

Insecticides India

11 August 2026

Operator: Ladies and gentlemen, good day and welcome to Insecticides India Limited Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Tejal Bhattas from {? MUFG in time ?}. Thank you, and over to you, ma'am.

Tejal Bhattas – {? MUFG in time ?}: Thank you, and welcome to the Q1 and 3-month FY27 earnings call of Insecticides India Limited. Today, on this call, we have with us Mr. Rajesh Kumar Agarwal, Managing Director; Mr. Sandeep Agarwal, Chief Financial Officer; Mr. Devender Kumar Ray, Chief Operating Officer; and Mr. Dushyant Sood, Chief Marketing Officer.

Before we proceed with the call, I would like to give a small disclaimer that this conference may contain certain forward-looking statements based on the beliefs, opinions, and expectations of the company as of this date. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed disclaimer has been provided in the company's investor presentation, which is uploaded on the stock exchange.

Now, I would like to hand over the conference to the management for the opening remarks. Thank you, and over to you, sir.

Rajesh Kumar Agarwal – Managing Director: Thank you. This is Rajesh Agarwal. Good evening, everyone, and thank you for joining us for this Q1 FY27 earnings call.

The first quarter of FY27 was shaped by an unusual start to the agricultural season. Sowing activities started much earlier than anticipated, while delayed and uneven monsoons, coupled with high temperatures across several regions, impacted sowing activity and delayed demand for crop protection products. While this affected industry performance during the quarter, we believe there is still ample opportunity to recover. With rainfall improving and momentum picking up, we expect agricultural activity to gain momentum in the coming months.

Talking about IIL, IIL has established itself as a potentially fully integrated agrochemical company. Even in a slower environment, the quarter highlighted the importance of our vision of building a business that is not dependent on a single crop or product category. Over the last few years, we have focused on creating multiple growth drivers through premium products, R&D, technology partnerships, CARO Research, and international markets. These investments are helping us build a stronger and more diversified growth platform for the future.

Within the core business, premiumization continues to gain traction, with our Maharatna and Focus Maharatna portfolios contributing around 64% of the business during the quarter. We further strengthened this portfolio through new product launches and collaborations. Grevellia and Stanoris, both launched in collaboration with Corteva Agriscience, were introduced through extensive engagement with dealers, distributors, retailers, and farmers across the country. We see these products as multi-year opportunities where increasing farmer acceptance can build meaningful contributions over the coming years.

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These launches are supported by our continued focus on R&D and technology partnerships. During the quarter, we continued working with Corteva, Nissan, and OAT Agrio to access differentiated technologies and molecules, while our internal R&D teams remain focused on developing products suited to the Indian market. Our work with OAT Agrio on new molecule discovery is also progressing, helping strengthen the pipeline for the coming years.

The next step is to translate this product pipeline into wider farmer adoption, and this is where our distribution and field engagement become important. During Q1, we conducted more than 3,600 farmer meetings, organized 600 field days, conducted 1,400 demonstrations, and made more than 15,000 farmer visits through the IIL team. These activities were supported by more than 8,500 distributors and 70,000 retail touchpoints. These engagements helped us maintain a strong farmer connection even as the season started later than normal.

Scaling out our IIL Crop Solution Program is an important extension of this approach, as it demonstrates complete crop solutions and their economics directly in the farmer's field. Following strong farmer acceptance and demonstrated ROI from the existing 36 plots, we are now planning to double the number of plots while expanding their presence across 14 states and 4 crops. Rice, cotton, chili, and soybeans will be the four crops. The objective is to demonstrate efficacy and economics at the field level and create stronger product pull for the differentiated portfolio.

Along with the core business, CARO Research made progress during the quarter. More than 40 products have already been commercialized. CARO is expanding its portfolio and distribution footprint while developing B2B and pack-to-pack opportunities. The focus remains on scaling CARO into a meaningful second growth platform over the medium term.

Our international business also continued to gain momentum during the quarter, with registrations, partnerships, and customer opportunities being developed across Latin America, Europe, and ASEAN. With several opportunities progressing, we are taking a calibrated approach to establish these relationships before scaling them, with the expectation that successful engagements can develop into meaningful medium-term opportunities.

The sales of technical products are now picking up, and there is good acceptance of these technical products across the world wherever we are present. We believe that, along with white labeling, our technical products business is going to flourish in the international market, which will support us in increasing sales volumes and sales numbers.

