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ISO 9001, 14001 & OHSAS 18001
CERTIFIED COMPANY

insecticides (INDIA) LIMITED

Ref: IIL/SE/2026/1211/01
Dated: November 12, 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 half year ended September 30, 2026.

Pursuant to Regulation 30 read with Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the transcript of the Earnings Conference Call – Q2 & H1 FY 2027 held in connection with the Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter and half year ended September 30, 2026, on November 05, 2026, is enclosed and is also available on the website of the Company and can be accessed on the following link:

https://insecticidesindia.com/wp-content/uploads/2026/11/Insecticides-Earnings-Call-Transcript-Q2-H1-FY27.pdf

This is for information & record.

Thanking You,

Yours Truly,
For Insecticides (India) Limited

SANDEEP KUMAR
Digitally signed by SANDEEP KUMAR
Date: 2026.11.12 15:37:13 +05'30'

(Sandeep Kumar)
Company Secretary & CCO

Encl: As above

“Insecticides India Limited
Q2 FY27 Earnings Conference Call”
November 05, 2026

MANAGEMENT: **MR. RAJESH KUMAR AGGARWAL – MANAGING DIRECTOR – INSECTICIDES INDIA LIMITED**
MR. SANDEEP 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. SAKSHI MEHTA – MUFG INTIME**

Moderator: Ladies and gentlemen, good day and welcome to Insecticides India Limited Q2 FY27 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Sakshi Mehta from MUFG Intime. Thank you, and over to you, ma'am.

Sakshi Mehta: Thank you, and welcome to Q2 and H1 FY '27 Earnings Call of Insecticides India Limited. Today, on this call, we have with us Mr. Rajesh Kumar Aggarwal, our 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 is based on beliefs, opinions and expectations of the company as on date. So these statements are not guarantee of future performance and involve risks and uncertainties, which are difficult to predict. A detailed disclaimer has been given in the company's investor presentation, which is uploaded on the stock exchange. Now I would like to hand over the conference call to the management for the opening remarks. Thank you, and over to you, sir.

Rajesh Aggarwal: Good evening, everyone, and thank you for joining us for our Q2 and H1 Earnings call. We appreciate your continued interest in the support of the company. Today, we'll walk you through our performance for the second quarter, highlight the key developments across the business, discuss the progress we have made against our strategic priorities and share our outlook for the coming quarters.

Q2 has been an important quarter for us, and I would like to take this opportunity to reflect on what went well, where we faced challenges and how we are positioning the business for sustainable growth. We'll begin with our overview on our financial and operational performance, followed by key business updates and our outlook.

We'll then open the floor for the questions. With that, let me begin with the key highlights of Q2. First, let me talk about the industry dynamics. Super El Nino has impacted or I should say that weather has disrupted the key agriculture regions across the country is not wrong. And it is not only India, which got impacted, but the entire Asia, rather the entire world got impacted because many regions saw drought and few states were badly impacted.

So along with this, the global uncertainties and the supply chain disruptions also played a very important role because you know the crude prices went as high as $125 and it is just yesterday night when it has come again below $100, and the impact is yet to be seen because this is the Diwali time, festive time.

So the things will get cleared soon. But at this moment, everything becomes so expensive, including the sea freight that it was impacting the business adversely. So this El Nino impacted the wet crops like sugarcane and paddy because in many parts of the country, the water availability was a constraint.

But at the same time, even the dry crops like maize, cotton, soybean, they got an impact. And chilli was also very adversely impacted so far after the current cyclones where, again, impact is plus and minus. When I say plus and minus because the water became available to the crop, it is plus. But it came along with the wind, so the crop was down, so that is minus.

So there were both type of impact which were observed from these 2 cyclones, which we have received in the last couple of days. But as a whole, we see that the Indian farmer remain buoyant for the new technology products. Another development is that the inflationary trend is visible in almost all agri commodities prices.

Particularly if we leave aside the vegetables, which are -- which get impacted by the seasonal pressures, all the agriculture crops, we see a price hike and we see farmer -- the general trend is that they are moving towards the premium products. The number of sprays have come down, but they are looking for better solutions for protecting their crop.

So I would say that despite of the low yield, the farmer profitability has remained intact to a greater extent. And still, we see a good interest in crop protection amongst the farmers. Talking about IIL performance in Q2, there is a 8% revenue growth in Q2 and if we look at H1, there is 2% degrowth.

The margins have -- we see a consistency with focus on premiumization and cost-effective products. Kaeros continues to gain the traction as an emerging platform to expand distribution footprint. And I'm glad to tell you that North, East and West, we could open up completely and the target to open the southern part of the country is in Q2, which means that during this year, Kaeros will be visible across the country from Kashmir to Kanyakumari.

