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insecticides
(INDIA) LIMITED

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Dated: June 03, 2025

The Manager

Listing Compliance Department BSE Limited (Through BSE Listing Centre)	Listing Compliance Department National Stock Exchange of India Limited (Through NEAPS)
Scrip Code: 532851	Symbol: INSECTICID

Dear Sir/Madam,

Sub: Transcript of the Earning Conference Call for the Quarter and Financial Year ended March 31, 2025.

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 – Q4 & FY 2025 held in connection with the Audited Standalone and Consolidated Financial Results of the Company for the Quarter and Financial Year ended March 31, 2025, on May 28, 2025, 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 Q4 FY'25 Earnings Conference Call”

May 28, 2025



MANAGEMENT: **MR. RAJESH KUMAR AGGARWAL - MANAGING
DIRECTOR, INSECTICIDES INDIA LIMITED**
**MR. SANDEEP AGGARWAL - CHIEF FINANCIAL
OFFICER, INSECTICIDES INDIA LIMITED**
**MR. DUSHYANT SOOD - CHIEF MARKETING OFFICER,
INSECTICIDES INDIA LIMITED**

MODERATOR: **MS. MASOOM RATERIA - MUFG**

Moderator: Ladies and gentlemen, good day and welcome to Insecticides India Limited Q4 FY'25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Masoom Rateria. Thank you and over to you, ma'am.

Masoom Rateria: Thank you and welcome to Q4 FY'25 Earnings Con-Call of Insecticides India Limited. Today on this call we have with us Mr. Rajesh Kumar Aggarwal – the Managing Director; Mr. Sandeep Aggarwal – the Chief Financial Officer and Mr. Dushyant Sood – the Chief Marketing Officer.

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

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

Rajesh Kumar Aggarwal: Thank you very much. Good evening, everyone. Welcome to Q4 & Full Year FY'25 Earnings Call of Insecticides India Limited. Thanks for taking the active interest in IIL and your participation today. I am joined with CFO, Mr. Sandeep Aggarwal and CMO, Mr. Dushyant Sood.

So let me start with the industry outlook:

There is a very positive sentiment across the industry. There was a good monsoon prediction, and we have seen the good pre-monsoon showers that has covered the entire country at large. All the catchment areas are receiving good rains. The crop sowing is expected to start a little early in the early part of June itself. Farmer has made good earning in the field crops in particular in the rabi season because the crop condition was good and prices of most of the field crop was quite good. The raw material prices of the industry are stable and overall I can say that there is the signals of the global tailwinds and we expect this to continue in fiscal 2026 also.

Now let me talk about IIL:

We had very good launches during the year. The highest number of launches, almost 12 launches were done in the fiscal '25. Out of these 12 launches, 4 products I am able to shift to Focused Maharatna this year. The total number of Focused Maharatna till last year were 12, which has been increased to 16. And I can say that there is a very good acceptance of the products we take to the market last year. The farmers are generally very happy. The trade is happy, and I expect the good growth from these products. This year we did not wait for the season. Whenever we

got the registration, we launched the products. I can say it was a trial launch. That's why the number achieved in the last year was not very big. But this year, as I have suggested, that four products are moving to focused Maharatna and rest of the Maharatna also will be doing a good performance. So, we can anticipate that this quarter, these products are going to support us well in our growth strategy.

For the year 2026 also the number of launches are big. There are almost half a dozen products which are lined up for launches. So recently in this week I've launched a product called Altair which comes from the table of Nissan, which is the seventh product in the list of Nissan, which is coming to Insecticides India directly from Nissan and today we can say that Nissan is the most important Japanese partner for Insecticide India and plays a very important role in our patented product portfolio or I can say the value added portfolio or the premium product portfolio. So, this is going to be a herbicide for rice, again patented, very interesting product. And in the recent past with our launches, Insecticide India has developed a good, I would say, on the herbicide segment, for almost all the major crops in the country, we have got the specialty herbicide, and they are doing very well across the country. May it be rice, soyabean, pulses, maize, cotton, wheat, sugarcane. We have got the solutions, and they are number one solutions in their segments.

I talk about the major herbicides which are doing good for IIL, they are looks like Hachiman, Torry, Torry Super which is a recent launch, Terrox, Green Label, Green Mix, Green Expert, Stroke. Again, it was relaunched by making the technicals in-house. So in this, Terrox came out of our own technical. Torry and Torry Super, Torry Super, which was a recent launch, again came out of our own technical. Stroke came out of own old technical which was relaunched, Million came out of our own technical. So lot of development is taking place for AI manufacturing also and which takes these products to be FM segment and we are very, confident that we'll be able to make them big.

Talking about our presence across the country:

I can say that today IIL is present across throughout the length and breadth of the country, across all crop segments, and we have the solutions for every crop for every season, which makes us more buoyant that we are present across and selling throughout the year. So the 60% business comes in the first half of the year. So that is going to remain like that. But you can see that in Q4 we have posted a decent increase in our topline as well as the bottomline. And I believe that this type of feature will continue in the future.