On the operating side, crude and petroleum-linked raw material costs remained an area of pressure during the quarter, impacting parts of the crop protection value chain. We continue to address this through calibrated...

Management: ...differentiated pricing, a better product mix, and increasing contributions from differentiated products while remaining competitive. Working capital discipline also remained a priority. Inventory was slightly elevated due to the slower start of the agricultural season, and we are focused on improving inventory turns, collections, and alignment between placements and underlying demand. Our objective remains to reduce the working capital cycle as the season normalizes.

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Our manufacturing Dahej facility is providing additional capacity and flexibility, while the Sotanala project is progressing as planned. The formulation facility at Sotanala is expected to commence around April–May next year, followed by technical product production by {? December ?}, subject to the project schedule.

Importantly, the investments made over the past several years are already supporting the business. Investments in manufacturing capacity, premiumization, R&D, and technology have strengthened our product pipeline, improved our ability to serve customers, and created the capabilities required for the next phase of growth. We are now seeing these investments progressively translate into business opportunities, and as utilization improves, we expect their contribution to become increasingly visible in our operating performance.

At the same time, we are approaching the end of this investment cycle. Once the current projects are completed, we expect annual capex to normalize at around 30–40 crores of maintenance capex, allowing us to increasingly focus on utilization, cash generation, and returns.

As utilization improves, we expect operating leverage and efficiency initiatives to support improvement in ROCE and ROE. Renewable initiatives, lower electricity and fuel consumption, and increasing use of AI and other advanced technologies will provide additional efficiency benefits from {? Q3 ?} onwards, or, we can say, from September–October.

Looking ahead, while delayed monsoons impacted the first quarter, we believe the agricultural cycle has largely been deferred rather than lost. With rainfall improving, sowing progressing, and crop protection activity normalizing, we expect stronger execution over the remaining 3 quarters.

Our focus for FY27 remains on converting the opportunities created through our product launches, farmer engagement, trials, international business, and investments in capabilities into growth, while maintaining discipline on cost, working capital, and capital allocation. We believe the investments made in earlier years are now providing the foundation for the next phase of growth, and our objective is to convert this foundation into sustainable growth, stronger cash generation, and improving capital efficiency.

With that, I would like to hand over the call to our CFO, Mr. Sandeep Agrawal, who will take you through the financial performance. Thank you.

Sandeep Agrawal – CFO: I am Sandeep Agrawal, CFO of the company, and I thank everyone for being on this investor call.

Regarding the performance of Q1, if we compare the year-on-year result, revenue from operations has grown by 1.5% from {? 291 to 295 crores ?}. Gross profit has increased by 4% from {? 182 to 193 crores ?}. Although the gross profit percentage has increased from {? 62.5% to 63.6% ?}, EBITDA has shown a de-growth of about 2%, and percentage-wise, it has come down from {? 10.2% to 9.9% ?}. The PAT margin has also come down from {? 8.4% to 7.3% ?}.

If we look at the product mix, the premium product share has increased during this quarter. Last year, it was {? 58% ?} of total B2C contribution; this year, in the first quarter, it is {? 62% ?} of total B2C contribution.

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If we look at channel-wise sales, B2C sales for this quarter were 64%, B2B was 34%, and exports were 2%. Last year, B2C was 75%, B2B was 23%, and exports were 2%.

If we look at the performance of the newly launched products, we launched 2 products during this quarter, and sales from these 2 products during the quarter were 5.50 crores. If we look at the products that we launched last year, total sales of those products in the first quarter last year were 1.67 crore, while this year they are {? 12.29 crore ?}.

Revenue from pure insecticide products was around 36 crore in the first quarter last year, while in the first quarter this year it is around 46 crores. Revenue from protectant products has come down from 97 crore to 70 crore, mainly due to the reduction in sales of Abamectin. The contribution from combination products has come down from 124 crore to 98 crore.

These are some of the statistics that I wanted to share. We can now open the house for the question-and-answer session. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Prashant Biyani from Elara Securities. Please go ahead.

Prashant Biyani – Elara Securities: Hi, Rajesh. Regarding the Sotanala formulation and technical plant, how much are we investing separately in formulation and technical? What is the total investment, and how much have we invested to date?

Rajesh: It will be a project total investment. We had stated that it would be 200 crore. The total investment will be roughly 200 crores, out of which I think about 50 crores will go into formulation and 150 crores will be for technical products. The total investment made so far is to the tune of about 70 crores.

