Insecticides India

Operator: Good afternoon, everyone. This is the second day of the Bharat Connect Conference 2026 September edition. I welcome you all to the call of Insecticides (India) Ltd. Today, from management, we have Mr. Sandeep Agarwal, who is the CFO of the company. Before I hand over the call to management, I will explain the flow of the event. We will start with opening remarks by management and then move on to the Q&A round. Any participant who would like to ask a question can raise their hand or put the question in the chat box. First, we will take questions from participants who have raised their hands and then move on to the chat box. If time permits, we will take the questions I have received from clients who were unable to participate. I now hand over the call to Mr. Sandeep. Over to you, sir.

Sandeep Agarwal – CFO: Thank you. Good afternoon, everyone. On behalf of Insecticides (India) Ltd., I welcome all of you. As you know, Q2 is almost coming to an end, and this year has been quite challenging for the agrochemical industry due to the monsoon. However, after degrowth in Q1, the industry is seeing a comparable quarter, with some growth or without degrowth, you could say.

In Insecticides (India) Ltd. also, we are hoping that Q2, on a year-on-year basis, will be on the positive side. For the full year, because of the cyclone and the significant rainfall, we are hoping that the second half will have a good impact on the industry. Hopefully, in the second half, the industry will be able to make up for the losses incurred in the first half due to the poor monsoon. This is our thought process, and I think we can now move on to the question-and-answer session.

Operator: Thank you. We can now move on to the Q&A. The first question is from Praneet. Please go ahead.

Praneet: We mentioned major capex that we wanted to undertake. Could you explain why it was required at this point? Are our existing capacities fully utilized, or are we undertaking growth capex in anticipation of further growth?

Sandeep Agarwal – CFO: Good question, Praneet. We cannot say that the existing capacity is fully utilized because we have just completed our expansion at Dahej, and the capacities at Dahej are now scaling up. In the coming year, the capacities at Dahej will be fully utilized. Our formulation capacities are already fully utilized.

The reason we are undertaking further capex at Sotanala is that we are doing a lot of R&D. We are coming out with new products through reverse engineering on the technical side, and we are also developing new combination products with our partners, such as Corteva and Nissan. Therefore, we need a separate plant for insecticide products, separate lines for fungicide products, and separate lines for herbicide products. A lot of products are in our pipeline, so we feel that we need one more plant for the future. That is why we are expanding at Sotanala.

The expansion will be carried out in 2 phases. First, we will start only with the formulation plants. After commencing production at the formulation plant, we will set up a technical plant at Sotanala.

Praneet: Understood, sir. Will all of this be focused on insecticides, or will it also include herbicides?

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Sandeep Agarwal – CFO: No, we are dividing our plants into 3 different areas. One will take care of insecticides, one will take care of herbicides, and one will take care of other products. It is not that we will produce only insecticides there. We are going to produce insecticides at Chopanki, and herbicides and other products at Sotanala.

Praneet: Why did we choose Sotanala as the location? Was it strategic in some way, or was it simply because we received better incentives or already had land there?

Sandeep Agarwal – CFO: We had purchased land there; we did not already own land there. Rajasthan government incentives are definitely available, but incentives are also available at Dahej. Dahej is far away from us, whereas Sotanala is close to our Chopanki plant. Therefore, it is easy to go there in the morning, take care of both plants, and return in the evening.

It is also a nearby strategic location. Another factor is that there are many large plants at Dahej, so staff turnover is very high there compared with Rajasthan. That is why we have chosen this area of Rajasthan for the expansion.

Praneet: But if that is the case, would the opposite not also be true? Since there are no plants already there, would it be difficult to obtain labor, or will that not be an issue?

Sandeep Agarwal – CFO: No, that will not be an issue.

Praneet: Understood, sir. You mentioned R&D. You expect more products to be launched, so you need capacity for that. In terms of R&D, is it mostly for insecticides, or is it being done with our international partners?