IIL is gearing up its crop-based solutions with ICS plots. These ICS plots IIL crop solution plots has been a big success for us in the past few years. Last year, we were working on 30-odd plots. This year, we have doubled that number and that number is about 70 across 4 crops, the 4 major crops where we are working are rice, cotton, soybean and chilli.

We have demonstrated amongst the farmer that how by using the similar number of space and sometimes the lesser number of space, generally with the lesser cost, how we have improved their productivity, how they can make more money per acre by using the solutions suggested by IIL and they have become so popular that thousands of farmers are attending the farmer meetings at these plots and giving very good acceptance to the new generation products, which are introduced by IIL.

So the marketing team has been very, very aggressive in the field activities in H1. We have completed more than 18,000 farmer meetings across the country. There has been more than 9,000 demonstrations, and we have met more than 2.5 lakh farmers in H1. So the investment in manufacturing has continued in Sotanala and Dahej.

So we are expected to complete the Dahej project in full by December, though the plant is partially into manufacturing and it's partially capitalized, but it should be fully capitalized by the end of December. And Sotanala, we can expect the completion in the next fiscal. Currently, both inventories and debtors are at a little elevated level.

Focus on improving cash flows with working capital improvement is going forward. Outlook on the macros. The macro conditions remain volatile. We remain focused on execution of strategic priorities. Premiumization and Kaeros expansion will support profitable growth for IIL.

Normalization of interest costs with positive cash flow -- after completion of Sotanala project, major capex cycle will be left behind us. We'll remain focused on improving utilization of our facilities, which we are putting up. And needless to mention that we are trying to build up the state-of-the-art plant.

And the idea is to build up a DCS plant and focus on CDMO business from this plant in particular and also upgrade Dahej to this level so that we can do the CDMO activities from both these sites. Organization rebuilding is an ongoing process, keeping in mind the next phase of growth and efficiency and we are working on our Board.

We are working on team building and trying to find the gaps wherever there are and fill these gaps across. Now I'd like to introduce our new Director, who is appointed today by the Board. So Mr. Veera Bhadram as an Independent Director. He is highly respectable industry veteran and with over 40 years of experience in the agrochemical and agri input sectors.

He has held several senior leadership positions during his distinguished career, including serving as whole-time Director of Coromandel International Limited. He holds an M.Sc. Agriculture Economics and is an aluminous of the prestigious IIM Ahmedabad. We are delighted to welcome Mr. Veera Bhadram to the Board and look forward to benefiting from his rich industry experience, deep domain knowledge and valuable insights. So with this, I hand over the phone line to our CFO to highlight the results.

Sandeep Aggarwal: Thank you, sir. Good evening, everyone. I welcome you all to the Q2 and H1 FY '27 earnings conference call. Coming to the financial performance for the quarter. Our revenue from operations registered a growth of 8% year-on-year during Q2 FY '27, reflecting the resilience of our business despite challenging market environment.

Revenue from operations stood at INR686 crores as compared to INR637 crores in the corresponding quarter last year. Our gross profit margin stood at 33.7% during this quarter as compared to 34.5% in Q2 FY '26. EBITDA for the quarter stood at INR92.44 crores and EBITDA margin stood at 13.5%. Profit after tax stood at INR56.17 crores during the Q2 FY '27.

For the first half of FY '27, our gross profit margin stood at 32.7% as compared to 31.7% in the last quarter -- comparable quarter, showing an improvement of around 100 bps. EBITDA stood at INR161 crores, while EBITDA margin was 12.3%. Profit after tax for H1 FY '27 stood at around INR100 crores.

Coming to working capital. Our working capital days stood at 158 days during H1 FY '27 as compared to 151 days during H1 FY '26. Inventory increased from INR744 crores to INR814 crores. Debtors stood at INR719 crores as compared to INR643 crores. Creditors have increased from INR420 crores to INR533 crores.

So net working capital as on 30th September was around INR1,000 crores as compared to INR966 crores as on 30th September '25 and INR828 crores as on 31st March '26. Our efforts remain dedicated towards improving our working capital efficiency and strengthening our cash flow generation. These are the key financial highlights for the quarter and half year. Thank you. Thank you very much.

Rajesh Aggarwal: Now we open the house to questions.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Bharat Gupta from Fair Value Capital.

Bharat Gupta: Sir, on the result side, so just want to understand first on the volume growth part, what has been the volume growth across our different segments in B2B, B2C and the export side?

