INDIA PESTICIDES LIMITED

An ISO 9001:2015, 14001:2015, 45001:2018 and 10002:2018 Company
CIN No. L24112 UP1984PLC006894
GSTIN- 09AAACI3591D1ZO

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Date: 15.02.2025

To The Manager, Listing Department **BSE Limited** P. J. Towers, Dalal Street, Mumbai-400001 **Scrip Code: 543311** **ISIN: INE0D6701023**	To The Manager, Listing & Compliance Department **National Stock Exchange of India Ltd.** Exchange Plaza, Plot no. C/1, G Block, Bandra- Kurla Complex, Mumbai-400051 **Symbol: IPL**

Dear Sir/ Ma'am,

Sub: Transcript of the Earnings Call for the quarter ended 31st December, 2024.

Pursuant to Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of the transcript of the Analyst/Investors Call on the Un-audited Standalone and Consolidated Financial Results of the Company for the quarter ended 31st December, 2024, held on Tuesday, 11th February, 2025.

The transcript of the earnings call is also available on the Company's website at www.indiapesticideslimited.com

Kindly take the above on your record.

Thanking you

Yours faithfully,
For India Pesticides Limited
Narendra Dev Nath Ojha
Digitally signed by Narendra Dev Nath Ojha
Date: 2025.02.15 14:50:46 +05'30'
(Narendra Dev Nath Ojha)
Company Secretary and Compliance Officer
Membership No.: F12283

Encl.: As Above

"India Pesticides Limited

Q3 FY'25 Earnings Conference Call"

February 11, 2025

MANAGEMENT: **MR. ANAND SWARUP AGARWAL – DIRECTOR – INDIA PESTICIDES LIMITED**
MR. D. K. JAIN – CHIEF EXECUTIVE OFFICER – INDIA PESTICIDES LIMITED
MR. S. P. GUPTA – CHIEF FINANCIAL OFFICER – INDIA PESTICIDES LIMITED

MODERATOR: **MR. KRUSHNA PAREKH – DOLAT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to India Pesticides Q3 FY '25 Earnings Conference Call, hosted by Dolat 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 phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Krushna Parekh from Dolat Capital. Thank you. And over to you, sir.

Krushna Parekh: Thank you, Manav. Good afternoon, everyone. On behalf of Dolat Capital, I would like to thank the management of India Pesticides for giving us the opportunity to host their Q3 FY '25 earnings conference call. From the management team, we have with us Mr. Anand Swarup Agarwal, Director; Mr. D.K. Jain, the Chief Executive Officer; and Mr. S.P. Gupta, the Chief Financial Officer.

Without further ado, I would like to hand over the call to the management for their opening remarks, post which we'll open the forum for a Q&A session. Thank you, and over to you, sir.

Anand Agarwal: Thank you, Krushna ji. Good afternoon. Good afternoon, ladies and gentlemen. I hope you and your family are staying safe and healthy. I take the pleasure of welcoming you all for the Q3 FY '25 Earnings Conference Call of India Pesticides. I hope you all had the chance to look at the financial statements and earnings presentation uploaded on the exchanges and our website. We are pleased to report revenue growth of 13% year-on-year for Q3 FY '25, achieving a total income of INR175 crores.

This growth was underpinned by an increase in volumes, which highlights the demand for our products across the key markets. While the increase in volume demonstrates the strength of our operations and market presence, pricing adjustment in the international market led to a modest impact on our margins during the quarter.

Additionally, our freight costs rose due to logistical challenges in the Red Sea region and investment in strengthening our R&D capabilities and workforce added to the cost base. These decisions were made with a long-term view to enhance our competitiveness and support the development of a strong pipeline. We continue to drive operational efficiencies and prioritize innovation to maintain our leadership in key product categories. Our investment in R&D and talent are aligned with our vision to deliver superior products that meet evolving customer needs and align with global trends.

As we grow, our commitment towards bringing chemicals, which can substitute and limit our independence on import remains steadfast. These are also one of the many initiatives that align to the company's vision of Make in India and Vocal for Local to support domestic growth. We deeply appreciate the trust and unwavering support we have received some of our valued customers, dedicated employees and trusted partners and committed shareholders as we embark on our journey towards the more sustainable future. We remain determined in our commitment to deliver value to each one of them.

