



Regd. & Corporate Office : 401-402, Lusa Tower
Azadpur Commercial Complex, Delhi-110 033
Telefax : + 91 1127679700-05 (6 Lines)
e mail : info@insecticidesindia.com
www.insecticidesindia.com
CIN : L65991DL1996PLC083909



insecticides
(INDIA) LIMITED

Ref: IIL/SE/2024/1511/01
Dated: November 15, 2024

The Manager

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

Dear Sir/Madam,

Sub: Transcript of the Earning Conference Call for the Quarter and Half year ended September 30, 2024

Pursuant to Regulation 30 read with Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the transcript of the Earnings Conference Call – Q2&H1 of FY 2025 held in connection with the Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter and half year ended September 30, 2024, on November 12, 2024, is enclosed and is also available on the website of the Company and can be accessed on the following link:
<https://www.insecticidesindia.com/investors-desk/>

This is for information & record.

Thanking You,

Yours Truly,
For Insecticides (India) Limited

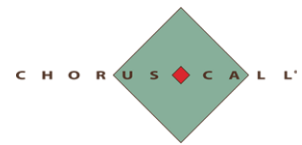
(Sandeep Kumar)
Company Secretary & CCO

Encl: As above



“Insecticides India Limited
Q2 and H1 FY '25 Earnings Conference Call”

November 12, 2024



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

MODERATOR: MS. MASOOM RATERIA – ORIENT CAPITAL

Moderator:

Ladies and gentlemen, good day, and welcome to the Insecticides India Limited Q2 and H1 FY '25 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 touch-tone telephone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Masoom Rateria from Orient Capital. Thank you, and over to you.

Masoom Rateria:

Thank you. Good morning, and welcome to the Q2 H1 FY '25 Earnings Conference Call of Insecticides India Limited. Today, on this call, we have with us Mr. Rajesh Aggarwal, the Managing Director; and Mr. Sandeep Aggarwal, the Chief Financial Officer. Before we proceed with this call, I would like to give a small disclaimer that this conference may contain certain forward-looking statements, which are based on the beliefs, opinions and expectations of the company as of date.

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

Rajesh Aggarwal:

Thank you, Masoom. Welcome all the participants, and thank you for your active participation always and supporting us and with your suggestions, IIL is maintaining its momentum amongst the headwinds -- as you know, that this quarter has been very tough because initially, there was paucity of rains, which delayed the sprays. And later on, there was continuous rainfall in most part of the country. So, negative that the sprays were delayed.

Positive season continued even in the month of October. So the Kharif season was delayed. Some sprays got transferred into October. And advantage that all the reservoirs are full and India has ample of water, which means that the farmer is going to show his choicest crops even in the Rabi season. So the vision I have for the Rabi season is very, very strong. And I believe that this rains, what has happened in the Kharif season is going to be very supportive for the farmer.

And hence, the country -- the agrochemical companies are going to gain in a big way in this. So talking about IIL, we have continued with our strategy of premiumization because the company's entire focus has been around the establishment of the new products, particularly the new mixture products, which are developed by the company through their R&D. And also this has supported in a big way in establishing the Maharatna into the market.

Again, in this quarter, we are very successfully able to increase the volumes of our Maharatna products, not less than 10%. So the growth is 10% plus, particularly in this case. So I mean to say the strategy was very, very clear that we have to bring the new technology. We have to take these technologies to the market, establish them in the market, train the network, train the consumer, and we are doing it very, very successfully.

So this has not only helped in increasing the profitability for the company, like in the half year itself, we are able to earn what we had made in the complete full year last year. like from INR102

crores in the complete full year, we have bagged the profit of INR111 crores this year, actually in the half year itself.

So I can say that it is the part of the planned strategy, which -- for which we had been working for the last several years and focusing around our R&D activities. You will find that this year, we have focused a lot around our marketing activities and done a lot of exercise between -- with the farmer, with the network, with the channel.

And we are doing a lot of automation, a lot of technological advancements also by improving our, I would say, the CRM program. Today also, we are launching one more training module for our team members. The idea is that it's not only the sales team, but the development team, the entire team of the company, which is working with the farmer.

They should have the proper understanding of the products, and they should be able to take these technologies to the farmer in a beautiful manner so that they are able to provide the complete solution to the farmer in one go so that we can establish these products and the farmer get the solution from the -- under the technical brand.

So yes, the strategy is very clear that our focus on R&D will continue. Our focus on new premium products is going to continue, and this will support the profitability as well as the balance sheet of the company. Why? Because the overall investment in the business will -- or I would say the inventory levels will also keep in control.

