ISO 9001, 14001 & OHSAS 18001
CERTIFIED COMPANY

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CIN : L65991DL1996PLC083909

insecticides (INDIA) LIMITED

Ref: IIL/SE/2026/0402/01
Dated: February 04, 2026

The Manager

Listing Compliance Department BSE Limited (Through BSE Listing Centre) **Scrip 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 Nine months ended December 31, 2025.

Pursuant to Regulation 30 read with Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the transcript of the Earnings Conference Call – Q3 & 9M of FY 2026 held in connection with the Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter and Nine Months ended December 31, 2025, on January 30, 2026, 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
Digitally signed by SANDEEP KUMAR
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(Sandeep Kumar)
Company Secretary & CCO

Encl: As above

"Insecticides (India) Limited

Q3 & 9M FY '26 Earnings Conference Call"

January 30, 2026

MANAGEMENT: **MR. RAJESH KUMAR AGGARWAL – MANAGING DIRECTOR – INSECTICIDES INDIA LIMITED**
MR. SANDEEP KUMAR AGGARWAL – CHIEF FINANCIAL OFFICER – INSECTICIDES INDIA LIMITED
MR. DEVENDRA KUMAR RAY – CHIEF OPERATING OFFICER – INSECTICIDES INDIA LIMITED
MR. DUSHYANT SOOD – CHIEF MARKETING OFFICER – INSECTICIDES INDIA LIMITED

MODERATOR: **MS. SEJAL – MUFG INTIME**

Moderator: Ladies and gentlemen, good day, and welcome to Insecticides (India) Limited Q3 FY '26 Earnings Conference Call hosted by MUFG Intime. 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 call is being recorded.

I now hand the conference over to Ms. Sejal from MUFG. Thank you, and over to you, ma'am.

Sejal: Thank you. Welcome to Q3 and 9 Months FY '26 Earnings Call of Insecticides (India) Limited. Today, on this call, we have with us Mr. Rajesh Kumar Aggarwal, Managing Director; Mr. Sandeep Aggarwal, Chief Financial Officer; Mr. Devendra 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, which are based on beliefs, opinions and expectations of the company as on date. These statements are not guarantee of future performance and involve risk and uncertainties, which are difficult to predict. A detailed disclaimer has been given in the company's investor presentation, which is uploaded on stock exchange.

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

Rajesh Aggarwal: Thank you. This is Rajesh Aggarwal, MD of the company. Good evening, everyone. Thank you for joining us for the Q3 Earnings Call of Insecticides (India) Limited. Q3 played out in challenging operating environment.

The quarter was marked by weak farmer activities, cautious channel behavior and weather issues, along with low incidence of pests. Despite these headwinds, IIL demonstrated resilience, delivering 8% growth driven by proactive market engagement and the strategic business decisions.

Let me briefly summarize Q3 performance of IIL. Demand conditions remain subdued and recovery being uneven across region and crops. Growth during the quarter was volume-led rather than value-led. In Q3, largely growth came from B2B segment which helped sustain growth momentum. B2C demand remained muted due to broader industry challenges.

Now I'd like to comment on margins and profitability. From a profitability standpoint, gross margins moderated due to: number one, higher B2B share; number two, pricing power remains limited in comparison with the higher base of last year, having 36% gross profit.

Next, EBITDA and PAT reflected the mixed impact of Q3 with higher finance and depreciation costs. Here, the very important lines, I would like to say, we maintained strict cost controls, capital discipline and working capital management. Liquidity remains comfortable and balance sheet strength continues to be a key focus area.

I would also like to discuss about the new products and the brand momentum. A key positive in this quarter was the strong traction from new project launches, SPARCLE, a broad-spectrum insecticide for brown planthopper control in rice was successfully launched, developed using advanced chemistry from Corteva, strong farmer acceptance supported by IIL distribution strength and brand credibility.

Other recent launches like Centran, Million, also witnessed encouraging farmer response and are building momentum. Established brands like Torry, Torry Super, Xplode have entered the next phase of volume expansion.

During the first 9 months, companies launched 5 new products, significantly strengthening the portfolio. The adoption of new age technology reflects the strength of our networks, field execution and farmer connect.

About the international business update, international markets showed early signs of recovery, though momentum remains gradual. We expect exports to stabilize first before contributing meaningfully to margins, which is more likely beyond the immediate quarters.

Coming to Q4, we expect Q4 to remain like Q3 with continued impact on margins on a higher base of last year. Key factors which impact the Q4 includes continued weak farmer sentiment, high dependence on generics-driven demand, sustained pricing pressure, -- higher reliance on B2B sales to achieve top line objectives. Given these conditions, gross margins are expected to remain under pressure and maintaining 35% level in H2 will be difficult.

Clear vision of Q4 to protect top line and market share. So we have a strategy, actions, action points. So we have selective aggression, not blanket discounting. Focused sales push on identified geographies, crops and accounts with faster conversion, avoiding margin-destructive broad-based discounts, B2B with margin guardrails, scale B2B volumes only where contribution margins are positive with strict pricing floors and order-wise profitability tracking.