Rajesh Aggarwal: This has been a negative volume -- there has been a negative volume growth actually in this quarter. Particularly, I can say there is a drop of about 6% to 7%. We have just managed to sell the value-added products better or the premium products better. And I see a 4% to 5% value growth in this quarter.

Bharat Gupta: Sir, across Maharatna and Focus Maharatna, what kind of growth we have envisaged during this H1 FY '27?

Sandeep Aggarwal: If you look at the entire range, then the drop has come particularly in the Gold products because farmer has shown interest in the new generation products, and we were also very, very actively marketing these products. So I can say that both Focus Maharatna and Maharatna have seen a little increase, particularly if I talk about Q2, then here, Maharatna has shown a decent increase.

Bharat Gupta: Sir, also in the PPT it has been mentioned historical numbers have been mentioned till FY '26. I think H1 FY '27 data has been missing across different product verticals.

Rajesh Aggarwal: I'll take down your question. Why it is missing, I'm not sure. So I'll get it amended if there is some errors. CFO is listening to your question. We'll note it down and if the mistake has happened, we'll correct it.

Bharat Gupta: Sure. And sir, like how has the Kaeros segment performed during this fiscal year?

Rajesh Aggarwal: Kaeros is doing very well. In the brand segment itself, it has done a gross turnover of about INR75 crores. In totality, the company is showing a total sales of INR100-odd crores, INR114 crores, if I'm sure, in H1. I believe the brand sales from here should increase in a reasonable manner because already, as I told you, Northeast and West, the entire network is on, it is set.

And I believe that for the year 2, we have made the complete preparation in terms of appointment of team and appointment of network and the material has gone into the market, very well

accepted into the market. The packing is appreciated. The quality is appreciated in the market. So we should do well. So the target is to cross INR125 crores of brand turnover in Kaeros. In totality, the number can -- Kaeros stand-alone might touch roughly around INR200 crores in this fiscal and next year, we can very well plan to double from here.

Bharat Gupta: Sir, also like with respect to the product pipeline, I think we were also anticipating to launch OAT insecticides during the fiscal year. So what's the update? And how the whole -- I think we were supposed to launch 9(3)s along in this whole fiscal year. So where are we placed in respect to it?

Rajesh Aggarwal: Yes, the pipeline is strong. The registrations are taking some time. In this kharif season, the launch of Nissan's new product is going to be the first. It will get followed by some of the 9(3) products or the mixtures by IIL. And OAT, I'm not sure that the OIL product is going to be released in this season or the next season because have filed it in the -- I would say, the first application has gone to include it in schedule.

And once it gets included in schedule because there is some further inquiry from the CIB about that. So once that inquiry gets cleared, then we are going to file the application. So since the application is not yet filed, so I don't see an immediate visibility of launching in this calendar year of 2027. So it might get delayed by a few months.

Bharat Gupta: And sir, just like what would be the quantum of sales for us during the quarter and how the inventory is shaping across the channels?

Rajesh Aggarwal: In the channel, we have cleared the channel, the sales returns are high, but not as high as last year because we were very, very particular this year in our placements, though the season is weak. But despite of that, I believe that the returns have come down and all the returns are taken care. Like most of the returns have already come in this Q2. The Q3 will be the normal returns. And whatever sales number you are seeing, they are all net of the returns.

Bharat Gupta: And sir, just a last bit from my side with respect to exports, I think there has been a mention in the PPT as well, while the segment has been at low single-digit revenue contributor to us. What is the strategy to reach to the global markets and how we will be cost competitive with respect to the Chinese manufacturers?

Rajesh Aggarwal: We have 2, 3-point strategy for the international business. So here, so far, what we were doing was more of the brand business. So we were doing the white label and dispatching our products to Middle East, ASEAN countries, CIS countries. That was the initial strategy. Now we are focusing on technicals.

When I say technicals, these technicals have started moving to CIS. They are going to Europe, they are going to America, they are going to Asian countries. So we wish to improve our production of the technicals and sell them to the developed part of the world. And at the same time, we are also pursuing the CDMO business, and we look forward that we make the breakthroughs in that. So some small, small breakthroughs have just started. So they are in the initial stages, but we'll target that in the next fiscal in a big way.

Bharat Gupta: CDMOs I think we'll be doing it for the Japanese players or we have onboarded -- we are in discussions with different clients?

Rajesh Aggarwal: Majority Japanese, but we are also in discussion with some other companies.

Bharat Gupta: That's it from my side and wishing the whole team a very Happy Diwali.

Rajesh Aggarwal: Thanks a lot. I forget that you have completed, yes. Happy Diwali to everyone who is participating. Thank you. Thank you very much.