And you would have seen that in this quarter, there is a lot of improvement in our inventory days also. So this momentum, I believe, should continue. And we are focusing around excelling our manufacturing activities also because when we are giving so many new AIs and making so many new formulations. So we have to develop these.

We have to take them to the market, do the marketing. So the focus is for all-round development. And we are working fine with these things. At the same time, we are also focusing around team building because to find the gaps within our teams, various teams because I need a very strong team to face the competition of the future.

So we are trying to build the company in a robust fashion so that whatever are the challenges of the market, we can meet them and we can achieve our targets pretty well. So B2C has been a growth quarter, but B2B was not that positive. And at the same time, even the international business got a little hit.

But I get the signals of improving in the international business because already we have bagged a lot of orders, and I believe that we'll be able to cross last year achievement in the international markets. B2B, we are trying to make a recovery by introducing some more products to the B2B segment so that we are again able to take some Maharatna products to the B2B segment so that this business not only grows in volume, but also gives us the profitability. So that is also in vision.

So overall, I think that there has been a decent growth in profitability. And also, if you see the top line has suffered by 10%. But I believe that to a lot extent, we'll be able to make a recovery,

and I see a good Q2, which is coming forward in the -- basically Rabi season, good Rabi season. So I can say -- I can thank everybody for taking the interest in the company. And I like to hand over the line to the CFO for talking about the results.

Sandeep Aggarwal:

Thank you, sir. I will now share the highlights of our performance for quarter 2 and first half of FY '25. On a quarterly basis, the revenue from operations stood at INR627 crores as compared to INR696 crores in the same period of last year. EBITDA stood at INR90 crores against INR82 crores in the last year, showing an increase of 9% year-on-year basis. EBITDA margin for the quarter stood at 14.3%.

PAT reported at INR61 crores with a substantial increase of 16% year-on-year basis. For the quarter, the share of insecticide is around 61%, herbicide around 21%, fungicide 15% and others 4%. Coming into the segment-wise sales for Q2 FY '25, the B2C sales is around 84%. B2B sales is around 14% and exports around 2%. In quarter 2 of FY '25, the premium products contribution is around 68% of the total B2C sales and 32% from the generic products.

On a half yearly basis, the revenue from operations stood at INR1,284 crores. EBITDA stood at INR128 crores in quarter -- in first half of FY '25. EBITDA margin at 12.5%. PAT for the half year stood at INR111 crores with an increase of around 34% year-on-year basis. For the half year ended, the share of insecticide is around 48%, herbicide 39% fungicides 10% and other 3%. The segment-wise sales in first half of FY '25 the B2C sales is around 77%, B2B sales is around 21% and export is around 2%.

In first half of FY '25, the premium products contribution is around 64% of the total B2C sales and 36% is from the generic side. We also reported an improved working capital days from 151 days in March '24 to 102 days in September '24. So our commitment to long-term value creation, strategic initiatives and disciplined financial management position favors us for suitable growth. We remain focused on enhancing the shareholder value. So I now open the floor for question-and-answer session. Thank you. Thank you very much.

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:

First of all, congratulations, sir, on the profitability part. A couple of questions, sir, from my side. So first, if we look at the overall performance during the quarter, so Maharatna product category, it has seen a 11% kind of a growth. But in terms of the decline, which we have seen across the board, so can you just quantify like what was the kind of an impact which we saw during the -- like in terms of our business mix, particularly with respect to B2B side?

And has there been any kind of a sales return? If so, then can you quantify the number?

Rajesh Aggarwal:

Thanks for the appreciation of the Maharatna products. Yes, we are very, very focused that we have to grow the premium products. So we have grown -- focused around these products and sell them. Two things. Yes, the demand was a little lower because of the sprays were not going because initially, it was dry weather. So there were some returns on the herbicides. Particularly, I would like to talk about the soybean herbicide.

A little sales return from the corn herbicide was also there, but corn herbicide is something which is around the year business. So that material technically did not return to us. It was moving in the market. And now again, the corn season has started. So it will get consumed in the market itself. Paddy herbicide was minimum return this year.

Some returns of insecticides might be pending actually from Central India, which is very, very small. The volume will not be huge. So, so far, I believe the returns of herbicides because we don't leave the stocks in the market and take back everything. And this year, everything was taken back in Q2 itself. So volume -- value-wise, so about INR35 crores, INR40 crores of returns would have been booked in the Q2 itself majorly from herbicides.