Product mix steering as a feed actively pushed relatively higher margin SKUs, particularly the Maharatnas and the Focus Maharatnas within the generic basket, supported by micro incentive and weekly mix reviews. We will also work on inventory and working capital tight controls. Q4 is about controlled defense preparation and not short-term optimism. Priority remains in preserving long-term competitiveness.

Medium term outlook and FY '27 view. While near-term margins are under pressure, we want to clearly state, this is not a structural margin erosion. The current phase is driven by market conditions, product mix, tactical business decisions. We expect profitability improvement over the coming periods, supported by improved market sentiment, push towards specialty and branded products, operating leverage, benefits of investment made in brands, teams and systems, technological shift and market control measures undertaken by IIL in form of the apps like IIL Pariwar, IIL 360.

I would like to share the take aways again. IIL has given a resilient performance despite industry stress, delivered 8% growth in Q3 and 5% growth in nine months despite erratic rainfall and a muted spring season, reflecting a strong execution discipline. Demand recovery is gradually emerging, while near-term demand remains selective, stabilizing raw material prices and inventory levels improve visibility for a gradual recovery.

Clear growth revival road map is there, targeting a return of 8% to 10% sustainable growth over the next two to three years. Portfolio and the capacity alignment for growth. Portfolio gap filling across technicals and formulations, supported by capacity expansion at Dahej and Sotanala. So Dahej is expected to be operational by end of this fiscal and Sotanala formulation activities also will be started in next kharif, and I don't think we are going to miss these deadlines.

Shift towards higher quality growth, increasing focus on our Maharatnas, premiumization of technology-led products, supported by strategic global collaborations, including Corteva. So we can expect the new launches coming during the coming season and in the past fiscal or the current fiscal year, we have launched about 5 products. And then again, there is a visibility of launching another 5 products in the coming kharif season.

So the new launches, which were there in the past season, particularly SPARCLE, Centran, Million. They have all done very well. And as I told you, Torry, Torry Super, Izuki, Centran SC, a lot of products we are going in the next level or next phase of scale up. Exports are gaining traction with 180-plus registrations across 22 countries, that position the company for well-sustained export led growth. We have key agreements with Government of India signings, particularly the one signed with EU is also going to support in a better way.

For the B2C segment, deepening farmer connect and brand equity. A strong on-ground engagement through ICS Plots with the Tractor Brand strengthening via innovation led differentiated marketing. So I would like to highlight this. Number one, to market our products as Tractor Brand Pesticide and Tractor Brand enjoys a very good position in the market vis-a-vis the top leading brands.

And ICS Plots, what is ICS Plot? I have explained in the past also. The Integrated Crop Solutions. It has attained a very good success because here, we are demonstrating to the farmer, the ROI on the investments we make with the IIL solutions, that is that how much investment we are making vis-a-vis competition and what is the yield and ultimately how much they are earning more than the competition or what they are following their own practice.

So this is giving very good image to the company and the plan is to at least double whatever investment we are making in the ICS Plot and we are going to do it in a big way in the future, and I believe this is going to help us in brand building in various crops and providing the complete solution for various crops across the country.

So the next important point is disciplined capital allocation. Capex focused on capacity creation and maintenance aligned with medium-term growth priority will be the target and, of course, we will increase the capital efficiency and the organization revenue, ROCE and ROE up to 6% to 7% over three years is already visible as talent induction and organizational strength underway to support the next growth phase. The new formulation and technical plant is in full action at Dahej site. Its going to help us to improve our performance in FY '27.

So before I give it to the CFO for the results discussion, I would also like to give the concluding remarks about Q3 and Q4. Q3 and Q4 are about resilience and discipline. We have cautiously prioritized long-term franchise strength over short-term margin optics. IIL remains well positioned to emerge stronger as the cycle turns with sharper portfolio, deeper market reach and a stronger foundation for profitable growth.

Thank you for your continued trust. And now I hand over the line to the CFO to discuss the results.

Sandeep Aggarwal: So good evening, everyone. And welcome to the conference. I am pleased to present the company's performance for the 9 months ended FY '26 as compared to FY '25. Revenue from operation during the period has increased from INR1,641 crores in 9 months FY '25 to INR1,714 crores in FY '26, reflecting a growth of around 4%.

Gross profit has improved from INR509 crores to INR546 crores, showing a healthy growth of around 7%. EBITDA stood at INR201 crores in FY '26, 9 months and PAT stood at INR128 crores in 9 months FY '26 with growth remaining flattish. In 9 months FY '26 segment performance was well balanced with B2C contributing around 76%, B2B 20% and exports 4%. This demonstrates the steady diversification of our revenue stream with an increasing tilt towards B2C segment.

Within the B2C portfolio, premium products accounted for 59% and generic products 41% in first 9 months of FY '26. The premium segment has sustained its strong growth trajectory, further reinforcing our portfolio strength and positioning us firmly on track towards our strategic goal of premiumization. Alongside financial performance, we remain committed to sustainability and ESG initiatives also.