Thank you. And now I will hand over the further presentation to Mr. Jain.

D. K. Jain: Thank you, sir. Good afternoon, ladies and gentlemen. I take this pleasure of welcoming you all for Q3 FY '25 earnings call of India Pesticides. The agrochemical industry continues to navigate a dynamic environment, with demand recovery displaying mixed trends. While prices have largely stabilized, export demand remains constrained due to persistent price volatility, market oversupply and margin pressures. Despite these challenges, we have remained focused on executing our strategic road map to drive operational efficiencies, optimize our asset utilization and strengthen our competitive position.

The Union Budget '25-'26 has introduced several initiatives that are poised to positively impact our sector. The government's launch of the Prime Minister Dhan-Dhanya Krishi Yojana aims to develop 100 agricultural districts, focusing on enhancing productivity, promoting crop diversification and improving post-harvest infrastructure. This initiative is expected to benefit approximately 1.7 crores farmers, thereby increasing the demand for advanced agrochemical solutions.

Additionally, the budget emphasis on setting up a national manufacturing mission to further Make in India align with our objectives. India Pesticides continues to implement a forward-looking strategy, aimed at strengthening infrastructure, enhancing workforce capabilities, diversifying our R&D initiatives and adopting advanced technologies. Over the past quarter, we have made significant progress in improving our operational framework, leading to better efficiencies in raw material usage and utilities.

Our capacity expansion plans are on track. This investment will boost our infrastructure, particularly at our Sandila and Hamirpur facilities, where we are enhancing capacity utilization and advancing production capabilities for specialty products. Alongside capacity expansion, we are also expanding our market reach, with a growing presence in regulated markets across more than 25 countries. This increased global footprint allows us to tap into newer opportunities and strengthen our positioning in key markets.

As we move forward, we are committed to maintaining our growth momentum, fostering innovation and creating sustainable value for all our stakeholders. Together, we will continue to navigate challenges and seize the opportunities that lie ahead.

With this, I would like to pass on to Mr. S.P. Gupta to walk us through our Q3 FY '25 financial highlights. Mr. S.P. Gupta

S. P. Gupta: Thank you, sir. Good afternoon, ladies and gentlemen, and thank you for joining the India Pesticides conference call to discuss Q3 FY '25 results.

Taking you through the financial highlights for the Q3 and 9 months FY '25. On quarterly performance, total revenue for Q3 FY '25 was INR175 crores compared to INR155 crores in Q3 FY '24, an increase of 13% Y-o-Y. We registered an EBITDA of INR29 crores. EBITDA margin stood at 16.7% in Q3 FY '25. Our gross margin remained stable. However, EBITDA margin declined due to employee expenses to upgrade talent pool and R&D capability, rise in ocean freight costs and higher job work related expenses due to increased volume.

Net profit for the quarter stood at INR16 crores, with PAT margin of 9.2%. On geographical split in Q3 FY '25, our revenue from export stood at INR75 crores as compared to INR87 crores in Q3 FY '24, and domestic revenue stood at INR97 crores as compared to INR64 crores in Q3 FY '24. Export demand continues to be subdued due to extra supply in the market and price uncertainty.

In order to counter the softer demand from export market, company had added new products for domestic market in earlier quarters to increase product basket.

Overall, sales volume has increased by around 30% Y-o-Y. Revenue from Technicals & Formulations stood at INR126 crores and INR46 crores, respectively. Moving on to 9 months performance. Total revenue for 9 months FY '25 stood at INR633 crores, an increase of 12%. EBITDA increased by 6.3% to INR101 crores, with EBITDA margin at 15.9% Export revenue was INR227 crores, while revenue from domestic market was INR394 crores. India Pesticides Limited has a strong balance sheet with ability to generate good free cash flow.

With this, we would be happy to take your questions.

Moderator: Thank you very much. We have first question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Sir, my first question was on your commentary that we have seen mixed signals from the export market. So if you can talk about how is the demand currently and how is the pricing currently in the export market, if you can talk about it?