And there may be another return of up to INR10 crores, INR15 crores of insecticide in Q3. So these are the numbers broadly. In the B2B segment, yes, since the momentum was a little slow, so the -- and the prices had come down. So overall, number one, the volumes were going in the B2B segment, the value was not coming.

Number two, since the sentiment was a little lower, so the momentum was also not that great as expected. But I believe that we'll make some recovery. And B2B business is also trying to match the last year. We will grow in B2C segment. And export also, I see some signals of growing this year.

Bharat Gupta: Right, sir. So cumulatively, near about INR50 crores was the impact because of the sales return on the overall revenue side.

Rajesh Aggarwal: It's already booked and further is expected. So this is normal. Generally, every year, this type of returns are there.

Bharat Gupta: Right. And sir, can you just comment on the inventory level position out there in the market?

Rajesh Aggarwal: In the market, we don't leave the inventory. So in the market, there is no huge inventories. So my expectation is the return is just INR10 crores, which is expected in this quarter from the Kharif season products. So we are a little balanced in the market from -- for our products because we don't dump. So the expectation of big returns are not there with us.

Bharat Gupta: Right. Sir, second question is regarding the raw materials. So like in your assessment and there has been like expectations of duty hikes on China by the U.S.A. So do you believe it can be a problem for the domestic agrochemical industry if another leg of dumping starts by China?

Rajesh Aggarwal: I think the prices have already bottomed out, and they have started firming a detail. So I don't see a downfall from here because to the best of my knowledge, already some prices or like the products have touched the bottom actually, which I have never seen in the last 20, 25 years of my experience. So going below this is almost impossible. But yes, we have to keep the fingers crossed.

I don't see that there can be any big hit from here. Now we are already sitting at the bottom, I believe.

- Bharat Gupta:** And sir, in terms of like the green shoots which you are seeing in the export market, so can you just quantify and comment about what are the markets which are addressing the growth?
- Rajesh Aggarwal:** Like from our regular markets only because there are no -- many new countries which we are going to start about -- except some business in Latam is going to begin this year in the Q2. Rest are going to be our Middle East, African markets, some ASIAN markets and CIS markets. So these regular markets only. So we have collected some orders and the supplies are starting now.
- Bharat Gupta:** Right. Last question, sir, from my side. So sir, regarding the new acquisition, so can you just talk a bit about the synergistic benefits, which we can expect?
- Rajesh Aggarwal:** I try to talk about the Kaeros. Kaeros is a company which was floated by us with the idea of 2 advantages we were seeing here because, number one, we don't import the technicals from abroad, except Japan. So this being another company, there was an opportunity to import some of the raw material technicals, ready-made technicals to compete in the market.
- Second advantage is in the B2B segment, particularly when we do P2P, means the pack products. So Insecticide India, if I pack it for the fertilizer companies, then I was facing the competition in the market or we can say otherwise also, if it will be Kaeros brand, then there will be no competition. So these 2 advantages were visible.
- Number three, it also opens up the opportunity for launching the second brand to Insecticide India so that there are a lot of networks which are interested to work with Insecticide India, but since we have our own network of distributors across the country, so we cannot expand that further to a big extent.
- But if we launch a new brand, then there is a possibility of acquiring another set of important distributors and launching a new brand in the market. So that opportunity also opens up. So there is a 3-point opportunity in form of Kaeros.
- Bharat Gupta:** Right Sir. That's it from my side. Thankyou so much.
- Moderator:** The next question is from the line of Karthik from Samatva. Please Go ahead.
- Karthik:** Congratulations on a good set of profitability numbers. I have a few questions regarding the top line. Could you please bifurcate and let us know what was the volume growth or degrowth or price contraction that you may have experienced during this quarter?
- Rajesh Aggarwal:** Your voice is not very clear actually. So volume growth, particularly in case of Maharatna is about 10%. And in case of generics, which are non-focused products, there is a degrowth of about 13%.
- Karthik:** Okay. How about price correction, sir?
- Rajesh Aggarwal:** Price correction has already happened actually. The prices have come down. So in case of the Maharatna, yes. there has been an average price correction of about 10 -- 8%, 9% is the price correction. But in case of generics, so we have -- again, there is some improvisation in the type

of generics which are being sold. So there, we see a price hike. So it is not exactly a hike. Overall, you can say the prices year-on-year has declined by almost 10%.

Karthik: Overall, there is a decline of 10%?

Rajesh Aggarwal: Yes. Year-on-year.

Karthik: Year-on-year? Okay.

Rajesh Aggarwal: On an average, yes.