We are focused on optimizing resource usages, reducing our carbon footprint through energy-efficient manufacturing. I am pleased to share that 3 of our facilities in North India are already ZLD compliant, understanding our commitment to reasonable growth and long-term value creations.

Overall, 9 month FY '26 demonstrate resilience with revenue and gross profit growth, stable EBITDA and diversified segment mix. While PAT was impacted by financial costs, our long-term strategy remains strong, supported by both operational performances and sustainable initiatives.

Rajesh Aggarwal: Now we're happy to take your questions, please.

Moderator: The first question is from the line of Shubham Jain from Counter Cyclical.

Shubham Jain: So, I have a few questions. Sir, you have launched new products in FY '26. I think that's Altair and SPARCLE. What is the revenue contribution from these segments in Q3? And what is the guidance for the half a dozen launches planned for the remainder of 2026?

Rajesh Aggarwal: Altair and SPARCLE, Q3 there was some season remaining for SPARCLE, but not for Altair. Altair will have -- see some market in Q4 and SPARCLE also is going to see the market for Q4 because both are paddy-led products. Altair is used in the initial stages. So now the paddy sowing in the Eastern and Southern part of the country is going to take place and Altair will be used. And SPARCLE is going to see the demand in the later stages when BPH or brown planthopper comes after 60 to 75 days of the crop.

So, at that time, it will be used, so somewhere in March. So I see another sale of about INR10 crores coming from these two products in Q4. Q3, I don't have the exact number, but from these two products, I believe hardly INR2 crores to INR3 crores would have come.

Shubham Jain: Okay. And the rest of launches, we planned for 2026, what could be?

Rajesh Aggarwal: Launches are going to come in the kharif season, if I talk about the rest of launches, but the launches, which are done in FY '26 .I am going to get a sale again because various crops like pulses, vegetables, sugarcane, we are moving to maize targets,and the wheat sales is also going to start because it has rained in the entire North India and there was a cold wave.

As the cold wave settles in this week. So from next week, the sales should start, the insecticide and fungicide sales should start in the market, and we are waiting for the right time and right opportunity.

Shubham Jain: Okay. And sir, previously, we have targeted around double-digit growth through Maharatna segment, the premium one. Has the share of these products improved in Q3 to offset the volume loss from something that has been banned previously like Nuvan and Thimet. What's the split?

Rajesh Aggarwal: I appreciate your question. Nuvan and Thimet are old stories. We have already come out of it many years back. The new product, which is going to get banned is Monocil, This is the final year for that product. And that will also go, and that -- when it will go, the gross sales of the product will be around INR75 crores.

So you can say about INR 75 crore from that product. So that will be the additional loss, which is going to hit the company. But as you know, that Nuvan and Thimet when they went in the final year, the sales, the gross sale was roughly INR200 crores, and we never got a hit out of that. So even with Monocil gone, we are not going to get the hit because I've explained it many times that the generic molecule growth-isrelatively new generation generics takes a hit and as a strategy, we launch new products to take its place.

So we have already planned that there are going to be 5, 6 launches in the new season and we are going to start them in the kharif season. And apart from that, the launches which has happened in the previous year. The previous year again, not being a very good year, because I explained in the Q2 conference also that there was a lot of heavy goods return because of the bad weather condition.

So generally, these conditions do not repeat year after year. So FY '25 was bad, '26 is more difficult actually. So '27 should be a year of makeup, and we should show the resilience performance from Q1 itself.

That is my belief. And we are, I would say, cautiously I'm saying that we should start seeing the growth from Q1 itself with our products and their traction. So quite confident on that. But yes, the specialty products, the premium products are a little slow at the moment. Will build some momentum in Q4, which we will try to build up. But at this moment, the demand for generics is low.

Shubham Jain: Sir, and next question would be what's the current status of our fully automatic plant, the Sotanala.

Rajesh Aggarwal: Sotanala technical plant is going to take some time. It will take 1 more year. The target is to start it in 2027, not in '26. In '26 we will start the formulation facility, somewhere in the Q1 of '27.

Shubham Jain: And what would be our optimal utilization...

Rajesh Aggarwal: formulation will start in Q1 of '26 and the technical will start in '27.

Shubham Jain: Okay. And what could be our expected impact on the overhead manufacturing?

Rajesh Aggarwal: That will indicate actually with time. But there may be some shift of products, some changes. So at the moment, I have not worked out the impact, but I think we'll make up the impact because we are going to work on various new products and other things. So that should get compensated with the increased volumes, which the plant is going to make. So for the formulation, it won't be much impact.

But when it comes to technicals, technicals of course, will come with the cost. So when I do technical synthesis, then yes, my power bill and both my oil bill, they are going to increase. So the consumption, I can assume will be in the range of INR30 crores to INR40 crores per annum on these two accounts.

Subham Jain: Right sir. And can you provide some color on this raw material situation, how much could be impacted? And how are we able to...?