D. K. Jain: The export market demand is more or less stable. We are getting demand inquiries, but the prices are slightly subdued. That is the situation now. And we are trying to increase our efficiency to meet those prices. So, we feel that we should be able to take on the increased demand from exports.

Ankit Gupta: Sure, sir. Like how much has been the price decline in this quarter, maybe on a Y-o-Y as well as on a Q-o-Q basis?

S. P. Gupta: Y-o-Y, the price has declined on an average by around 15%. And in last quarter, average decline was around 20%. But our raw material prices are also down slightly.

Ankit Gupta: So last quarter, you're saying the prices are down 20% on a Y-o-Y basis or a Q-o-Q basis?

S. P. Gupta: 20% decline on Y-o-Y basis was in last quarter. This quarter, price has declined by around 15% Y-o-Y.

Ankit Gupta: Okay. But let's say, if the prices were x in second quarter, how much have they become in, let's say, Q3? How much is the decline, that's I'm asking quarter-on-quarter? So just to gauge if the price decline is reducing a bit or it still continues to be ferocious.

S. P. Gupta: Price decline on Q-on-Q basis, they are stable, but Y-o-Y, there has been a decline.

Ankit Gupta: Okay. Okay. Got it, sir. Got it. Okay. Q-o-Q, the prices have become stabilized now.

D. K. Jain: Stabilized, yes.

Ankit Gupta: Okay. Sir, just on a longer-term basis, if we compare the current prices with the pre-COVID prices, so if you can give an indication how have the prices behaved.How are the prices currently compared to, let's say, 2019 period for some of our molecules like, let's say, Captan or something we were selling at, like how much have the prices gone now below 2019 prices also for some of our products like Captan, Folpet and all?

S. P. Gupta: The prices decline will be in the range of 15% to 20%. Raw material price has also declined, but due to inflationary pressure, our other expenses has also increased. So net-net, maybe 5% to 6% decline will be there on EBITDA front.

Ankit Gupta: No, sir. What I'm asking is I'm just comparing the prices because post-COVID, we had seen increase in the prices of technicals and then the prices have declined. So, has the prices now reached to 2019 levels or have they gone below that? So, I'm comparing the prices with, let's say, what the prices were in 2019, pre-COVID.

D. K. Jain: Sir, the prices now have settled at much below the 2019 level. They have not reached the 2019 level at all. All the products we have in the market, not only we, the overall complete agrochemical industry, the prices have declined tremendously for all the major technical products.

Ankit Gupta: Got it. So, they're below even 2019 levels.

D. K. Jain: Yes, yes, they are much, much below.

Ankit Gupta: Okay. How much will that be like, let's say?

D. K. Jain: 2019 was a very good year. 2019 and 2020 was very good year, but now the prices have gone down.

Ankit Gupta: And they will be below like 15%, 20% compared to 2019 level or even lower?

D. K. Jain: In some cases, it is much lower than, even lower than 20%. And majority of them are 20%, 25%. But in some products, the prices have gone down more than 50%.

Ankit Gupta: 50% compared to 2019 levels.

D. K. Jain: Yes. Yes, yes, in some of the products. But we are not dealing in those products, of course, luckily, but there are products where the prices have gone down tremendously.

Ankit Gupta: Okay. Okay. And sir, on the demand side since you're saying demand is stable, so should we expect some revival in prices? Or you feel the prices are expected to remain under pressure in next few quarters as well?

D. K. Jain: Sir, I think demand is improving. We also see that in our results also, our volumes have gone up almost 25% to 30%, whereas the prices have gone down. Hence, there is a decline in the margin overall. Revenue has not increased so much. So the prices are low, and I hope that I feel that they will be around these levels only.

Ankit Gupta: Sure. And what is your outlook for next year? How much growth can we see in revenues? And like any views on how the EBITDA margins will now behave for the company because the margins have reduced for us significantly over the past 2 years.

D. K. Jain: We feel that our EBITDA margins should remain between 16% to 18%. That's what we are targeting to maintain. And revenues, we feel that we should be able to grow between 15% to 20%.

