like we expect that 15% to 20% volume growth is possible in this system. So, maybe a little higher because I am also expecting the value growth of roughly near to 10%. So, that will be a possibility, but our focus is around Focus Maharatna or the Maharatna products which are the premium segment where we wish to grow by almost 15% to 20%. So, that is our vision. We are working for that, but looking at the market scenario and the demand patterns, yes, there can be a little more growth in terms of volume.

**Bhavya Gandhi:** So, is this value growth driven by premiumization of the product? I mean, are they better margin, profit margin product?

**Rajesh Aggarwal:** It's both actually. The premium products, yes, because we are focusing around these products, and we are trying to create the demand for these products. So, yes, we are very successfully able to take these products to the market and the volumes are also increasing because generally, it's a credit market, and it is credit limit-based market which we run because there are credit limits of the distributors, of the retailers, everything is there in the system. So, since the prices have dropped, we are able to give more supplies in the same credit limit to the market. So, the volumes are also going up.

**Bhavya Gandhi:** Sir, last thing with respect to Dahej expansion, when can we expect the completion and what sort of impact will it have on our production and overall growth?

**Rajesh Aggarwal:** In this year, the impact will not be visible too much because we already are coming towards Diwali and generally Diwali we take a shutdown of 1-1.5 months, but we are expecting that we should be able to get the registration means the clearance in August or early September. So, the plant will come into production. So, 1-1.5 months won't be much contribution.

So, it will only start its contribution from December when the original production will start throughout the Dahej facility because Dahej needs generally a larger shutdown of 1-1.5 months during Diwali period. Actually, that is a trend because it is a large plant and maintenance takes little more time.

So, yes we have double the reactor. So, I will not say that this will double the turnover because there are certain chemicals for which we are doing the backward integration. Some raw materials will be made. Some new AI will also be made. So, it will be contributing. So, I would say that yes, this will contribute in our growth. Of course, in terms of new technicals and strengthening some of our technicals of which we are already manufacturing in terms of the intermediates, so, should be very helpful.

**Bhavya Gandhi:** And sir, one more last thing if I can squeeze in. Are we adding more MNCs to co-market or for in-licensing their products in India, I mean beyond Nissan and the existing ones that we have?

**Rajesh Aggarwal:** We don't have the target to market the products from the MNCs because there the margins are very poor. Rather we are focusing the other way round that how we can supply our products to these MNCs in the international market as well as the Indian market. That is the focus. But yes, we are working with some more Japanese companies, and we are trying to have our tie ups if they can offer the product to us. So, we are working on that.

At the moment, we have just three international partners, which I can talk about, particularly Nissan is number one, followed by Otsuka. So, OAT Agrio, we are having a journey, and we are also managing certain products with them. Along with those, we have also signed one agreement with a Taiwanese Company, which is giving one product. So, it is in pipeline and then we have a Company called Momentive from USA. So, four. So, at the moment there are four, but yes, there is a possibility that we are able to sign some more.

**Moderator:** Thank you. The next question will be from the line of Rohan from Nuvama. Please go ahead.

**Rohan:** Sir, my question is first on this commissioning of the new facility, which you mentioned will be probably in the second half of this year. I just wanted to get some clarity that what are the products you will be manufacturing on this site, whether formulations, technical? Will it be the single product basket which are already manufacturing in Dahej or going to be differentiated product what you are having right now?

**Rajesh Aggarwal:** Your voice is, correct me, Rohan, but I am able to understand the most part of it, the contents what you are saying. So, I would like to inform you that the expansion which we are waiting is

only for the technicals. Though we are going to expand our formulation facility also in Dahej because like this year the volume growth has been phenomenal and now since we will be crossing our volume levels to a certain extent, I will have to grow my formulation activities for which I may not need the expansion from the government because already I have got the permissions. So, it will not be difficult for me.

We have established one plant in Dahej with the investment of 100 crores plus over 105 crores we have already spent. We call it L&T plant. In this plant, we have roughly erected about 100 reactors which has doubled the number of reactors what I have in the Dahej unit because in the two previous buildings, the total number of reactors was 100 and roughly 100 reactors are added in this building making the total at 200.

So, this broadly means that we are going to double our technical synthesis capability, but here we are waiting for the final approval from the state government because my plant is ready and ready for functioning, but the approval is not coming So, I am not able to start the production. So, this approval is expected within a month's time. So, once I have this approval because in the last time also, my plant was almost ready and the center approval had come, but the state approval is taking little more time actually. So, we are pushing for that and we expect that once that comes, we will come into production.

