AIMCO PESTICIDES LIMITED

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CIN NO. L 24210MH1987PLC044362

Ref.: APL/CO/BSE/11/2025-26 June 09, 2025

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, June 04, 2025

Reference: Aimco Pesticides Limited (Scrip Code - 524288)

Further to our previous communication dated June 04, 2025, in regards to the communication of web link of the Investor/ Analyst call for the Audited Financial Results for the Fourth Quarter and Financial Year ended March 31, 2025, of the Financial Year 2024-25 held on Wednesday, June 04, 2025 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
Digitally signed by Reema Manoj Vara
Date: 2025.06.09 13:06:32 +05'30'

Reema Manoj Vara
Company Secretary and Compliance Officer
ACS No. 71824

Encl.: As above

“Aimco Pesticides Limited
Q4 & H2 FY25 Earnings Conference Call”
June 04, 2025

MANAGEMENT:

MR. SAMIR DAVE
MANAGING DIRECTOR
AIMCO PESTICIDES LIMITED

MR. ASHIT DAVE
EXECUTIVE DIRECTOR & CFO
AIMCO PESTICIDES LIMITED

Aimco Pesticides Limited

Q4 and H2 FY25 Earnings Conference Call

June 04, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Aimco Pesticides Limited Q4 and FY25 Earnings Conference Call hosted by TIL Advisors Private limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*', 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: Thank you, Manav. Good evening and welcome everyone to the Q4 and FY25 earnings Conference Call of Aimco Pesticides Limited. The investor updates and the presentation has already been uploaded on the Stock Exchange. In case anyone wishes to be added to our 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 the Q4 and FY25 from Mr. Dave followed by your Q&A session.

I would like to remind you all that anything and everything said on this call that reflects 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 detailed in our annual report.

With that said, I would now like to hand over the call to. Mr. Dave, over to you, Sir.

Ashit Dave: Good evening, ladies and gentlemen. I extend a warm welcome to all participants joining us for our Q4 and full year FY25 earnings conference call. As we take stock of the year gone by, it's clear that FY25 has continued to be a challenging period for our company and the broader agrochemical industry. The sector has faced significant headwinds and these have directly impacted our performance over the last past two years.

Our top line for the year has remained largely flat with the marginal degrowth in sales compared to the previous financial year. This primarily a result of prevailing industry environment characterized by heightened competitive pressures and pricing reduction. Profitability margins have also remained under pressure. We have observed some reduction in our EBITDA losses compared to the previous financial year, reflecting our ongoing effort to manage cost and drive operational efficiencies based a tough market backdrop.

The profitability of our active ingredient division is a major challenge currently. It has been significantly impacted by intense price competition, particularly from Chinese counterparts. This has led to lower product realization across the global markets. Over the past year, we have observed reduction in selling prices of several key products in our portfolio while some products have seen further price declines post FY25. Others have stabilized at last year's level. Unfortunately, lower realizations have constrained our top line growth, even in instances where we have achieved volume increases.

Additionally, we have witnessed increased competition from Chinese manufacturers in product categories that were previously faced minimum competition. This shift has further compressed our margins and slowed the pace of our export business.

Given the uncertainties in the active ingredient segment, our strategic focus over the past two years have shifted towards expanding our domestic brand business. I am happy to report that this segment has continued to perform well building on its momentum from previous year.

We have broadened our portfolio product portfolio, launched new products and entered new markets and strengthened our team within the brand division to accelerate growth. We believe that this strategic test will position us well for the robust growth in FY26.

Furthermore, the Indian Meteorological Department's prediction for a healthy monsoon this season bonds well for the agriculture sector and by extension for domestic agrochemical consumption. With the active ingredients division, our effort remains focused on scaling up new molecules with better profitability and explore new geographics for our existing products through target targeted product registrations. We are optimistic about securing a key product registration in major export market this season with which if it is successful, we will open up a decent opportunity and help us offset some of our sluggishness in export business.

To further support our operations and growth initiative, promoters have infused additional capital into the company through a preferential issue of 2 lakh shares.

In summary. While the year has presented its share of challenges, we remain cautiously optimistic about the road ahead. We are encouraged by the prospects of favorable monsoon, ongoing strength of our brand business and our continued agility in navigating the active ingredient segment.

