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**insecticides**  
(INDIA) LIMITED

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Dated: June 04, 2024

**The Manager**

<b>Listing Compliance Department</b> BSE Limited (Through BSE Listing Centre)  <b>Scip 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 and Year ended March 31, 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 – Q4 & FY 2024 held in connection with the Audited Standalone and Consolidated Financial Results of the Company for the Quarter and Year ended March 31, 2024 on May 29, 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 &  
Chief Compliance Officer**

*Encl: As above*



“Insecticides India Limited  
Q4 & FY 2024 Earnings Conference Call”

May 29, 2024



**MANAGEMENT:** **MR. RAJESH AGGARWAL – MANAGING DIRECTOR –  
INSECTICIDES INDIA LIMITED**  
**MR. SANDEEP AGGARAWAL – 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 Q4 and FY '24 Earnings Conference Call organized by Orient Capital. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing 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, sir.

**Bhavya Shah:** Thank you, Michelle. Good afternoon, everybody, and welcome to Q4 and FY '24 earnings 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 the call, I would like to give a small disclaimer that this conference call may contain certain forward-looking statements, which are based on beliefs, opinions and expectations of the company as of date.

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

**Rajesh Aggarwal:** Thank you, Bhavya. Rajesh Aggarwal this side. Thank you, and a very good afternoon. We extend a warm welcome from Insecticides India for Q4 and FY '24 results con call. We appreciate your time and interest in our company -- company's performance. I hope that everyone has the opportunity to go through the financial results, which have been uploaded on the stock exchanges. So first of all, I would like to begin with the industry outlook. So I can say that we foresee a very good year ahead with very positive and strong headwinds.

And there is a visible sign of demand recovery. Since the announcements of monsoons are El Nino, which means that the above-normal monsoons are expected in this season. So market is very, very positive. And I'm quite hopeful that with our focus on Maharatna Products, which means premiumization, is going to help us in a big way in improving the margins of our company.

So you have seen that Maharatna has contributed in our last year also in a big way, about 27% growth in the B2C segment is envisaged out of the Maharatna and focus Maharatna product. From 51%, they have gone to 59%. And we have a strong pipeline of products to be launched in this year also. If we talk about the launches, which has happened in the previous year. So about eight launches, which has contributed to INR50-plus crores of sales.

But if you look at the three years from FY '20 to '24, so whatever products are launched, they have contributed more than INR500 crores, which shows that market has shown a very good interest in our new generation product. And the way we are trying to bring in these products into our portfolio and we are trying to present them as Maharatna Products.

So market is taking them very positively and we are increasing our share of sales by these products in particular. So today, if I talk about the industry, then I would say that the pain point is over and the high cost inventory is also over from the market. So there was some pain, which was remaining in the previous year. So mostly things are gone. And now we can say that it is a

fresh start. And in this fresh season, we can anticipate and see the margins for the industry going up.

So I would like to talk a little on the FY '23-FY '24 results. We have shown a growth of about 9%. Good part that we could again cost INR100 crores as the PAT margins. So I would say that this improvement has happened only because of our focus towards the Maharatna Products or the value-added products, and this has become the strategy that instead of focusing around the volumes, we will focus around the value-added sales.

And definitely, this is going to help us in a big way in future also increasing our margins and taking them to the new height. Though export has been a little challenge due to the international issues of currencies and credit ratings of the different countries and the availability of dollars with them. But still, I believe that the export will also see a decent growth in this fiscal.

Talking about our margins. Yes, you have seen the increase in the gross margins and of course, the EBITDA. And I would say that we are ready for the growth in the -- both EBITDA margins and we are working towards taking it back to 2 digits in the next 1 to 2 years. And definitely, the tight margin growth is also going to support us in a big way, and I'm quite confident that the agenda, which we have kept with the new products in pipeline is going to support us in increasing our profit margins.

I would here like to talk about some products, in particular, like Hachiman, Shinwa, Mission, Torry. These are the products, which are launched into the market in the previous 3 years, and they are the major contributors in the INR500 crores growth. And luckily, all these 4 products are the part of our focus Maharatna range, which is the top end range of our Maharatna Products. So if I talk about the future trend also, then the future trend also looks like that we are going to launch about 7 to 8 products further into this season.

We have built up a very strong portfolio of insecticides, herbicides and fungicides. If I talk about herbicides, in particular, then on various important crops like sugarcane, paddy, maize, wheat, we are building up a very strong portfolio of our herbicides, and we are trying to bring more products into these segments, in particular, with our focus around with mixture products also. So all these products are going to help us in building the margin growth for future.

And in B2C segment, we can say that we are going to continue with our double-digit growth, in particular, in the years to come also and in the next year, again, with more growth from the Maharatna segment, which is envisaged in this year that Maharatna has grown by almost 11%, from 51% to 59% and the total growth is about 27%, particularly from Maharatna.

So we are going to continue with these innovative solutions continuously. Here, I would like to also appreciate my R&D team, which is supporting us in bringing the new generation molecules to the market. And we are not only bringing these products by reverse engineering, but we are also making new generation formulations, which generally are the mixtures of products, and this mixture strategy has worked out very well in the recent past. And our -- with our R&D support, we are able to establish these products very well into the market.