Sandeep Agarwal – CFO: It is a mix of both. We are doing R&D with our partners on combination products. We are developing combination products with Nissan, combination products with Corteva, and our own combination products as well. We are also doing reverse engineering for technical products. That is why we need new lines to formulate new products.

Praneet: Understood, sir. Just one last question regarding a clarification. With Corteva or Nissan, do we basically import the material, package it, and brand it here, or do we also carry out the formulation here?

Sandeep Agarwal – CFO: We carry out the formulation here, but we do not import directly from Japan. Japan has manufacturing partners in India, and they supply those products from India. One or two products are supplied directly from Japan, such as Shinwa. They give us the product in bulk, we pack it in India, and then we sell it.

Praneet: So basically, we are receiving the product and trading it from a manufacturing partner in India.

Sandeep Agarwal – CFO: Yes, you can say that it is trading.

Praneet: Understood, sir. Are we an exclusive partner for these companies, or do they have other partners with similar partnerships for the same products?

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Sandeep Agarwal – CFO: We cannot say that we are the exclusive partner. For Shinwa, they have one more partner, Godrej. Nissan's strategy is that they generally try to have one partner. They give you targets, and if you are able to meet those targets every year, they will continue with you. If you do not meet the targets, they will look to appoint another partner because they have to achieve their targets. If you are able to meet your targets, they will not add partners; otherwise, they will add partners.

Praneet: Did Godrej come after us or before us?

Sandeep Agarwal – CFO: Godrej got it before us. You could say that we got it almost in parallel, but we got it 6 months after Godrej.

Praneet: Understood, sir. Were they unable to meet their targets, as a result of which we were appointed, or did Nissan strategically want 2 partners?

Sandeep Agarwal – CFO: In the case of Shinwa, we obtained the registration for the product, and because of that obligation, they gave it to us as well.

Praneet: Understood, sir. You mentioned that there is already a partner manufacturing the products for Nissan and these other companies. Why can we not also backward-integrate and partner with them to manufacture the chemical in its technical or formulation form? Is that not possible?

Sandeep Agarwal – CFO: Nissan's strategy is that they generally choose different partners for manufacturing and selling. They generally do not give both activities to a single partner.

Praneet: Understood, sir. Since that is their strategy and they want to split the activities, we probably need to choose between the 2, and we chose this option.

Sandeep Agarwal – CFO: Yes.

Praneet: Is that partnership only with Nissan, or are Corteva, OAT, and all the others similar?

Sandeep Agarwal – CFO: At present, you could say it is similar. However, with OAT, we also have a different partnership in the R&D sector. In the product line, the partnership is on the same basis.

Praneet: We mentioned that we had something in the pipeline with OAT that was close to commercialization under the R&D partnership. Has it already been commercialized, or will it take more time?

Sandeep Agarwal – CFO: It will take more time because the Japanese companies are quite slow in obtaining registrations across the world. We have already completed all the work for India, but they are doing it for other parts of the world because they are the partner for those territories. We will jointly launch the product.

They are working on data generation. I do not know exactly how much time they will take, but we are hoping that they will take another year.

Praneet: So we do not expect to commercialize that product within the next year, correct?

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Sandeep Agarwal – CFO: Yes, you are right.

Praneet: Understood, sir. Regarding our international partnerships, as I understand it, our value addition here is distribution and not much more. How will returns work? If we receive these products and they do not sell, can we return them to these companies, or will we have to retain them?

Sandeep Agarwal – CFO: We cannot return them to the companies. We either have to sell them or retain them ourselves.

Praneet: Understood, sir. So if we receive returns in this case, it will be—

Sandeep Agarwal – CFO: Yes, it will be our responsibility as well.

Praneet: Understood, sir. Compared with our own Tractor brand and Nissan, what would the margin difference be between the international brands and our own brand?