With this now, I would like to open the floor for questions.

Moderator: Thank you very much, Sir. We have a first question from the line of Arham Gandhi from Molecule Ventures. Please go ahead.

Arham Gandhi: Hello Sir, thanks for giving me this chance. My first question was firstly can you clarify what kind of gross margins are we currently making in active ingredients and approximately how much rupees would this would have reduced in the last 1-2 years?

Ashit Dave: OK. In active ingredients manufacturing, normally we were maintaining gross margin depending on the molecule from 20 to 25% going as high as 30%. But from last two years we have continuously seen reduction in margin in some of our main key manufactured products due to competition from China and those margins have now come down to 12% to 15% to 20% in some of the key products. And this is one of the reason of our EBITDA going down.

Arham Gandhi: OK, Sir, my next question is you have mentioned Chinese competition coming in some new products as well which are these and, in this competition, mainly Indian markets for exports markets? How do we plan to counter this?

Ashit Dave: So out of our product portfolio, one of our key product is only for export market. So, we are facing competition from Chinese manufactured products in export market as well as Indian market.

Arham Gandhi: Sir, can you specify which product?

Ashit Dave: So, Triclopyr being one of the product which is herbicide, but it is only meant for export market, there is no Indian registration. So, in that segment we are facing lot of competition and price reduction from Chinese manufacturers and the prices have substantially come down over the past two years and because of which there is a lot of pressure on margins.

Arham Gandhi: OK, Sir. Can you talk about volume versus value growth equation in FY 25? Product prices have come down by how much and what kind of volume growth we could have observed in active ingredient business?

Ashit Dave: So, for example, both all the active ingredients put together, if volume wise, we have grown about 25% in volume, but there is no significant change in the top line of both the products. So that's the kind of reduction we have seen in value wise.

Arham Gandhi: OK, Sir, then you have mentioned focus on brand business in last two years. So, what is the kind of brand sales which we are buying this year versus last year? What kind of gross margins do we generate on overall brand business?

Ashit Dave: So, brand business overall, again it is product specific, but on the whole portfolio, if you look gross margins are in the range of 30 to 35% and that's where we are targeting to grow in this financial year as well as coming years by adding new molecules and new areas. As far as growth is concerned, we have consistently grown in this segment 10% to 15%. Last year, our growth was 15% in brand sale business and this year we are targeting about 20% growth in the brand sale business by adding new areas.

Arham Gandhi: OK, Sir, one last question. Please also share some light on how you are trying to grow the brand business? What are the steps we have taken to grow sustainability?

Ashit Dave: So, in brand business, our plan to grow in this business is mainly depending on adding new products to our product basket. We have added six new molecules last year and we are adding another 5 molecules in our basket this year out of which two molecules we have already launched in this Rabi Kharif season which is starting now and area wise we are now expanding our operations in the Central and North of India in which these two areas which we were not present, we are increasing our footprint there also. So, by doing both this, we are very confident of achieving 20% growth.

Moderator: Thank you. We have our next question from the line of Anand Shenoy, an individual investor. Please go ahead.

Anand Shenoy: Sir, my first question is on we were expecting registrations in Brazil for BIFENTHRIN and TRICLOPYR. Can you tell us what the status and what sales we expect in these two products from Brazil in FY26?

Ashit Dave: Brazil registration, we have already received in Brazil. Bifenthrin registration we have received in Brazil and Triclopyr registration is expected anytime now. We have submitted all the phase two data also last September and we are expecting this registration to come through soon. So as far as volume wise, our expected sale of Triclopyr from Brazil is about 200 to 300 tons to begin with, that would be about, you can say about 100 crore rupees. We are expecting both these bifenthrin and triclopyr business to generate from Brazil, but to achieve that it will take some time again because there is both the products again are the Chinese companies are supplying and at the moment there is acute competition on price. So, how much we are able to penetrate through both the registrations in Brazil, we have to actually see how the season goes. The main season for Brazil purchase starts from September, October. So, we are still in discussion.

Anand Shenoy: OK, so we have tied up with any customers there and?

Ashit Dave: Some customers we have already tied up. We have started some initial orders also which we have fulfilled for Bifenthrin formulation. Triclopyr is going on. And so, tie ups already they are we have started working on it. But to put a number, how much we will achieve by March is difficult.