Prashant Biyani – Elara Securities: Okay. And, sir, which molecules do we plan to manufacture in the technical products facility?

Rajesh: If you talk specifically about Sotanala, we are setting up a DCS plant, which is a fully automatic plant. Some of the insecticides and fungicides where we have expertise will be transferred to Sotanala from Chopanki, and Chopanki will handle the new AI development. We have identified 5–6 products that will be introduced in the first phase, followed by the addition of new AI technical products in the second phase.

Prashant Biyani – Elara Securities: Okay, okay, sir. Thank you so much.

Rajesh: Thank you.

Operator: Thank you. The next question is from the line of Ramesh from SJ Investments. Please go ahead.

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Ramesh – SJ Investments: Hi, sir. Am I audible?

Rajesh: Yes, please go ahead.

Ramesh – SJ Investments: Yes, sir. I just wanted to understand the ground situation. I understand that the rains have been uneven and that we have the El Nino overhang. Sales have also reflected that. How do you see the demand environment going forward?

Rajesh: If you talk about August, August had very good rains across the country. The reservoir situation is improving, and the crops are very healthy. The only setback we see is mainly in the south, particularly in South India, where rice sowing is getting delayed in many areas where the dams are not full. However, the dam situation is improving now. Approximately 40% of rice sowing is pending in Bihar, Rajasthan, and other regions, as well as in Karnataka, Andhra, and Tamil Nadu.

The dry crop environment is healthy, and in some instances, broadly, things are okay. This year, we have also seen a reduction in cotton and maize crops, but other dry crops are improving. We have seen increasing traction in oilseeds, pulses, groundnut, and chili.

Chili is going to be the major crop for the South this year. All 3 states—Andhra, Telangana, and Karnataka—should show a good increase in chili cultivation, which should be very good for the industry.

Ramesh – SJ Investments: Understood, sir. Overall, South India is a little less affected. Over the year, where do you think we will end up in terms of sales growth?

Rajesh: It is difficult to give a number, but we should be positive, and that positive impact should be visible from Q2 itself.

Ramesh – SJ Investments: Understood, sir. I have one question regarding the customer, the final customer, which is the farmer. We have co-branded products that are more expensive, as well as Maharatna products, compared with our other generic products. Could you explain how the farmer differs for the new brand segment and the co-branded segment versus Maharatna? Could you give a broad perspective on which category of farmer fits each type of brand?

Rajesh: It is a matter of awareness. We are connecting with a lot of farmers and developing a two-way communication system with them. We have developed a farmer app and a retailer app, through which we are trying to take the technology to them.

We have to show the ROI. If the farmer is not different, he has to believe that if he is investing 100 rupees, what type of benefit he is going to receive. If we are able to show the benefit, even small farmers sometimes agree to buy expensive products.

Generally, it is believed that expensive products would be bought only by progressive farmers who have a large area of land. Yes, that is true to an extent, but even smaller farmers have shown good interest in the technology, and we have seen that all types of farmers have accepted this technology in the past.

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If I look at my recent launches over the last 5–6 years, they are contributing about one-third of total sales, which means that the farmer's interest in new-technology products is increasing. The sentiment of the retailer and the network is also important. Of course, if the FAs on our team are able to take the technology to the farmers, it is being accepted very well.

Ramesh – SJ Investments: Sir, could you give a broad perspective on how each brand is segmented, just to understand the value curve for the company and what you want each brand to become or expand into? What is the ideal vision?

Rajesh: It is difficult to discuss this brand-wise. However, I can say that 5 years ago, we started this exercise when the contribution from premium products was 48%. Now we have already reached more than 62%, and the target is to reach 70% in the next 3–4 years.

The contribution was 62% in this quarter, which was a difficult quarter. In the last fiscal year also, the achievement was more than 62% from premium products. This means that the company's overall strategy is focused on promoting these premium products, which provide exceptional long-term ROI for the farmer.

We are developing products across segments. We have bio-fertilizers, premium insecticides, and bio-pesticides. We are also working on certain PGR products in this segment.

Operator: Hello, sorry to interrupt, sir. Your voice is a bit muffled.

Rajesh: I will keep my microphone...

Operator: Do I need to repeat the answer?

Ramesh – SJ Investments: No, sir. It is clear now.

Rajesh: Have I replied to you, or do you need me to repeat?

