

AIMCO PESTICIDES LIMITED

(AN ISO 9001 : 2015, 14001 : 2015, 45001 : 2018 CERTIFIED)

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November 25, 2024

To,

The Department of Corporate Services

BSE Limited

P. J. Towers, 1st Floor,

Dalal Street, Mumbai - 400 001

Dear Sir / Madam,

Subject: Transcript of Conference Call held on Wednesday, November 20, 2024

Reference: Aimco Pesticides Limited (Scrip Code - 524288)

Further to our previous communication dated November 20, 2024 in regards to the communication of web link of the Investor/ Analyst call for the Un-Audited Financial Results for the Second Quarter and Half Year ended September 30, 2024, of the Financial Year 2024-25 held on Wednesday, November 20, 2024 at 04:00 P.M. IST, we enclose herewith the copy of the transcript of the said call pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

Thanking You.

For Aimco Pesticides Limited

Reema Manoj Vara

Company Secretary and Compliance Officer

ACS No. 71824

Encl.: As above



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"Aimco Pesticides Limited
Q2 & H1 FY'25 Earnings Conference Call"
November 20, 2024



MANAGEMENT:

MR. ASHIT DAVE
EXECUTIVE DIRECTOR & CFO
AIMCO PESTICIDES LIMITED

Aimco Pesticides Ltd
Q2 and H1 FY25 Earnings Conference Call
November 20, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1FY25 Earnings Conference Call at Aimco Pesticides Limited hosted by TIL Advisors Private Limited. As a reminder, all participants 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 ‘*’, then ‘0’ on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sayam Pokharna from TIL Advisors. Thank you and over to you, Sir.

Sayam Pokharna: Good evening and welcome everyone to the Q2 and H1FY25 Earnings Conference Call of Aimco Pesticides Limited. The investor updates have been emailed to you and have been uploaded on the Stock Exchange and company website. In case anyone wants to be added to the mailing list, please feel free to reach out to us.

To take us through today's results, we have with us from the management team, Mr. Ashit Dave - Executive Director and Chief Financial Officer.

We will be starting with a brief overview on the business and financial performance for Q2 and H1 from Mr. Dave, followed by your Q&A session. I would like to remind you all that anything and everything said on this call reflecting any outlook for the future which can be construed as a forward-looking statement must be viewed in conjunction with the risk and uncertainties that we face. These risks and uncertainties have been outlined in our annual report. That said, I would now like to hand over the call to Mr. Dave, over to you, Sir.

Ashit Dave: Thank you, Sayam. Ladies and gentlemen, thank you for joining us today for Aimco Pesticides Q2 FY25 earnings call. I appreciate your continued interest and support in our company. I would like to begin with an overview of the performance and the challenges we have faced and the strategies we are implementing to navigate them.

As reflected in our Q2 performance, it is clear that we have encountered significant headwinds, particularly in our export markets. Q2 has proven to be a challenging period for export performance experiencing considerable pressure on both volumes and pricing for some of our key products. This sluggishness in the export segment has led to the top line decrease of 32% in quarter 2, which has consequently resulted in overall lower business performance for the first half of FY25. The ongoing challenge from Chinese competition in the technical front remains persistent and that we are facing along with the rest of the industry. However, amidst these challenges, I'm pleased to report that our domestic brand sale formulation business has demonstrated remarkable resilience. This segment has outperformed our exports showing year on year growth in H1 FY25. The robust performance of our domestic brand business can be attributed to the healthy monsoon conditions. It's worth noting that towards the end of Q2, we did observe some tapering off in the domestic brand business due to excessive rainfall. However, I am delighted to inform you that demand has picked up again in post Q2.

Looking ahead, we are optimistic about upcoming rabi season. The healthy reservoir water levels across the country provides a strong case for agricultural activities in rabi. Based on these favorable conditions, we anticipate doing more business on the domestic side in H2 FY25 compared to the corresponding period in the previous year.