Talking about the Dahej plant:

There is a good news. We had made an investment of about Rs. 150 crores in this plant. And now this plant has received the in-principle approval from the government, which means that in the month of June, we will start our production. The plant is going to commence in the production. So there will be lot of new products which will be started in this plant and there will

be some expansion of the capacity because the new plant will be used majorly for manufacturing of insecticide, fungicide and their intermediate and the old facility we are going to enhance our capacity and some new of herbicides and their intermediates and also some new herbicides will be launched from the older plant which means that we are going to divide the herbicides and the insecticide area in totality in Dahej plant. In this fiscal because the enhancement in the power connection is also expected, which should come in another two months. So we come into production and this year this plant is going to contribute roughly about Rs. 100 crores this expansion with a CAGR of more than 50% in next 3 to 4 years because the expectation is very big and our hope from this new expansion is quite big and we'll be launching many new products and increasing our capacity for many products from this new expansion. Here I would also like to talk about our expansion budgets, which for this year we have kept at around Rs. 100 crores FY'26. A major investment is going to go to Sotanala, which is going to be a fully automatic plant. And it will boost the momentum. The most part of the Rs. 100 crore expenses is going to go to Sotanala. There will be some maintenance CAPEX which will be used across our plants. But yes, the major part will be this.

Today I would also like to talk about the inventory because on 31st of March you would have seen the increase in inventory in the system. So that's the part of the strategic move because if we look at the current scenario, the monsoon predictions were quite good and the preparedness for the new season was quite needed. We had very aggressive launches in the year '25 and we have very aggressive launches in '26. There were a lot of new brands which are to be introduced into our market. We have to build up the inventory in the month of March, which will finish very soon by June-July. You will see a big impact because these are the months of selling and we are fully prepared to take on the market. So the most important thing which I would like to talk today is that we are working on effective implementation of things all across the organization. So, we are working on inventory control. We are working on working capital. We are again working on the expansion and projects and to finish off these things timely. The outlook from the trade is very, very positive. IIL shall always beat the market. We shall continue with our double-digit growth strategy with the topline growth coming majorly from Maharashtra which will mean that the bottomline will increase better than the top.

With this I hand over the call to the CFO, Mr. Sandeep Aggarwal to explain the results.

Sandeep Aggarwal:

Good evening, everyone and welcome.

So, the major financial highlights of these results are:

There is strong revenue growth of around 32% registered during the 4th Quarter of FY'25. And the major with a very good margin improvement also. The major growth has come from our premium products. The major products in which we register the growth are Shinwa, Izuki, Mission, Mycoraja, and some new launches. And gross profit margin in FY'25 also stood at 32%, which is showing improvement of 655 bps over the last year. So, this is due to the better product mix sales, improved pricing strategy on which we are working and some new launches.

So, they all combined contributed to the improvement in the gross margins. So, EBITDA margin for FY'25 also improved by 281 bps due to the result of our aggressive market campaigning and field promotions to support the launches of the new product in the market. The return on capital employed and return on equity is also improved in FY'25. So, the ROCE is 18% and ROE is 13% respectively during the year. If you will see the results some working. So, if you will see the full year revenue growth, it is around 2% and quarter-on-quarter revenue growth is around 32%.

B2C premium product versus generic, if you see during the full year, premium products has increased from 59% to 61% in overall B2C sales. And during the quarter, it has come down from 52% to 51%. And you will see the sales by segment. So, the basic improvement is there in B2C sales segment, which has increased from 69% to 75%. And the corresponding decrease has come in B2B sales. From 26%, it has come to 20% for overall year. Whereas during the quarter, the B2C sales has come down from 62% to 59%. And B2B sales has increased from 24% to 27%.

We will see the margins. The gross profit for the full year has improved by 28% and the gross profit for the quarter has been increased by 51%. So, the EBITDA margin also improved by 36% for the full year. So, from 8.3% it has come into the double-digit figure of around 11.1%. And EBITDA level for the quarter has also improved by 226%. From 3.2% it has come improved to 7.9%.

We will see the PAT. So full year PAT has also improved by 39%. From 5%, it has come to 7%. And during the quarter, it has improved by 85% from 2.8% to 3.9%.

So these are the basic financial highlights. So now we can move on the session for question and answer.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Bharat Gupta from Fair Value Capital. Please go ahead.

Bharat Gupta: Hi Rajesh ji and Sandeep ji. First of all, congratulations for a good set of numbers. I have a couple of questions. First, can you just brief us about the volume growth which we have witnessed during the Quarter 4 and for the full year as well?

Rajesh Kumar Aggarwal: So, in the full year, the volume growth has been roughly about 10%. The average price decline during the year is around 8%. So, the total growth in terms of numbers is showing about 2%.

Bharat Gupta: And sir for the quarter passed?