What it will facilitate? It will increase our capability to make certain intermediates because for two of our technicals, we are going to backward integrate further and we are going to make the intermediates which will help us in making our products cheaper and which will help us in stabilizing the manufacturing of certain, these two products in particular, which we will declare later once we come into production. Along with this, that will also help us to make three or four new AIs from this plant and would also help us in increasing the capability of certain AIs.

So, overall, yes, this will contribute. Number exactly, we have not estimated for this year because we have lost a major part of our season, but yes, this will help us in growing in future also. It will have a large capability to help us in growth and along with this, there is one specialized product also which is made for exports So, that is also going to come from this plant So, the expectation is reasonably decent, but we will count for it in the next fiscal announcement. Not in this year.

**Rohan:**

Sir, second question is on your this B2B business. Has it improved in terms of margins in this year because last year we understand because of the high-cost inventory liquidation, you had to suffer on losses. So, has it started improving? And is the margin expansion in the current quarter is also because of that as well?

**Rajesh Aggarwal:**

B2B business have become more remunerative, yes, true. Has it increased? No, it has not because in terms of top line it is not able to touch the last year numbers in the last quarter and in this quarter also, I don't believe that my B2B business will touch last year's numbers. Last year numbers were very high. Why? Because we had introduced certain new products where the value

was high. There was a euphoria in the market and people bought these products continuously in Q1 and Q2. This year the prices have dropped. Though similar quantities are going to the market, but still the value is not matching. So, that is a challenge.

Rather there is a lot of demand for products. So, we have stocked out many technicals. So, we are producing, and we are selling these technicals into the B2B segment continuously. The high inventories are not there for technicals at all. So, yes, the profit margins have gone up, but there will be a certain hit in the top-line in Q1 and Q2. We may be able to build up our top-line in Q3 and Q4 to equal the last year numbers. So, yes, it will be more profitable, but there won't be any increase in this fiscal in B2B business.

**Rohan:** Sir, you mentioned that definitely some products are not available from China, and I think you are also in the similar product manufacturing. Probably last year, some of these product manufacturing was not profitable enough, so you were not producing. So, my question was that we are seeing the shortage of the product from China, or the cost has gone up. So, are we ready to create the benefit of this China situation and that's where I was just thinking that in second half, can we see the significant ramp-up in our B2B business along with margin?

**Rajesh Aggarwal:** It's a very temporary situation actually. So, we cannot continuously keep on swapping the product range. We have already strategized that we will do the value-added products and since we already have backed the registrations and lot of registrations are in pipelines, so, we have already, what we have stopped, we have stopped actually.

So, from the generic competition, I have already come out. So, I have closed 7, 8 AIs and now I am going to launch the new AIs, out of which I think 4, 5 new AIs we have already started manufacturing and there will be 3, 4 new additions which are going to happen into this year which means I have stopped 6. I am going to add 7, 8. So, it's a decent number.

So, I don't want to jump into the fight of quantity. Rather, I want a quality business. So, in future also, our strategy is that we are going to make certain generics where there is value addition. Where we don't find the value addition, we are not going to make those technicals at all. So, we continuously shift our focus towards the high value-added products, and we will do the premium business. In brands, I might continue with some of the generic brands because I have to supply, I have to give it to the market and my products may be popular. They may be commanding the premium, but there is no fun of making the generic technicals.

So, I think we have come out of that situation and since our R&D centers are working beautifully, today we have more than 100 scientists in our R&D center, and they are able to develop technologies very fast-paced. Every year they are developing more and more technologies and every year we are able to commercialize these AIs. So, I think I am able to build this capability after the effort of 20 years. I started my first R&D in 2004 and now in 2024, I am able to say this, but yes, my R&D centers are contributing beautifully.

So, I don't want to go to the generic products again in terms of technical manufacture. But yes, wherever I will find the value addition, we will take that opportunity because we already have the plants, but we have changed our focus actually, and this focus is for the good actually, because we were a Company which was working on the lowest margins in the industry. I want to change that outlook and I want to work with premium products.

**Rohan:** Sir, last year, our B2B business was somewhere close to 500 crores. So, definitely this year, you are guiding for a slightly lower than that, but my question is that after the commissioning of this new plant, I mean 150 crore kind of CAPEX which you are having and waiting for the government's approval, so, with this CAPEX commissioning, on totality, even if I just exclude your backward integration, the product which you are going to use for your own captive purpose, except that, what is the revenue potential including this CAPEX on your Dahej facility in the B2B business?

**Rajesh Aggarwal:** Like you have asked question particularly for B2B. So, in the B2B business, I don't see much increase in this fiscal. Reason why, because already the B2B total value is suffering.