Sandeep Agarwal – CFO: First, we cannot have the same product under 2 different brands. If I am selling a product from Nissan, I will sell it under their brand only. I will not sell that chemical under my brand, nor will I manufacture that chemical. Therefore, it is very clear that there is no competition between their brand and my brand.

Praneet: Understood, sir. But would it sometimes be in our interest to discontinue a product with Nissan and launch our own product, since we have already built the distribution for it, or does it not work that way?

Sandeep Agarwal – CFO: No, it does not work that way.

Praneet: Understood, sir. Regarding our product range, I understand that we do not try to create cannibalization between different brands. What range of chemicals or products do we already cover, and how much more is left to cover? If we combine all insecticides and pesticides as a category, what percentage of the chemicals are already covered by us, and what percentage is yet to be covered?

Sandeep Agarwal – CFO: I do not understand your question. What exactly are you asking?

Praneet: I was trying to understand that pesticides as a category are very large and we probably cover only a portion of it. Within that portion, if we consider 100%, what portion do we cover? We may not have all the chemicals in the category. I was trying to understand what percentage of the chemicals used today are in our portfolio.

Sandeep Agarwal – CFO: Practically, we have to look at the crops, not the chemicals. For a particular crop or pest, there can be 10 different types of chemicals. We have to see whether we are present across all types of crops and all types of pests.

If we are not present for a particular pest, we have to work on that pest. Whatever molecule is available in the market, or if we are not available in that particular segment, we have to obtain it from our partners. That is the area in which we are working.

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If we are present across all crops and all pests, then, from a chemical perspective, I would say we are 100% covered. However, there can be many more chemicals because, for a particular crop or pest, there can be 2-3 or 4-5 different types of chemicals.

Management: Because they work in the same field. Therefore, it is difficult to give a chemical-wise assessment, but we are present across all crops and most pests.

Praneet: Understood, sir. I wanted to understand the update regarding Kairos and Doctor Dada. How are both of them performing today?

Sandeep: They are performing well. I think we will cross 100 crores in total turnover in Kairos in the first year itself.

Praneet: And Doctor Dada—what would that be?

Sandeep: Doctor Dada is the brand name of Kairos. We are including it in the business.

Praneet: Understood, sir. This year, I assume that adding distributors will be a continuous effort. Did we make any incremental additions this year, and how is it progressing? Is it as expected, or is it weaker than expected in terms of adding new distributors?

Sandeep: Adding new distributors is not a specific area that we focus on. There are 2 questions: first, why would the number of distributors increase, and second, why would we increase it?

If we have had a distributor for the last 30-40 years, we generally do not change that distributor. However, if the new generation of a distributor does not want to continue, we open that area. Instead of having one distributor who has been working with us for the last 20-25 years, we may open that area to more than one distributor, sometimes more than 10-15 distributors in that particular area. That is one reason why the number of distributors may increase.

The second reason is that when we launch products from our partners, new products, or some 9(3) products, we have to appoint new distributors in new territories as well. An existing distributor will sell according to their capacity. We have to assess how much risk we can take with a particular distributor. That is another reason for increasing the number of distributors.

Generally, apart from these 2 reasons, we do not increase the number of distributors.

Praneet: Understood, sir. So the number of distributors is likely to remain relatively stable. Regarding retailers, we do not directly have any product offtake with retailers, correct? It is only through distributors.

Sandeep: It depends on the area. Generally, we operate through distributors, but in states in the South, where there is a high risk of bad debts, we also conduct business through retailers.

Praneet: You mentioned a high risk of what, sir? I could not hear you.

Sandeep: In the South, it is very difficult to give large credit to a single person. Therefore, we generally try to conduct smaller businesses with a larger number of people. That is why they are called retailers, because the business with each of them is small.

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If you conduct business worth 10-15 crores, that person would be called a distributor. Generally, we do not conduct that type of business in the South.