Rajesh Kumar Aggarwal: Quarter I have not checked myself, but quarter slides we are showing a decrease of 32%. So, you can increase that so roughly volume growth will be around 40% odd.

- Bharat Gupta:** Right. So, is primarily driven by the pre-set or the early onset of the monsoon or like, can you just brief us about the good amount of growth which we have witnessed during the quarter?
- Rajesh Kumar Aggarwal:** Quarter is not very important actually. Quarter is just need to follow because there were certain launches actually had come in in the last year itself. So, in the B2B segment, we should push some Stroke quantity and some other products were placed easy in advance. So generally we don't do that very much. But it seems we could manage to get some parts on every segment like B2C, B2B and also on exports. So, everything contributed and it was positive.
- Bharat Gupta:** Right. Sir secondly, with respect to the recently launched product, Paddy Herbicide. So, can you just brief us about the estimated market size of this product, and does it compliment Green Label, which is our existing product in the Paddy Herbicide category?
- Rajesh Kumar Aggarwal:** Yes, these are all complimentary products actually because this is a (inaudible) as we said we ___ immediately after _____. I can add every type of solution at different price ranges because some of the generic solutions which we have are Rs. 300 to Rs. 400 per acre range. There are some specialty solutions that go up to Rs. 600-Rs. 700 per acre. This is going to be expensive product particularly for the farmers where the weed intensity is very high and after using those generic solutions or even the new generic solutions, they are forced to use the labor also because of that high density of weeds and the variety of weeds which are not controlled by the generic products. So there we are spending about Rs. 4,000 to Rs. 5,000 on the manpower per acre. So for those farmers we have brought this organic solution which is going to cost roughly about Rs. 1,500 and this will save them the manual labour and this will increase the productivity in the field because the entire weed control is going to happen by the chemical solution which will decrease the competition from the weed. So, the crop yield and the crop vigor is going to increase actually for this farmer and increase this money. So our initial target is in the nursery segment and the basic target of achieving means the sales is going to be from the East Central part of the country and Southern part of the country. So, they will be the major markets for this product. And talking about the market size, paddy herbicide market is a very vast market actually. So, if I talk about the generic product, then it goes in large volume. The (inaudible) is very, very popular. Then the (inaudible) then the mixture. So there are a lot of products which are selling at very high volumes. So in terms of value you can anticipate to begin with a modest number of Rs. 10 crores-Rs. 15 crores, but in the second year itself, you can touch Rs. 40 crores-Rs. 50 crores with this product. So, at this moment, I am putting it in Maharatna. Next year, there may be a possibility of catching a focused maharatna.
- Bharat Gupta:** Sir, with respect to herbicide only, how do you see the current level of demand playing out because of the early onset of monsoon and what is the inventory position out there in the market with respect to the agrochemicals across the nation?
- Rajesh Kumar Aggarwal:** Generally, if you talk about the inventory portion in the market, the people don't seek inventory. I want to say that the people will never seek inventory because after the season they are trying to return it to the company. So, in between there are...

Moderator: Sir, sorry to interrupt but your voice is not clear. Can you come a little bit closer to your speaker?

Rajesh Kumar Aggarwal: Yes. So, the inventory situation in the market is, I will say there have been the signals of shortages from 3-4 months. So, particularly if I talk about the rice herbicide, the corn herbicide, there are shortages in the market. So, we were building up, because we are the manufacturer of technicals for many of these products. So, we were building up our brand and we are trying to place it in the market in the best possible manner. Even for the non-selective herbicide, the demand is going to start immediately. And there are shortage signals in the market. So, I can say that June should see a good demand for these herbicides better than usual. So now it depends how much we are able to place. We are in a good situation, but still that tightness we are also going to face in the month of June because there were manpower shortages which happened after the war. Luckily the war settled fast, so things have started improving, but still the manpower, the entire manpower is going to take some time to come back.

Bharat Gupta: Also, sir, like you mentioned, there are shortages and like in respect to the quantities which are about to get dispatched, so this with respect to industry, so has the industry players taken advantage of the situation in terms of increasing or creating a price hike? And how do you see the trend of the raw materials placing out during the quarter? And how do you see it for the next quarter?

Rajesh Kumar Aggarwal: Demand and supply always plays an important role. For the herbicide, there's a small window actually. So yes, there is some price rise internationally also in the domestic market also, but not very big. But still, like I don't see that already some advantages people have started taking. But yes, if the shortage prevails, then there can be some price rise in the market. But we have to keep the fingers crossed for that.

Bharat Gupta: Like QOQ, we haven't taken any pricing hike in this particular season, in the start of the season.

Rajesh Kumar Aggarwal: I didn't say that actually. Last year was a level of price where there was a price drop. There has been some price improvement in the month of April, which has gone up to May and there will be another price drop. So that's a regular practice actually. Every year you have 2 to 3 revisions actually, generally till August. So first revision comes up in April, mid-April or May. Second revision comes in somewhere in June and if the season is good then the third division comes in July also. Last year they were all negative because July was the very dry month, the monsoons were very very erratic, if the rains are good and the season is positive, then there will be positive results.