Talking about the manufacturing facilities. I would also like to discuss here that our locations are very interesting, particularly Gujarat and Rajasthan. They are near the marketplaces and our expansion strategy in both the locations has also supported the company a lot. So Chopanki expansion is complete and functioning. Dahej, there are some issues in getting the final clearances though the plant is ready and we are ready for production, and it is going to support us in a big way in backward integration and introduction of certain more AIs, which we are going to launch as the pilot products into the market in this season, but it is taking some time to clear. Final clearances is awaited. And I believe in the next 2 to 3 months' time, we should be able to get these final clearances and Dahej plant should be fully up and functioning by which it will help in 2, 3 ways. Number one, it will help us to backward-integrate to make certain raw materials, which will reduce our import dependence.

It will also help to introduce some more AIs, so we manufacture the technicals. And we also launch the brands out of these AIs. So this will be a big support from this. Talking about our marketing initiatives. We are working a lot with the farmer in our branding strategy. We have a tag more than 21 lakh farmers now, 70,000 retailers, and we are working with more than 6,000 plus distributors and our focus is to contact -- to establish the last mile connectivity with the farmer.

So we are working very well, very close to the farmer, close to the retailers, close to the distributors because when you are launching such new generation products one by one, then you have to be in the market. You have to demonstrate the advantages of these products. You have to demonstrate the result so that you can create them as brands and this strategy has helped us a lot in building our focus Maharashtra.

So if I talk about the focus Maharashtra, then I've discussed a few products like Shinwa, Mission, Torry, Hachiman already, but the other products like Green Label, Izuki dominant. So I have very high expectation from all these products, which are launched and all the products which are going to come, like Torex will be a very recent launch. Super Star, many new products are in pipeline, and we are targeting to launch these products in the month of June and July.

So our expectation from this season is very, very good. Our initiative of IIL 360 program is also going out well so we are again trying to connect the farmer -- trying to connect the network. When I say network, distributor and retailer both directly to the company so that there can be two-way communication. So everything is playing out very well.

And thanks to our brand ambassador, Ajay Devgn, who has shot the new ads for this new season. And very -- in a short time, these ads will be out in the market. I'm very, very confident that with all our efforts, our endeavour to improve the profitability in the market is going to go up. We should be able to perform better. And in this current fiscal also, I would like to highlight two, three things, which were particularly in focus, like we have optimized our working capital base from 169 to 150.

We are able to reduce our inventory despite of 9% growth in the top line. Our debt equity has improved from 0.18% to 0.09%. The B2C revenue has grown by almost 11%. And similarly, the new products, which have come -- which are launched in the previous year has contributed



INR50 crores and the products, which are launched in the last 3, 4 years have contributed about INR500 crores plus.

And the brands like Shinwa, Hachiman, Torry, Mission, they will continue their charm in the present fiscal also, and they will show a robust growth in the market with attaining a key position into the market in the distribution channel as well as the good appreciation from the farmer. So with this, I'll hand over the call to the CFO to discuss the results.

**Sandeep Aggarwal:**

Thank you, sir, and good evening to all the participants. I will now share the highlights of our performance for quarter 4 of FY '24 and full year of FY '24. Post which we will be happy to take questions from all of you. So the performance of FY '24 on a consolidated basis, the company has reported a revenue from operation of INR1,966 crores as against a revenue of INR1,801 crores in FY '23, showing a growth of 9% yearly basis.

EBITDA stood at INR163 crores, as against INR122 crores last year, showing a growth of around 33%. PAT stood at INR102 crores against a PAT of INR63 crores in the last year, showing a growth of around 62%. And now the quarterly performance, quarter 4 of FY '24. The revenue from operations stood at INR273 crores versus INR302 crores in FY '23 last year. EBITDA stood at INR9 crores in quarter 4 of FY '24 against a loss of INR28 crores in last year in the quarter 4.

PAT stood at INR8 crores in quarter 4 of FY '24 as against a loss of approximately INR29 crores in quarter 4 of FY '23. So let me share some category wise breakup also. For the year-on-year comparison in FY '24, the share of insecticide has remained same at around 45%. The share of herbicide has dropped from 40% to 33%. Fungicides have increased from 12% to 19%. Biological and PGR remain at 3%.

Coming on to the segment-wise sales, in FY '24 basis, B2C is around 69%. B2B is 26% and export is around 5%. So in FY '23, the Maharatna contribution in B2C sales were around 51%, and other products are 49%. Whereas in FY '24, the Maharatna contribution in B2C segment is at 59% and other products are 41%.

Thank you from my side. Now we can open the floor for question and answer session. Thank you very much.

**Moderator:**

Thank you very much, sir. The first question is from the line of Bharat Gupta from Fair Value Capital. Please go ahead.

**Bharat Gupta:**

A couple of questions, sir. First, on the Q4 results. So can you just highlight the reasons about the tepid performance, which we have seen over the Q4? And just can you highlight on the volume growth for the quarter as well as for the full year?

**Rajesh Aggarwal:**

Volume growth for the quarter might be a little difficult, but as a full year we have grown in terms of value by almost 9%. But when it comes to volume, we can say broadly, it should be roughly around 20% because the prices of different things vary, but we can say that the average downfall last year is about double-digit downfall. So we can say 20%.