On the product development front, I'm pleased to share that we have made progress. We have successfully commercialized 3 new products which are currently being manufactured at a small and pilot scale. The commercial ramp up of this product depend on several factors, including improvement in market demand, product registrations and our investment in the

plant capacity. We are closely monitoring these factors and are prepared to scale up the production as conditions become favorable.

For one of these new products, we have adopted a strategic approach to maximize our existing assets. We plan to make modification in an existing plan through debottlenecking exercise. This approach will allow us to utilize our current capacity for the new product while entailing limited investments. For any further large investment in the plant capacity, our board will make careful evaluation and make decision at the appropriate time.

In addition to the new molecules we have introduced, we expect existing products like Bifenthrin to contribute higher volumes in next year, particularly due to the reason product registration in Brazil has been received. While the current year has presented its share of challenges, particularly on the export front, we are cautiously optimistic about improving our export business in the coming financial year. We are implementing targeted strategy to enhance our competitiveness, expand our market presence and diversify our product offerings in international markets.

Thank you for your attention and we look forward to your questions, insights during the question-and-answer sessions that follows. Thank you.

Moderator: Thank you very much. The first question is from the line of Pujan Shah from Molecule Ventures. Please go ahead.

Pujan Shah: Hi Sir. Few questions from my side. First question would be on the export side. So, we have our revenue has been impacted due to sluggish. So which area so what could be the reason for specific things and what could be the volume decline on YoY basis and what could be the price erosion we have witnessed over these key products?

Ashit Dave: In export business, what we have observed from last few quarters is that the demand has improved substantially over the last few quarters. So, the volume wise, we have not seen a major falls in volumes, but value wise price erosion has been in the range of 20-30-40% across the molecules and that has really created lot of challenges maintaining profitability and consistent export orders from customers.

Pujan Shah: So, are we seeing any visibility of stabilizing the prices as of now and are we looking any uptake not like it will be stabilizing in next quarter and will be uptaking in FY26 or it will be the similar change what we have been currently looking at it?

Ashit Dave: I have observed from last few months is some molecules have shown price improvement, some molecules have shown stagnant pricing from last few months and very few molecules are still very weak and because of the supply side situation, excessive capacities in China, dumping from Chinese manufacturers, some of the molecules, prices are still at very low levels, but you know, so the challenges are different from company to company depending on the product basket they have. So, for example, our company, one of the products which we were having lot of challenges with price erosion of acute competition from China, we have seen some price improvement in Q3 and so at the moment, we are comfortable as margin wise in one of the product, but we see the second product Chlorpyrifos, still struggling at very low prices. So, it's a mix situation but I don't see a major change happening in the next couple of quarters.

Pujan Shah: Ok Sir, so my second question would be on the new products which have been commercialized. We have been into as of now in the pilot scale. So just wanted to understand, can you just state the size, how we have been planning to ramp up the capacity and you have just said it out that we have been debottlenecking so what could be the Capex amount if we have been debottlenecking at our plant and so how we have been looking on our general basis?

Ashit Dave: So, we've commercialized 3 products, two of them are insecticide and one is a growth promoter. Now one insecticide and one growth promoter, both these two products are mainly focused on Indian market and we have our brand business for both these products and we are increasing our business in that segment. The third product is an insecticide for which we recently launched our brand and we are having a lot of repeat orders and the product volumes are increasing slowly, slowly. We are also exploring B2B business revenues for all the three

new products and the increase in volumes we are expecting in the Rabi season and the large production expansion will happen in next financial year where we will have some export orders also coming through for these products and at that time we will look at dedicated manufacturing facilities for these molecules, but till such time, we are repurposing some of our idle capacity of insecticide plant and for which we are expecting not a very large Capex because we are repurposing the plant. So, it will be in the tune of 1 and a half to 2 crore rupees.

Pujan Shah: As of now, it will be around 1.5 to 2 crores once it comes to our dedicated then it could be around, can you just give a Capex estimate, Capex size?