Moderator: The next question is from the line of Praneeth from SJ Investments.

Praneeth: So I'd like to understand what's our plan or let's say, volume growth we expect for the entire year? You already mentioned that you have degrown by a little bit. Do you think we'll continue to degrowth for the full year? Or how is it going to be?

Rajesh Aggarwal: I understand your question. But very frankly, this is not a year of volume growth. We'll just end up doing the value growth because the volume has already suffered because of low rains. Herbicide sales are low because of low rains, granule sales are low. These are the general products which consume a lot of volumes. So the volume growth will be down this year. I'll not be able to make it, but I'm very, very sure that there will be value growth, and we'll be able to make some improvements in H2 of this year.

Praneeth: Sir, value growth is primarily on the fact that raw material cost increase and there's going to be a pass-through? Or would it be that you be selling more premium products?

Rajesh Aggarwal: It will be both. It will be a combination of both though I'll not be able to give the breakup, but it will be a mixture.

Praneeth: And with regards to our capex of the plant, how is it going? And do we see any delays? Or do we expect to commercialize it as we thought? By when do we think it is?

Rajesh Aggarwal: Dahej, we were expecting to clear within the first half of the year. Now we expect that we'll be completing Dahej in this Q3. So partially, the production has already come out and it will be in production fully with all the improvements wherever we found the gaps because there were some gaps in electricity, there were some gaps in utility. So everything we have sorted out now.

And after the shutdown when the plant restarts in December, it will start with full swing. So there will be further level of some improvements, which we are doing in the plant that will come in the next year, but that will not be a big expense. That will be a small expense. I can say it is a maintenance capex. So it is in line. Regarding the Sotanala plant, we have a target of starting the formulation business in April.

There might be a delay of 1 month to May because the gap in force in the NCR. So it might impact -- there may be a delay of 1, 2 months actually. But I think by May, we should start formulation. And in the next fiscal, we are also going to start the technical manufacturing. Our vision was to start by Diwali, even if it gets late, then December, January. So in next fiscal, we

are going to start it fully. The Sotanala first part of technical and the complete formulation unit is going to start in the next fiscal. So it's very much in line with what we had planned, I can say.

Praneeth: Got it, sir. And coming to our team size, I noticed that in the presentation, we have given that 750 is sales and marketing and around 1200 crop adviser team. Do we have any plans of expanding this? And like what's the usual trend of expanding this team year-over-year? And is there any further growth this year than normal? Could you just give us insight into that?

Rajesh Aggarwal: If I look at my sales and marketing team, the on-roll team is almost the highest in the industry or is at par with the best in the industry. So I don't need more people in Insecticides India. And then the third-party team, it keeps on varying. The minimum is 750. The maximum goes up to 1,300, 1,400.

So as the season is a little weak this year. So in H2, I believe the number will be in the range of 750 only the third-party people. But yes, we have established Kaeros also, and we are taking Kaeros brand to the market. So in Kaeros, there will be another team of about 150 people, about 70, 80 people on roll and a similar number out of roll on third-party roles.

Praneeth: Got it, sir. When you mentioned third party is the fact that we hire them for the only time being at that point of time and they're not on a payroll for rest of the year.

Rajesh Aggarwal: It's not necessarily. There are some people who continue for a little longer times also. But they are on junior level. So we don't keep them on roll until they develop a certain skill and they are fit for entering into the company. I mean to say they have to confirm certain deliveries. They have to be trained in the market. Once the person becomes capable of joining the company, then only we give them the appointment in the company.

Praneeth: Got it, sir. And one question I had with regards to our distributor management system or retailer system. I just wanted to understand, are we able to track all the secondary sales? So how does it work? Do we have any systems in place or do we have plan on having more systems in place?

Rajesh Aggarwal: We have got the DMS but this tracking takes place by an informal system, which is run by the marketing team for all the important products, which -- where there is and -- where there is a feeling that we have to -- which are seasonal in nature, where we have the placements, we try to keep a track.

So the entire marketing team activity is to ensure that whatever goes to the market, it gets diluted. So we have a QR system because QR system, when it is like once I supply to a distributor, distributor will download that, distributor download then the retailer, then the farmer, but the success rate is 15%, 20%, not more than that.

Then we have a distributor DMS platform also in SFDC in IIL, which is fully operational. But again, I don't give the full knowledge about the inventories in the trade. So it is an informal system. In Kaeros also, I have opened a system called Beetroot, which will be fully operational from -- after Diwali festival. They have been doing trial entries since last 2 months. But again, the market visibility, 100% by system will not be there actually. It will be partial.