- Bharat Gupta:** So for full year, volume growth has been close to 20%. And our revenues have increased by near about 10% odd level. So in a way, the product mixing has been towards close on minus 9-odd percent. Am I right?
- Rajesh Aggarwal:** I didn't get you fully. But yes, the market has -- like the prices have gone down by 10%, roughly. So yes, so this is the thing.
- Bharat Gupta:** Right. Sir, the reason behind like the weak performance out there in Q4, so can you just highlight the reason about the drop in the revenues as well as the impact on the profitability front?
- Rajesh Aggarwal:** The reason of drop in the revenues because of the falling prices. The market did not have the confidence to store the material, so distributors bought only whatever they were having the regular sales, so they tried to skip the advance placements and we also did not place it strategically because we wanted to grow in the Q1 of the next year, so we did not push the market for that because the markets were falling. In the falling market, people generally hesitate to invest.
- Bharat Gupta:** Right. And sir, we have seen that there has been an increase in the other costs to an extent of close to 16-odd percent. So any particular reason or there is some sort of provision, which we're building?
- Rajesh Aggarwal:** It should be the adjustment. I'll give it to the CFO because the other cost, there is no reason to increase. So...
- Sandeep Aggarwal:** So increase in other costs you are asking na?
- Bharat Gupta:** Right.
- Sandeep Aggarwal:** Yes, it is basically mainly there is an increase in power and fuel factor, the big increase and some increases are there in marketing expenses also because when we launch new products, we have to work more with the farmers. So there is an increase of around INR5 crores in TA, DA, you can say traveling expenses. And these are the 2 major contributors increasing other costs.
- Bharat Gupta:** Any hit which you have taken because of the credit note issuance to our dealers during the quarter?
- Sandeep Aggarwal:** No.
- Bharat Gupta:** There hasn't been any -- neither there has been any sort of a write-off or self-written...
- Sandeep Aggarwal:** No.
- Bharat Gupta:** Sir, just on the margin trend. Sir, we have seen that new products that contribute close to 25% of our overall sales for full year. And I believe gross margins would be ranging above 35-odd percent for these products. Just to factor in, for the remaining 75% of our product category, if I look at the blending basis, the margins comes down to near about 20%, 21% for the 75% product category. So can you just highlight the reason why there has been such sort of a dip in the overall gross margins, where we enjoy nearly 60% revenues coming out from the value-added products.

- Rajesh Aggarwal:** Bharat, if you'll see the result of first quarter. First quarter there was a dipping profitability due to higher cost inventories were there. So if that could not happen, then the profit should be quite better from this level of INR102 crores. So that was -- I think if I'm not wrong, there was a dip of around INR30 crores in first quarter. So now with a good product mix, definitely, the profit is going to go up, as there is no high-cost inventory in the system. So we are hoping that there should be a very good margin in the coming year.
- Bharat Gupta:** Right. So primarily, if we try to adjust in for the INR30 crores impact, which we have witnessed in Q1, so largely, the profitability metrics or the EBITDA margins, it should be in double digits, right? So going forward for FY '25, what sort of margins, like you mentioned in your opening remarks that there will be improvement on the gross as well as on the EBITDA front. So can you just quantify on the number front, like what kind of..
- Sandeep Aggarwal:** It was already quantified by MD sir. We are working to improve our margin to double digits in coming one or two years. It has already been quantified by the MD sir.
- Moderator:** We'll take the next question from the line of Darshita from Antique Stock Broking.
- Darshita Shah:** Thankyou for the opportunity. To continue the previous participants point on margin, if you could give any specific number that you are targeting internally? Be it the next 1 or 2 years, but any number that you guys are targeting in double digit would be at 14, 15-odd percent or would it be higher than that?
- Rajesh Aggarwal:** Interesting question, but you cannot make -- talk about jumps actually immediately. So I would also love to jump if there is an opportunity. But yes, there will be a good growth. Difficult to say that 14%, 15% in two years is, it's not easy. So we'll go step-by-step growth. So you'll see that quarter-on-quarter. Every quarter, you'll see the growth actually that much only I can say. We'll see the improved performance in this fiscal.
- So let us like at least cover half a year, then we should be able to comment on this full year and then we will start thinking about the next year. But the way we are bringing the products, like today, if I talk about Maharatna, the total contribution is about 59%. My vision is in two years, we should cross 65%, and then we'll plan to cross 70% and then 75%. So will it take three years, four years or five years? It's possible actually.
- Darshita Shah:** Noted, Okay. So my second question was regarding any volume growth guidance that you would like to give for FY '25? Last year, as you said, 20-odd percent, so would that continue? Or would you be able to exceed that number?
- Rajesh Aggarwal:** Difficult to comment as of now. But definitely, if I'm planning nearly double-digit growth, I'll have to again grow by almost 20% because there will be a decline in the prices of many products because the raw material prices are almost at, I would say, at the bottom at the moment. And the market is showing little signs of improvement because some shortages are building in as the demand is going up, but still the prices have not increased.
- So we are envisaging that from last year, this year, again, the prices on an average will fall by about 10%, which means that to achieve 10%, we'll have to again grow by minimum 20% in



B2C segment and same will be in the B2B segment and, everywhere, even in exports. So these challenges are always there. So we have an internal target to grow in terms of volume, 20% plus.