Ramesh – SJ Investments: No, sir. Your voice was audible, but it was a bit muffled.

Rajesh: Okay.

Ramesh – SJ Investments: Yes, sir. Just one last question. You mentioned that, depending on awareness, the farmer chooses the brand. I am trying to understand, during the initial stages when you are introducing an innovative product, what do farmers trust more? Is it usually a Maharatna brand, or is it the foreign brand with our co-branding?

Rajesh: Please repeat the question.

Ramesh – SJ Investments: Sorry, sir. Am I audible?

Rajesh: Yes, yes.

Ramesh – SJ Investments: I was asking about the farmer choosing a brand based on the awareness generated in the market. During the first phase, when there was no Insecticides India product being used by the farmer, would the farmer start with the international co-branded product that we sell

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with Nissan and OAT, or would it be a Maharatna brand the first time they purchased something?

Rajesh: It all depends on the solutions we are providing. Farmers choose based on usage patterns and their level of awareness. If it is a herbicide, which is used first, it can be from our own R&D or an imported product. Both approaches are acceptable.

Generally, farmers also know that imported products or collaboration products are a little more expensive than normal products. Sometimes, as I mentioned in response to the earlier question, if it is a very expensive product, the traction comes mainly from large or progressive farmers.

However, if it is reasonably priced—generally, our generic products cost 200–300 rupees per acre—even if your product is in the range of 500–600 rupees, a small farmer can afford it. But if it crosses 3,000 rupees, then the traction is definitely greater among larger farmers.

Again, it depends on awareness and the cost-benefit ratio. We are able to convince...

Management: ...the management system. The small farmer should also receive some concepts like the larger farmers. There is interest in everything. There is a market for everything, and that is one reason we are continuously increasing our collaborations.

That does not mean that, because we are increasing our collaborations, we are not launching products through our own R&D. We are continuously working in our own R&D. We are developing more AI products and also launching new formulations.

At this moment, you might find that our expansion is slow, but I can tell you that we have more than 30 products in the pipeline to be launched over the next 2 years. Our pipeline is very strong, and we are already working on it. There are mixtures, new AI products, and everything is included. The investments are very high because we are developing a large range of products to be launched in the future.

Ramesh – SJ Investments: Understood, sir. I have one last question regarding capacity. We have mentioned that we are setting up a new facility. Without that capacity, what maximum sales can we generate? With the new capacity, how much additional sales can we generate at peak utilization? I am trying to understand the capacity.

Management: It is a continuous effort to develop capacities and sales. The idea is to double our business. In the past, we used to double in 3–4 years. Now, I believe that we should be able to double in 4–5 years.

The product mix is important. Technical manufacturing is important to support the international business as well. Considering all of this, we are developing our production capability. We are trying to increase certain AI products and backward-integrate in certain cases. Everything is part of a mix.

It is difficult to give a specific figure in that manner, but broadly, you can say that we wish to double our business in the next 4–5 years.

Ramesh – SJ Investments: And would this one plant be sufficient to add the capacity we need?

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Management: Regarding the current expansion, we have just completed the Chopanki expansion. It is on the path to completion. More than 70% has already been commercialized, and the remaining 20–30% will be commercialized soon.

Next year, we are going to bring {? Sotadala ?}. {? Sotadala ?} will also be developed in 2 phases. Phase 1 will be completed, as I already told you, by March. We are also planning Phase 2, for which we are erecting the buildings now but not installing the equipment because we have to decide which products we will manufacture there in the future.

We are also going to increase the formulation capabilities at Dahej. This is the final phase of the Dahej expansion, where we are constructing one large warehouse and adding some formulation facilities.

We have also invested everything in the Ethical facility, where we are differentiating between the herbicide and insecticide plants. Some investments will also go there, and we are going to complete them within this year.

What I mean is that expansion is a continuous process. I am not saying that we will not have any expansion after this, but we will now have space at {? Sotadala ?} and at Dahej. Therefore, we can also take care of further expansions if they arise.

Planning today for the expansions we will have after 2 years is difficult, but it is a continuous exercise. Once you complete one project, you move to the next step. At this moment, since there are many projects in hand, I want to complete them one by one. After I complete a few of them, I will plan the next one.

Ramesh – SJ Investments: Understood, sir. I have one last technical question. When we partner with our international collaborators...

Management: Yes?