Praneeth: Got it, sir. And we are at the higher end of the visibility that we can achieve because of the system or is there some more scope to go here?

Rajesh Aggarwal: Yes, we have to make the continuous improvements in the system actually. So if my QR -- so next year, I might be planning some schemes for the farmer and the retailer so that the participation increases. So if I'm able to increase that participation to 60%, 70% level, the visibility will be more. Till the time I get 15%, 20% visibility, it is just nothing. It is just a market information or just a market idea or I can call it an informal idea, which I get.

The marketing team, generally, they will keep a track because they are responsible for liquidating the product in the market. So they keep on discussing this in every week, weekly meeting. So I get that idea because I do my monthly meeting and apart from the monthly meeting, there is a fortnightly meeting also. So I keep on getting that idea every -- I would say, every fortnight.

Praneeth: Got it. So basically, we are putting more effort and we launch schemes next year, so we'll get more visibility to improve the system.

Rajesh Aggarwal: Yes, yes.

Praneeth: Got it, sir. And with regards to exports, I was just wondering in terms of the potential because anywhere domestic market has not performed well. I understand Super El Nino exists everywhere. Just trying to understand, is there a possibility that we can scale exports when especially domestic market is a little weak?

Rajesh Aggarwal: We are working on that. International markets are also not very strong. The impact of El Nino is across the world. But still, we are seeing a good opportunity since we have registered more than 10 technicals of ours. And in certain countries, we have made more applications. So we are working on about 15 AIs, and it is a big range that way.

So we are trying to establish ourselves IIL as a strong supplier for a variety of technicals of herbicide, insecticides and fungicides. So once we get that traction in the market, then of course, we see our international business going up. And we are trying to sign some contracts with certain companies as I was answering the first question to begin our CDMO. So if that starts, then it takes us to the different level. So we are trying to do that, trying to sign various agreements and trying to do a regular business with certain set of companies. So as it happens, we'll make an announcement.

Praneeth: Sir, don't mind me. I'm a little confused with when you mentioned CDMO business. Could you explain what you mean by it? Which business are you talking about? And what are the exact opportunities here like in terms of sales and other things?

Rajesh Aggarwal: Okay. So when I say CDMO, it means that a business which is a contracted business where a company tries to take the molecule from us on exclusive basis or semi-exclusive basis. Generally, all the companies see China as a key supplier to them, but they are trying to develop one parallel supplier along with China.

So some companies are trying to develop Indian partners because India is one of the strong country to manufacture these products. So some of the companies might be working in India with one partner, they take us as the second partner. Some companies can have exclusive arrangements with us.

And then since our products are registered products and we have to register them in their countries. So it's, I would say, a process which is little difficult. So you have to generate your data, you have to qualify that country's position, then the first thing is to be registered in that country. After the registration formalities are complete, then there is a chance that you start that type of business. So we are trying to build up those businesses with certain companies, which will strengthen our international business.

Praneeth: And the R&D is taken care in this particular business, correct, sir?

Rajesh Aggarwal: Mostly, yes. Sometimes we get the paper technology. We have to develop that. We have to enhance it. So yes, R&D has to be taken care by us generally.

Praneeth: Got it, sir. And right now, you mentioned that for technical ingredient, we're planning on signing and exporting. But what about formulations? Do we have any plans of exporting that also?

Rajesh Aggarwal: Yes, yes. We are exporting a lot of formulations. When I say white labeling, we are making small packs, small to big packs and supplying them to various countries. That is the key business. So at the moment, we are working in more than 25 countries where we are supplying our branded products. Now branded means white labeling. We are doing the white labeling for our customers, and we are doing it, giving that to them.

Praneeth: Got it, sir. So almost the 5% contribution is coming from formulation and technicals are expected to be.

Rajesh Aggarwal: Majority formulations. Technicals have started, but technicals didn't have the major share in the past. But in future, I see the growth coming from technicals.

Praneeth: Got it, sir. So right now, how many molecules do we have on hand? And how many are we planning on adding for the year?

Rajesh Aggarwal: We have about 35 different formulations, which are registered in many countries. And if I talk about technicals, I think there are about 12 for which we have already filed for various registrations in various countries and many of them have already received the registrations and there are 3 more about -- we are working on 15 at the moment in totality technicals.

Praneeth: And how many have in overall portfolio, including a domestic apart from the registrations we are doing? So how many technicals we have now?

Rajesh Aggarwal: In domestic markets, we have more than 25. So yes, 28 -- rather 28.

Praneeth: Got it, sir. And most of the technicals consumed within ourselves or do we also do some transactions with other players also?