Ankit Gupta: Sure, sure. Okay. And because the new capacities will also come in, in both the plants next year?

D. K. Jain: Yes.

Ankit Gupta: When are they expected to complete for both plants?

D. K. Jain: Yes. Could you please repeat?

Ankit Gupta: When are the capexes for both our plants expected to get completed and start generating revenues?

D. K. Jain: Our capex is going on track. We feel that this year, our investment in Hamirpur plant should start giving us some results. And from next year onwards, it will give full results, though we will be building there in block-wise. So, we are doing capex on an annual basis around INR50 crores in our Hamirpur site. So, we will be keeping on getting the revenue generated. Every year, that will be increasing.

Ankit Gupta: Sure Okay. So Hamirpur will start contributing from FY '26 is what you are saying and in a big way in FY '27 or...?

D. K. Jain: '26 onwards.

Ankit Gupta: Okay. And in Sandila, like when is that expected to complete?

D. K. Jain: Yes. Sandila is more or less now getting saturated now. Maybe there will be some increase will be there because we are changing the product mix slightly to get better capacity utilization. So that way we would be getting relatively slightly better revenues.

Moderator: We have our next question from the line of Yogansh Jeswani from Mittal Analytics.

Yogansh Jeswani: **So, thanks for the oppourtunity** Sir, after several quarters, our gross margin improved and like Gupta ji mentioned in his opening remarks, the EBITDA margins were impacted by some higher other expenses. So, can you quickly help highlight what were those expenses? I think how much was job work expense and how much was freight expense, if you could give that breakup?

S. P. Gupta: Yogansh ji, job work expenses increased by around INR3 crores during this quarter. Last year, it was INR3 crores. This quarter in Q3, it was INR6 crores. And ocean freights has increased by about INR1 crores. Major increase is also in our employee benefit expenses since we have recruited new R&D personnel and senior production people.

Yogansh Jeswani: Okay. And sir, you also mentioned that we are seeing 15% to 18% kind of EBITDA margin as sustainable. So, this guidance is for this coming few quarters or this you are saying for a longer-term basis? Because earlier, we used to do 25% plus margins very easily. So, has something changed drastically for us and our product basket?

S. P. Gupta: Actually, the export market has still not recovered as far as pricing is concerned because of excess supply from some countries. So, we are getting impacted on export sales front, and domestic market demand is good. But because of supplies from other countries, pricing has not increased.

Yogansh Jeswani: Got it. And sir, what was the capacity utilization for the Sandila plant in 9 months?

S. P. Gupta: It will be around 60%.

Yogansh Jeswani: 60%. Okay. And sir, if is it possible, can you share what would be the inventory number for December closing?

S. P. Gupta: Inventory number of days is slightly higher. They will be around 170 days, since we have started building up inventory for one of the herbicide to be sold in next Kharif season. Actually, one of the largest selling rice herbicide, the season is very small, 4 months to 5 months and demand is very good. So, we have started building up inventory for that product from August onwards. So the inventory days has slightly moved ahead. And we think they will rationalize in Q4 and Q1 of next year.

Moderator: The next question is from the line of Aryan Oswal from Finterest Capital.

Aryan Oswal: Yes. So sir, I just have a couple of questions. My first question is on the line of revenue from our top 10 customers. Sir, if we see the revenues from our top 10 customers, it has consistently declined from FY '23 from 61% to 42%. So, what would you like to say on that?

S. P. Gupta: Actually, our product mix has changed. Earlier, the company was manufacturing 2 group of products only. Now the product basket has increased, and we are planning to sell new products to new customers.

Aryan Oswal: Okay. So sir, does this mean that the top 10 customers would now change as we are adding new customers and the revenue from those customers will be slightly higher in the coming years?

S. P. Gupta: The revenue from top customer will be in that range only, since our MNC customer, they are buying more. So, there may be some chances of upward increase. But now the product basket has slightly changed in last 3 years. So it will not reach to earlier levels.

Aryan Oswal: Okay, sir. Got it. And sir, one more question on the side of cash conversion cycle. If we see our cash conversion cycle has consistently increased from March 2021 till now, so what would be your comment on that from like it has increased from 116 to 238? So, what would be your comment on that?