Ramesh – SJ Investments: I was asking: when we partner with our international collaborators and receive the product, do they send the formulation and we repack it here, or do we directly receive the packaged product and simply stamp our logo on it? How does it work?

Management: Today, when we partner with different companies, the major interest is to develop mixtures for the country because, if you look at the world today, farmers need a combination of solutions.

We are able to mix one of our products with their product and launch a mixture. That is the capability and expertise we have developed. Very recently, we signed 2 collaborations over the last 1 year, and we are developing various products with these companies. I will not name them, even if you ask, because they are still confidential. You will know about them when we launch the products.

With our older partners, such as Nissan and some others, we are doing the same. We are not only developing their single molecules, but also providing them with facilities for developing mixtures, which will have greater traction in the market and better results than a single molecule.

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Farmers also want a combination of solutions at one time, in one product, with better control for whatever disease or infestation is present in the field. That is the demand of the day, and we are working accordingly.

We are developing both product mixtures and these product mixtures for the market. We are manufacturing all these formulations ourselves. Sometimes, when we work with Nissan, we receive some ready-made formulations, but we also manufacture some products ourselves. We are building facilities for this manufacturing, and we are also doing the CDMO business with some of our partners. That is also in the pipeline.

Ramesh – SJ Investments: Understood, sir. That is all from my side. Thank you so much for your patient answers, sir.

Management: Thank you. Thanks for the active interest.

Operator: Thank you. Ladies and gentlemen, as a reminder, if you wish to ask a question, please press star and one on your touchtone telephone. Ladies and gentlemen, if you wish to ask a question, please press star and one on your touchtone telephone. The next question is from the line of Madhur Rathi from Counter-Cyclical Investments. Please go ahead.

Madhur Rathi – Counter-Cyclical Investments: Sir, thank you for the opportunity. I see that our B2B business has grown by 10% this quarter. Was there any inventory gain, or was there an inventory gain because of the pricing increase resulting from this war?

Management: There was a good opportunity, but the war brought an unexpected increase in the prices of metals, plastics, solvents, emulsifiers, and some technical products. There was also a complete supply chain disruption because the time required for shipments from China was much longer due to the scarcity of containers and the increase in freight costs.

This completely disrupted the situation. We might have received some advantage because of the high inventory, but at the end of this quarter we were still carrying high inventory.

There was a major increase in the gross profitability of the company. We sometimes say that this happened because of the traction for new-generation molecules. You can say that some portion might be because we had some older inventory, but it was actually a mixed bag because some products were becoming more expensive, and the market was very volatile at the time.

It is difficult to state exactly how much of the contribution came from the increase in inventory prices.

Madhur Rathi – Counter-Cyclical Investments: Regarding our B2C business, what kind of price hikes have we taken for Focus Maharatna and Maharatna products and for commodity or generic products?

Management: As I told you, there was a strong expectation of a price hike in March. We took 1 hike in March and 2 hikes in April. I believe we also tried to take some hike in May, but we had to roll it back because the market was significantly delayed and the sentiment across the network was very weak.

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There were some rollbacks continuously until July. After that, the market settled, and now demand is present. The impact will apparently be understood later, but I can say that there was not much of a price hike. There was only the strategic increase related to cost increases, and that is visible in the results as well.

Extraordinary hikes could not be taken in this market because the demand pattern was weak.

Madhur Rathi – Counter-Cyclical Investments: For the coming quarter, Q2, since all these raw material prices have increased, is the industry as a whole—not only the insecticide industry—also not taking any price hikes? Could that affect our B2C margins going forward, or do we expect to at least maintain them? Do we have sufficient inventory? Could you help us understand this?

Management: Again, it is a mixed bag. It is very difficult to say because the variations are very high. Solvent prices, for example, fluctuate by 25–30% from week to week and day to day. It is therefore very difficult to discuss individual companies.

However, since we are focusing on a lot of interesting molecules, particularly premium products, I do not think our profitability will be impacted even during this difficult period.

Madhur Rathi – Counter-Cyclical Investments: Sir, just one final question. Whenever we take a price hike, how is the pricing friction between Focus Maharatna and Maharatna products and generic products? Are we able to pass on the raw material cost increases for Focus Maharatna and Maharatna products, or are they also facing some friction from the market?

Management: It depends on the product. If a product is not performing well, there can be issues. If a competitive product enters the market and puts pressure on your molecule, it varies from product to product.