Ashit Dave: We have not yet finalized the capacity size, plant size capacity which we want to start setting up from next year, we will take that call in Q4.

Pujan Shah: Ok. Sure, sure. Sure. My third question will be on Bifenthrin, we have received the registration in Brazil. So, what would be a key strategy to penetrate in Brazil and like if you state on a macro level that what could be the demand size potential over there, how we have been outsourcing that and what would be the strategy to penetrate in Brazil?

Ashit Dave: So, we have been discussing Bifenthrin business with lot of customers since now we have our own registrations, we can have a wider customer base in Brazil and so we have already initiated lot of discussion with some of our customers and Q4 we are expecting to get significant volume in Bifenthrin as business but the full potential of Bifenthrin we will be able to achieve only in next financial year.

Pujan Shah: So, like could you state down the capacity of Bifenthrin and how we have been looking volume offtake? I understand Q4 will be our major quarter for Bifenthrin, but for FY26, if you can state?

Ashit Dave: Bifenthrin our capacity is 350 metric ton per annum. And at the moment, we are not utilizing the capacity to a great extent because our registration has just come and in our brand sale business in India is not that big in Bifenthrin but once our tie ups start materializing in Brazil, we expect to fully utilize the capacity in next two financial years.

Pujan Shah: OK, and Sir, any competition we have been witnessing in specific product because it might be China would be competing with its products.

Ashit Dave: China, China competes in all the products. There is nothing which they do not manufacture.

Pujan Shah: But Sir, like do we see any like price erosion in coming years for this specific or like the price erosion has been done in last quarter as well. So now it is not been like the price impact won't be there in coming years.

Ashit Dave: So, price negotiation is going on. We have not concluded any orders as yet we are in negotiation. And pricing out of China, you know, one it is very difficult to predict what is going to happen in next quarter. So, we always have to you know beyond those and you know take the best judgment call and go ahead.

Pujan Shah: Thank you so much for the answers, that is from my side.

Moderator: The next question is from the line of Ashok Gupta from AG Investments. Please go ahead.

Ashok Gupta: Good afternoon, Sir. Thanks for the opportunity. Sir, I had few questions. The first one is the regarding the raw material and the products you said the prices of few of the molecules have eroded, you know from 20 to 40% depending on these molecules. In the same way the raw material prices have also fallen or is it only the final product prices have fallen due to the dumping from China.

Ashit Dave: Both we are observing prices falling on both fronts raw material also and finished products also. But what happens is when the prices fall, most of the time you are left with high priced raw material which you have already bought in advance. So, but yes, both prices, raw material and finished product both prices are falling together.

Ashok Gupta: Ok. So, this you are saying it is expected to continue, at least in H2 also, for the export market, correct?

Ashit Dave: Yes, yes. I don't see a significant change happening in pricing out of China in H2 also.

Ashok Gupta: OK, fair enough. So, second is for one of the bigger agrochemical company, we have this contract to supply. Just wanted to know how much did we supply anything during H1 FY25?

Ashit Dave: Our volumes in H1 of the product which we were supplying, it was almost comparable to the last year volume wise, but there was a huge price erosion in the product pricing. So top line wise it was not the same as top, you know value wise, volume wise we are ok.

Ashok Gupta: So that means I think if I recollect properly, I think we had done around 1200 metric tons till H1 FY24. So, we must have done the same thing this year also?

Ashit Dave: Yes, yes. Little more than 1200 tons.

Ashok Gupta: OK, fair enough. And how much we are expected to do in the remaining part of the year, Sir, any quantity they have given us?

Ashit Dave: In Q3, also significant volumes are going on. Volume wise we are fine. Q4 numbers and projection I still don't have, but Q3 is fine you know margin wise, top line wise we are doing ok at the moment, but you know as I mentioned it is very difficult to predict pricing supply situation coming out of China so I would not like to make projection for Q4.