Rajesh Aggarwal: Raw material is more or less stable. So there was a decline, which was taking place in December. January has started showing some increase. But again, we cannot comment because what is happening is Chinese New Year is coming. So before the New Year, they have their own style of tantrums. So international situation is also disturbed and the currency is also in very poor shape. So overall, there will be a little increase, but that will be marginal. But more or less, I would say that the market is stabilized at the moment.

Moderator: The next question is from the line of Bharat Gupta from Fair Value Capital.

Bharat Gupta: Sir, a couple of questions. So can you just quantify like what would be the impact because of the pricing drop across our B2C and B2B categories? And how much volumes we have been able to grow in the quantitative terms across both the segments?

Rajesh Aggarwal: We'll give you the exact number. But as I told that the growth has been the volume-led growth. So in the B2B segment in particular, it will be about 15% roughly, B2B. And in the B2C segment, it might be about 3% to 4% growth. So yes, it is more volume led in this quarter.

Bharat Gupta: And sir, what would be the impact of the pricing in this quarter?

Rajesh Aggarwal: Pricing, since this is a low season actually, so the pricing is not impacted much. But then the discounted prices starts in Q4. So Q4 will have some initial offers of discount because like it's a cyclic business. So here, you have to show the advance schemes and offer some preseason discounts. And then the season is going to start in the month of May. So these 3 months, February, March and April, you have to pass on some benefits to the market.

And since the cost of currency is going up and some expectation in the price rise and some other things, so I would say generally 5% to 6% is the type of discount, which is considered during this quarter. So let's see where the market went as the demand starts. So I believe that somewhere about 5% to 6% discount only will come, not more than that because at the other point, the cost has also gone up by about 2% or 3%. So broadly, this will be the market situation expected.

Bharat Gupta: Sir, I hope there won't be any sales return, which we have witnessed during this quarter?

Rajesh Aggarwal: It has already happened. So now it's nothing major, it is all minor.

Bharat Gupta: How much of the sales returns would have come in this quarter?

Rajesh Aggarwal: This quarter number I will just give you. INR50 crores is the number what we have received in this quarter, making the total good return to roughly around INR200 crores.

Bharat Gupta: Is it in line with the industry? Or sir, our sales return would have been higher than what the industry levels would have been?

Rajesh Aggarwal: Should be in line with the industry. But I understand that it is our highest good return, which we have received in a single year. So it has increased over 2 years, it has doubled from last year. It has gone up by about 30% to 40%, I believe. So it's the very high good return, what we have received from IIL standards.

Bharat Gupta: So primarily, it is just because of the higher inventory out there in the system, sir, or by the competitors who primarily -- we are facing the heat because of this competitive intensity?

Rajesh Aggarwal: It's nothing like that IIL is facing the heat. That was the market situation because we had focused a lot on herbicides. The entire herbicide market got a hit during the peak season of spring. And after that, the insecticide market also got some hit. So due to that, there were good return for the particular herbicides and insecticides. So that we had to take that off the market.

Bharat Gupta: And also, sir, there have been talks in the industry about the higher agrochemical production, which is taking place across the Chinese market. So what's your take on it? And primarily Chinese New Year is coming, but with your industry knowledge, how do you read the situation currently? You mentioned that raw material situation is on a stabilization mode. So what's your expectations with regard to the next Kharif season as well?

Rajesh Aggarwal: Like we have to plan the season in advance. As we approach near the season, because in our industry cycle, the price keeps on increasing. So we have already made our buying -- most buying by December. So by December, we have procured the product for the next 4, 5 months. So those agreements we have already signed in anticipation that the price starts going up.

So there will be one increase, which is expected immediately after the Chinese New Year. One increase will come in the month of March when we go for the exhibition. And then in April, May, again, there are chances of the prices going up. So that is the normal trend. But if the market fails and there is very poor rainfall situation, then only the prices remain same or they come down.

So the prices are already near the bottom. So further deterioration is not expected because many of the prices are all-time low. I can vouch almost 2 decades. So more than 2 decades, the prices for many products are the lowest. So chances of further decline from here is very minimal.

So that's why I'm saying the market is stabilized and already some signals of prices going up because our currency is going down, Chinese currency has gone up. So there are signals and in many products we are receiving higher cost, 3% to 5% type of increase is visible from China at the current moment, but it can be temporary. It can continue for next 1 month or 1.5 months. So we have to see.

Bharat Gupta: And sir, because Kaeros is something which we have been coming up with respect to procurement of raw materials, primarily from Chinese market I think. So do you think that will synergistically play out for us in case if there is further hike. And I just wanted to check how Kaeros has performed during these last 9 months?

Rajesh Aggarwal: For Kaeros, this is the establishing phase. So we have backed some registrations and small purchases we have started. So some transition from China has already started and some are in process. So it's taking some time because the registration in India also takes some time and documents coming from China takes some time. So we have started with 3, 4 products. And in these 3, 4 products, IIL definitely is going to get the advantage instead of purchasing from the competition as we purchase from our own company the profit remains in-house. So the sales so far in 9 months is roughly about INR90 crores. 3 months, I don't have the number handy, it will be somewhere in the range of INR15 crores, INR20 crores.