Generally, on average, I can tell you that Focus Maharatna products have slightly higher profitability. Maharatna products have reasonable profitability in between, while generics have comparatively low profitability.

If you have a price advantage over a generic product, you can make a good profit, but normally you end up selling generics at 10–15% gross margins. There can be cases where you make 20–25%. Maharatna products are sold at around 30% margins. Sometimes, the profit can go down to 20–25%.

In the same manner, Focus Maharatna products attract margins of around 35% or more. In special cases, you can generate margins of more than 40%, while in weaker cases they can be 30%.

Since there are multiple products in all these ranges—we have 18 Focus Maharatna products, approximately 16–18 Maharatna products, and 40 generic products—I cannot explain the complete range in one sentence. It varies from product to product, and the range functions as I have explained.

Madhur Rathi – Counter-Cyclical Investments: Are there any plans for a buyback? I think this is a down cycle, and we can reduce the equity base of our company. Are there any plans for a buyback?

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Management: This is the company's usual process. We buy back shares every 2–3 years, not every year. It depends. We have to reward investors. This can be in the form of a dividend or a buyback. That will be decided after we complete this year.

Madhur Rathi – Counter-Cyclical Investments: Understood, sir. That was all from my end. Thank you very much, and all the best.

Management: Thank you.

Operator: Thank you. The next question is from the line of Kunal from Fair Value Capital. Please go ahead.

Kunal – Fair Value Capital: Thank you, sir. Am I audible?

Management: Yes, you are audible, Kunal.

Kunal – Fair Value Capital: Okay, sir. Thank you very much for meeting with us today.

Management: No, no. Please go ahead. Please go ahead.

Kunal – Fair Value Capital: The first question is: given that the monsoons were delayed this time, are we expecting any sales returns in Q1 specifically? Last time, we had approximately Rs 200 crore of sales returns.

Management: Yes, the possibility of sales returns is definitely there, but this year I see only 1 or 2 herbicides failing, not many.

Number 1, we were very cautious after looking at last year, so the placements we made this year were not as strong as those we made last year. It was a strategic call we had taken to place lower. Otherwise, I could also have achieved the same numbers by placing more.

We placed products very cautiously this year because we were aware of the El Nino announcements from February and March. It was all pre-decided. As a strategy, we also distributed generic products and new-generation products in a way that would result in fewer stock returns. We placed a variety of products instead of focusing on single products.

Therefore, I think we should be able to reduce sales returns by at least half compared with the previous year.

Kunal – Fair Value Capital: Could you help us with the revenue from {? Tyros ?} and the expectations for this year and next year specifically for {? Tyros }??

Management: {? Tyros ?} is the new company that we have launched. The target is to grow at a CAGR of 100% initially, after which it will come down to 50–60%. At this juncture, I can say that it is on the path to growing at a CAGR of 100%.

Kunal – Fair Value Capital: What are the margin expectations related to {? IIL }??

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Management: The margins are visible in front of you. The margins will not cross {? IIL ?} at this juncture because the expenses are too high. As I already told you, in the first quarter I hired about 100 people in the company. Selling expenses are already very high.

Since this is at an initial stage, expenses will be high. It depends on how we progress as we start selling more Maharatna or Focus Maharatna products.

Management: ...of our products, then definitely. After completing this kharif season, we will review our product portfolio. Initially, I might have included some generic products in the portfolio, and I might not have introduced specialized products because I was concerned that I might lose many sales partners.

However, since 100 people are already on the company's rolls and there are also third-party personnel on the rolls in the market, I will review the portfolio again, and it can improve in the future. At this moment, I believe it will have a single-digit market size.

Kunal – Fair Value Capital: And regarding normalized margins—okay, {? Kyros ?} de-growth, I am... I am talking about normalized margins. When... [unclear] please ask again.

Management: Can you repeat your question? I could not hear it clearly.

Kunal – Fair Value Capital: Sir, I am asking about normalized margins for {? Kyros ?}. What are they at the initial stage, and what would they be when {? Kyros ?} reaches a good level?

Management: You can believe that the normalized margin should also be around single digits at the moment. As it increases, I will update you over time. I will not say that it will cross double digits now, until I achieve something significant.

Kunal – Fair Value Capital: Yes, sir. Regarding the price hike, you also discussed the volume de-growth for both B2B and B2C in this quarter.