**Darshita Shah:** All right. Secondly, on the market share, how much of the market share we have in the B2C segment in the domestic market? And yes, could you comment on the market share? An approximate market share.

**Rajesh Aggarwal:** Mostly, it's about 5% to 5.5%. Sometimes we also -- in certain areas, 6%, 7% is also there. But broadly, 5% to 5.5% will be reasonable, if I say 5.5%. So that is our market share, but we are continuously working and increasing the market share by introduction of new molecules. So we are now following 2 way strategies: One is introduction of new molecules into Maharashtra. Second is the tail cutting strategy wherein we are moving out of certain products, which are old generics and which are not seeing the growth in future. So we are also doing the tail cutting. So both of these strategies are in function. But definitely, I'm quite hopeful that slowly we'll keep on increasing our market share also.

**Darshita Shah:** Right. And when we say that you want to add more products to Maharashtra, if you could just give an understanding as to what is -- I mean, how do we decide as to this product will be under Maharashtra and probably a non-Maharashtra product, do we having any specific margin that we are targeting, which leads to the product coming under the Maharashtra portfolio?

**Rajesh Aggarwal:** Two points. Number one, the product should be the growing product and it should see growth at least from next 3 to 5 years. And to start with, the contribution from the product should be in the range of at least INR5 crores to INR10 crores. So these are the 2 aspects, which will qualify into Maharashtra. And when it comes to focus Maharashtra, at that time, the margin will take us 30% to 35% and the sales also about INR35 crores minimum in first or second year.

**Darshita Shah:** Okay. And how many of the products in Maharashtra space would be under the 9(3) registration?

**Rajesh Aggarwal:** I think most of them.

**Darshita Shah:** Okay, most of them. And the 6 to 7 new product launches that we have planned for FY '25, how many of them would be 9(3)?

**Rajesh Aggarwal:** Now mostly, means 80% of our -- or 75% of our introductions are 9(3) introductions only. We hardly do 9(4) introduction these days. So we can say 75% are 9(3) and 25% are only 9(4) now.

**Darshita Shah:** And these include both our own products as well as in-licensing products? Or are these 6 to 7 all of them in-licensing?

**Rajesh Aggarwal:** Including everything. Because there are certain introductions, which are going to come through Nissan also. We are planning to launch at least 1..... at least 1 product from Nissan every year. There may be certain years when we have 2 also because we have a strong pipeline with Nissan. So the timing of the registrations are not known, so I'm not able to comment, but there will be at least 1 introduction from Nissan every year.

**Moderator:** The next question is from the line of Rohan Gupta from Nuvama.

**Rohan Gupta:** Thanks for the opportunity sir. First of all, I would like to congratulate you, sir, on 20% kind of volume growth in the current year. I'm surprised to see this kind of growth, while I think the industry growth may be they're in the single-digits. So definitely, sir, congratulations on that. The question, which I have, sir, roughly on a INR500 crores kind of gross revenue we had done from the new product launches, which most of them are in Maharatna category. Sir, if you can give the gross margins, which you are targeting or which we generally make on our Maharatna Products, if you could, that would be helpful.

**Rajesh Aggarwal:** Yes. The gross margins are about 30% to 35% on the Maharatna Products, actually. So some products might have 40% margin. Some might be on 30%. On an average, we'll say 35%.

**Rohan Gupta:** Sir, with the 35% kind of margins on Maharatna, I mean, that is still like that this current year in FY '24, we had a gross profit of roughly 25.5%. It means, sir, that -- I mean, non-Maharatna Products, which is almost 75% of your revenue, INR1,500 crores sales, the concern still remains on those numbers. Though we could have seen a solid volume growth, Maharatna sales are increasing to INR500 crores revenue. But sir, somehow the EBITDA margins or especially gross margin is still 25% for the full company, and you have mentioned 35% average for the Maharatna. So I mean the whole gap is between the INR1,500 crores sales, which you are getting from non-Maharatna Products. What is the strategy and how we can revise the margins in those product categories, sir, apart from cutting the sale?

**Rajesh Aggarwal:** I would like to clarify, Maharatna is not INR500 crores. INR500 crores is the contribution, which has come from just products, which are launched in the last 4 years. So Maharatna contribution is a little more. Actually, this is a time of falling market. And the market has already touched the bottom, and it is starting going up. So I can say that market today is stabilized. That is the first thing I have to say. And this market has fallen in a big way after COVID. So 2 years, we have seen the market falling. When the market falls then you have to take the hits of the falling prices. So the majority hit we have taken in FY '23, but there was some hit, which was there also in FY '24, particularly in the first quarter and in later stages also, because when the market is not stable, you are forced to sell at a lower price.

So those type of hits were there. So the entire realization, which should have come in the last 2 years did not come, and that is the reason that we could not get the desired margins. Our margins, though we have crossed INR100 crores, but -- am I happy? I'm not happy. So are you happy? You are also not happy to see our results because INR100 crores is not something, which is the desired profitability from Insecticides (India). And I'm quite hopeful that this year, the growth in profitability should be much better. And I don't want to speak, but to perform and let the first quarter go. Let's see what are the numbers coming.