**Rohan:** No, sir, I was asking for the revenue potential. What is the revenue potential?

**Rajesh Aggarwal:** There is a revenue potential of 250 crore plus from this plant in the first year itself, but this first year won't be this year. It will be next year because again, it will depend on if we are going to make lot of intermediates out of it and we are going to make our things cheaper, then it may be little lesser, but yes, it has a potential of 250 to 300 crores revenue from this plant.

**Moderator:** Thank you very much. The next question will be from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

**Darshil Jhaveri:** A lot of my questions have already been answered. So, just wanted to like, just see that in terms of our pricing growth because you are doing into better product mix right now. So, overall, if you are seeing 15% volume growth and 10% pricing growth, so, could we see a revenue growth of 20%, 25%?

**Rajesh Aggarwal:** No, the volume growth is 15%. The value growth is not that. Value growth in the Q1 has come to 3%. So, this year, if we talk about revenue, revenue growth will be somewhere near to double digit. It won't be much higher than that actually, but yes, profitability growth will be good. So, the profitability growth from last year 7% minus will come to (+10%). That much I can assure you.

So, there will be improvement of more than 300 basis points in the total EBITDA margins and in future also, it will continue to grow because the type of portfolio which we are building, it is evident that it should grow by 100 basis points at least per annum. And we are committed to increase the sales of our Focus Maharatna and Maharatna which are the premium products. We



wish to take it to 75% in the next 3 to 4 years of time, which means that there should be a continuous improvement in our profitability.

**Darshil Jhaveri:** And so, sir, just like on this clarification that you are saying that when next year the Dahej plant comes in, it has a potential of maybe 200-250 crores from the first year itself., but in case if we do some internal consumption, then our margins will become maybe better, and revenue might not grow. Is that what I heard correctly here?

**Rajesh Aggarwal:** Yes, that's correct actually. So, the production maybe even be 300 crores, but yes, that 300 crores will not go to the market as the technical itself. So, the contribution may not be 300. It may be 200 or 250, whatever. So, whatever goes to the internal consumption goes to the internal consumption. Yes, that's true.

**Darshil Jhaveri:** And just a last question from my end, sir. In terms of seasonality that we see maybe in our business, so, Q1, Q2 will be the highest, right? And Q3, Q4 will be the lowest, right? How would the seasonality be?

**Rajesh Aggarwal:** Yes, it's like that only. Generally, I say 30, 30, 20, 20. So, that is the product, the quarter-wise mix. The first two quarters are 30, 30 and the next two quarters are 20, 20, plus, minus 3%, 4% here and there. So, that happens. So, that is the cyclic nature of our business.

There are certain companies which push a lot of money in Q4, but as a strategy, we never do that because I need my money back in Q4. So, I focus around collections in the Q4, and I will start building up my sales from Q1. So, you will see that my sales in Q1 are the highest vis-à-vis my competition.

But in Q4, my sales generally are lower than the companies which are not even my size. So, the only focus is collections and the clearance of accounts. And then only we try to give the stocks when it is near to the season as a strategy. So, that's why my Q4 performance you will always find a little lower in terms of the volume or value and Q1 performance higher than the competition.

**Moderator:** Thank you. The next question will be from the line of Meghna Agarwal from Mount Intra Finance. Please go ahead.

**Meghna Agarwal:** So, my question is what is the herbicide looking in the July season? Like we had an unexpected rain. So, like how is it looking in the herbicide sector?

**Rajesh Aggarwal:** Herbicide sector is looking very promising. Particularly you have asked about July. So, in the central part of the country, since the weather was very dry, the market of maize herbicide and particularly the soybean herbicide and even cotton herbicide stopped abruptly during that period because a lot of inter-cultivation takes place at that time, but now since the rains have started I think, so, we see a lot of sales back to maize herbicide in particular.

So, with the paddy herbicide, there is a good demand. Because it rained all through, we see a lot of paddy sowing taking place and along with this, since you are talking herbicides, the non-selective herbicides in particular are also doing well, namely Glufosinate, Glyphosate and Paraquat. So, we have half a dozen brands in this segment. So, all of these brands are doing good.

**Meghna Agarwal:**

So, we are expecting Q2 to be better for herbicides as compared to Q1?

**Rajesh Aggarwal:**

No, I will not say that, because Q1 herbicide sales was very, very good compared to last year's herbicides. In Q2, yes, if I will compare my sales of herbicides to last year, quarter-on-quarter, Y-o-Y sales, yes it will be better than last year, but this year I think major lead will be taken by insecticides because all three will be growing actually in this quarter. Insecticides should be major because of my large portfolio of insecticides. Fungicides because we have a focus fungicide with us, so that will also help us in growing. So, all three segments will grow in this quarter.