S. P. Gupta: March '21 was exceptional year. We have sold at year end the entire inventory. Now our MNC customer, they are not keeping stock with themselves. They are giving orders now for only 1 month in advance. Earlier they used to give orders in 3 months to 6 months in advance with good planning. Now they don't want to keep inventory at their locations. So, we have to keep high inventory to supply them for their seasonal demand.

Aryan Oswal: Okay. So here on the cash conversion side, sir, will we see the numbers remain stagnant, the 238 days numbers? Will we see this stagnant? Or can we see a decline in that?

S. P. Gupta: It will decline by 20 days to 25 days from March quarter onwards.

Moderator: We have our next question from the line of Manish Shah from Excel Capital.

Manish Shah: Sir, my question was regarding the pricing. Sir, you are a veteran in this industry, and you know that the main country which is supplying in the global markets is China. Sir, you might be knowing what the cost structure and other things. And if our inflation is going up, their inflation also might be going up. So what do you think about the pricing or other things, which may impact the pricing in the future, sir?

D. K. Jain: Sir, the situation in China and India is slightly different in the sense that China, they build very huge capacities, number one. Number two, they get good incentive from the Government, I think 9% or 13% on some products, they get incentive from the Government. So in the international market, they are slightly more competitive from that point of view. But we are working on increasing our efficiencies and trying to meet those prices. So, we have done a lot of work in the last 1 year, and we have optimized many of our processes to combat this effect.

Manish Shah: And sir, my another question was, sir, the other expenses from INR35 crores, they have gone to INR49 crores. And our turnover has increased by 13% and the other expenses have increased by more than 40%. So, you told that INR3 crores is because of job work and INR1 crore is because of ocean freight. What is the other, because the employee and R&D expenses will come in the employee cost. I'm talking about the other expenses, sir.

S. P. Gupta: Actually, our volumes has also increased by 30%. So, our power cost and repair cost has also increased. Our price has declined. So, you are seeing that the growth is on because of volume also. Volumes has increased, gone up too much.

Manish Shah: Right, right. So sir, the pricing, what do you think in the next 2 or 4 quarters, sir? Do you think in the next 1 year or 2 years, do you think the pricing will stay here or it will still go down or what?

D. K. Jain: We feel that it should stay now. I think more or less they are stabilized now. So, we don't see any major trend downward. There has been a sufficient already decline in the prices for all the products.

Manish Shah: But some media reports were telling that a lot of Chinese companies are on the verge of closing down because the prices have plummeted so much. So is it right? Or I think they are easily....

D. K. Jain: You are right. You are right, sir, because some of the prices have gone down more than 60%, 70%, 80%. The products, which were available at around $80 to $100 per kg, now they are available in the market at around $20 per kg. So, how long they can lose that money? I think some units will really get closed. That's what we feel. Yes, yes continue.

Manish Shah: Are they losing money, sir?

D. K. Jain: No, we are not losing money because...

Manish Shah: No, no. Are they losing money?

D. K. Jain: That's what we feel so. How can there will be so much of decline in the raw material cost? Almost 25% of the original cost. So, we feel, that cannot be sustainable. That's what they have built very large capacities in some of the products. So the prices should get rationalized. That's what we feel.

Manish Shah: And sir, what is the overlapping with China in our products, sir?

D. K. Jain: In our products, China, in 2, 3 products, they are there, but not very aggressive. So, we are able to maintain relatively better prices when compared to other products.

Manish Shah: Sir, my basic question was that our volumes have been increasing by 30%. And that is a very good news because other countries barring China, they are not reporting such good volumes. But I think the main issue is with the pricing because the EBITDA margins have reduced from 2021. Today, if you see, it has like crashed like 50%, 60%. So it will still go down or maybe in the next 4 quarters to 8 quarters, maybe slowly, slowly, it may not go to that level of 2021, but at least there should be some bottoming out, do you think? Or it will still go down in the next 1 year?