**Rohan Gupta:** Sir, we were already doing INR123 crores in FY '19. So I mean, the INR100 crores number at a bottom line, definitely, as you already accepted that it's not exciting at all. So we want sales IIL to grow. And given that kind of growth you are showing in the top line, your -- in FY '19, if you see you were doing roughly INR1,200 crores revenue. This year, we are at roughly INR1,900 crores, but at the bottom line, we have the same numbers. So I mean, do we understand that you are growing very rapidly on top line while you also mentioned that the sales cutting will continue, somehow is still missing at the bottom line. And that's what remains a big concern for

us. Until and unless we go to the margin -- EBITDA margin of 14%, 15%, probably the top line growth, which we are focusing on may not be so exciting. That's what my concern was.

**Rajesh Aggarwal:**

I appreciate your concern. We are also working on building the bottom line by premiumization of our product range. And we are trying to launch all products into these segments. So as a strategy, company is moving out of old generics, wherever we have the heavy portfolio of generics, we are trying to convert them into the mixtures so that we have the monopolistic products in the market, and they are backed by the patents. So IPR protection is also there for these. We are trying to introduce new products through our JV partners also, and we are trying to make the new AIs for all patented molecules, so this entire strategy is going to support us in a big way.

But we cannot expect big jumps at a high speed, but we will continuously see the improvement from IIL and that will start coming. And we must like -- I'll not say that achieving 14%, 15% is not my vision. It is definitely a vision. But it will take its own path and time actually. So until we start achieving it will be -- if today, I say next year, 15%, it won't be a practical target. So we'll achieve the good path. We are on that path, working positively on that path, and slowly we will grow.

**Rohan Gupta:**

Sir, second question is especially on the manufacturing part of the business. Last year because of the China aggressive supply and the pricing, we could not probably reduce many products for which we had the registration. So B2B business have been impacted. Just wanted to understand how is the scenario right now? We are still building the capacities in technical manufacturing and making more AI than intermediate and backward integration. Just wanted to understand how that business is growing in B2B? And how is the current scenario in terms of pricing environment from China? And what is the expectation for FY '25?

**Rajesh Aggarwal:**

We have also grown in the B2B segment actually this year because of our strategy of introducing new molecules because the dependence of the company on us is going up. So we -- yes, if you see the absolute number, the growth in B2B segment in this fiscal is just 5%. But if we see that the quality of products, we are trying to introduce more new products in the B2B segment and we are getting a good response. In last year, in the process of tail-cutting, we have cut the -- tail-cut about more than 6 or 7 AIs, which -- of generic products, which we were regularly manufacturing because I identified that they are building up the inventory and they are also increasing the risk of these market situations because when the prices fell, I made a loss in many of these products. So we have moved out of such old generic molecules.

And we are trying to build up our portfolio with the newer versions, newer products, monopolistic products relatively, so that we can build up more profitability. So the vision is already into that direction. We are working very strongly. So we keep on building up our manufacturing base because every year, I have to introduce new molecules, and on those molecules I have to introduce new brands. So this is the vision that every year, at least 3 to 4 new AIs we should introduce. And by introducing these AIs, we should make more brands out of these.

So this will be the focus. And then we'll move out of the generic technical manufacturing from all the products, which are not growing or where there is a huge price competition because since more and more companies are coming into technical manufacturing there is competition also. So we'll continuously keep on introducing newer generation molecules with better value addition and trying to bring the newer formulations, which are where we are going to back the IPR also. So we try to play on that advantage and this is going to be our strategy for the future. So our R&D and our IPR team, both are supporting a lot in this direction and this division. Thankyou

**Rohan Gupta:**

Sir, third, if I'm allowed, otherwise, I can come back in queue. On the biological front, the growth still seems to be slightly...

**Rajesh Aggarwal:**

One straight line answer I'll give. On biological front, also, we are working very strongly, both for domestic as well as international markets. So at the moment, we are busy with doing the trials, taking the registrations, generating the data and also filing the IPR. So this year, I'm not - like we may not be able to double our biologicals, but there will be a decent growth this year. But from -- like biological will also become a decent segment for us in times to come. And then, yes, when you come back, I'll reply further.

Rohan Gupta:

Thanks Rajesh ji, Thank you for answering for all the questions. All the best.

**Moderator:**

The next question is from the line of Ashwini Agarwal from Demeter Advisors, LLP.

**Ashwini Agarwal:**

Good Afternoon, On Dahej, I couldn't hear you properly. Did you say that it might take us...

**Rajesh Aggarwal:**

Yes, I've understood your question regarding Dahej manufacturing. In Dahej, my plant is fully ready up and to start the function. Some approvals are yet to come. So I've not yet got the permission to start the new plant, so that is awaited. From the central department, it is cleared. The state permissions are about to come. So as we get those permissions, immediately, we'll come into manufacturing.

**Ashwini Agarwal:**

So did you say 2, 3 quarters in your opening remarks or 2, 3 months? I couldn't hear you very well.

**Rajesh Aggarwal:**

2 to 3 months.

**Ashwini Agarwal:**

Okay. Okay. And the second question is, on this OAT Agrico that -- where you're doing a trial in India on one novel product, what is the route to market? I mean, how long do you think that this product will take? And what is the revenue potential over a period of time? I mean, obviously, it's a long-term thing, but I just wanted to understand how you think about it.