Praneet: Understood. So in the North, it would probably be through a few large customers with large volumes, whereas in the South it would be more customers with lower volumes per person.

Sandeep: In the South, there will be lower volumes with more people, each having a smaller volume. In the North, there are fewer people with higher volumes.

Praneet: Understood, sir. Coming to gross margins, what would be the difference in gross margins between the international brands and Maharatna?

Sandeep: We have a Maharatna category in which we generally try to achieve a minimum gross margin of 35%. However, the margin on international brands depends on the product because every product does not have the same margin.

When you launch a new product, the gross margin may be high in the first or second year, but your expenses for scaling up the product are also high. You have to conduct free demonstrations, so the net margin is quite low. From the third year onward, once the product is established and you incur lower expenses, the margins will definitely be good.

Praneet: Understood, sir. As I see it, international brands have given us a portfolio and brand recognition. Going forward, does it make sense to have more international brand partnerships? Would it not make sense to add more products under our own brand? Is that how we are thinking about the future?

Sandeep: Definitely. The current situation in the market is that people are increasingly adopting combination products. If you go to one doctor, they may give you 4 different medicines. If you go to another doctor, they may give you only 1 or 2 medicines because those medicines are combinations of 3 other medicines that the first doctor prescribed.

You will prefer to take that single medicine because the synergy of that medicine will be better compared with the 3 different medicines. This trend is now taking shape in agrochemicals as well.

Instead of taking a single product, people are adopting combination products. Farmers are also adopting these combination products because they receive some cost benefits and better synergy, so the output from the product is also better.

For that, we need more products from our partners. If we have one product from an international partner that is exclusively available to us, nobody else can compete with us in that particular product because we have the patent, and nobody else can change it in a combination.

If I have a combination of 2 products under my own brand, another person can also obtain a patent for the same combination by changing the efficacy by 5-10%. That is a risk in India.

To avoid or neutralize that risk, we are taking one product from our partners and one product from India to extend the longevity of that particular combination in the market and definitely to achieve better margins as well.

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Operator: I request you to please get back to the queue.

Praneet: Yes, just this last question and I will end it. I wanted to understand how we started partnering with these international brands. Did they approach us, or how did it work, and how long ago was it? How did the relationship develop into what it is today?

Sandeep: Until 2011-12, we did not have any partnerships. We wanted to enter the generic business, so we were eager to establish a partnership with these companies.

In 2011-12, Nissan launched a product called Pulsar. Nissan's main partner at that time was Dhanuka. Dhanuka refused to take that product because it had failed when it was launched in India 5-6 years earlier.

Nissan then approached 2-3 other companies, but everyone refused. We approached Nissan and asked why they did not try the product with us. Since Nissan did not have any other choice, they tried it with us. We established that product in the market, and even today that product is the number-one product in India in that particular segment.

From there onward, we developed a good relationship with Nissan, and we have been receiving good products from them. With Corteva, we started only last year. We took 2 products from Corteva last year, which was the first year, and this year we launched one product with them. We hope to launch some more products in the coming years.

Praneet: Understood, sir. Thank you for your patient answers.

Sandeep: You are welcome.

Operator: Thank you. The next question is from Bharat. Please go ahead.

Bharat: Thank you, Sandeep. Hello, Sandeep.

Sandeep: Hello, Bharat.

Bharat: I have a couple of questions. First, how is the inventory situation looking on the ground, particularly now that Maharashtra has also declared a drought? How is our business likely to be impacted by excessive rain and drought in certain areas? What is your sense regarding Q2 for us?

Sandeep: Bharat, the situation is already clear to everyone. When there is a drought, we definitely have to take back whatever material is left in the market.

However, sales returns this year are nearly half of last year because this year we did not place much material in the market, considering the rainfall situation. IMD and Skymet had been indicating the possibility of El Nino from the beginning of the season. Therefore, we were very careful this time and are also trying to reduce our inventory level.

I do not know how much we will be able to reduce it, but we will definitely come down from last year's level.