Karthik: Okay, sir. The second aspect, sir, is regarding your Kaeros acquisition. Could you please elaborate more on what is this new brand? Are we creating a parallel brand and alternative brand to Insecticides?

Rajesh Aggarwal: These are already like under the thinking plan. So we have not decided how we are going to go ahead. But yes, there is an opportunity. It gives the opportunity, and we'll definitely look into that opportunity.

Karthik: Okay. Because see, the value at which the related party, the related entity got acquired for -- and you have also shared the last 3 years' revenue details for previous 2 years, the first 2 years anyways, you have reported nil revenue and last year, there was a minimum of INR45 lakh revenue, if I'm not wrong, and we have valued it at INR7 crores.

So I'm -- so what provides probably more comfort in shareholders is if a related party with a INR45 lakh revenue with no historical revenue posted in the past has been acquired at a certain valuation of, let's say, INR4 crores, INR5 crores, INR6 crores. And what intention or what rationale, what benefits will it accrue to Insecticides India per se?

And because there is no clarity on what is this new brand. So it would be more clear if you can elaborate more on the acquisition rationale, the pricing and what is going to go forward and what can we expect?

Rajesh Aggarwal: It's a very big opportunity for Insecticides India. I was never keen to give it to Insecticides India and wanted to establish a new company. But when I had the plans to establish a big business, so there was a guidance that this should be done under Insecticides India itself. Number one, we have already bagged more than 8 registrations of import from China. So these 8 technicals will be coming, which Insecticides India, then we buy from the market, other importers and they charge a premium.

Number two, as I told that in the B2B segment, when we are giving the products backed by Insecticides India, there is competition with our own like partners. So that competition will go. Number three, if I create another brand and try to get -- take it to the market, so it will be, again, a big opportunity because these days, we have a lot of new premium products actually. If we start the premium product marketing from this company, this can be a big opportunity.

So the business was just started in the month of February in this company. Two years, there was no business because this was an R&D-based company where we were thinking how to go -- how

to commercialize. But this year, some business was started. And in the last 5, 6 months, it has done a good business, actually, some B2B activities with Insecticides India and some other companies have happened.

So I believe that Kaeros will be a good acquisition for IIL. And in the next year, we can plan a decent business, not less than INR100 crores or so. And -- but this is going to multiply in a big way.

Karthik: Thankyou so much sir. Just a last question before I join back in the queue, sir. So I heard that we have booked the INR35 crores, INR40 crores sales returns in the quarter of Q2 and another INR10 crores or INR15 crores is expected to be booked in Q3. So if you take on a Q2 basis, is it -- is my reading right that there is a 5% to 6% of sales returns?

Rajesh Aggarwal: It's a simple calculation. We have booked -- the sales is INR600 crores -- INR600 crores or something. So INR30 crores have come back, then you can make a calculation. It's all mathematics. It's nothing from my side.

Karthik: No, sir, isn't it abnormal to see such a high sales return is my question? Or is it -- are we going to see this...

Rajesh Aggarwal: The season collapse. I mentioned very clearly that the herbicide season collapse because there were no rains. So season collapse, there was a return in the herbicide. So overall, if you see 6 months, then 6 months, it will come to 2%. It is all mathematics actually. It's a game of math. You can talk in any way. So it is most reasonable in terms if I compare with the competition, then competition will be sitting with the stocks in the market, and I clear the market completely.

Karthik: Thankyou so much sir.

Moderator: The next question is from the line of Jainam from Svan Investment. Please go ahead. Mr. Rohan Gupta your line has been unmuted.

Rohan Gupta: Rajeshji, first of all, congratulations on significant margin expansion for the quarter. So I think that has been in line with what company has been guiding so far. Sir, first question is, you mentioned that a decent volume growth in your Navratna product of almost 9% to 10%. However, in generic product portfolio, you are talking about the volume decline.

The sales returns have only been in generic. I mean there has been no sales return in Navratna kind of product portfolio?

Rajesh Aggarwal: There has been a return in the Navratna because these herbicides were all Maharatna products actually. So the return has been in the Maharatna portfolio only, not in the generics. So after the return, this is the volume growth. It should have been better. We were expecting a better season actually. But since it was all dry, so the central part of the country was all dry in the month of July and people were not using the herbicides.

So particularly in the soybeans, in all dry crops, even in cotton, so there was a suffering.