Ashok Gupta: OK, sir I don't have how much we had supplied for the entire financial year 24. Do you have that figure in front of you, Sir? or I will rephrase my question will be able to match up with the last year quantity?

Ashit Dave: I think the total this year's quantity will be higher than last year.

Ashok Gupta: So, it will be higher than last year. So, second, regarding the same customer, there were discussion to add few more products. You know, with the same company as well as you know, you were looking for some new customers also any this contract supply, any progress on that?

Ashit Dave: Not as yet, everything has been finalized, but the start date of the contract is not yet finalized, so I would not like to give a date to that.

Ashok Gupta: No, no, no, I agree but that is with the same company. Sir?

Ashit Dave: We are definitely doing one more product, yeah.

Ashok Gupta: With the same company?

Ashit Dave: Yeah.

Ashok Gupta: Would you be comfortable sharing the product name and the margins we would be making?

Ashit Dave: It's a herbicide meant for export business.

Ashok Gupta: OK. Export of their business?

Ashit Dave: Yes. Export business, yes.

Ashok Gupta: My next question is see major part of our current revenue, it's being contributed by three main products, right. So, with the formulation sales in the domestic market increasing and with the introduction of few more products. So, I know you are trying to de-risk that dependency, but to see in a significant way based on whatever the current scenario, how many more years it will take for us to you know, de-risk?

Ashit Dave: I think FY26, I am very hopeful that situation will turn around for our company since we have already received Bifenthrin registration in Brazil. We are expecting Triclopyr registration also to come through by March. So next year we will have our own customer base for both 2

products, Chlorpyrifos we already have so three products we will have next year. So, our customer base will substantially increase next year and then the volumes can really go up.

Ashok Gupta: OK, this while being product risk you are trying to, you know de-risk. But Sir, this Triclopyr through our customer we are selling it in Brazil. Then Chlorpyrifos we are selling it through our distributors again into Brazil market and now you are saying Bifenthrin as well as you know Triclopyr also so, that means are we not dependent on Brazil market too much?

Ashit Dave: No, of course Brazil will be a significant market, but there are other markets like Australia, Indonesia, Malaysia, which also contribute substantial share in our export business.

Ashok Gupta: So, when these, you know both Triclopyr and Bifenthrin, when you start selling directly in the Brazil market along with the Chlorpyrifos, so how much should be sales to Brazil market would contribute to our revenues, let's say not in 26, maybe in 27 or so?

Ashit Dave: Yeah, it should be about 60%. It will be, it's just like the market is big. So size volumes are quite large.

Ashok Gupta: Sir, in one of the concall of another, you know agrochemical company, Indian Agro Chemical Company, they were saying that bifenthrin and all there is too much of competition and as well as the dumping from Chinese players. So, the prices have fallen down very badly they were mentioning. So, we are getting the registration, will it make any significant contribution to our revenue?

Ashit Dave: Just to give you a context on Bifenthrin, Bifenthrin in last two years have the prices have fallen from \$35-40 to about \$18 as of now. But as you had mentioned that raw material prices also keep falling simultaneously, so it is not that the product is completely unviable. Another way we are circumventing this competition from China is by entering into formulated product supply with our customers. So, we give them a formulated packed product from India which gives us additional value addition opportunity in the molecule.

Ashok Gupta: But they will be sold in another in the brand name of the Brazilian distributor, correct? Not in our brand name.

Ashit Dave: Not in our brand name.

Ashok Gupta: Ok. Sir Chlorpyrifos also, we had a very good sales in Brazil. So, what is the scenario for the current financial there?

Ashit Dave: Current financial year Chlorpyrifos in Brazil is we do have ongoing business but. It has substantially come down then the levels of 2017, 18, 19 what we were doing again competition from China. Volumes have not gone down in Brazil for the molecule but yes, our market share has gone down in Brazil because of competition in from China.

Ashok Gupta: OK, sir with this you know, selling as a formulated product, will you be able to still make some decent margin?