D. K. Jain: I think now it is more or less, it should remain stable in this range. That's what we feel. 16% to 18%, we are targeting for the coming few quarters later on because the market scenario, we do not know. It is very dynamic nowadays. But we feel for the coming at least 2, 3 quarters, we should be able to maintain the EBITDA margins between 16% to 18%.

Manish Shah: And sir, our domestic capex , whatever the capex which we are doing, we have stopped or we are going with the old plan?

D. K. Jain: So, our domestic market, especially in technicals B2C, B2B sales, they are quite good. Because some of the products, what we are producing now are domestic oriented. So, we are getting good domestic demand for those products.

Manish Shah: No, no, I'm talking about the capex, sir, capex.

D. K. Jain: Capex is going on, sir. capex is on track.

Manish Shah: Because in the last con call, you had told that at the current capacity, you should be able to do somewhere about INR1,100 crores. So if the increased capacity comes in, are you sure that we will be able to do that?

D. K. Jain: INR1,100 crores? I don't think we told INR1,100 crores, sir.

Manish Shah: At the current capacity, you told that you will be able to do INR1,100 crores in the future. I'm not talking about this year.

D. K. Jain: In the future, yes. But as on today, no.

Manish Shah: No, no, I'm not talking about it today, sir. I'm talking about the future that you have told that at the current capacity, you should be able to do somewhere about INR1,100 crores at the top line.

S. P. Gupta: Yes, yes. Actually, our current capacity utilization is around 60% and demand, if it improves, we can easily go to 85%, if good demand comes from international market. We have capability to achieve INR1,100 crores from existing infrastructure.

Manish Shah: And one thing which I have noticed, sir, in the domestic market, I think you have done quite okay, I think. Only the problem is with the international market, right, if I'm not wrong?

S. P. Gupta: Yes, yes. Domestic market volume growth is better than our export market.

Moderator: The next question is from the line of Narendra Khuthia from RoboCapital.

Narendra Khuthia: So, my question is regarding the capex, right...

Moderator: Sorry to interrupt Mr. Narendra, we are unable to hear you. Your voice is quite breaking.

Narendra Khuthia: Yes. So, my question is regarding the capex, sir. So, how many blocks are we planning to put up in Hamirpur facility? And how many of those are coming up in FY '26?

D. K. Jain: In the long term, we would be building at least 10 to 12 blocks. So, 2 blocks we have planned to build this year in FY '26.

Narendra Khuthia: Okay, sir. So the 15% to 20%...

D. K. Jain: Your voice is breaking. We are not able to hear you properly.

Narendra Khuthia: Yes. So, I was saying that the 15%, 20% growth that we are expecting next year, so is it including the capex or the capex would be over and above that, sir?

S. P. Gupta: We are expecting to grow from around 10% from our existing operations and at least 10% incremental from capex what we are investing right now.

Narendra Khuthia: Okay. Okay, sir. Okay. So, each block would be around INR70 crores of revenue, right, if I'm not wrong from -- if we are planning to add 10?

S. P. Gupta: INR60 crores to INR70 crores. Yes, sir.

Moderator: We have our next question from the line of Harsh Beria from an Individual Investor.

Harsh Beria: My first question is on our domestic market. What are the kind of products we have introduced in the market? Are these technicals or intermediates? And what is the realization of these products?

D. K. Jain: In the domestic market, we are working on some few fungicides and some herbicides and we are very well placed in that. And there, our market share is almost more than 75% in one product. And in another product, it will be -- when it is in full capacity, it will be almost 50%. And we are getting reasonably good revenue from these products. In one of the products, it is slightly tight, but we are working on the efficiency and trying to improve it further.

Harsh Beria: And sir, what are the kind of realizations per kg that we are making on these products?

D. K. Jain: Realization, the selling price is around INR400, INR450 per kg, around that level.

Harsh Beria: Got it, sir. Sir, my second question, like if I remember a year back or something, we were planning to supply intermediates to Japanese companies. Sir, any development on that?

D. K. Jain: Yes, it is continuing, sir. We already have signed a 3-year contract with them. And our next supplies would be in, I think, by March end or April second week.

Harsh Beria: Sir, what is the scale of operations that we are doing there?