Bharat: How has pricing behaved over the last 3-4 months?

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Sandeep: It was only in April that we increased prices to some extent, but market sentiment has not been good until now because of the erratic rains. All the price increases have been rolled out, and I do not think there will be much price hike in the industry, at least in the first half.

Bharat: Regarding new products, how has revenue traction developed from that segment during the first 2 quarters?

Sandeep: Which Corteva product are you asking about?

Bharat: Regarding Corteva, and we also discussed Kairos, which we have launched. I think in {? FY23 ?} we generated turnover of somewhere close to 100 crores from Kairos. This year, we were targeting a doubling of that. Where do we stand?

Sandeep: In Kairos Bharat, we had already crossed 100 crores last year. Hopefully, we will cross 100 crores from Kairos this year.

However, the impact on the combined balance sheet, or the consolidated balance sheet, will be different because we are currently supplying products to Kairos. Therefore, those transactions will be eliminated in the consolidated balance sheet.

We are definitely establishing the Kairos brands in the market, and we expect turnover of 100 crores from Kairos in this very first year. In the coming year, the growth target for Kairos is also very high.

Bharat: How has market acceptance been?

Sandeep: Acceptance is good, with no issues. Kairos is a sister concern of Insecticides (India) Ltd., so the products are accepted in the market.

Bharat: Just one last question regarding margins. We have not been able to take a meaningful amount of price hikes because of the environmental situation. For the full fiscal year, where do you see gross margins or EBITDA margins? Will they be similar to last year, or will there be some moderation?

Sandeep: In Q1, the margin was low because of the lower turnover. Otherwise, the expenses are already there, and if you generate additional turnover, that will directly add to EBITDA.

Percentage-wise, I think it should be better than last year. It may not be significantly higher, but it should not be lower than last year.

Bharat: How has the overall traction been for the new products?

Sandeep: New products?

Bharat: Yes, sir.

Sandeep: The new products are performing well, Bharat. There are no issues.

Bharat: Thank you, Sandeep. Thank you for answering all the questions.

Sandeep: Thank you. You are welcome.

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Operator: Thank you. The next question is from Priyam. Please go ahead.

Priyam: Can you hear me?

Sandeep: Yes, ma'am, I cannot hear you.

Priyam: Hello?

Sandeep: Hello. Yes, ma'am.

Priyam: Am I audible now?

Sandeep: Yes.

Priyam: I wanted to understand the criteria based on which these partners choose a particular brand or company in India. For example, why would Nissan choose Insecticides (India) Ltd. rather than another company for a particular molecule? How does this criterion work?

Sandeep: Generally, as I already told you in the story of my first partnership with Nissan, other companies were not willing to take their product. We were eager to establish a partnership, so we took the product and worked very hard in the market. That product is now the number-one product in that particular segment in India.

Generally, companies look at which partner in India can sell their product in the market and establish goodwill for their product. They choose their partners on that basis.

Priyam: For one molecule they might choose us, while for another molecule they might choose another player. Is that also a common trend?

Sandeep: Yes, that is also very common. They chose us for Pulsar. In fact, I can say that we asked them to give it to us. After Pulsar was established, they started asking us to take their new products.

Earlier, their preferred partner was Dhanuka. For one of their latest products, {? Shinwa ?}, they were already working with Dhanuka.

Management: We helped Godrej get that product registered in the Indian market because we also have expertise in that area. Along with Godrej, they gave the product to us, and now that product is the biggest-selling product in Insecticides (India) Ltd. Therefore, when we perform better than others, they offer other products to us.

Priyam: Understood. My next question is about how farmers make purchases. Is it highly brand-oriented, where the farmer knows which brand to buy? Is the dealer telling them what to buy, or is it a pull product or a push product in the market? How does the farmer decide?

Management: Ma'am, it is a combination of both. The Tractor brand is very familiar among farmers, so the Tractor brand gives us an edge.