Rajesh Aggarwal: We do B2B business also about INR400 crores plus business comes from B2B sales.

Praneeth: Got it, sir. And so in terms of portfolio, how many will we get to in the next year or 2 in terms of overall 28, where do you think the number will be at in next year and year after?

Rajesh Aggarwal: Every year, 2, 3 plots get added actually. And sometimes the older plots get deleted also. So our major focus is to improve the efficiency because if I need to export, then export has a typical requirement of higher AI and lower impurities. So we have to work on that. And at the same time, we have to also work on the quality and the yield of the product. So we are working on that because we have to develop the world-class products and supply it to the international companies at competitive prices. So these are the 2 big challenges which we are facing, and we are working on other improvements in these directions.

Praneeth: Got it, sir. And last question with regards to our margins. I understand that factor is going to be mostly of demand like the revenues. I'm just trying to understand what demand pull -- non-demand pull activities are we doing to increase our margins today?

Rajesh Aggarwal: The first activity is like we are trying to improvise the product portfolio. So we are trying to sell more of the premium products. So when I'm selling the premium products, definitely, it has a positive impact on the margins. So continuous focus is to drive the engines we call these engines.

The Focused Maharatna strategy, which has come in a few years back is a very strong strategy and our entire focus is to build up the volumes of the Focused Maharatna and Maharatna products and the Gold products we are supplying just for the market demand because they are popular.

They don't need any sales pressure, no sales volume and the retailer needs it for his counter. So we don't push any of those products. So that is a very clear strategy. We are going to follow a few more years also because we are working on more than 30 technologies at the moment. When I say 30 technologies, I see about 30 formulations, all patented formulations coming to the market in next 2 to 3 years of time from my end.

Praneeth: Okay, sir. And so as a result of this, where do you think the gross margins will be, sir? I understand we expanded in the last 5 years?

Rajesh Aggarwal: We keep on improving. We are improving. Already, we have come at 33-odd percent level. So for this year, we'll try to feel it around these levels. And definitely, because these 2 years continuously has been very bad. And when we have seen 2 bad years, our expectation from the next year will be positive. So if it comes positive, definitely, it will have a very, very positive impact on our performance. So we keep on improving. That target will be to match the best in the industry, but that improvement is going to take step by step.

Praneeth: So can we expect like a 1% gross margin growth every year?

Rajesh Aggarwal: On an average, yes, there may be certain years where we jump and have 2-3% growth. There may be certain years where it can be in pointers. So very difficult to comment because a lot of factors impact the business in totality, but we are trying to improve our efficiencies. We are

trying to control our working capital cycles. So these things are also going to help in showing a better performance for our company.

Praneeth: Understood, sir. Just last question regards to returns. Just how are returns at this point of time because we had high returns in the last 2 quarters. So how is it now? And do we foresee more returns going for next 2 quarters?

Rajesh Aggarwal: I don't want to comment too much on this because already the numbers are shared for the Q2 and also for H1. And Q3, Q4, I think it should be normal. When I say normal, I'll not deteriorate. But at the same time, whatever loss has happened in H1, the visibility is -- there is no clear visibility that I'll be able to make it up. So we have lost a few crores in PAT margins in Q2 and a little more than that in Q1. So how much recovery I'll be able to make out of it is not visible at the moment, but I can say that the Q2 -- sorry, H2 is also going to be positive, and I'll make a recovery.

Moderator: The next question is from the line of Santosh Shetty from DD Capital.

Santosh Shetty: My first question is the company has indicated a strong pipeline for like product launch over the next 2 years. So how many of these products are expected to be launched during the remainder of FY '27? And what could be their potential revenue contribution?

Rajesh Aggarwal: In the current fiscal, there are no further visible launches. There can be 1 or 2 odd launches. So we are not targeting any big product into this fiscal. But next fiscal, 3 to 5 launches can be -- are visible. But yes, a lot of registrations are in process. As I was telling you, there are 30 technologies on which we are working.

So all these 30 technologies are going to come in next 2 to 3 years of time. So we'll have a lot number of products coming in. And that is something which compelled me to open Kaeros because I was having so many technologies, I thought how will I handle so many technologies in one company, why not to establish a parallel brand so that we can make use of these best technologies when they come.

So I might have to divide between the 2 companies. There are so many things which are in pipeline. So I can just assure you that there is a very strong pipeline. I'll just inform you one more thing that I'm going to launch one more product with Nissan, and that will be a new mode of action, herbicide, a major requirement in India.

And let's see how much numbers we get from it. But yes, and whatever launches have happened in this year like Spinoace, Granuvia in particular, it's again a new technology, which has come in, in the new way. The response has been lukewarm because of low range. But I expect that we'll make some recovery in H2 in the rabi crop. And then the next year, our expectation will be a little bigger than what we have done in this year.