Ashit Dave: Yeah, that is the idea. To maintain margins, we have to, you know supply formulated products so that we have value additions.

Ashok Gupta: Ok. Fair enough Sir. May I ask a few more questions?

Ashit Dave: Yeah.

Ashok Gupta: Ok. So, regarding the formulation, we have taken off very well. Just wanted to know how much sales we have done in H1 FY25, Sir?

Ashit Dave: H1 FY25, our formulated product sale, it is more than the H1 sale of last year almost by 20%.

Ashok Gupta: So that means last year I think for the entire financial year, we had done around 100 crores for FY24.

Ashit Dave: Yeah, yeah. For us, Rabi, season is a larger season for domestic brand sale business because of our presence in West Bengal, Odisha is very good.

Ashok Gupta: OK, Sir. Then how much you are targeting for the financial year then?

Ashit Dave: About 130 crore rupees from brand business.

Ashok Gupta: So that means you had a target of doubling within two years, so that means you are saying FY26 you should reach close to 200?

Ashit Dave: That's the target, yes. And we are adding new molecules in our brand sale business. We are adding new areas and I'm very confident we will be able to achieve that.

Ashok Gupta: OK, so now I know in the formulation, the margins depend on the turnover. So, you had mentioned to that as we increase the turnover, the margins also should go up. Would it be possible to share us, you know what is the current margin we are making in this business and how it will be for FY25 and 26 also?

Ashit Dave: In brand sale business, we are in all these difficult times also we are able to maintain 30-35% gross margin. The challenge for the overall business is when these prices keep falling on the technicals which we manufacture. So overall it becomes difficult and challenging for the whole quarter. But then we are trying to, you know, expand our product lines. So, we added three new molecules. We are now expecting larger share of Bifenthrin business from export market. So, all that put together, we are very confident that in next few quarters we will have a good position to secure business.

Ashok Gupta: Sir, when you say gross margins of 30-35%, how much it would percolate to EBITDA sir? Will it be about 10%?

Ashit Dave: It is around 10% from brand sale business. Yeah, it again product category wise it keeps on changing.

Ashok Gupta: I know, that's what I'm asking for on average instead of getting into in detail.

Ashit Dave: Yes.

Ashok Gupta: OK. So, when you go to 200 crores, how this margin would look like, Sir?

Ashit Dave: We expect the margin to be on the similar levels because the new products which we are adding to our basket are the new molecules and we are not adding old generics in our product basket to increase our sale so we expect these margins to remain same if not better.

Moderator: The next question is from the line of Tisha, an individual investor. Please go ahead.

Tisha: Thank you for the opportunity. Sir, when can we see the revenue coming in from this, three new products, so the material scale up will possibly happen in the next year or do you expect it in this year itself?

Ashit Dave: You know, we have already started manufacturing these new 3, all the three new molecules, but the volumes are not significant at the moment. So, next financial year, we will be able to have significant revenue stream from all the three molecules.

Tisha: Ok. Another question is, is there any update on the Brazil product registration for Triclopyr?

Ashit Dave: Triclopyr we are expecting to receive the registration by March 25.

Tisha: Also, have we made any product registration applications for the three new products that you have talked about?

Ashit Dave: Yeah, we already have three more products lined up in registration in Brazil. So yeah, but again, putting a date is difficult, but Triclopyr I'm able to give you a date because it is already it's under review and then the required data is already submitted. So now we can expect the registration soon.

Tisha: And Sir, as on H1FY25, what is the plant capacity utilization and for these three new products, what kind of capacity we do need to add when we take them to a commercial scale?

Ashit Dave: For the existing products, we are still about 70% capacity utilization. And for the new products, we are working on the capacity which we will be requiring for the next year. So, part of it, we are repurposing our existing insecticide plant and in Q4 we will decide if we have to invest in a additional manufacturing facility for the 3 new products and if it is required, then we will set up the facility.