D. K. Jain: No, this is an intermediate required for some pharma products, I think.

Harsh Beria: Got it, sir. And sir, my last question is, I think we were planning to get into formulation business both in India and internationally, sir. So formulations, we have done well in India. Like globally, what is our plan? Are we going ahead with our formulation division for global markets?

D. K. Jain: Yes. Sir, India formulation, we are already doing. We are trying to grow that further. And international market, we presently what we do that we are selling in bulk, the formulated products to our customers who want us to formulate for them. So, that bulk formulations we are doing for some of our customers. We want to expand our business to formulations in international market also ourselves. For that, we are trying to register few products in some countries. So the registration work is going on.

Harsh Beria: Got it, sir. And finally, around the new capacities that will be coming in, in the subsequent year, so what are the kind of products we'll be setting there? Will they be existing products or new products? Can you give some color around that?

D. K. Jain: Our Hamirpur site, we will be adding new products only. We will not repeat the products what we are manufacturing already in our existing site at Sandila.

Harsh Beria: So there will be new products?

D. K. Jain: There will be new products and new intermediates.

Harsh Beria: And sir, for these new products, do we already have registrations or is it in process?

D. K. Jain: Yes. Registration work is finally going on, sir. And we have already received few registrations from Central Insecticides Board. So, we have already started working on those products only.

Harsh Beria: Got it, sir. And sir, for domestic market, do we also have some 9(3) products in pipeline?

D. K. Jain: Our 9(3) products also -- 9(3) in the sense, import substitution you mean to say?

Harsh Beria: Yes.

D. K. Jain: Yes. Import substitution products normally, we are working on one product, but it will take quite a long time, sir, because it is a very long process. But for export also we get 9(3) registrations, so that we are getting for molecules which are export oriented.

Harsh Beria: Got it, sir. And sir, one final question. Sir, in our working capital cycle, what kind of working capital do we work with in the domestic market versus for exports?

S.P. Gupta: Working capital cycle in domestic market is slightly higher debtor days than our export. Currently, our working capital cycle is slightly on higher side because of higher inventory.

Harsh Beria: Okay. So, this is for the herbicide product, right, which you were talking about earlier?

S.P. Gupta: Yes, yes.

Moderator: We have our next question from the line of Manish Shah from Excel Capital.

Manish Shah: Sir, all our capex is from the internal accruals?

S.P. Gupta: Yes, yes. We have not taken any term loan till date right now.

Manish Shah: So in the future also, all our expansion will be from the internal accruals itself?

S. P. Gupta: More or less, it will be from internal accruals. For our 100% subsidiary, we may take nominal -- some debt in future years.

Manish Shah: And sir, what is our exports to the U.S. market, sir?

S. P. Gupta: Exports to U.S. market has grown, but it will be around, say, 15% of our export turnover.

Manish Shah: So, what, it should be INR45 crores, INR50 crores?

S. P. Gupta: INR50 crores. Around INR50 crores.

Manish Shah: Our major export market is the Europe or..?

S. P. Gupta: It is Europe only.

D. K. Jain: Europe and Australia.

Manish Shah: Europe and Australia?

D. K. Jain: Yes.

Manish Shah: Sir, I think in the last -- some commentary from the other agrochem players in the global market, they were telling that slowly, slowly sanity is coming back. But in the last 2-3 weeks, once again, after this tariff war and all that, I think there is no confidence in the pricing. Is it right?

D. K. Jain: That is true, sir, because of the present situation of the threats received from U.S. President about the tariffs. So the whole situation is slightly getting complicated and people are not very clear how the situation is going to be. But we feel that for India, he should not impose a lot of tariffs. That's what we feel. Our price is already now on the U.S. steep. So, we feel positive results will come.

Manish Shah: Sir, because our volume growth is 30%, so I think that is one big plus point. So, are you confident of that 15% to 20% revenue growth possible next year?

D. K. Jain: Because our volumes are increasing and we are adding new products also. So, we feel confident that 15% to 20% growth should be there.

Manish Shah: On the revenue, sir?

D. K. Jain: On revenue side, yes.

Manish Shah: Sir, any new products or any new things in the -- strategically, any new products or any new initiatives for the domestic or international markets?