Bharat Gupta: Right sir. And sir, like with respect to the raw material, how do you see the trend playing out?

Rajesh Kumar Aggarwal: Raw materials like you have to make an arrangement because it's a cyclic industry. That is one reason actually we have to plan four months in advance. So generally we will keep always the stock for 3 to 4 months. You cannot do it 100% but all the major requirements have to keep the raw materials in stock. So that's industry practice which you have to, with our large variety and

our, I would say the integration, sometimes you are forced to plan for technicals, formulations, brands, everything. We do that. So this year I had to engage some more go downs, extra go down facility, which we did actually, because we were preparing for the season. So I can say that ILL is ready, but nobody can fulfill the 100% demand because our business is a stable type of business. When I say stable, like if the rainfalls are low, then you will end up selling 90% if the rainfall is big you end up selling 110. I cannot do 120, 130 because achieving more than the target is very very difficult because you cannot supply at that speed which the market wants sometimes.

Bharat Gupta: Right. And sir if the situation continues to remain as buoyant as currently it is, in terms of overall like you have guided you are looking out for a strong double-digit growth, how do you see the volume growth as well as pricing like in our range what kind of a ballpark we can use?

Rajesh Kumar Aggarwal: It becomes very difficult to predict. I will continue with my guidance of double digit growth only. We will beat the industry that is something I would say. I don't want to go very bullish that we will do this/that, it will be just beating the industry as always.

Bharat Gupta: Sure. And sir a last question, with respect to Kaeros. So, any progress which you can share on this and going forward how much benefit can it occur for us with respect to gross margin improvement?

Rajesh Kumar Aggarwal: Kaeros has been positive in the first year itself. We have registered a profit of roughly about 2 crores. So in this fiscal, we can expect a profit of around Rs. 10 crores-Rs. 12 cores from this Kaeros business, but next year it will multiply. Once we go into the larger chunk of business, then it will multiply. But again, we had bought this company for 5 odd crores. So 6 crores maybe. We'll make a recovery in 100%.

Bharat Gupta: Right, sir. Thanks so much, sir. I will get back in the question queue. Thank you so much.

Moderator: Thank you very much. The next question is from the line of Arnav Sakhuja from Ambit Capital. Please go ahead.

Arnav Sakhuja: Hi, thank you for taking my question. I just wanted to confirm one thing you mentioned earlier. For Q4 FY'25, what is the volume and value there?

Rajesh Kumar Aggarwal: Quarters are important, but it is the strategy which is more important, I believe. So, we are going on this fiscal FY'26 preparing for this. When this preparation, yes, there has been some volume growth also and revenue growth also. Like in the last year if we calculate in totality, we have calculated that there has been a value degrowth of 8% means the volume has gone up by 10% and the value has gone up by 2%. So that way it is the value below. The price improvement won't have been there in the last quarter. There is some price improvement in the Quarter 1, which is the running quarter now. So further price improvement will be, depends on the market, how the market moves further.

- Arnav Sakhuja:** And just one more question. So you were talking about the capex that you completed the Rs. 150 crores of CAPEX. I just wanted to confirm this is for the Dahej plant?
- Rajesh Kumar Aggarwal:** We are going to capitalize the Dahej plant because we have got the approval for Dahej plant and we have spent about Rs. 150 crores in Dahej. In the current fiscal, the Sotanala plant is a Rajasthan plant which we are making. So we have spent about Rs. 50 crores odd there already and there will be additional investment of about Rs. 100 crores in the new projects which will be majorly attributed to Sotanala now. Major part, rest will be all the maintenance CAPEX because we keep on expanding small facility across plant every year.
- Arnav Sakhuja:** Okay. Thank you.
- Rajesh Kumar Aggarwal:** Thank you.
- Moderator:** Thank you very much. The next question is from the line of Sneha Jain from SKS Capital. Please go ahead.
- Sneha Jain:** Hello. Thank you for the opportunity. I wanted to ask how many new registration, new products are we going to launch in FY'26? And will the majority of them would be 9(3) registration?
- Rajesh Kumar Aggarwal:** We are going to launch 6 products in FY'26 and all these are expected to launch soon. So the first product is going to be Altair, which is a Japanese collaboration 9(3). Then there is Centran SC, which is again a mixture product, which is 9(3). Brahmos is my own technical which I made and I am going to launch a formulation. Formulation would be 9(4). The technical registration was 9(3). And this is my another mixture, which is going to be 9(3). Victor gold was a good product the whole product is a relaunch of that, it is 9(4). For another product is Stroke, which is already coming in the it is Sparkle. Sparkle is going to be 9(3) again, it is patented product which is going to come in a collaboration.
- Sneha Jain:** I wanted to probe a bit about on the reciprocal tariffs of US basically both on us and on Japan, which is a major mega trading partner for us. And will we be signing further JV contracts manufacturing in India with them?
- Rajesh Kumar Aggarwal :** Everything is going to be happening. I just want to understand that pesticides are the commodities which are the restricted products. You have to register, then you can sell. So at the moment, I don't have any registration in USA and our major part of the business comes from the domestic market. My 95% of business is domestic business, 5% is export. That does not restrict me from doing the international business because we are investing too much on registrations in Japan, in America, America including South America and North America, all the countries, Europe and many parts of the world. So many of my products are under registration because the major, you have to understand one concept. A concept is China plus one and Europe plus one. Previously these were the manufacturers. Now people want to look at the alternate sources who can manufacture and supply to them. So India will also be one important partner for America.