- Rohan Gupta:** So sir, is it fair to assume that almost INR30 crores kind of number of sales return you're talking about is primarily in Navratna category?
- Rajesh Aggarwal:** Yes, you can.
- Rohan Gupta:** So amid that return, so sales growth still is there positive almost 9% in Navratna. So if we adjust for the sales return, then the Navratna sales would have been much higher, right?
- Rajesh Aggarwal:** Yes, there was a big opportunity actually. We lost that opportunity because there has been 2 type of losses. Number one, we lost because of no rains in the month of July and lost because of the excessive rains after 15th August. So there are 2 type of losses. Otherwise, our Navratna plans were very, very aggressive, actually. We should have done even better than that, what we have done now.
- Rohan Gupta:** So the volume decline, which has been there in generic, almost close to 10% in volume, that is good. It's because of the company's focus on rationalization and cautiously pruning the low-end sale of the product or it was also because of the industry dynamics?
- Rajesh Aggarwal:** Both actually, it's a part of the strategy because we are working on the tail cutting strategy where we are cutting down the generics because all the sales team, they are focusing around establishing the Maharatna products only, which are the premium products in the market. They are very, very clear that they have to sell the Maharatnas and they have to make Maharatna bigger and make them focus Maharatna. So everybody is working on that strategy.
- Rohan Gupta:** So sir, with the current product mix in the current quarter, you have delivered almost 14.5% margin at EBITDA level. First half margins are close to 12.5%. So should we see that these are the margins going to sustain in the second half as well? I mean, the current first quarter, I mean, Q2 numbers in margins, can they repeat? Because you were talking about double-digit margin at low end. So can...
- Rajesh Aggarwal:** Actually, I want to be conservative when I have to say something. In the Q1 also, there was a similar question that we'll be able to repeat Q1 margins, and we have like we have proved better. So generally, second half is not that great. But this year, the expectation from the second half is also reasonable. So I'll not say that there will be a decline. But yes, we'll grow both in terms of top line and bottom line.
- I don't want to give any numbers, but there will be growth, you'll find the growth.
- Rohan Gupta:** So you also mentioned that in Maharatna because the season is lost. So now do we see that you will be able to compensate some sales in the second half? Or we have to wait for another year for the Navratnas and Maharatnas to report the strong growth?
- Rajesh Aggarwal:** We are continuously launching new products actually in the Maharatna category, which the products might not be in the Maharatna category at this moment. But tomorrow, they are -- like they are viable -- they are supposed to go into Maharatna. So there are at least 4 launches which are lined up now, which will be coming in this month itself. And out of these 4 launches, we have already mentioned about Torry Super, which we wish to take it to Maharatnas.

And out of 4, there is another one more brand, which will go into Maharatnas in future. And even after that, we are not waiting for the new year. As I back the registration, there will be some more launches, and I see at least one more product visible, which will go into Focused Maharatna category again, out of the new launches, which are going to come from now on in this year itself.

So number one, I'm not delaying the launches. Number two, there are very beautiful products lined up. So we'll make some recovery in the second half also.

Rohan Gupta: Okay. Sir, last question from my side. And sir, what would have been as per your estimate, the industry growth in terms of volume in the current quarter?

Rajesh Aggarwal: It's very certain actually. I'm not sure. I'm not -- look at everything because a lot of companies, what I know is these stocks are there in the market, which as per our strategy, we don't want to keep because I need my money or my stocks. So we are very aggressive in that part. But there might be a growth of roughly about industry might be playing around 4%, 5%. I'm not sure.

Rohan Gupta: Thankyou very much for answering the questions.

Moderator: The next question is from the line of Jainam from Svan Investment. Please Go ahead.

Jainam: Congratulations for a good set of numbers. Sir, my first question is that you mentioned in your commentary that there were a few orders that were deferred to October. So could you quantify that, please?

Rajesh Aggarwal: No, no. I didn't say the orders. I told you that this -- the sales generally finished by -- Kharif season generally finished by middle of September. But this year, there were sales which were apparent in the month of October also. Like I'll give you a simple example, BPH, Brown Plant Hopper, which comes on light.

So even Diwali has gone even today, the -- if you see at the light, there is BPH, which is a big pest for the fields. But it came late. It came so late due to rains that particularly the farmer did not have much need of the spraying to kill that because the crop was harvested or it was ready and was near to harvest.

So that opportunity gone. But yes, that opportunity was there till the end. So there were some sprays in the month of October also on the Rabi crops generally, which finishes a month before. So I can say that the season, which generally finishes by end of August, sometimes get prolonged to 15th September, it prolonged to middle of October.

So the Kharif season was a little longer this year. So volume-wise, not big, but decent.

Jainam: Okay, sir. And sir, do we maintain our top line guidance of 15% growth in FY '25? Or would we like to?