Bharat Gupta: INR15 crores, INR20 crores. For the full year, I think we were somewhere targeting INR100 crores plus. So that remains on track...

Rajesh Aggarwal: We'll touch that INR100 crores number because already INR89 crores is done.

Bharat Gupta: Sir, also with respect to the export side, so I think we have been trying to set up or penetrate the Latin America as well as the Australian market. So what's your take on it, like are we price competitive? And that's why we have been able to take the market share from them? What's the strategy out there across most of the markets overseas?

Rajesh Aggarwal: Strategy is very, very simple. The strategy is registration. We register our products and we enter with the registered products into those markets. We are going to sign with the good customers who can afford a little higher price for the quality. So that will be the vision so that we don't hit our profitability. So in LatAm, the business has already started in a small way, and there will be some consignment which will be going during this fiscal itself.

And next year will be the deciding year, how big response we get. It depends on the first few consignments, which goes to those markets. Australia, the registration is not done yet. We are working. We are in the final stages of the registration. As we get the registration the business will start.

Bharat Gupta: In terms of the overall revenue pie, so somewhere we were targeting INR150 crores, I think, for this fiscal year. Probably we are sticking to it or there is a downward revision on the numbers?

Rajesh Aggarwal: In the International business segment,– It looks like we will be crossing last year. But I mean achieving INR150 crores is not possible because so far, we are plus of last year, but the gain is not much.

Bharat Gupta: Like with respect to Chinese players, sir, somewhat our pricing remains similar? Or like how much does the Dahej backward integration is likely to benefit us going forward?

Rajesh Aggarwal: Backward integration, we are going to do for the specialist products and not for everything. So the target of backward integration will be only for the products where we are able to compete well and the products which are well settled or where we can have the price or cost advantage. So all the investment decisions are based on ROCE and ROE decisions. Wherever we get the profitability there only we will do the backward integration.

Otherwise, we are also seeing the opportunities to get the smaller activities outsourced where we think that making the investment is making not much business sense. So these days, we have become very, very cautious. And you'll see that in our results also. So cautiously, we'll work in these markets and we'll try to improve the profitability for the financial year.

Moderator: The next question is from the line of Praneeth, an Investor.

Praneeth: So I was wondering in terms of the competitiveness, was it specific to few states? Or was it more a broad-based PAN-India situation?

Rajesh Aggarwal: No, it's nothing like that we are losing our market share. The market has come down by 2% to 3%. That is the industry estimate. In that scenario, we have grown by 8%. So overall, the performance of IIL has been resilient. But yes we had to do a strong work like the team was ignited and they were working day and night for this performance.

So a little difficult market situation that has impacted. So the company brand image, it is getting good. The products, the new products which are being launched they are getting very good results. Overall traction is good. But this is all due to the market situation. You will see the change coming from Q1 itself.

Praneeth: So we are pricing our product competitively so that we can gain more market share. Is that a fair understanding?

Rajesh Aggarwal: I didn't say that because when you are working with the premium product there is no competition. You have to price your product in your own way depending on how much you can expect from the market. So we are not reducing the prices to get the market share. I told that we are going to be very cautious approach where, we will select the markets, we'll select the product.

And we might give certain cash discounts to the parties who take those or who are better pay masters, but we will not pass on very big sales scheme so that the profitability remains intact.

Praneeth: Understood. And in terms of the sales returns, do we expect this to be the new normal? Or how do you expect going forward? Because you also mentioned that the sales return is double what we had last year and a much higher compared to the past?

Rajesh Aggarwal: One-off situation which has taken place. We are trying to rework our strategy, how we have to place the products in the market, what commitments do we need to take from the wholesaler or distributors and how do we need to talk to our team so that they are more particular with whatever is the market situation.

If somebody has taken the material he has to own that material. So we are working out our strategy. That's how we have to go more stronger in the markets with the tighter credit limits at one place and also the tighter credit periods. So we'll try to get the investment from the network and we will be very particular that this situation don't get repeated.

Praneeth: So is there any cost associated with the returns in terms of product wastage or anything or is it just the fact that we get the product back?

Rajesh Aggarwal: The interest cost is the biggest loss. But yes, sometimes the product has to be reformulated. There are certain cases where it has to be done, then it is a loss. But since the material was all new material, which went to the market and came back. So I don't see any other losses coming out of it, but yes you have to keep it in the godown, you have to keep large godowns for that and then there is a replacement in the market. So that type of transportation loss, interest would be there.

Praneeth: So the return product we got. So how long did it stay in the channel? after how many days do they return the product back to us?

Rajesh Aggarwal: It depends on the season, it depends on the seasonal condition. If the product is used between 30 days to 60 days of a crop cycle. Then after the crop achieves 75 days, 90 days, the product has to be taken back. If it remains in the market, it is of no use. So the stock return do not mean that it will used after 1 year.