**Rajesh Aggarwal:**

Okay. So you have asked multiple questions about this. OAT is our partner into the JV. The JV name is OIL. Yes, we have identified the first product. We scaled up the first products and we are into the final stages of data generation. We should complete this data generation in 2025 because a lot of data was generated in Japan, and Japan has delayed it a little. So they should be

able to give me the final data by middle of 2025. And we are targeting to submit the file immediately when we receive the data from Japan. Because 80% of the data are coming from there and it's only 20%, 25% what we have generated here in India.

So once the file is submitted, we are quite hopeful that we should be able to push the ministry for the fast clearance because that will be the first discovery from India. Good news is, there are further more products which are visible that in future, we should be able to bring more products from this JV because very positive results have come out of further few products from here. And now this will be faster process because Japan has understood, we have understood, how to do it, how to get with the data. Because initial negotiations have taken a lot of time because we wanted at least 50% data to be generated in India, and they wanted 100% of data to be generated in Japan.

But now as the things will get settled and we will see the data quality of India, so they will get more confidence and we'll be able to do it faster for the newer products. So this product should hit the market in 2026. That is my vision. If it gets delayed, then early '27. The potential will be decent actually with this because initially, we will be launching in India and then we'll take it to the world market because Otsuka has -- our OAT is also registering into different markets of the world.

So it will take it to Japan and it will take it to the other parts of the developed world also. And to our territories, we are also going to take it. So I don't want to sound very aggressive because that will change earlier numbers, what you have in your books for us. So -- but I can say it can have a potential of starting from INR50 crores, it can touch INR100 crores, INR150 crores, INR200 crores. So slowly, it will progress. And if the products make up big hit in the market, it can be any number.

**Ashwini Agarwal:**

Sir, the second question is, everybody has beaten around the bush on this margin one, but if I just think about it and look at your past data going back 10 years, on the average, 10% EBITDA margin you've been able to do in most years. Some years, of course, you've done a lot better. So at least a double-digit number for March '25 fiscal, we should be able to pencil in? Or is that being too aggressive?

**Rajesh Aggarwal:**

It's not aggressive. I was of the similar vision, but the business gets impacted due to various reasons, actually, which are known and unknown. So I'm not declaring that we will be doing 100% double-digit margin, but we should be near to double-digit EBITDA margin. That is my vision also for '25.

**Ashwini Agarwal:**

Thank you sir, All the best.

**Moderator:**

The next question is from the line of Bhavya Gandhi from Dalal & Broacha.

**Bhavya Gandhi:**

Thankyou sir for the opportunity. Sir, can you just help me understand our in-licensing agreement with Nissan and other MNCs. Just wanted to know, I mean, is it on the profit-sharing



model? Or do we pay anything on the patent or royalty on that front? If you can help me explain that?

**Rajesh Aggarwal:** With Nissan, we have a very simple understanding. Nissan offers us the product at a price and we sell to the market at a price. So generally, they allow us 30% to 35% premium. In certain cases, that premium goes as high as 40%. And sometimes, in certain cases, when the generics come up and there is attack of generics in the market, then the premium falls to below 20% level also sometimes. So you can say broadly, we operate on Nissan's product from 20% to 40% margin, gross margin. There are certain products where we have formed our own mixtures, along with Nissan's product. So there, the chances of making 5% additional margins are there. It keeps on varying, product to product. On an average, you can say there is a 25% gross margin in Nissan range of products.

**Bhavya Gandhi:** Okay. I mean, is that -- I mean, the key reason that is capping our margins because beyond the point, I believe MNCs won't allow you to sort of earn super normal profits whereas when it's our own manufacturing, our own products, margins could be very exorbitant if the product goes well.

**Rajesh Aggarwal:** Yes and no. Because, yes, definitely, nobody will want a huge margin coming to a partner. So they would always club the margin around 30% plus minus, 30%, 35%. If you have your own product, own discovery, it can be any type of margin, definitely. In case of the JV where we have put our own products, we are going to bring, then the margin portfolio or margin ratio will be entirely different. That is true.

But the risk is also different. Like in, we started this JV in 2013. In 2025, first product is going to come or '26, it is going to come. Though, by 2030, the visibility will -- is that I may have 3 or 4 products out of the JV. So -- but again, 15 years of investment and after that, the product will be coming, so margin will be different because the risk has been entirely different, the risk appetite. The expenditure we have done on that is different.

**Bhavya Gandhi:** Right. And are these exclusive products or are there any other players also selling under different brand name or different combinations?

**Rajesh Aggarwal:** Like when I talk about the combinations, combinations are the exclusive products. Why? Because we get the IPR for these products. So when it is the IPR, 20 years exclusivity is there. In case of the new product discovery, they are the new chemical entities, which are discovered by us. They are the new mode of actions, which have come in. So they are a big thing because if you talk about the -- from -- with the multinational, they will say INR300 crores, INR400 crores in discovery of one molecule there, that type of big products, which we are bringing from the JV.

So my all R&D centers are different and they have different themes actually to work. So these - - when we talk about the new discovery products from JV, they are new discovery, new chemical entities, I would say -- new discoveries, which has not happened in the past in India.