Rajesh Aggarwal: There might be a little decline actually. So difficult because major part of the season is one where we do 60%. So now 40% is left. We have to make some recovery in 40%. There will be recovery possible. We will not decline, but growth -- maintaining growth in terms of number might be a

little difficult. So what percentage? It's difficult to say, but things look positive. So there will be some growth.

Jainam: That's it from my side sir, Thankyou.

Moderator: The next question is from the line of Kunal Tokas from Fair Value Capital.

Kunal Tokas: Just 2 quick questions, sir. First is that receivables are seeing a sharp increase, and they did last year as well. So is this a seasonal thing? Or what is the reason for this?

Rajesh Aggarwal: Okay. So there would have been some more sales actually in the March, so in the last, so they might be visible. Now it's the collection period actually. It means October, November, December is more collections, less sales. Generally, in the Q2, the season is more sales, less collection. So it's a cycle basically. So maybe in that cycle. Otherwise, our collections have been fine.

We have met the targets. But still, if you have observed, there might be something, but we will see that the recovery comes in the month of this October, November, we'll have good recovery in these 3 months.

Kunal Tokas: Okay. And you mentioned in your opening remarks that you have received good orders for exports. So can you talk about the order book in exports and B2B?

Rajesh Aggarwal: B2B, there is no big order book actually. It's a routine order, but we are receiving good orders in B2B, and we are supplying. So some recovery is indicated in B2B. In the -- for exports, yes, my order book is full actually. So what we are able to technically do means we should be -- we have already collected the order for touching the last year sales.

Last year, the export was INR105 crores or something. So we have that type of orders in hand already. And still the team is accepting the order. So we have -- apart from the SEZ unit, I have to dedicate one more unit, a few lines so that we can meet up this requirement. So we have already collected orders for INR100 crores plus actually.

Kunal Tokas: Okay sir, those were my 2 questions. Thankyou

Moderator: The next question is from the line of Anmol Das from Arihant Capital Markets Limited.

Anmol Das: Thank you, sir on good set of numbers. Sir, I just wanted to understand....

Moderator: Sorry for interrupting you. Sir, your voice is not clear.

Anmol Das: Yes. So I was asking regarding the raw material prices during the quarter. So I mean, we are seeing that the FMCG companies have been saying that there is an increase in the palm oil prices and that is affecting. So how are you seeing the entire agri business with FMCG and demand shaping up with the raw material prices? And are you facing any stress on that?

Rajesh Aggarwal: There is no situation of stress, but we are seeing that the prices are firming a little. So plus and minus, plus and minus means like if there is a 1%, 2%, 3% change, it's a normal change actually.

So we have not seen the big change. So there has been slight increase for some products, a little decline for some other products. So broadly, the market is plus/minus the same.

And as I told already also that the markets have already touched the bottom. So now the worries are not there of further decline from here.

Anmol Das: Okay. And sir, on the Rabi crops side, I mean, I want to know if is there any acreage shortage in the Rabi crops in the coming season?

Rajesh Aggarwal: No, Rabi season looks okay because there is ample availability of water. So a lot of -- I see a decent acreage should come for paddy, for wheat, for -- even for maize because maize is increasing in a big way, corn has become important these days, pulses, this sugarcane. So all the crops will be good actually, so decent, quite decent.

Anmol Das: Okay, Thankyou

Moderator: The next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking.

Bhavya Gandhi: Sorry, I joined the call late if it's a repeat question, you can ignore it. So just wanted to ask you that our peers also, they've got exclusive agreements with -- for partnership products. So what kind of arrangement do they have versus we have? Because I understand that our products, there are multiple manufacturers for our partnership products.

So why can't we get exclusive rights from Nissan or OAT or Momentive or something of that sort, yes, if you can throw some light on this?

Rajesh Aggarwal: There are different type of agreements with different companies for different products. So we already have the exclusivity of several products. Sometimes when we are -- we try to create our own partners with the percent of the principal. In certain products, there are 2 partners which are given by the principal itself. There are such type of cases. Talking about Momentive. Momentive product is a very generic product for which they already have dozens of partners.

So let's keep Momentive on one side. Now let's come to OAT. With OAT, again, we are doing a generic product. But again, whatever generic products we are doing, one product is exclusive. One product is with 2 companies -- 2 products with OAT and others are own discovery products. So whenever the discovery products are going to launch, they will be all exclusive with IIL only.