There are many things which are used in next 3 months itself, something will be used in 4 months, 6 months and something will also be there for certain cases, very few which are used after full year, particularly for the crops or the products, which do not have any other option. So such products are only herbicides or specialty products like cotton, like soybean which do not have the immediate requirement. But the rest of the products will see the selling season. So the goods return which came in the Q1 most of it will be used in Q2.

Praneeth: Understood. and in terms of the push for generics, is it a conscious decision we took or is the fact that , that's the requirement at this point of time?

Rajesh Aggarwal: That's a conscious decision that we wish to study the premium business in the market. We have already crossed 60% of the premium business. When I say premium business it is the new generation of generics, the mixture or the products of our partners, which are relatively new generation products. So we are working hard on it. We have achieved 60%.

Our vision for this year was to achieve 64% to 65%. We have not grown in this segment and that is pinching me very much because the midterm target is to achieve 70% out of these premium products. So it is the company's conscious decision that wherever the margins are low in whichever SKUs the margins are not working out. So we are slowly moving out or reducing the quantities of those products and trying to build the brand image for the product with better contribution. So that we can build a better value for the stakeholders.

Praneeth: Got it. So in terms of generics, you're just cutting down the tail, so you can improve the overall profitability of that particular business. So is there an ideal proportion the management wants in terms of the premium versus non-premium?

Rajesh Aggarwal: So when I'm saying this, I'm not reducing the value of the generics. I am increasing the value of the specialty. So I'm keeping the same number of generics intact and I am increasing the value of the specialty. So the entire growth in the vision of the company has to come from the specialty.

We are working for the specialty because I believe the specialty products, which are Focus Maharatna then Maharatnas, they are the engines of the company and the followers will follow. So in certain cases, there might be some 5%, 7%, 8% increase in generics. Otherwise, we are in the tail cutting.

So the number of products also that way we are trying to reduce so that we are in the range of about 100 plus minus products. In my list, you will find 25 more products, but they are ineffective. The total contribution is about 2% to 3% from this sale of '25 products and we are continuously cutting down this.

Praneeth: Understood. Got it. and one more question is regarding the receivables and overall inventory. So during the quarter how were our receivables because our finance cost was higher than last year. So could you give us some light on why exactly is it higher?

Rajesh Aggarwal: We have been a zero debt company since last 2 years. This year, yes, we have utilized about INR200 crores of the bank. so there is visible some finance cost in there, which is coming. And it is also coming due to the currency change because the currency is increasing continuously. So we had to book the currency in advance.

So booking cost is there. And in certain cases we have also lost because this gain or this rise has come very, very fast. So these types of losses are there. But this INR200 crores, we have already brought down to INR150 crores and I'm quite confident that by the end of this quarter, will minimalize it.

Praneeth: Understood.

Rajesh Aggarwal: Overall, collections are good in comparison to last year, the sales is almost at par with the last year. The collections are also almost at par with the last year.

Praneeth: So basically, the extra finance cost was as a result of the reason of booking currency before and the sales return which were not converted into cash. Is that a fair understanding?

Rajesh Aggarwal: Yes. So that increased the inventory level and we paid to our creditors. So you'll find the creditor, the creditors are again very low because we have already paid them.

Praneeth: Understood. And in terms of the technical side, so basically the market has not been great. So as a result the raw material also has not been great . So -- but looking in terms of supply, is it just because there was no sale the supply is higher as a result the prices are lower or is the fact that there's a lot of increase in supply in technical also in the market?

Rajesh Aggarwal: Actually, it is a matter of strategy. What we do is every year, we introduce 4 to 5 new technicals and we try to push them in the market. So our collection strategy is very, very simple that wherever we can make a difference. I mean to say wherever we can make extra profit by doing the backward integration. Wherever by introduction of the molecule, wherever we see that, we can beat China, we can beat other Indian competition, then we launch that product.

And wherever the prices or the profitability is shrinking, we drop that product. So we are very, very fast in the decision making. That every year, we introduce certain new AI and take it to the market.

So that gesture is very much appreciated by the industry, and there are many large partners, which work with us because we only do the institutional business with very selective companies, hardly 2 dozen, and we share our products with them. And the business is continuously growing and I think we spoke to these people because of our continued launches of the demand products. So that has helped in our B2B business as well.

Praneeth: That was great. I understand our strategy of technicals is wherever the opportunity lies. We will go ahead and backward integrate and get the margin. I got that part. I was more talking in the sense of the market?

So have you seen an increase in technical capacity that has been building up in the country or imports increasing as a proportion or the quantity of imports increasing into the country because of lack of demand or whatnot? I was just trying to understand the overall amount of supply that exists and the amount of capacity that exists for technicals at this point of time that is impacting the price?

Rajesh Aggarwal: It is true that people are building the capacity. But again, the capacities are not officially known, and generally people build multipurpose plants, what they manufacture is not known. The import numbers also take some time to come. So I don't have the exact data that how much is the increase which has happened in the last fiscal or there has been a decrease.