Santosh Shetty: That's great. So like another just last question. What is the company's current annual investment in R&D? And like how is this expected to evolve? Like are we increasingly focusing on developing the proprietary molecules and formulations or rather than like just relying primarily on in-licensing arrangement?

Rajesh Aggarwal: No, we believe in innovation and R&D. And I believe that thinking new, working new has been my strategy. Today, IIL runs 4 different R&D centers with different teams. The expenses are lower because all these R&D centers, most of these are in my plants. And one R&D center, which is a new discovery R&D center is in joint venture with the Japanese company.

Here, the Japanese company invests 80%, and our investment is just 20% of this R&D center for new discovery. So the expense looks a little lower. And if I talk about the reverse engineering, then we are investing in reverse engineering, and we have 2 R&D centers in Chopanki and also in Dahej, Gujarat. Chopanki R&D center is NABL and GLP. Dahej, Gujarat R&D center is also NABL.

Now if I talk about the formulation, for the formulation also, I'm doing some activities in Chopanki, but the majority of this R&D is going to Gujarat these days, and we are doing the formulation R&D in Gujarat. Along with this, we also have a team of about 1 dozen doctors who conduct the trials in the field for all these products, all these technologies, which we are developing.

That expense is being booked in the marketing department, not in the R&D department, but that is also one expense which we are incurring. If you've seen our balance sheet, generally, the amount going to the R&D, you will see about INR12 crores. But there is no major advantage if I show -- try to show INR20 crores or INR30 crores because there is no special tax exemption.

And I believe that R&D is to perform and not to show. So we believe in performance. With lower expenses, we wish to do more R&D. So the total number of registrations which is involved in R&D is more than 100 at IIL and there are about similar number of scientists in OIL, which is a JV with IIL. So as such, there are about 200 people who are involved directly and indirectly into the R&D. But yes, the expenses booked on R&D is much lesser than what we are exactly spending on that, I can say.

Moderator: The next question is from the line of Yash from Grit Securities.

Yash: I've got a few set of questions. So firstly, with the company strengthening its technical manufacturing capabilities, so like how are we positioning ourselves in the global B2B and technical exports market? And also, are we seeing any opportunities for long-term supply agreements with international customers?

Rajesh Aggarwal: Yes, we started our international business with the brand business and doing the white label. Now we are slowly getting the traction in the technical market. We have got various registrations across the world. We are getting registration in Americas, Europe and also ASEAN, so -- CIS. So the expectation is quite high that we'll be increasing our business in the technical supplies.

At the same time, we are also working for the long-term supply agreements in the form of CDMO agreements. So we have signed some initial agreements. We are trying to develop these. So there are various companies across the world who are working with us. And once these arrangements starts, we'll make the announcement.

So the commercialization either has happened slowly because we have supplied 1 container, that does not mean. So once we sign the long-term agreement and the business starts in a big way, then yes, we'll announce that CDMO. So the development of Sotanala plant and Dahej plant is getting -- is developing in that direction so that we qualify for the CDMO for these companies.

Yash: Understood, sir. And also, like could you please elaborate on the progress of the international collaborations with partners such as Nissan Chemicals, Corteva and OAT Agrio?

Rajesh Aggarwal: I'll go one by one. So there are 3 only available in the public review. So I'll talk for all 3. And then the fourth one is Momentive, which has been our partner for one product for quite some time. So I'll start with Nissan. Nissan was the first collaboration in the lot. It happened in 2013, and they offered us two products.

From two the number of products we are handling today are 7, and we are going to handle their eighth product very soon, and they are one of our large partners and their portfolio contributes more than 30 -- 35% of my total brand sales. So Nissan is a very important partner of us. They are supporting us in bringing the new technologies to India.

And now they are also partnering with us to develop the mixtures and extend the life of the products. So we are -- initially, we used to do the straight products with them. Now we are also developing mixtures with them and launching into the Indian market. Talking about OAT. OAT also we established in 2013.

We were lucky to have two Japanese companies in this area. We made a JV with them for discovery of new generation molecules and it is working very successfully. Apart from this, they gave -- offered us one product called Chaperone to launch in the market a few years back. And this year, it's a PGR product. So this year, we are going to double the sales of this product.

So very good success received in the market. Product is doing well. And one more good news that we have made an application to include the new product, which is developed by JV. It's a new mode of action product, the first discovery of the country to include in Schedule of Insecticide Act. And once it gets included, we'll make an application for this new discovery molecule.