D. K. Jain: So, we are already working on that, sir. The capex what we are doing now is for the new molecules only. And they should start giving us results in FY '26.

Manish Shah: Because sir, you had in the earlier presentation and when the IPO had come, you had told that you only do the key expansion when there is a sure short supply agreement.

D. K. Jain: Yes.

Manish Shah: So that's still...

D. K. Jain: Yes. What is happening now because of so much volatility in the market, the big companies, they also don't want to commit for long period. They also want very short period commitment. They give now, as Mr. Gupta has already told, they are giving orders only for 1 or 2 months period rather than giving a forecast for 6 months to 12 months.

And one way is good because the prices are changing many times very violently. So it could be harmful for them or harmful to us also. So in the interest of both of the seller and buyer, it is better to have short-term agreements rather than long-term arrangements.

Manish Shah: Sir, another question was....

Moderator: Sorry to interrupt, sir, maybe please request you to re-join the queue.

Manish Shah: Sir, this is my last question. I was just asking about the raw material. In the last presentation, you had told that 69% of the raw material is sourced locally?

D. K. Jain: Yes.

Manish Shah: So, that percentage should go up in the future or...

D. K. Jain: It will be more or less same. It will be more or less in the same range because we are trying to integrate backward as much as possible because we believe that if we have to compete, we have to be Made in India first, then only in the long term, we will be sustainable. So, we are backward integrating most of our products.

Moderator: We have our next question from the line of Raaj from Arjav Partners.

Raaj: Sir, how much was the inventory loss for quarter 3 FY '25?

S. P. Gupta: No, we are not suffering any inventory loss right now.

Raaj: All right. Since you said your inventory days are around 170 days or so, I was guessing there would be some inventory losses.

S. P. Gupta: No, no. We have told you one of the largest selling herbicide, which is sold between, say, first quarter and second quarter of any year during Kharif season.

So, we are building up inventory for that product since last 4 months. So inventory days has gone up. And now we have started getting good orders for that product, and we are supplying in this Q4.

Raaj: Understood. Sir, is there any inventory loss for 9 months FY '25?

S. P. Gupta: No, the inventory loss was there in last year. During current year, now the price, they are stable since last many quarters. So, we are not suffering any inventory losses.

Raaj: Understood, sir. And sir, for the Hamirpur plant, I just skipped a point on the new products. So the new products would have a selling price of around INR400 per kg, right?

D. K. Jain: No, no. The INR400 per kg price is generally for the product what we are manufacturing at our Sandila unit. At Hamirpur side, the prices would be slightly different because at that price, the product what we are targeting at Hamirpur would be around INR1,200 to INR1,300 a kg.

Raaj: All right. And how much would be our gross profit on those products?

D. K. Jain: That is very difficult to tell at present because again, the prices will keep on fluctuating. But it should be in our present range only.

Raaj: All right, sir. And sir, so how much sales are we expecting from Hamirpur site? For example, you are doing a INR50 crores capex for one block, right? So, what would be the asset turn on that block?

D. K. Jain: Initially, the asset turn would be slightly less, sir, because initially, we have to spend lot of money on infrastructure because it is a Greenfield plant. So, a lot of investment is going on the basic infrastructure like the roads, building, the boiler, the utility services, firefighting system, laboratory, etc. So the first block, the asset turn will be less. I think it should be around 1. But from the second block onwards, it will improve because the infrastructure is in place, then the asset turn will keep on increasing.

Raaj: Okay. And sir, what products are we exactly going to launch? Can you name some of them?

D. K. Jain: It will be one intermediate and it will be one insecticide and one herbicide block is under construction.

Raaj: All right. So, when you say one intermediate, what exactly is that intermediate, sir? Can you name the product?

D. K. Jain: That will be difficult for me to name, sir. Sorry.

Raaj: All Right. Thank you, sir,

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

D. K. Jain: Thank you very much for your participation and sparing your valuable time. For any further queries or clarifications, please do get in touch with our Investor Relations team. We would be happy to answer all of your questions. Thank you so much, and have a good day.

Moderator: Thank you, sir. On behalf of Dolat Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.