We then have to work with farmers, show them the ROI of the product, and demonstrate the results of our product compared with other products available in the market. We try to generate demand

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from farmers; this is the push method.

We also have to consider the dealer and distributor. Although the government is now transferring money directly to farmers' accounts, earlier farmers used to obtain everything on credit from people in the mandis. These people could be grain merchants or owners of agrochemical shops. Farmers used to take seeds and other agrochemicals from them and give their crops to them.

That also plays a role. Therefore, it is a combination, and both methods work in tandem.

Priyam: Understood. If I want to understand a company's moat, how do I assess the moat of Insecticides (India) Ltd.? From what I understand, it is mainly distribution, demand cultivation, and the field representatives or agricultural officers working on the ground. How do I understand how one company is differentiated from another?

Management: For that, you have to go into the market and conduct your own survey. Only then will you be able to understand which company is better and why it is better. If I answer, I will obviously say very good things about my own company.

Priyam: In one particular molecule, could Dhanuka be stronger, while in another molecule Insecticides (India) Ltd. is the strongest and nobody can compete with it? Is that how it works?

Management: Yes, that is true because it depends on the results delivered by the product. If Dhanuka's product gives better results to the farmer, Dhanuka will definitely have an edge. If my product gives better results, my product will have the edge. It depends on the product, and the same applies across the industry.

Priyam: Understood. If there is one molecule and the formulation is the same, how can it work differently? How can one formulation from Dhanuka work while a similar formulation from Insecticides (India) Ltd. may not work?

Management: That does not happen because every formulation has to be registered with the Ministry of Agriculture. The content of each player in the industry, which has more than 400 players, is the same. The formulation is the same for everyone, so the product will work the same for everyone.

It depends on whether you are manufacturing your product properly or producing a substandard product. That is the only reason for a difference.

When a product is available with all the players in the market, it is called a generic product. In that case, it becomes a price war. Whoever offers a better price or better margin to the dealer and distributor will get more sales.

Priyam: All right. Thank you very much, sir.

Operator: Thank you. If anyone has further questions, please raise your hand or put the questions in the chat box. We have 3 questions in the chat box. The first is: How is the demand outlook given the El Nino conditions?

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Management: In the first half, demand was definitely not very good because market sentiment was not good. However, Q2 will be better than Q1. Hopefully, on a quarter-on-quarter basis, this year's Q2 will be on the positive side compared with last year.

As of today, if you look at the last 3-4 days, there has been continuous rainfall due to a cyclone in the West Bengal region. That will provide a very good push to the second half of the season. We therefore hope that there will be good demand in the second half, which will make up for the weakness in the first half.

Operator: The second question is: How is the inventory situation across the market?

Management: In the first half, sales returns will definitely occur. However, it depends on the player and on how much and how large a quantity was placed in the market.

As far as insecticides are concerned, our sales returns will be approximately at 50% of last year's level.

Operator: The third question is: What is our margin outlook given the increase in raw material prices because of the Middle East conflict?

Management: Generally, I do not think prices are increasing significantly. They are increasing for only 1 or 2 molecules. When you purchase at higher prices, and the industry is also purchasing at higher prices, the increase is definitely passed on to consumers.

However, if you have some old inventory purchased at lower prices, it will take some time to pass on the increase until the old inventory is exhausted. Otherwise, generally, all increases are passed on to the market.

Operator: The last question is: How do you see growth in the biologicals portfolio following the ruling on its registration? Have we been able to successfully register all our products?

Management: Product registration takes a lot of time, but we are successfully registering the products on which we are working, and we also have a large pipeline for the coming years.

Generally, we obtain registration for 6-7 products in a year. Sometimes it may be 1 or 2 more, and sometimes it may be 1 or 2 fewer.

Operator: We have a participant, Praneet. Please go ahead.

Management: Yes, Praneet.