**Bhavya Gandhi:** No, no. I'm talking about the products that we have from Nissan. Are we the sole distributor for those products in India or there are other players also selling those products?

- Rajesh Aggarwal:** Sometimes, we began as sole distributors and sometimes we began as co distributors(43:58), and we also pass on these products to other players to sell sometimes. So there are different type of arrangements with different products. Now there is hardly any sole product with us. The products are shared by 2, 3 companies. And in certain cases like where we make the mixture, we supply that mixture to 2, 3, 4 partners sometimes or 5 partners also.
- Bhavya Gandhi:** Got it. And sir, just if you can share what is the total fixed cost and the advertisement cost out of the entire indirect expenditure market, that would be really helpful. I just wanted to know the place where we can get some operating leverage?
- Rajesh Aggarwal:** Like for our company, it's difficult to give the exact number.
- Bhavya Gandhi:** I mean, if the CFO can help on the total fixed cost...
- Rajesh Aggarwal:** Roughly about INR25 crores to INR30 crores is the expense we -- every year, we would be spending on our advertisement and promotions. If I include them, now it has exceeded. It would be touching more than, I think, if I include the -- advertisement cost, INR25 crores to INR30 crores actually is the number, which we are spending almost every year.
- Bhavya Gandhi:** Okay. And total fixed cost?
- Rajesh Aggarwal:** I'll have to give it to CFO for details, actually, because these are very typical details, actually, which I generally don't remember by heart. So that you will have to -- if you can refer the balance sheet will be better. Actually, it's already there in the system.
- Bhavya Gandhi:** No. I mean because -- we don't have the split of other expenses, so it becomes difficult. If it's possible, then it will be really great. And just one last thing, how much will be total revenue from 24 patents that we have?
- Rajesh Aggarwal:** Again, a difficult question actually. Because we don't calculate that way. So -- that would be difficult, but we'll let you know. You can send your questions in writing, we'll reply all the questions.
- Bhavya Gandhi:** I will get back in que. Thank you so much.
- Moderator:** The next question is from the line of Madhur Rathi from Counter Cyclical Investments.
- Madhur Rathi:** Yes. Sir, I wanted to understand, when we are saying that Q4 was muted because our exports, our distributors were not buying us or were not very confident in the market. Sir, what gives us the confidence that we will have a 20% volume growth for the next year? And sir, why are we -- when we are telling that the raw materials and the pricing has bottomed out saying that there might be another 10% price decline in FY '25. So I wanted to get some clarity on these.
- Rajesh Aggarwal:** Our is a cyclic industry. For a cyclic industry, there is a fixed requirement and a fixed time plus/minus. So there can be a variation of 1 or 2 months. The month of March or February, there's hardly any season because these are acute winter months. There was a drought like situation in South where the season is there. Rain came in the month of January, I think, or December end, which devastated the crops, which were there, particularly chilly and some other

crops were devastated and the price of chilly fell like anything. So the entire crops in that area damaged and then there was no water in the canals in South. So South finished. Other areas were suffering for rains. So there was no immediate demand in major markets of India and it was only the time of advance placement.

And when you know, today, if you are buying at INR10 and tomorrow, if you have a doubt that the price might come at INR9.5, you'll not prefer to keep the stocks. And I didn't want to give market any commitments, so I did not press the team to place the material in the month of March, which the general sales happen. And it was not only B2C, but even B2B suffered badly because the industry also did not have the confidence in the -- because they were seeing that both international and domestic demand was poor. So the sales were poor. But since -- now it near to the market. Near to the market means the crop sowing has already started. The demand has already started coming and the people have started seeing the shortages in the market, wild shortages.

Because it is not only the shortage in the domestic market, but the international market also is not able to supply or take the orders and supply immediately. So now people are feeling the pinch that they have to prepare for the season, so they have started preparing. And the price since the demand has come in, there is shortage. So due to demand and supply reasons, the prices have started coming -- going up. So -- not at a big speed, but still now the trend is the prices are increasing. The trend is there is demand in the market, which is giving me the confidence that the quantity is going to increase -- now the sales is going to increase. Because it's the mood of the market, number one.

Number two, with our new product launches, which has happened in the last year, we are going to grow now. And with the new launches, which are going to come now, they are also going to make their own sales. So both of these put together because of our aggression in the market or because of our reach to the farmer and retailer and distributor because of our programs, training programs, because of our leverage into the market, because of the grip that we have for the Tractor brand in the market, all these reasons are going to support the growth for us.

So I will say that we are one of the aggressive players in the market, which gets the market demand. So I'm quite confident that we'll grow in this fiscal, and that visibility is going to come from the performance of quarter 1 and quarter 2 itself. And quarter 1 performance is not far. In 2 months, you are going to know and in 1 month I am going to know.

**Madhur Rathi:** Yes, Sir, just a clarification. Sir, when you are saying that the pricing is going to go up, volumes are going to go up, then we should -- can we expect then higher double-digit of growth?