And if my product gets the registration, and I am in competition, then they have two competitors. They have to compare me with China or any other Indian company. If I am competitive, definitely I will get the market. And even if I am little expensive, then also because the other partner who is going to work for me in America or in any ex-country, he has invested money on me and he is banking on me, he has to take some quantities from me which can be large or small. It depends on the type of working we have. So, the dependence comes in automatically. We'll get the share. So, we expect that, yes, we are going to grow in the international market. But I don't want to give any big data for that. At the moment, we are a domestic play company with 95% contribution coming from the domestic market.

Sneha Jain: So, can the Japanese company give outsourcing to us?

Rajesh Kumar Aggarwal : We are already working on this. I will make the announcement once the business starts. We are already working with many companies for many products. The agreements have signed.

Sneha Jain: Okay. And sir, the last question would be, what would be the growth levers for us in FY'26 and for the next 3 years? I mean the outlook basically what will be the growth levels?

Rajesh Kumar Aggarwal : The strategy is the premiumization. We wish to bring the efficiency in the system. We wish to bring the premium products to the market. We wish to introduce newer attempted IPR protected products. We wish to give new formulations, new technicals, we wish to do the CRAMs activities for the companies. So, there is a lot of new technology products which are going to come from this table of IIL. We are going to grow in the domestic markets as well as the international.

Sneha Jain: Thank you so much. That is it.

Rajesh Kumar Aggarwal : Thank you.

Moderator: Thank you very much. The next question is from the line of Kartik from Samatva Group. Please go ahead.

Kartik: Many congratulations to the management of Insecticides India for a good set of numbers. My first question is, what is the outlook on the exports and is any of the CAPEX that we have recently done and the one which is in pipeline aimed at increasing exports?

Rajesh Kumar Aggarwal: Exports generally don't need too much of CAPEX. It's a routine CAPEX which I am investing for the export market because for exports, you have to invest on generation of data. We are having three NABL labs and the fourth one is also coming up. So I think it's four now, one GLP lab which is in-house. So we develop the impurities in-house, we develop the technicals in-house, we develop the on the reference standards in-house and that after that we give to the CROs. It's a regular practice that the R&D teams have to do. We have a team of more than 150 R&D scientists which are engaged regularly on development of products in different stages,

formulations, technicals, improvement of recipes. So, they are doing their work. That is a regular salary which I am paying. So it goes from there. So, nothing big. When I sign the export agreement from any company, those companies have to generate the data in their countries. I have to give them the centralized data which I keep on generating regularly as a regular practice. So, there is no special expenses which I have to incur for exports apart from keeping export office which I have at Mumbai. Mumbai there is a team of about 20 odd people who are sitting for the international businesses. So that is the expense I am making. At the moment my contribution from the international market is coming to roughly about 5%. That will grow slowly. There is not going to be any dramatic change. But yes, we are expecting some international order from the companies. So, once they start, then it will start changing. So once the business starts happening because initially when the trial quantities after the trial quantities are successful, then you start getting the regular quantities. Once the regular quantity starts happening, then yes, the international business will start growing directly. But at the moment, contribution is 5%. Thank you.

Kartik: Thank you, sir. The second question is on Slide No. #10, there we have a good practice of actually showing the product freshness index. And we have always witnessed an exponential growth in each of the preceding years. However, in FY'25, it seems to have at the 500 odd level. Is there any specific reason behind this or tapering is--

Rajesh Kumar Aggarwal: Very interesting point you have picked up, actually. What I would like to say, as we grow in the premium products, so we have grown in the premium products here again in this fiscal. So in the B2C segment, it has been the growth, but in the B2B segment, I have suffered a degrowth of about 20%. In the past year, what was happening that when the new product is introduced, people take P2P. So when they were taking P2P, we were including it in the freshness index. But this year they have taken bulk. So that showed a negative thing. I will make the improvement in our presentation that from this year I will only show the brand, I will show the P2P products. So that improvement will be done and that will be visible. So in totality I can say that the follow up or the following of Insecticide India Tractor brand products is very high in the market. The response is very good and that is the reason that I am able to add four more products to my FM segment and all these four products were introduced in the last year. So I am that confident with my products which I am launching. So that confidence also goes with the freshness index. So incidentally, since in the past, these B2B were also covered, so that is showing negative trend. But that will improve, we will remove B2B from it for better clarity of the market.