Praneet: Thank you for the follow-up. I have one question regarding the promoter level. I believe there was a change in the way the promoters structured their holdings in Insecticides (India) Ltd. Has there been any change in the families owning the company, or any fundamental change in who holds it?

Management: No, there has been no change, and there is no scope for change either. We have only one successor in the company. Rajesh Aggarwal, who is the MD, has only one son, Sanskar Aggarwal, who has already joined the business. Therefore, there has been no change at all in the

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company structure.

Praneet: Understood. So it is only a difference in the holding structure that occurred recently.

Management: Yes, we transferred our holding into a trust. That is all; nothing else.

Praneet: Understood, sir. Coming back to the business, you mentioned that our international brands are mostly traded. Apart from the risk relating to returns, is there any risk that these companies could unexpectedly withdraw from the partnerships and we could lose all those sales? How strong are these relationships between us and those companies?

Management: Generally, they do not do such things because we have been dealing with Nissan since 2011-12. To date, we have not faced anything of that nature. Therefore, I do not think that is a concern.

Praneet: Understood, sir. Have such things usually happened in the market? Even if international partners have not done this with us, does it happen in the market?

Management: I have never seen this happening in the market either.

Praneet: Understood, sir. Regarding the production-related capex, it is mostly for our own brands, such as Maharatna and our generics, correct?

Management: Yes, it is for our own brands only.

Praneet: Understood, sir. Of the formulations we produce today, what percentage is produced using our own technicals?

Management: You could say around 25%.

Praneet: Understood, sir. The remaining formulations are traded between other companies, correct?

Management: Yes. We have to use at least 70 different types of technicals, while we manufacture only 16-17.

Praneet: One reason I ask this question is that there has been commentary in the market that Insecticides (India) Ltd. has been losing focus and is not being aggressive enough. I know that is not the case because our sales are performing well, but I wanted to understand your view.

Management: I do not think so. We are performing well in the market.

Praneet: Have we changed our level of aggressiveness in the market? There has been some commentary that—

Management: No, we have not changed our level of aggression in the market.

The reason people may feel this way is that, after the joining of Mr. Sanskar Aggarwal, the son of the MD, who joined 1.5 years ago, we have started focusing more on the satisfaction of farmers. We are doing much more work with farmers and more marketing work than sales work.

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That may create a perception of slower growth, but I do not think that is the case because whatever we are doing now is for the long term. Once farmers understand everything clearly, including the ICS plots and related activities, they will have a better understanding. Personally, I feel that this will provide a long-term benefit to the company.

Praneet: Understood, sir. So we are shifting our marketing efforts from a sales push to more of a brand-pull approach, correct?

Management: Yes.

Praneet: In the short term, are we losing any sales as a result? In this business, push is usually as important as pull. By shifting our efforts in this direction, are we losing any short-term sales?

Management: It is very difficult to say whether we are losing sales because it also depends on the season. We are not reducing either our push or our pull activities. We are using a combination of both, but we are increasing our focus on pull activities.

We are not saying that we are no longer doing push activities. We are doing them in parallel with the pull activities.

Praneet: Understood. So, over the last 1.5 years, we have focused more on—

Management: Pull activities, yes.

Praneet: So, over the last 1.5 years, we did not focus on push activities, and now we are going to focus on push activities. Is that the correct understanding?

Management: Yes. Now we want to push more. We want the farmer to come and ask for the product.

It should not be that the dealer or distributor gives a product to the farmer and says, “These are the same products; take this one.” We want the farmer to ask the dealer or distributor for the Tractor brand product or for this product. That is the only difference.

Praneet: Understood, sir. So we are thinking more about the long term. As a result, we have not pushed very aggressively over the last 2 years and have instead focused on building the brand.

Management: Yes.

Operator: Sir, I request you to please get back to the queue.

Praneet: Just one question regarding market share gains. Have we seen any market share gains?