**Rajesh Aggarwal:** First, your voice is not clear and don't repeat everything. Just ask your question. Don't repeat.

**Madhur Rathi:** Yes, so can we expect the high digit kind of growth in our revenues going forward?

**Rajesh Aggarwal:** Already given the number. I'll not repeat them. I've already given everything. Before you, everybody has asked and I've very clearly given that we are anticipating up to 10% of growth at least in B2C segment, and we are anticipating 20% of volume growth. I've already mentioned, sir.

- Madhur Rathi:** Okay Sir, I get it. Sir, just a final question. Sir, our product, what would be a product life cycle for our...
- Moderator:** Sir, I would request you to kindly rejoin. The next question is from the line of Kunal Tokas from Fair Value Capital.
- Kunal Tokas:** Yes, just 2 quick questions. First relates to China. Do you think that China can ruin our plans for the good monsoon season that we expect and also displace our plans for exports in the current year?
- Rajesh Aggarwal:** China's planning was not that great because China is also not making any margins after because it's very easy to spoil the market and to sell at a lower price. But when you are selling it at a lower price, your margin also sees the decline. So many factories had stopped manufacturing various products in China also, and that has impacted due to the increase in price and shortages now in the current season when there is demand. So I think there will be some improvement. Yes, there will be some improvement in the international markets also. But for Insecticides (India), again, international market is not big at the moment because export just contributes 5% to my total sales. And next year, I don't see more than 2% or 3% growth.
- So it can go to 7%, 7.5%, 8%, actually, that is the maximum what I see from the next year. So I would say that we are a domestic company with major sales coming out of brands. So our 65%, 70% business is from brands and the other businesses are others only actually. Particularly export for me is others. So let's not focus around that.
- Kunal Tokas:** Okay. Sir, just a final quick question. How do you see the raw material trend right now?
- Rajesh Aggarwal:** Raw materials are in shortage. The prices have already stabilized, touched the bottom I already said. And there is slight increase now from the bottom.
- Kunal Tokas:** Can we expect it to be stable?
- Rajesh Aggarwal:** Difficult to say. They might go up from here. So stable means, they've already bottomed out and market is stabilized. So certain products, yes, there can be increase of 5%, 10%, 15%. I don't know. I cannot predict 100%, but I don't see a fall coming again from here.
- Kunal Tokas:** Okay, Thank you very much and have a good day.
- Moderator:** Ladies and gentlemen, this will be the last question for today, which is from the line of Aniket Kulkarni from BMSPL Capital. Please go ahead.
- Aniket Kulkarni:** Good Evening and Thankyou for the Opportunity. So you have about INR135 crores in CWIP on the balance sheet. So how much of this capex is for backward integration? And taking out the capex -- taking out the backward integration capex, what will be the fixed asset turnover for the remaining of the capex. And so how much of revenue can we see from the remaining capex and what will be the margin profile for this capex, if you can please tell us?
- Rajesh Aggarwal:** The major outstanding or the major -- you see the capital work in progress is for L&T plant, which is in Dahej. So the total will be somewhere around 110, 100 -- about 100, 110 would be

from L&T plant. 50% will be for the backward integration, 50% will be from the -- for the new products. Generally, we say that 3x is the type of turnover, which you make in the technical plant by making these additions. So we can anticipate.

So there will be a delay of 2, 3 months because already 2 months have gone in this fiscal. We should have started the plant by March, and I was ready with everything, but somehow delays from the government. So I expect that there are delays. These delays can go 2 to 3 months ahead. So somewhere in the middle of next quarter, we'll be able to start the plant.

And then hardly, this year, 50% contribution will be coming. So we can say, a growth of roughly about just INR100 crores will be coming from this. But yes, we have some stocks or some plans for making -- doing the backward integration. That will also support us. And let's see how the improvement is going to come. But if I talk about the next fiscal, so when I get the full year of operation, then definitely INR300 crores to INR400 crores -- INR300 crores type of turnover should be visible from this expansion very easily. That is my anticipation. Apart from this, about INR20 crores, INR25 crores, it will be showing for Sotanala, which is a new unit. So we are planning to start the expansion -- the construction in the Sotanala unit now.

And the planning to come into production will be somewhere in the month of April next year for formulations and technical somewhere in between quarter 2 or quarter 3, maybe 18 months project for Sotanala. So Sotanala will be different, where we will be doing the formulation as well as technicals and that investment is going to go into this fiscal and next fiscal.

**Aniket Kulkarni:** And if you just can tell me the margin profile for the technicals, which will be coming from the new plant for the fungicide of total revenue?

**Rajesh Aggarwal:** It will be what we are making now. But yes, since we'll be introducing some newer products also. So I think there will be some improvements. So we can comment on that in writing actually.

**Aniket Kulkarni:** Thank you so much and best of luck.

**Moderator:** Ladies and gentlemen, as that was the last question for today, I would now hand the conference over to the management for closing comments. Over to you, sir.

**Rajesh Aggarwal:** Thank you very much. Thanks for taking out the time and very actively participating in this call of Insecticides (India). And I think I'm able to give the answers to most of your questions. Whatever is the remaining query, you can kindly send us the mail through our -- through Bhavya. Orient Capital is our new IR with which we have held this first conference. So we'll try to reply to all your queries and to satisfy you. Thank you very much.

**Moderator:** Thank you, members of the management. Ladies and gentlemen, on behalf of Insecticides (India) Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.