Now let's come to Nissan. There are certain products for all the generic products out there, we have created the mixtures exclusively. So I had Pulsor, created a mixture called Izuki out of Pulsor, which is a herbicide that is exclusive with us. Hakama, we have created a mixture, which is called Hachiman, Hachiman is exclusive for us.

But we have created some partners for Hachiman, which are our partners to sell more quantities because there are competitive products also in this landscape. To capture more market, there are 2 options, either I do the product exclusively or I make other partners also who sell my product rather than selling the product from the competition. So we have followed that approach.

For Shinwa, there are 2 partners of Nissan, One is Godrej and one is us. So these are the major products and with Kunoichi. But this year, we have made one more partner, Dhanuka. So there are some partners for some products, there are some exclusive, so -- that's okay. The new product which is going to be launched from Nissan is going to be exclusive again.

So we are going to announce a new launch as we back the registration. So the target is that the product will be launched somewhere in the month of March. So I'll not talk much about that, but we are planning to get the registration by November, December. So once the certificate comes because it is going to be a new product, the certificate takes 2 to 3 months of time.

So we'll be launching that will be -- it is going to be exclusive product.

Bhavya Gandhi: Right. Got it, sir. Just a corollary to this. Are we the manufacturer of the technical products also for these formulations? Or how is it? Or do they give us the technicals and we manufacture the formulations out of it?

Rajesh Aggarwal: In case of the mixture, I am the technical manufacturer for the second product, Hachiman only. For other products, I'm buying from Nissan.

Bhavya Gandhi: Okay. Okay. And just -- you mentioned about Dhanuka. So they also have done tie-up with Nissan and all those, but their margins are on a very higher side. So can you just explain, is it because of the product pricing? Or is it because of the product quality or efficiency that the pricing because they've also launched a couple of...

Rajesh Aggarwal: I thought it's my call actually, but it's okay, will discuss that.

Bhavya Gandhi: I'm just asking -- I'm just trying to understand, so what is the -- why is the margin variability if Nissan is giving 2 products, right? One to Dhanuka. I'm not trying to compare Dhanuka. I'm just trying to understand why are our margins lower compared to Dhanuka in partnership products.

Rajesh Aggarwal: Can I speak now?

Bhavya Gandhi: Yes.

Rajesh Aggarwal: Like there are different strategies of the company, and it depends on the product mix. The margin -- margin is not governed by 1 product or 2 products. It is the entire product mix, what you are selling, and it is the entire strategy, what type of expenses you are making. We are a very focused company on R&D, and we have spent a lot on R&D. We have spent a lot on manufacturing. We have done basic manufacturing.

We make intermediates, we make technicals. We have established plants for that. And today, I'm running more than 300 reactors in my plants actually. So there is a lot of expenses. So now we are getting the new products. We are launching them, and we have seen the improvisation which is happening at the same time -- this company in the year 2001. At that time, I had adopted all the products, whatever were there in the market.

So there were a lot of generics, and it took a little while to do the tail cutting. Now the strategy is very, very clear that all the generics we are discarding and all the value-added products, we

are trying to create our monopoly -- monopoly in the sense that by bringing the new patented compounds, by making the new patented products. So the focus is now moving into that direction.

And as we move more further into that direction, the profitability is going to increase -- very strong presence in the country. We have very strong R&D arm. We have a very strong manufacturing arm and all the things are in our favor. And we are going to launch a lot of more products with these partnerships. We are going to expand more partnerships. A lot of things are going to come with us.

That's focused with our business. In my business, I'm very focused. And now the things are going to show the results. And they have already started showing. So I don't want to compare my performance with anybody. But yes, I can say that I have got the capability to beat everybody and anybody in the market.

Bhavya Gandhi: Fair enough, sir. Fair enough. And just wanted to understand on the sales return, whatever placements we have done, are we seeing any sales return?

Rajesh Aggarwal: Very normal in the market. I've already given the number, but INR35 crores worth of product has already come back, which was pertaining to the dry crops herbicide. So when I say dry crop, dry crops are shown in the areas where there is no availability of water or very less availability of water, particularly the soybean herbicide, the cotton herbicide and the maize herbicides are return.

Now we are expecting some sales return of the insecticides also again from Central India, which will be again for the dry crops. So there might be some small returns, which number I've already given, INR10 crores to INR15 crores worth of return is expected during the Rabi -- this third quarter also. So that is the number given.

Bhavya Gandhi: Got it, sir. And just last thing, if you can mention number of patented products that we have in the total basket and total number of partnership products that we have in the basket number-wise, if I may ask.