Management: Market changes? No, we are not seeing any market changes.

Praneet: I meant market share gains, sir, not market changes.

Management: Market share gains depend on the product. If you launch a good product, you will gain market share in that particular product. If your product does not perform in the market, you will definitely lose market share.

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Praneet: Understood, sir. So it changes very specifically from molecule to molecule.

Management: Yes.

Praneet: Understood, sir. Thank you for your time again.

Operator: Thank you. The next question is from Harsh. Please go ahead.

Management: Hello, Harsh. How are you?

Harsh: Am I audible, sir?

Management: Yes.

Harsh: Good afternoon, sir. I wanted to understand how our product pipeline or molecule pipeline is looking. Are any major products or new molecules planned for launch in the near term or within 1 year?

Management: There are a lot of new products in the pipeline. These include products from insecticide R&D, combination products with Nissan, and combination products with Corteva.

More than 40 products are in the pipeline for the coming 2-3 years. Generally, we obtain registration for 6-7 products in a year, so hopefully we are already fully occupied for the next 3 years. However, we are still working on newer products and newer combinations. This is a continuous effort.

Harsh: Understood, sir. We obtained a patent for a molecule from the OAT joint venture for 20 years. Has it been commercialized, or is it still pending?

Management: We obtained the patent for 2 products. We are on the verge of commercialization, but the Japanese partners are now generating data for their global markets.

We have already completed the work for India, but they are our 80% partner. As and when they generate the data for the entire world, they will ask us to launch the product in those territories as well.

Hopefully, it may take another year from here. However, it may take more or less time because I am not sure when the Japanese partners will complete their work.

Harsh: What about the second product?

Management: For the second product, after obtaining the patent, we have to develop the product. We have to take it from the laboratory level to the commercial level. It will take 1-2 years to bring it to the commercial level.

After that, we will start generating the data. Data generation will take another 2-3 years. Therefore, I think we have a 4-5-year pipeline.

Harsh: I heard from 2-3 dealers that you will be launching a product this year that will work on 5-6 crops. It is supposedly a new type of technology that will work on 5-6 crops. Is there such a

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product? I heard this from the dealers.

Management: What you heard from the dealers is correct because we are demonstrating that product to dealers and farmers. That is why they are aware of it. However, we have not launched it yet. It is still at the establishment stage, and as and when we obtain registration for the product, we will launch it.

Harsh: Thank you very much, sir.

Operator: Thank you. Please note that only 5 minutes remain for the session, so we will take this as the last question. The question is from Priya. Please go ahead.

Management: Yes, you are correct. We are demonstrating—

Priya: I have one question. I wanted to understand why there is such a significant difference between your margins and Dhanuka's margins. Why is there such a large difference in both margins and inventory days?

Management: There is a basic difference between us and Dhanuka. Dhanuka has been working with Japanese, European, and other companies since its beginning. When you sell their products, they definitely command better margins in the market.

Their inventory is lower because they are not engaged in technical manufacturing. When you undertake technical manufacturing, you need raw materials to manufacture the technicals, and those technicals then become raw materials for your formulations. That is why your inventory is higher.

However, if you compare Dhanuka's results from earlier years with last year, after they started technical manufacturing, you will see the difference. They are also moving along the same lines as Insecticides (India) Ltd.

Priya: Understood, sir. Thank you very much.

Operator: Thank you. We will now have to close the call. I request management to give the closing remarks.

Management: Thank you, everyone. It was a really good session, and all the questions were quite relevant and very good.

Hopefully, if anyone wants any clarification or would like to know anything else, they can contact {? MGF ?}. We will be happy to reply or have another meeting. Thank you very much.

Operator: I would like to thank management and the participants on behalf of Arihant Capital for sparing their time and sharing insights about the company. If participants have any further questions, they can get in touch with the team at Arihant Capital. Thank you very much for joining the meeting.

Management: Thank you.

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Insecticides India

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.

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