Tisha: The next question was, Sir, this quarter our gross margins has improved decently, but our EBITDA margins have not. Can you explain why during the case?

Ashit Dave: It's mainly because of our top line coming down. We were not able to achieve additional volumes even though the volumes which we achieved in technical like Triclopyr, Chlorpyrifos, they were higher than last year in numbers that because of price erosion, we were not able to achieve the top line as compared to last year and that is the reason, you know, we were not able to maintain the EBITDA margins.

Tisha: Second question is what are the planned investments and timeline for scaling up the manufacturing capacity and achieving full commercialization of these three new products as mentioned in presentation?

Ashit Dave: So, the plan Capex for this financial year is only the Capex which is required to repurpose the current manufacturing facility for manufacturing one of the new products which is about 1 and a half to 2 crore rupees maximum and for additional new capacity which we will set up next year for the other molecules that decision we are going to take in Q4.

Tisha: So, Sir, can you provide the details on the additional investment required for modifying the existing plant to accommodate the new product and what is the expected timeline?

Ashit Dave: It's about 1 and a half to ₹2 crores which we are going to finish by January.

Tisha: OK. Thank you so much. This was all.

Moderator: The next question is from the line of Anand Gupta, an individual investor. Please go ahead.

Anand Gupta: I want to understand why are the other expenses higher by 15% year on year basis and about 68% on QoQ basis?

Ashit Dave: Yes, you are right. The other expenses have gone up mainly due to freight prices going up. Though the top line if you know if you will see the top line has gone down but the volumes are same and the cost of rate cost has substantially gone up in last quarter and that's the reason the other expenses are very high. Again, freight prices have started tapering down in Q3 but not to the old levels so February, March, April levels. But they've started coming down now.

Anand Gupta: OK, that is helpful. I also want to understand that despite the various headwinds that you mentioned, in the last seven quarters, our gross margins have been highest at 25.25%. So, what has led to this higher gross margin in Q2FY25?

Ashit Dave: A very strong increase in our brand sale business is one of the major contributors for this.

Anand Gupta: So, Sir, are you quoting that it is higher realization or is there something to do with the sourcing of raw material?

Ashit Dave: Higher realization in our brand sale business is one of the major contributors.

Anand Gupta: Got it. That's helpful. Sir, one last question from my end. What is the volume sold for Chlorpyrifos in H1 FY25?

Ashit Dave: In H1, we have done till now 1200 tons of Chlorpyrifos.

Anand Gupta: So, when you say till now you mean till this month or in H1 FY25?

Ashit Dave: In the H1 numbers.

Anand Gupta: Got it. Ok. Thank you, Mr. Dave. That's all from my side.

Moderator: The next question is from the line of Ankur Agrawal from RC Business House Private Limited. Please go ahead.

Ankur Agrawal: Sir, this phase which has started in the company since December'22 which is still going on, by when can we expect this to short-out and become profitable?

Ashit Dave: Sir, we are hoping to improve from the current quarter. Fortunately, current quarter, the quarter three, we are doing well and I expect quarter four also to be even better than quarter three and we end up the year with a very strong numbers but as I earlier mentioned, supply situation and pricing out of China, is very difficult to predict so we are very careful now in making long term commitments and that is the reason we have been able to improve performance in Q3.

Ankur Agrawal: Do we need to change our business process? Many agrochemical companies have come in profit in the September quarter.

Ashit Dave: So, I said earlier, there has been a substantial price improvement in some products. So, our company's business also in Q3 has seen a substantial improvement performance because the price of this 1 product Triclopyr is reasonably good and have increased so demand is also very strong but it is difficult to predict till what time will this last.

Ankur Agrawal: So, is there not too much dependency on Brazil where India also is a very big market?

Ashit Dave: As I just mentioned, Triclopyr does not have much exposure in Brazil, in this molecule selling in other markets but going forward, Brazil also will become a big market for direct sale of this product and Brazil will hold significance in every major exporting company's portfolio because that market is only that big.