Rajesh Aggarwal: I don't have that handy, but there are about 20-odd or 30 -- 24 patented products and partnership products are also -- there is half a dozen products from Nissan. So total 9, 10 products are the partnership.

Bhavya Gandhi: Okay fair enough, thankyou so much.

Moderator: The next question is from the line of Darshil Shah from ABC Capital.

Darshil Shah: My first question would be, can you share details about your product development pipeline and any upcoming launches beyond the Torry Super herbicide, which are expected to launch in the next 12 to 18 months?

Rajesh Aggarwal: These are all confidential things, so I cannot share the details. But I'll just tell you, there are half a dozen launches which are lined up from now. So out of this, 4 launches are going to happen in

this month itself, and there will be 2, 3 more launches, which are going to come. So out of this total 6, 7 launches, which are going to happen in the second half of the year, including Torry Super, there will be 3 products at least which will qualify for Maharatna category.

Darshil Shah:

Okay. Next question or follow-up would be, how do you plan to leverage the current market conditions, including the favorable rainfall and increased sowing to enhance your product offerings and sales strategies?

Rajesh Aggarwal:

So the entire working what we do of bringing the newer technologies and working in the field is around that only. So we are focused a lot. You would have seen that we have increased a lot of expenses in this field. We are doing a lot of development activities and adopting a lot of technologies. And the entire exercise is to make more connections with the consumer, to make more connections with the network, and we are improvising our team also wherever, whenever required.

And the entire effort is that we become experts in everything. When I say everything, I mean to say all the domains. We are strengthening our R&D regularly. We are strengthening our manufacturing. We are strengthening our marketing and sales teams.

Darshil Shah:

Thankyou for the detailed answer, thankyou

Moderator:

The next question is from the line of Karthik from Samatva.

Karthik:

Sir, we are probably one of the very few companies or the only company who have pioneered in ensuring that we started the entry into biologicals much in advance. And could you please shed some light on what has been the progress so far? And when can we start the market to start accepting biologicals as a major category?

Rajesh Aggarwal:

Okay. We are focusing a lot on biologicals because I believe that biologicals is the future. And in future, all the technologies are going to run parallelly. And along with the chemicals, there's a scope in biological also. Biological, again, have several aspects, and we are working in all the directions, only this much I can say. We are playing with micros. We are playing with consortium of micros.

We are also playing with different, I would say, other products actually in this segment. And a lot of R&D is taking place because there is a parallel R&D center, which is working for IIL Biologicals. There is R&D center in the field of biology, which is working for Insecticide India as a company. So both separately, we are planning expansion in the IIL Biologicals R&D center because there is a site, which is a 7-acre site almost, which is shared by the 3 companies.

And in that site, we are at the moment doing the trials. We are planning to establish the new plant for IIL Biologicals there. Some R&D activities also will be conducted, strengthened. So our teams for the biological R&D has expanded. Along with this, we are also working with some national and international companies and also with some, I would say, the institutes where the scientists are engaged with our teams in development of certain products.

So a lot of development is happening, things are happening. My expectations are big for both the domestic as well as the international market from the biologicals as all the companies are showing interest in this segment. So we have to make a breakthrough. So let's -- we are waiting for the opportune time, but there will be some small, small launches.

And one of the launches which we are going to do in this month also is going to come from there, that part of the segment. So -- but yes, so there will be something which will keep on coming. And the vision is that, yes, we wish to see biological as an independent arm, as an independent company establishing itself and contributing good to the IIL Biologicals in total.

Karthik: Thankyou.

Moderator: Due to time constraints, I now hand over the conference over to management for closing comments.

Rajesh Aggarwal: Thank you very much for all the participants, very, very active participation and very active interest in the company. So thank you very much. I can just give the reassurance that, yes, IIL has continued in their efforts in going ahead with the momentum and planning in a big way. So we are in continuous focusing around the new products, new product activities, strengthening our R&D activities, our manufacturing activities, and we are moving in the market in a very focused fashion.

The idea is we have created a large following for the Tractor Brand and people have developed their trust, particularly the consumer as well as the network. Now we have to take it to the next level so that we can make Tractor Brand bigger so that nobody has questions while selecting a product because if it is a Tractor Brand, they should say yes.

So that is the vision. So we wish to provide newer solutions under the Tractor Brand, more reliable solutions so that if he sees the Tractor in front of any other product actually, he chooses that. So we are very focused around that, and our entire working is moving into that direction. So thank you very much, friends, and we'll keep on meeting.

And I believe that the Q2 -- this H2 performance is also going to be a good performance from the company. Thank you.

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