Management: Yes. The growth is almost similar. The B2C or B2B business showed slightly more growth in Q1, and in Q2, I think the B2B business is going to show slightly more growth than B2C. That is the status.

Kunal – Fair Value Capital: So, for Q1, the volume growth was similar?

Management: Volume growth did not come in during Q1. There was overall value growth, while volume growth was also a de-growth.

Kunal – Fair Value Capital: How much was that volume de-growth?

Management: The volume de-growth is about 13%. There is a small value growth of about 2%, which is visible in the Q1 results.

Kunal – Fair Value Capital: Okay, thank you very much, and have a good day.

Management: Okay, thank you.

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Operator: Thank you. Ladies and gentlemen, as a reminder, if you wish to ask a question, please press star and one on your touchtone telephone. Ladies and gentlemen, if you wish to ask a question, please press star and one on your touchtone telephone. The next question is from the line of Sonia Raghuvanshi from Nirmal Securities. Please go ahead.

Sonia Raghuvanshi – Nirmal Securities: Good evening. Thank you so much for taking my question. In the previous quarter, management expected herbicides to record healthy growth after the prior year's returns and pricing pressure. How did the herbicide portfolio perform in Q1, and what is the segment-wise revenue for Q1?

Management: The expectation of healthy growth in herbicides is still there. In Q1 also, we exceeded last year's sales for many products. Since the season was delayed, the growth will be registered in Q2.

Compared with last year, the majority of herbicides will definitely exceed last year's performance. However, we have not reached the figures that were our target figures for this year; that is certain.

Regarding segment-wise sales, I will ask the CFO to provide you with the exact breakdown of herbicide, insecticide, and fungicide sales.

Management: In the B2C segment, insecticides account for around 33%, herbicides account for around 59%, fungicides account for 5%, and PGR accounts for 3% in the first quarter. Thank you.

Sonia Raghuvanshi – Nirmal Securities: Okay, sir. My next question is: what revenue did Granuvia and Spino Ace generate during Q1, and what are management's revenue expectations from each product for FY27?

Management: Granuvia crossed approximately 5 crores in Q1. Spino Ace is just at the beginning. I think approximately 25 lakh was generated in Q1 because the launch took place around mid-June.

I believe Granuvia can reach approximately 20 crores this year, and Spino Ace can reach more than 10 crores. Together, both products can generate 30–35 crores in gross value this year. At the net level, 25% must be deducted from this amount, which means approximately 25 crores of net sales is possible from these 2 products.

Sonia Raghuvanshi – Nirmal Securities: Sir, just one final question. Management plans to approximately double the crop solution plots from the existing 36 plots. What is the exact FY27 target, the expected expenditure, and the measurable revenue opportunity associated with these plots?

Management: Regarding expenses, we were aware from the beginning that this was going to be a difficult season, so we have not increased the company's overall expense budget. We will try to manage with the existing budgets.

There will be expansion, as I mentioned in my speech, but we are working on controlling our expenses, particularly power and steam, which are the 2 major expenses. We are managing them in a controlled manner so that they do not increase.

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For this, we will use solar energy, wind energy, and solid fuel to control our expenses. We are on the verge of receiving that advantage by the end of this quarter. In the first half and the second half, we should be able to control expenses.

In other words, we will have more production with the same expenses. This is the target. This is how we will control expenses.

Our growth targets were very aggressive because this is the 25th year of the company, and we wanted it to grow in an exceptional manner. However, since we received a setback in the first quarter, I believe we will improve in Q2.

Let us see the Q2 performance, because the first half is very important for our company's performance. It contributes more than 60% of total sales. After that, we will review what type of growth will be possible this year, and we will definitely provide new targets.

Sonia Raghuvanshi – Nirmal Securities: Okay, sir. I understand. Thank you so much. That is all from my side. All the very best.

Operator: Thank you. The next question is from the line of Nivesh Verma from AKS Capital. Please go ahead.

Nivesh Verma – AKS Capital: Hello, am I audible?

Operator: Your voice is a bit distorted.

Nivesh Verma – AKS Capital: Hello, am I audible?

Management: We can hear you, but there is some disturbance. Your voice is still distorted.

Nivesh Verma – AKS Capital: Can you hear me now?

Management: Let me try. If I am able to understand you, I will reply.

Nivesh Verma – AKS Capital: Sure. I had 2 questions. First, you suggested that a working capital cycle of approximately 120 days could potentially be achieved in FY27. Hello?