Anand Shenoy: OK, OK, Sir. And there were some news articles about the CTPR, like some plants in China catching fire. Is there any impact on Chlorpyriphos because of that?

Ashit Dave: So, we are still not very sure how much it will affect chlorpyrifos raw material supplies because one the raw material for chlorpyrifos, which is tetrachloropyridine, it comes from that plant. Pyridne comes from that plant, but there are other suppliers also. So far, we have not seen any impact of price rise in chlorpyrifos raw materials at the moment, but we still have to see how the season goes because demand in India has just started. Worldwide demand will start from August, September. So, at that time, if there are shortages in raw materials, the prices may go up.

Anand Shenoy: So overall, Chlorpyrifos reports and other two products put together like what kind of sales do we expect in FY26?

Ashit Dave: FY26, we expect sales of about 225 crore top line. So, our first goal right now since we've had a very challenging 2 years, we have our first goal is to become profitable and that is why we are not targeting a very high top line, but we are working very, the whole company is working on cost reduction and improving our margins.

Anand Shenoy: And like we were, like working on some newer products like plant growth regulators and insecticide like so?

Ashit Dave: So, we started manufacturing 3 new molecules last year. Out of the three new molecules, 2 molecules we have been able to stabilize by way of achieving production efficiencies, both the products still have quite comfortable gross margin numbers and we are continuously getting new markets for these molecules, we are having our own brand sale formulations for both these new molecules and these molecules are growing in size and scale up will happen this year. We will increase the production of both the molecules and results will actually show in next year because our registrations for these molecules in worldwide market is still under registration, but our brand sale business is showing very encouraging numbers for both the molecules.

Anand Shenoy: OK. And on the formulation side, you have mentioned about 20% growth, so like is it some? Of our own brand like we last year, we saw good growth in B2B formulation also.

Ashit Dave: Correct.

Anand Shenoy: So, like how what is the outlook for both the segments?

Ashit Dave: So, as you know, out of the two new molecules which we started manufacturing, one of the molecules has a very good potential of going large B2B business which we are actively pursuing right now. So, our first target was to stabilize production, achieve the numbers, the perfect yield of raw material consumption, which we have achieved now and now we are pursuing B to B business. So, one of the raw material molecule which we are manufacturing. It has a good potential of B2B, so it will keep growing this year.

Anand Shenoy: Can you name the molecules please?

Ashit Dave: It is Ethiprole, so it's an insecticide which is a new insecticide replacement product for some product like fipronil so it is growing at the moment and we are working on that.

Moderator: Thank you. We have our next question from the line of Arun Arora from NB Investments. Please go ahead.

Arun Arora: Good evening, Sir. Thanks for the opportunity. My first question is regarding the supplies to UPL. First is what is the volume we could do in the FY25 and how it is looking for FY26? And we were in discussion with them for one or two more products. So, if you can throw some light on that.

Ashit Dave: OK, as far as supplies to UPL is concerned, our volumes have again consistently grown over the FY 24 and 25. In FY 25 also, our volumes are growing and so, but the problem is that it is not showing in top line because of the price reduction, significant price reduction due to Chinese competition. And this year also we have started this year with quite good volumes. Our plant is running almost on full capacity at the moment and we are very confident of doing even higher volumes this year and fortunately some respite has happened, some price improvement has happened in this quarter and hopefully it continues during the whole year and we will have better numbers this year. As far as new molecules which we were discussing to start manufacturing, some of them are still under discussion. It is not actually commercialized but we are still under discussion with them. Its difficult to give a timeline on that but whenever it happens, we'll share the same with you.

Arun Arora: Thanks for that information, Sir. My next question was you were also in discussion with two or three more companies for this contract supplies, any development on that?

Ashit Dave: Some developments are ongoing. We are doing some due diligence on few new molecules, but again putting a timeline on that or a value on that difficult at the moment.

Arun Arora: So, regarding formulations, I think 1 and a 1/2 years back or so, you had had a target of doubling the sales in three to four years. Now first question is you were to double first the capacity of formulation. I just wanted to know whether it has been done and 2nd is whatever the doubling of revenues in three years or so, do you think it is possible on?