Ankur Agrawal: At present, what is the total contribution of exports in the total sales in September'24?

Ashit Dave: Around 50%.

Ankur Agrawal: 50% export and 50% domestic.

Ashit Dave: Yes.

Ankur Agrawal: So, hopefully, till December quarter and March quarter, the pace will be slow.

Ashit Dave: It will improve in the December quarter that I'm very certain, but March quarter, I don't want to comment.

Ankur Agrawal: But the situation should improve from the branding business?

Ashit Dave: It will definitely improve from the branding business and hopefully, quarter four will have better performance than quarter three because maximum impact of Rabi season comes in Q4.

Ankur Agrawal: OK, because as a shareholder, I am invested in the company since 4-5 years but there have been no returns after so much happenings after investing in your company and that is very painful.

Ashit Dave: Hopefully, that will change after this year.

Ankur Agrawal: Number 3, I was seeing in the balance sheet that remuneration to directors is very high in comparison total salary 30% goes to directors and promoters. So, if the company is in pain, should this not be reduced?

Ashit Dave: We have started this discussion this year and it will change this year. We are revising that.

Ankur Agrawal: OK. Because shareholders are not getting any benefit.

Ashit Dave: We have already discussed this point with the board and we are addressing it.

Ankur Agrawal: Ok. At present, what can we expect is the peak top line volume of your capacity? At present whatever is tonnage capacity, whatever products are in the pipeline, so in next financial year 25-26 what should we expect can come in top line volumes?

Ashit Dave: As I mentioned, volumes even in this year have been better than previous year almost and even in the coming years, volume wise we expect 15 to 20% increase but pricing wise, top line wise product pricing wise, what pricing will be in the next year that is important to see.

Ankur Agrawal: But you will benefit from the branding business in the top line and bottom line?

Ashit Dave: Definitely we will get.

Ankur Agrawal: OK. Thank you. That's all from my side.

Moderator: The next follow up question is from the line of Ashok Gupta from AG Investments. Please go ahead.

Ashok Gupta: Thanks for the opportunity again, Sir. Sir, regarding the capacity you had mentioned Bifenthrin is around 350 metric ton. What about Triclopyr and Chlorpyrifos?

Ashit Dave: Triclopyr our capacity is 4000 metric ton and Chlorpyrifos is 2500 metric ton.

Ashok Gupta: OK, sir secondly, regarding the you know the formulation we had acquired some space near the existing plant area and we were to shift the formulation plant. Has it been done now?

Ashit Dave: Not yet. Not yet. We have this and we have taken possession of both the new premises, but we have not initiated any capital expense on both the facilities. But next year, definitely the first project would be to set up a new formulation plant to add capacity, not shift the plant to add capacity.

Ashok Gupta: So, you will not be shifting because you want to come up with some R&D facilities at that place, right?

Ashit Dave: Yes. So, but we have now 2 new plots so that will be this targeted at the second plot.

Ashok Gupta: OK, Sir, this now the current formulations can plant that we have how much turnover that we can make because I remember you had mentioned in the earlier call around 100 crores.

Ashit Dave: Yeah, it is I think, right, it's almost at full capacity right now. So, we are already facing lot of supply issues for our brand sale business which is growing continuously. So now till the time we have the new additional facility available, we are now having different arrangements with other formulation companies to do some job work for our brands. The brands which are large. So, we are relieving some of our existing capacity.

Ashok Gupta: Sir, second, as the sales of this formulation or the branded products are going up, our debtor days are also doubling up. So, what is the normal credit period extended to over distributors and dealers?

Ashit Dave: Normal credit period extended is normally 90 days, 60 to 90 days depending on the customer profile. But it does go up beyond 90 days in most of the cases.

Ashok Gupta: Correct, correct. But is there any issues with the collection subsequently Sir, have we face any issue?

Ashit Dave: There are delays with collections, but we have not seen any significant bad debts from any of our formulation business as yet.