**Moderator:**

Thank you very much. The last question for today will be from the line of Ajay Kumar Surya from Niveshaay. Please go ahead.

**Ajay Kumar Surya:**

My question is regarding, if you can just throw some light on, like, what kind of margin difference is there between the premium and the generic products, which we classified, if you can help on that? And sir, also, like, if you can just throw some light on the policy which we have internally regarding pricing of the product.

So, is it a market driven price or is it something like a cost plus where we decide that okay, this product should command maybe 12%, 10% kind of margin? So, we add up those margins. So, if you can just throw some light. So, what kind of policies do we have on pricing? Because from what we understand, formulation looks like more of a monopolistic market where there are several players, but the prices are still determined by the market factors. So, if you can throw some light on that.

**Rajesh Aggarwal:**

Yes, when I talk about the premium products, generally premium products are the products which are contributing 35% to our bottom line. So, the gross margin there is 35% plus in both Maharatna and Focus Maharatna. In Q1, that has turned out to be around 40%. If I talk about the generics, the generics the margin profile is only 15%. So, in Q1, it is a little lesser than 15% actually, which has turned out. So, this is the profile.

In the case of generics, yes, the prices are market driven because you have to compete with all the people around in the market. In the case of the premium products, generally the competition is in a different fashion because market leader generally will be at a top lead position and there will be other followers. So, how much strong you establish your brand is, your pricing depends on that. So, as per that situation, you are able to command the price.

Yes, market do effect because if overall market is coming down, then you are pressed to lower down the prices, but if the market is reasonable, then you are able to command the premium more premium in the market. So, in the premium segment itself, like last year, we were talking about 35%. The contribution in Q1 is 40%. So, there is an increase of 5% absolute from 35% to 40% in Q1.

So, I am not sure that how much it is going to continue for the entire year, but I believe that it should remain around this level in the complete year. So, we are very successfully able to increase our margin in the Maharatna or the premium segment from 35% to 40% gross margin. This much I can say.

**Ajay Kumar Surya:**

Sir, my next question is more on a broader idea, which I want to take regarding the agrochemical industry. Sir, for the current year the rainfall outlook and all these events looks positive for our industry. If you can throw some light on what are the things that we are looking forward for the coming next year or next two or three years down the line where we want to see insecticides and their growing or going? So, if you can just add something on that.

**Rajesh Aggarwal:**

My strategy is very, very clear that we wish to launch 6, 7 products every year. Most of these products will be 9(3) products. Either they will be coming from Nissan, or they will be coming from our JV, which is the JV with OAT Agrico, Japan, or they will be coming out of our R&D center.

Whatever is the product, it will be a premium product. If it is a mixture, then it will be a patent protected mixture. If it is a product coming from either of my Japanese partners, it will be a patent protected product. So, there will be a good opportunity to build up these products and all these products are going to come in the premium segment only.

So, the vision is that we are going to launch more and more premium products every year and we are going to discontinue some of our generic products. Already, Monocrotophos is going to get banned in September. So, one of our products, Monocil will move out, but it is a continuous process which is going to take place because the generics has to go out and the new mixtures, the new AIs, they are going to become more and more popular.

So, our major concentration is to build these superstars for tomorrow. So, we are building, like we have built Shinwa as a 100 crores product very successfully in last fiscal and this year we are going to multiply it by at least two. We have made very, like if I look at my Focus Maharatna range, then the contribution from Maharatna segment itself was roughly about 800 crore plus in the last fiscal. We should touch 1,000 crores in this fiscal itself. That is the vision. So, the vision is very, very clear that we wish to grow our premium products in a big way.

**Moderator:**

Thank you very much. That was the last question for today. I would not like to hand the conference over to the management for closing comments.

**Rajesh Aggarwal:**

So, thank you very much for the interest taken in us and thank you once again for congratulating us for the effort and encouraging us to perform better in future. So, I would like to assure everybody that we have come out with good sets of numbers and we are working around in establishing the new generation products in the market. For that, whatever efforts are required, whatever systems are required, whatever technology is required, Company investing into that.

My son has already joined us and he is working very hard. He is moving around the market. He is looking at the projects. The major vision he has is how we can premiumize our business, how we can modernize our business so that we can take it to the next level. So, with my son also joining me, I would assure everybody that we should be able to make a better future together and we should be able to take the Tractor brand to the next level from here and I can say that all these stakeholders should get good results from the Company. Thank you very much.

**Moderator:**

Thank you. On behalf of Insecticides (India) Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.