Management: It was not very clear. [inaudible] What did you say there?

Operator: Sorry to interrupt, Mr. Nivesh. Please rejoin the queue when your voice is clear. Thank you. The next question is from the line of Pahal Sharma from DD Capital. Please go ahead.

Pahal Sharma – DD Capital: Hi, sir. Thank you for the opportunity. I have a couple of questions.

Management: Could you speak a little louder?

Pahal Sharma – DD Capital: Yes. My first question is: despite the revenue decline, gross margin expanded by 240 basis points to 31.6%. Could you break down this expansion between pricing, premium product mix, lower raw material cost inventory, backward integration, and other factors?

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Management: I just explained that there was a 13% decline in volume and a 2% rise in prices. This price increase could be due to the focus on specialty products, and you can also attribute some advantage to inventory.

However, the markets were highly volatile. Solvent and plastic prices—plastic meaning packaging, HDPE, and emulsifier components, among other things—fluctuated significantly during the quarter.

The variations were very high. For some solvents, prices doubled, and for many other items, it was difficult to know what the price would be. Today, someone would quote 100, and tomorrow they would quote 120 or 130.

There were such variations. Within that volatility, we bought what we could at the right prices and tried to manage the quarter, and we are still managing it. I believe the company's total turnover declined, which affected profit as well. We should be able to recover in Q2 with the stronger sales numbers expected after the August rains.

Pahal Sharma – DD Capital: Understood, sir. My next question is: what is the current utilization of Dahej, including the recently added capacity, and what incremental revenue can be supported before another major expansion is required?

Management: Dahej has very good potential. We are planning to change the product mix. We are separating the herbicide and insecticide plants, and that has already happened.

Approximately 50–60% of the equipment in the new plants we have constructed is being utilized. There is further expansion of power. We have taken a new power connection and started working on it. A new boiler is also being installed.

After the complete erection is finished, we will again receive some expansion advantage because we will be able to use the new expansion fully only once we also have the steam available. We are working on this, and it should help us achieve next year's targets and this year's targets in a better manner.

We are trying to add a few AIs, and there is also a backward integration component. We have identified the technical products for which we need to increase production, and we are working according to that strategy.

There is good potential for high growth. Let us see how the numbers develop because the season started with great difficulty and the overall situation was challenging. At this moment, it is difficult to give specific numbers, but the potential is good.

At least 200 crores could be added to the technical production component, and the formulation business will also provide good support. At this moment, I am not providing specific numbers, but as conditions become favorable and we obtain further details for next year, we will definitely provide the numbers for the next 2–3 years and the contribution expected from them.

Pahal Sharma – DD Capital: Understood, sir. Great. My last question is: could management quantify the expected asset turnover and return on capital from the Dahej and Sultanpur investments once utilization stabilizes?

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Management: We will provide that number as it develops. Overall, our strategy is to utilize the assets to their full potential and increase ROCE. Multiple levels of improvement are being pursued for this purpose.

We are working on improving working capital, increasing turnover from the current business, reducing trade days in the market, generating more cash, and working on strategic initiatives. Everything is focused on improving ROCE. That is my target, and it is something that I personally and the company will emphasize.

We are already working on this monthly. Now we are working to hold weekly meetings of the senior team members for this purpose. It will be a key focus of the company, I can say that.

We will definitely improve our performance because the large inventory that came in June is troubling us. We will see a substantial improvement specifically in this quarter.

Pahal Sharma – DD Capital: Understood, sir. Great. That is all from my side. Thank you so much.

Operator: Thank you. Ladies and gentlemen, as a reminder, if you wish to ask a question, please press star and one on your touchtone telephone. Ladies and gentlemen, as a reminder, if you wish to ask a question, please press star and one on your touchtone telephone. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing remarks.

Management: Again, I thank you very much for your interest. I can say that Q1 was focused on building the foundations, increasing business visibility, progressing strategic initiatives, and strengthening execution across multiple business levels.

Performance has been mixed, with some areas progressing well and some requiring sharper execution. Better visibility is now available on internal business drivers, areas of opportunity, and areas requiring corrective action. We are moving from initiatives to deliverable outputs. Thank you.

Management: ...comes {? in line ?}, and we are working on primary outcomes: revenue growth, gross margin improvement, profitability, cash generation, and better returns on capital. With this, again, thank you very much for participating in the investor call. Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.