So getting that data will take some time. I would say the market is more or less stable. This year, the imports were low because market sentiments were very low initially. Butsome people would have done.

So difficult to comment on the industry in totality. But as I told you that the industry also had a fall -- expected to have a fall of about 2%, 3% overall. So this is not a positive year. When the year is not positive, the imports also get reduced. That much I can say as of now.

Praneeth: Understood. Got it. So -- and just one more question regarding building up technical capacity. So I understand that when the opportunity comes, you are making a consideration to expand that particular technical capacity. How long does it take one to make a decision to build up that capacity?

Rajesh Aggarwal: It takes 2 to 3 years to build the plant because first we have to strategize, then you have to take the permissions. And after the permissions are received, you start with the civil work and then you start with the final placement of plants. So everything takes time. Generally 3 years is an accepted norm in our industry.

Praneeth: But let's say, - I'm talking about more the product range. Since I understand it was the first time when you build up the technical plant, it will take time, for the 3 years. I was talking about in terms of expanding the product range, let's say, instead of manufacturing 10 technicals for the 11th one, how long will it take you?

Rajesh Aggarwal: You have a kitchen, but in the kitchen, if you have to change the utensils. So then it takes time. So it is the same case with the plant. So do you need more utilities, different utilities. Do you need to change the pipeline or something, it depends.

Sometimes we are able to adjust the product in the same plant, what we have, in the same line. Sometimes it won't get adjusted. Sometimes we have to break 2 products and make 1 product pipeline. So it depends.

So sometimes we go as fast as converting one new product in 1 month itself because the R&D has already scaled up the product and they are made in the pilot, the piloting is complete, and it gets easier. Sometimes it takes 2 to 3 months and sometimes even more it can take. It depends.

Praneeth: Understood. Got it. And in terms of the pricing of the technicals as versus the imports, lowest-priced imports, let's say, China, what will be the difference in terms of cost of production?

Rajesh Aggarwal: There is no defined formula. Generally, Chinese are cheaper by 5%, you can say, is considered okay. In many cases, where you backward integrate or you do something special, you can be cheaper by 5% to 10%, quarter-to-quarter.

Praneeth: Got it. And one last question regarding your guidance. You mentioned that for the next 2 to 3 years, you expect around the 10% growth mark. So is there a reason for the muted like, let's say, lower growth numbers? Or -- what is the strategy behind that? Is it because of the tail cutting? Could you shed some more light on to it?

Rajesh Aggarwal: No, the tail cutting will have an impact, but it's a cautious decision that we have taken. So we are going to make up. I don't want to give aggressive figures because the last 2 years performance has been very, very slow. So I want to give reasonable numbers and perform better. So we are looking for the opportunity as we get the opportunity, the performance improves...

Praneeth: Got it. And in terms of margins, do we...

Moderator: Sorry to interrupt, Mr. Praneeth, may we request you to join the question queue.

Rajesh Aggarwal: Margins, yes, just reply this margin thing. So margin is definitely going to be better than the top line growth. That is something I always say and continue with that.

Moderator: The next question is from the line of Rahil from Sapphire Capital.

Rahil: Yes. So actually, my question was on the same lines. What kind of margin expectations do you have now going ahead in quarter 4? And then you say better than top line growth, but then can you state any numbers you'd like to associate with it?

Rajesh Aggarwal: I'll not give any numbers, but generally, ours is a cyclic business. So we have 65% business in first half and 35% business will be remaining. So when I say quarter-by-quarter, I say 30-30, 20-20. We expect to get what we get in quarter 4. So 60-40 or 65-35 depends on the situation, how the rainfall is, how is the overall sentiment, what is the flood situation? What is the drought situation? So many factors govern this situation. So again, this quarter, Q4 is a muted quarter for us with, say, about 20% plus/minus type of sales.

So we cannot expect -- I already told that the H1 was 36% gross margin. So since the impact of the depreciation, the finance cost and other cost is going to be there. So I cannot say that we'll match the same margins in Q4 also. So that's why I said that there will be some muted profitability in Q4. But again, we'll show the sign of recovery in Q1 itself of 2027 because that will be a big quarter.

Rahil: Given the current market sentiment and your positioning, FY '27 will be a good year overall.

Rajesh Aggarwal: Your voice was a little slow. FY '26 was not a good year at all. It was a...

Rahil: No, no, I'm saying FY '27 will be one.

Rajesh Aggarwal: Yes, I can say cautiously that it should be a good year.

Rahil: Okay sir. Thank you sir. All the best.

Rajesh Aggarwal: And already, like this is a difficult year also. The growth of IIL has been about 2x of the industry average, just to inform you about this.

Moderator: The next question is from the line of Kunal from FVC.

Kunal: Okay. My first question is on your EBITDA margins, they have been flat Y-o-Y for the first 9 months. Earlier, you're planning to achieve a 15% plus growth in EBITDA for the full year. how is your guidance being adjusted for the full year now?