Kartik: You mentioned that there could be a Rs. 100 crore outlook from this subsidiary. Are we sticking to that guidance, sir?

Rajesh Kumar Aggarwal: Could you repeat the question, please?

Kartik: Our subsidiary, Kaeros which we have recently acquired and last time the acquisition news was shared with the shareholders. You have also given certain guidance that there could be a

possibility of Rs. 100 crore in FY'26. Are we sticking to that guidance from this subsidiary in this financial year?

Rajesh Kumar Aggarwal: Yes, I recently, I just in answering the another question I said we will be wasting a PAT of about 10 crores plus. So to reply to your question, yes we'll stick to 100 crores.

Kartik: Thank you so much, sir. And all the best for the future endeavors. Thank you.

Rajesh Kumar Aggarwal: Thank you.

Moderator: Thank you very much. The next question is from the line of Kunal Tokas from Fair Value Capital. Please go ahead.

Kunal Tokas: Just a few quick questions. First, can you give us a brief about your joint venture with OAT Agro from Japan and talk about progress has been made in new products from that joint venture?

Rajesh Kumar Aggarwal : It's a old story. We tied up with OAT Agro in 2013. So now there are 12 years passed. So what is the job of the JV? The job of the JV is to develop the products, test them in Japan and test them in India, and then give it to the two partners. The two partners are OAT and Insecticides India. So yes, they develop the product and passing to us. And now we register these products in different geographies of the world and we have to launch.

So the first product which was developed by them, it has passed many tests and other things. So the name is given to it, the IUPAC name, the chemical name, the other things because it takes a lot of time and all these things through all these stages. Scaling up is complete. So very shortly we are going to make an application in India. And after that, it will be applied in different parts of the world also.

Kunal Tokas: So will this be the first product to be commercialized out of this joint venture?

Rajesh Kumar Aggarwal: Yes, this is going to be the first product which will be commercialized by the JV. But there are series of products which are after this. And let me tell you that these are the real inventions, which are the new chemicals. We call it NCE, new chemical entities, with different modes of action. These are new modes of action, no copy products, I would say, long chain products which come after a lot of research because we have research more than like we develop more than 5,000 products every year and in 12 years, we have tested more than 60,000 after testing 60,000 we got two three--

Kunal Tokas: You maybe also provide any idea about the potential of this new product or the other products that we took on?

Rajesh Kumar Aggarwal : I will only say when you develop a new product and talk to an MNC, they will say 10,000 crores is the expenditure in developing a product. That much only I will say and not say anything else.

Kunal Tokas: Alright. And the working capital base that have increased is purely driven by the inventory build up that...

Rajesh Kumar Aggarwal : Your voice is not very clear actually. Kunal, I have to make an estimate of what are saying.

Kunal Tokas: What about now sir?

Rajesh Kumar Aggarwal: Better.

Kunal Tokas: The question was about working capital gains that have increased. Is this only because of the inventory buildup that you are...

Rajesh Kumar Aggarwal : Yes, it's temporary because of the inventory buildup and you will see the improvement in the fiscal because we are very very fierce on this. I already made a note on my earning calls.

Kunal Tokas: And just the last question. So you talked about the direct effect that tariff could have, which would not be much on IIL. But do you think that tariff might induce China to maybe dump some products here and that can disrupt your business?

Rajesh Kumar Aggarwal : Again, voice is cracking, but I have understood that you are trying to discuss about the USA tariffs on India and China. Definitely, that will always have an impact. It's matter of registration. We are not a free product. We are not selling a free product. Every Chinese company has to register that product in the different countries wherever they want to sell with every customer. Same is the case for India. Register every product with every customer. So it's whosoever has the registration is expensive or inexpensive. The other person has to buy because he don't have other option. So if the other person has to buy then how competitive your product is it will depend on the quantum you get. So things are important but overall I can say there is no much stress in India due to this. The only thing is that the products are going to become expensive for American products.

Moderator: And the line for the participant has been disconnected. We move on to the next question. The next question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Good evening, sir. Sir, thank you very much for answering all the questions in such detail. So most of the questions that I had have been covered. Sir, I have one question on the other expenses. There has been a significant rise in that. Can you point out any particular line items which have seen increase and any one off items there?

Rajesh Kumar Aggarwal: I don't think there are any one off items. I will give it to the CFO for explaining it. In fact, marketing expenses would have increased, but he'll explain better.

Sandeep Aggarwal: Right. Good evening. So there is an increase of around Rs. 57 crore in the total of other expenses if you see and the major expenses has gone up to the business promotion and field promotion

expenses. As we are a company, we are in the new product launches. So we have to work very hard with the farmers in the field. So for that you have to do some demonstrations also, you have to do show the product to the farmers, you have to show the IR. So those expenses have gone up. So majorly are those expenses if you see the exact, then I can give you the head wise bifurcation also, but majority is this.