Ashit Dave: Now we have almost increased our formulation brand sale business in last three years. If you see we have achieved almost 60% increase in our sales. And now from this year we have made aggressive target of 20% growth year on year on formulation brand sale business and I am very confident we will be able to achieve. As far as capacity is concerned, we have invested in formulation capacity as well as we have made tie ups with some of our key suppliers to help us increase our capacity of production and packing also of branded sale products and with both arrangements, we will be able to cater for the increase in business.

Arun Arora: Ok. Sir, in your introductory note, you said that the prices have fallen down by more than 20 to 25%. So now this prices you mean to say is it the raw material price or the finished product price and whether finished product prices have fallen and the raw material prices have not fallen, is that is the scenario in which has caused in you know our margins?

Ashit Dave: Yeah, both prices. Both prices, both prices have fallen. So, for example if the finished product price has fallen by 20-25%, raw material has gone down by 15%. So, the difference is you know is hit on the margin because every manufacturer in China has increased their capacity to such large volumes and at the same time, they have 9% to 13% export benefit on the exports, whatever they do and with that help which they have, it is difficult to compete with them in all the markets.

Arun Arora: But during the current quarter of new financial year, is this dropping of prices has it stabilized or it is still?

Ashit Dave: Fortunately, fortunately, from April onwards, prices have shown some upward movement and we have been able to improve upon our margin levels as compared to the you know, the last quarter of last financial year. So, we are in a better position as of now, but I know, as I said in my statement, I would still like to be cautious and not, you know, expect the whole year to go like this.

Arun Arora: OK, Sir, major part of our revenues in the APA segments comes mainly from three or four products. And so that at the at the management level you wanted to derisk by increasing the you know sales of the formulations as well as some more intermediates or so. If you could give us for FY25, how was it and how it is going to be in FY26?

Ashit Dave: FY25, you know we have shown growth in our brand sale business for sure, even top line due to even if the prices were correcting, we still have to total value wise also increase in the brand sale business. But as far as technical manufacturing is concerned, our new molecules which we have started manufacturing, they are still at an early stage for scale up to large volume. So, in this current financial year, we will not see a very big significant change in our product mix in technical manufacturing, but next year, next financial year, we will definitely see a large number of these new molecules taking over our business, manufacturing business.

Arun Arora: For FY 25, our formulation sales, how much it contributed to the overall sales?

Ashit Dave: Almost 50%.

Arun Arora: OK, good. Yeah, so in case if you're able to do 20% so your what you say, contribution to the overall sales will increase and with increase in the formulation sales, your margins also should move upwards in that segment?

Ashit Dave: Yes, yes, yes, yes, that's the plan.

Arun Arora: OK. So lastly, uh, regarding our sales in Brazil, see again after getting this Bifenthrin registration and we are also doing, I think Chlorpyrifos, Triclopyr to that segment. And we are also waiting for one more product to be registered there. Isn't that we are you know, again depending on one country for majority of our sales?

Ashit Dave: No, it's not you. You're right. We are depending on Brazil for our new molecule growth, but apparently that market is a large market and that is the market first market which we are targeting to achieve the volume business, which we would like to have. But at the same time, we are not ignoring other markets, we are registering these products in other markets like Australia, Indonesia, Malaysia, even in US now we are registering our Triclopyr. Bifenthrin is already there. So, we are entering the other markets also. So, it's not that we are concentrating only on one market.

Arun Arora: OK, Sir. Any CapEx plan for the current year?

Ashit Dave: We have CapEx plan to increase our production capacity of these two new molecules which we have already started, but we have not yet put a timeline for execution of these plans. We will take it up as you know when we are negotiating with some of our customers for some fixed quantity of business coming through when it is near, we will implement these CapEx plans.

Arun Arora: OK.

Ashit Dave: Otherwise, it will be just small CapEx which we need to improve the safety and some of the debottlenecking.

Arun Arora: Other than these two new products, you said it is under you know try and run and all that, you know, checking the yields and the quality and other things. So, there were three or four more products which for which we had given some batch reports or different stages of approval.

Ashit Dave: Yeah.

Arun Arora: What is the status of them?

Ashit Dave: So, there are 2 new molecules also which are under registration in various countries and for which pilot trials are going on. So, these molecules are also one of them is already off patent, one more one of the molecule is going off patent in 2026 so those plans are in place. We are working on that and registration work is also going on.