Ashok Gupta: Sir, there were in the earlier calls you had mentioned, you know, like to do Capex of, you know, 35 crores in for FY25, like 15 crores for the formulation and rest for an intermediate plant something like that. So now you have mentioned formulation, we have not done any Capex, so this intermediate also plant also has been put into back burner?

Ashit Dave: On hold, both the major Capex is on hold. See, we don't want to burden the cash flow of the company with additional Capex in this difficult time. We want to 1st stabilize the current business and then venture into additional capacity.

Ashok Gupta: So, but this intermediate was supposed to be for the domestic market?

Ashit Dave: Yes, domestic market.

Ashok Gupta: And what was the capacity we had planned, Sir?

Ashit Dave: We had planned different capacities for different intermediates, so it was like overall it was supposed to be about 2000 tons capacity plant. It is still very much in planning as soon as we see some stability in profitability and our margins improve in few quarters, we will take that call and start the investment.

Ashok Gupta: OK, so this 2000 metric ton capacity, you're saying it is not for just one intermediate, it is for 2-3 intermediate, right?

Ashit Dave: Yes.

Ashok Gupta: OK. And as and when we do it, how much we can expect the turnover sir from this 2000?

Ashit Dave: It was about 300 to 350 crore it would result in top line. That was the total target. But we will talk about this when we are close to actually.

Ashok Gupta: OK, fair enough. Sir, other than this project, there were another two molecules you wanted to manufacture. 1 is insecticide in Q3 and 1 of herbicide in Q4 of last financial year, I think those also have been deferred?

Ashit Dave: No, we started 3 molecules we already started manufacturing.

Ashok Gupta: No, but that that is one is the growth promoter and two, insecticides, this growth promoter is the herbicide?

Ashit Dave: No, no, no. The herbicide project is the, you know, for the new plant which we were discussing that is as of now it is deferred till next year. Again, there are certain patent issues which we have, you know circumventing and till 26 the patents are existing. So, we are not in a hurry. Registrations are also going on. So yeah.

Ashok Gupta: Sir, now just to get it because we are getting confused with these so many products, you know some are you're introducing some are deferring or some are in the registration as on today how many products that companies pursuing for registrations in the export market?

Ashit Dave: So current we are pursuing three more registrations apart from the two registration which are closed. 1 we have received 1 is close to receiving so 3 new registrations are in the pipeline.

Ashok Gupta: OK. And for the domestic market, whatever these new products you are talking of, we have the approval?

Ashit Dave: Yes, for domestic market, we have already the registration. We have already started selling these products. For these products, we already have our own brand. Now we are pursuing B2B business opportunities for these 3 molecules and next quarter, we will decide on the additional capacity we will need for all the three new molecules.

Ashok Gupta: Thank you very much and wish you all the best.

Moderator: The next question is from the line of Rishikesh from RoboCapital. Please go ahead.

Rishikesh: Thank you for the opportunity, Sir. Sir, I would like to ask what is the revenue target for FY26, revenue target and EBITDA margin target?

Ashit Dave: Revenue target, we want to achieve 210+ this year and EBITDA margins, we want to as I said, pricing of Q4 on most of our molecules is not very clear. It is difficult to predict what is the pricing going to be in Q4. So, but so far as the way the Q3 numbers are there, we expect to be profitable by the end of the year.

Rishikesh: And for FY26, can you share your revenue and EBITDA margin target?

Ashit Dave: FY26, we have the plan but I think next quarter, we will be a better time to predict on the numbers for FY26.

Rishikesh: Sure. And if I heard correctly, you said a you have a target in your branded business to 200 crore revenue by FY26?

Ashit Dave: In next two years, yeah, 26. Yeah.

Rishikesh: OK. Got it. Yeah. Thank you.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question. On behalf of Aimco Pesticides Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

Ashit Dave: Thank you very much. Thank you everyone for attending. Thank you.