Rajesh Aggarwal: The full year is going to show a double-digit margin. So the target for this year was to have a double-digit margin. We crossed 12%. Now we are at 11.8%. So there will be some decline for sure. How much it is difficult to say now. But of course, we'll be landing with double-digit margins. I still mentioned that.

Kunal: Okay, sir. And can you provide some updates on new product launches for the next year for the future?

Rajesh Aggarwal: As the time comes, we'll inform you but there will be at least 5 launches in Q1 itself.

Kunal: Will most of these be either 9(3) products?

Rajesh Aggarwal: There will be one 9(3) product, and there will be 2 exclusive products from the large companies. So out of 5, 3 will be exclusive products, 2 might be generic.

Kunal: Okay. And just an industry level question, sir, do you perceive a threat from hybrid seeds gaining ground and reducing the need for agrochemicals?

Rajesh Aggarwal: No technology is a threat to anything. I'll give a simple example. You buy a INR10 pen from market, you keep in your pocket and roam around. And you forget it somewhere, you lose it and you are not bothered. Now you buy a good pen, say Montblanc. You will always remember to keep in your pocket, you will protect it. You will keep an extra effort to protect that. It is the same way.

If the farmer is getting the seeds for free, when I say for free, because it is coming from his own field, then there is zero value. For the effort of the farmer, zero value. For the effort of his family, zero value. So he will not count the cost on that. So the zeal to protect is not there.

But if he's paying INR1,000 or INR2,000 or INR5,000 per acre, then to protect that, he's going to spend money. So these hybrid seeds in any form are going to increase the market for crop protection products, not to decrease. They might be having the resistance for one pest variety or they might be having the resistance for the herbicide or a disease.

But for other things, there will be more demand, more demand for fertilizer when I say fertilizer, it can be the CGR, it can be the biostimulant. There will be more demand for other things. So if you are investing something, then definitely, your protection zeal is there. So already the example of cotton is there, the number of sprays have gone down, but the value of spray has gone up. Farmer has accepted high-priced products for every spray.

And I have already given the examples like group 30 compounds selling at INR2,000 to the farmer per acre and very good acceptance across the country. Similarly, the herbicides, these days are launching in the range of INR1,000 to INR2,000 per acre. There are certain examples launched by the large companies which are even higher than these prices and things are being accepted.

So this means that farmer is wanting to see the result from the solution and the advantage he gets in his pocket and not the other thing. So if he is shifting from a generic product to a specialty, even if it is a seed, this means the information available to him is going up. And when he is investing from his pocket, definitely, he will invest more to protect that investment. This is my take on this.

Kunal: Thank you for an insightful take, sir. Just a clarification of what you answered before. Will the new project launches be in Focus Maharatna category?

Rajesh Aggarwal: Like Focus Maharatna, I bring the product only when it achieves the target of INR35 crores. So there might be possibility that one launch might hit the Focus Maharatna this year itself. One product might hit the Focus Maharatna in the next year. So there will be at least 3 launches in the Maharatna segment. I will not put them in Focus Maharatna immediately, but one product is expected to be in the Focus Maharatna range because we are very, very confident with that.

Kunal: Okay. So at least 2 are expected to be here and the 2 in the next 2 years. Okay. And sir, just a clarification on EBITDA. You mentioned achieving a low double-digit EBITDA margin. That translates into a flat absolute EBITDA for the full year, doesn't it?

Rajesh Aggarwal: Might be, might be a temporary situation, but the EBITDA ultimately is going to increase. If you'll see the most, we are continuously trying to rationalize the business. So we are continuously working to freezing the non-essential capex, improving the working capital efficiency. So with these measures, I believe that we should improve the profitability of the company, and that should help.

And we are focusing around specific things, the better quality products, the better products, which can derive better margins from the market. So it's a continued focus of the company and it will be all the more focus in this next fiscal because we have already got a hit in this year. So we'll be -- I already told that especially targeting the crops, the geography, the network, we are tightening the credit limit. So everywhere, we'll be focusing that how we can make our performance or improve our performance.

Moderator: The next question is from the line of Rajat from iThought PMS.

Rajat: Sir, just one small observation from the presentation that we put up every quarter. So we used to put up a slide with freshness index. We have stopped doing that from the last 2, 3 quarters. Any particular reason for that? Or if I can request you, it will be great if you can start putting that up again?

Rajesh Aggarwal: Yes, it is pointed out, we'll do that. Since this was a flattish performance actually in this year. So we might not have put it. So I've not seen it. But as you have told. So I'll make it particular that we put it for the whole year, and we'll continue that practice because it's been appreciated by the market. We will do that.

Moderator: Thank you. Due to time constraints, that was the last question. I now hand the conference over to the management for the closing comments. Over to you, sir.

Rajesh Aggarwal: Thank you very much for the active participation and keeping your interest with Insecticides India Limited. I'll assure you that the long-term performance from the company and even the midterm performance is going to be good. This year is a muted year in particularly in the H2. It should not be taken as our continued performance. Our performance will be resilient and the results will be visible in the next quarter. Thank you very much.

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