Arun Arora: OK, so finally, see we have been at around 200 crores of turnover for the last 2-3 years and in in spite of price reducing, our volumes have gone up. But it is not getting reflected in the top line. But assuming that you know the prices would not fall further down and with whatever the current volume already being contracted with UPL and then Brazil market and the new 3 new products that we say. So, you said around 200 crores or so, what would be the total revenue that we can expect during FY26?

Ashit Dave: So FY26, we have not kept a very aggressive growth target. We have just targeted 200 around 225 crore rupees top line.

Arun Arora: Ok.

Ashit Dave: And our current.

Arun Arora: Inspite 20% increase in formulation change, Sir?

Ashit Dave: Yes, because I am, you know, trying to be cautious so that our first target is to remain profitable this year. We cannot have a third year of EBITDA losses. So that's the first target and then yeah.

Moderator: Thank you. We have our next question from the line of Yash, an individual investor. Please go ahead.

Yash: Yeah, sure. Sir, sale of bulk formulation is increasing constantly like it was around 9% in 2023 from in the to like today, it's like 24% in 2025, which is a good thing, but the problem is that you have mentioned in the presentation and your annual report that you want to limit the bulk formulation business and focus on profitability. Now how to interpret that? Like, what do you mean by limiting business like you want to limit the sale or you want to like sort of control that to 25% because if you are like making money like currently, we are in negative margins we are getting and if we are making even say 10% margin from you know this bulk formulation business and what's the problem in that? Something is better than nothing.

Ashit Dave: Yeah. Yeah. So, for this current financial year, we are also pursuing bulk formulation business because one of the molecule which we have started manufacturing new last from last year has a good potential of B2B business as well as brand sell business. So, we are already doing our best to increase our brand sale business in that molecule, but at the same time we are pursuing to be opportunities also in supplying bulk formulation business to our customers. So, we are trying to increase our brand sale business and not pursue everything to supply in bulk formulation business, but as and when there is an opportunity, we absolutely never ignore it.

Yash: And sir, if you see like those segments other than bulk formulation in absolute numbers like the sale is like is like the total revenue is constant from past three years. And if you see the contribution from the segments other than bulk formulation, it's constantly falling from past 3 years. Now the problem is that even when the prices are low, it's still falling. Does it/ It's, you know, clearly indicating that the demand is not there or the other side maybe that you are not comfortable to sell at this margin?

Ashit Dave: No. Are you talking about the formulation business or technical business or overall?

Yash: No, I'm talking about the technical and branded, both, apart from like bulk.

Ashit Dave: So, you know, just to give you one example, say technical last year, the total production was 2412 tons. This year, the current production was 3280 tons, but still, if you look at the top line, there is no significant growth in top line. It's mainly because of value erosion of reduction in prices.

Yash: So there like currently where we are making more money like because of like in technical and branded or like bulk?

Ashit Dave: Branded, no branded sale formulation business, branded sale formulation business is still showing good contributions and demand is very strong. Fortunately, we have a very good monsoon prediction, the monsoon has set in most of the western part of the country, so demand is again very strong. So branded sale formulation business is one of the promising business segment which we feel will drive us this year.

Yash: And there our inventories are up 40% year on year like though pricing is less, but our inventory is 40% up. It means that you are you know the volume is huge with you right now. Now the volume is because of the raw material you are accumulating or the finished good you are not selling much? Or you know, what is the reason of so much of inventory?

Ashit Dave: So, we yeah, we have already worked on that and we have considerably brought down our inventory levels from last quarter in this quarter and then consistently we are working on how to bring down these inventory levels quarter on quarter basis and this year we will see change in that.

Moderator: Thank you. We have our next question from the line of Ankur Agarwal from RC Business House. Please go ahead.

Ankur Agarwal: As you said, there is 10% growth in financial year 26 you think then what will be the margin possibility for this year?

Ashit Dave: We want to remain profitable this year. We don't want a negative EBITDA. So that is the target this year. I don't expect a very high gross margin. Net profit levels for this financial year.

Ankur Agarwal: PAT level is negative this year also.

Ashit Dave: Yes, yes, yes.

Moderator: Thank you. As there are no further questions, thank you, everyone. On behalf of Aimco Pesticides Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.