Agastya Dave: Sir, please two line items, if you have numbers, one is ad and sales promotion and other commissions.

Sandeep Aggarwal: You can say that sale fee expenses is about Rs. 20 crores. And the expenses that increased are increased in repair and maintenance and factory pollution expenses have by about increase of about Rs. 20 crores.

Agastya Dave: Understood. Last question from my side is because there was an 8% drop in realizations, a lot of the line items have moved around significantly if we consider them as percentage of sales. So for example, gross margins have expanded. the current gross margins are indicating 32% gross margins. Should we consider them going forward and sync with other line items because there's such a huge distortion in the realization. And a related question there is, what about the margins going forward given I am assuming that the raw material basket has kind of stabilized for pretty much everyone and the demand is looking good. So how do you see these things varying going forward?

Rajesh Kumar Aggarwal: Rajesh again. We have shown a 50% improvement in our profit margins. So first we would like to stabilize it around this. We are already on a growth path. I already said double digital growth. I am already talking about the premium product. We have been working on the strategy for last 3-4 years. We are cutting down our, tail cutting is a regular exercise at IIL because whatever products are not paying, we are cutting them off. So all the things, the improvement which we had started four years back are paying off now. So they will continue to pay off, but I will not say any dramatic change. But yes, in 2-3 years, definitely we will see 200 to 300 points change actually in the EBITDA levels. So that is going to be --

Agastya Dave: Even from the base of FY'25, sir, even on the base of FY'25, you expect now 200 to 300 bps improvement?

Rajesh Kumar Aggarwal: We are looking at as a benchmark. Yes, there will be improvement, but it will be a slow improvement.

Agastya Dave: Excellent. I understand sir.

Rajesh Kumar Aggarwal: Thank you.

Agastya Dave: Sir, very well done. And one more question is, employee cost now that the Dahej plant is commissioned, how much do we need to invest in our employees?

Rajesh Kumar Aggarwal : What happens is, plant is already started and employees were already there. Because I cannot hire and keep them on the plant overnight because plant trials are there, that is already a 25% or 30% of employment and they are working there. Different types of tasks are there because before commissioning there is trials, there is water trials, there solvent trials everything needs to be checked. That expense is already there. And other than that, we are working on utilities very much. How power budget and gas budget can be controlled? Oil budget. So, I tried to do the expansions for sure, but we bring some economy in it. So, some basis points, my expense in terms of expenses per kg and in terms of the plant expansion will be little less. You will see improvement because we already doing a lot of work to reduce the energy cost overall in both the segment.

Agastya Dave: The last 2 years progress is very good sir. So I must congratulate you on that and good luck for that. Thank you for giving me the time and opportunity. All the best, sir. Thank you.

Moderator: Thank you. The next question is from the line of S A Narayan from Capricorn Research. Please go ahead.

S A Narayan: Rajesh, I am an admirer of the way you have led the Insecticides India over the years. I have given this progress that you have brought. I have two questions. The first one is, given the PAT, profit after taxes has jumped from Rs. 102 crore in FY'24 to Rs. 142 crore in FY'25. Please give a response in one sentence what you did different in FY'25 that there is such an amount of significant improvement in performance?

Rajesh Kumar Aggarwal: Simple, the strategy of premiumization. We launched products continuously and we kept on improving the product mix and this is going to continue for future.

S A Narayan: Good. Given this level of performance that you have reached, what is that you plan to do in FY'26 to take the company to the next level?

Rajesh Kumar Aggarwal : We are continuously improving the product mix like we name the product as FMs, focused maharatnas and maharatnas. We are focusing particularly around the focused maharatnas. And improve the number of focused maharatna from 12 to 16 which is itself indicator that yes these are going to be big products and we are going to work around these products, advertise these products, develop these products in the market and my team and the trade also gets that information that yes, this is coming in this segment and companies focus is going to be around this. So this will continue and help us actually. And then we are having some mega launches actually in this fiscal also because there are two collaboration projects and rest of the products also which are coming up mostly either by my own technical or they are the mixtures which have got IP protection. So these all these things are very, favorable for the company and are going to support, because here, when we supply business solutions, we become the solution provider, not the product provider.

S A Narayan: So given this, do I consider that FY'26 will be similar to the kind of growth that we have had in FY'25?

Rajesh Kumar Aggarwal : Growth will be good. We are very, very bullish and positive. I cannot say that, yes there will be another jump, but it will be good.

S A Narayan: I look forward. Many thanks. All the best to you.

Rajesh Kumar Aggarwal : Thank you. Thanks a lot for the appreciation.

Moderator: Thank you very much. The next question is from the line of Manish Jain from Wealth Care Advisory Partners LLP. Please go ahead.