Yash: Got it, sir. And just last question. So on the international business, so like how are we progressing across Latin America, Europe and Asia Pacific regions? And along with that, what is the current export revenue contribution and your long-term targets for exports?

Rajesh Aggarwal: Okay. Export is a very important business from India. It is the bigger -- the market size is bigger than the domestic market. Our presence is a little low. Our contribution from international business is about 5%, which is very, very low in comparison to many of our peers.

So we have made a note of it. And we are working to have more registrations of our products in the international markets. So later we have made certain registrations. Market is competitive and their currency has got a very bad hit in the recent past. So the demand is long credit, non-LC backed business.

We are working on that with certain strong companies. We are working in Europe. We are working in Asian countries also. We have signed various agreements with various companies who are registering our products in different parts of the world. So we see the business happening.

And I believe that once we start this technical business, the growth will be visible actually. So we have good growth targets from international business. I wish to grow at a CAGR of not less than 40%, 50% because my base is very small. So let's see how the things progress. But I can say that 5 years down the line, I see my business as INR500 crores from international markets, which will include CDMO, the new fluid supplies and the regular export business to the different parts of the world.

Moderator: The next question is from the line of Rajiv Jain from Arcane investments.

Rajiv Jain: So I just have a couple of questions. So firstly, could you elaborate on the progress of the OAT Agrio molecule discovery program? What is the expected time line for development, regulatory approvals and maybe potential commercialization?

Rajesh Aggarwal: Our target was to launch the product in 2027. We have made an application to include the product in the first product and Schedule of the Insecticide Act. We are expecting that clearance in a few months down the line. And once I receive that clearance, I'll immediately file for an application. My IUPAC name registration is pending.

Once that comes, we'll expedite the process. So it might take 1 year from here. So I'm not saying that I get the registration by December because I see a delay of a few months. Next fiscal, there is a chance to hit the first product. And once the first product, we will start with the second because we have the visibility of at least three products from this JV. So we have to start the data generation for the other products also once the first product starts.

Rajiv Jain: Understood, sir. Understood. And how is Kaeros research progressing as a separate growth platform? And with over 50 products commercialized, what are the revenue contributions and profitability levels currently? And what is your road map to scale this business? If you could throw some light on that?

Rajesh Aggarwal: Yes. So very important question because Kaeros is going to be our engine of growth. And we again see a good growth coming from Kaeros in particular. I see the business growing at a good CAGR, not less than 50%. In the next fiscal, it is going to be even more. If I get 100% CAGR, it won't be wrong. So we are establishing our network across country.

There are more than 55 products which have already hit the market, and there will be a few more. So I can say in this year itself, we will have about 60 products in the market. There are more than 150 people who have joined Kaeros on third-party role and on the main company role.

In totality, the network is already established about 800,000 distributors are already appointed in the Northeast and Western corners of the country. The Southern markets, we are going to hit shortly. And in H2 of this year, we are going to complete our network in the Southern markets also. So the all India market network will be opened in this fiscal itself.

So which means that there should be a good growth from Kaeros. So this year, we see a total business of about INR125 crores brand business in totality, the company might close around INR200 crores in a stand-alone results. And next year, I see the company going -- doubling its brand business.

Rajiv Jain: Understood, sir. Understood. And sir, lastly, premium products currently contribute a significant share of the B2C portfolio. So what is the target contribution from Maharatna and Focused Maharatna products over the next 2, 3 years? And how will this impact overall margins?

Rajesh Aggarwal: This is a strategy which was formed a few years back when the premium products were contributing 50%. So we have already reached in the range of 60% plus. The target is to touch 70%, and then we'll again revise our target once we achieve that target. So yes, it will keep on improvising the margins of the company. So we'll grow step by step.

In our previous question, I replied it can be 1% in certain years, certain years, it might be lesser. In certain years, it can be more than 1% also. So it will keep on happening year-on-year, but I'm very, very confident that we'll not only grow our top line, we'll grow the bottom line margins also in terms of percentage and in terms of actual numbers.

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

Rajesh Aggarwal: As we wrap up Q2, I would like to acknowledge the efforts, commitment and collaboration of everyone involved. While we celebrate the progress and the achievements made during the quarter, we also recognize the opportunities where we can improve and do better. The learnings from Q2 give us a strong foundation to move forward with greater focus, accountability and determination.

Let's carry the momentum into Q3, stay aligned on our priorities and continue working together towards stronger results. Thank you, everyone for your continued dedication and contribution. Let's make Q3 not just about meeting exceptions, but about exceeding them. Again, I wish you a very happy and prosperous Diwali. 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.