Manish Jain: Congratulations on a good set of numbers, Sir, my question was that in your opening remarks before that due to the war situation, there are shortage of workers. So will it affect the placements in the first quarter, sir?

Rajesh Kumar Aggarwal : Now, the actual sales movement of this month. Yes, if we have more people and there is a chance of producing more. This year we were prepared, and we have been manufacturing since...

Manish Jain: Sir, your voice is not clear.

Rajesh Kumar Aggarwal : Yes, there is some shortage of manpower. There is some shortage of manpower because when the war started, so people from Jammu fled actually and not only there, there was impact at other plants also because people were worried and they were receiving calls from the people in the village, come back to the village. So there was, there is some pressure on the manpower. It will take time to recover. So I cannot do 100% what I want, but yes, definitely it will have some impact actually. Because had that not been there, then the performance would have been much better than what it is going to be today. I can only say that we are already on our growth.

Manish Jain: So we will lose some market share sir, in this quarter, sir?

Rajesh Kumar Aggarwal : We never lost the market share. In last 20 years I have never lost the market share.

Manish Jain: So we have enough stock in the market?

Rajesh Kumar Aggarwal : We always plan better from the market, from the competition. That is the reason we are able to grow better. So we have, we prepare ourselves, we take risk, but these are calculated risks.

Manish Jain: In short, we have enough stock in the market, right?

Rajesh Kumar Aggarwal : Why do you want your words to come from my mouth actually? We know the market and we are working hard.

- Manish Jain:** Okay sir, my next question and the last question is that when will we be able to do a 10% net profit margin, maybe next year? Possible?
- Rajesh Kumar Aggarwal :** No, it's a difficult question for me to reply upfront. So, EBITDA levels we have already crossed 11.5. It will keep on improving. So when it will match the taxation, then we'll have it. I can say that this should be 2 to 3 years target.
- Manish Jain:** Okay, sir. Congratulation once again, and best of luck, sir.
- Rajesh Kumar Aggarwal:** Thank you.
- Moderator:** The next question is from the line of Kartik from Samatva Group. Please go ahead.
- Manish Jain:** Thank you for allowing me to ask another set of questions. You said that you were planning to hire for some senior roles and management level. Is that hiring done or are we expecting some more hiring to happen?
- Rajesh Kumar Aggarwal:** There are things in process, so as they will happen, because you have to form a strategy, then you have to find the right type of people, and then people get free from their current assignments and join you. So we have been looking at people around, so there will be joining which will happen during this year.
- Manish Jain:** Okay, can we... Is the cause related to senior...
- Moderator:** Mr. Kartik, your voice is not clear.
- Manish Jain:** I will repeat once again, is it better?
- Moderator:** Yes, it's better now.
- Manish Jain:** Thanks. So the question is, the reason for asking this question is, is majority of costs related to senior leadership or management related hiring already captured in FY'25 or are we to anticipate majority of those costs to be reflected in FY'26?
- Rajesh Kumar Aggarwal:** I would say that the routine is going to cover that. So routine changes in salary this year may be between about 15% plus. So which will cover the additional manpower required. In '26, again, when the Sotanala plant come in, then there might be some hike. So it will depend that we are yet to give the numbers that how much will be the sales gain and what all. But yes, I think we should be able to maintain with 15% CAGR on our salary budgets.
- Manish Jain:** Great. Thank you. And my second and last question, sir. Is in the past, Q4 was always subdued when compared to Q3. Not absolutely, but relatively, Q4 was always subdued related to Q3. What has changed in this quarter at Insecticides that Q4 made similar revenue as compared to

Q3? And is this sustainable in the future as well? Because are we expecting the lumpiness to settle down going forward as we have witnessed this quarter?

Rajesh Kumar Aggarwal : Actually we don't form our strategy quarter wise, it was the pressure on the back of the mind that forced the Q4 and then the expectation from the new season was very good. And then we had set new solutions which were selling in this Q4. So these were the reasons which we say is going in Q4. And then international market also responded, B2B market segment also responded because B2B was also trailing behind and they were also under pressure. So I can say that pressure has come done some work. The strategy has done some work. And then of course, the expectation from the new season was very, very positive because already the IMD and the other agencies had started making the announcement about good rainfalls for this year. People needed the preparedness and the inventories in the market were too low. People needed those products, but that's why it happened. So I am not saying that this is not repeatable. It should be repeatable in future.

Manish Jain: Thank you, sir. That's all from my side.

Moderator: Thank you. Thank you very much. Ladies and gentlemen, due to time constraints, that was the last question. I now hand over the conference to management for closing comments.

Rajesh Kumar Aggarwal: Thank you all the participants for attending this session today. With your queries, you have asked very important questions, which will be enlightening all other people who were not present in this call or even who were present in this call. Thank you very much for your positive feedbacks. Thank you.

Moderator: Thank you very much. On behalf of Insecticides India Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.