

AIMCO PESTICIDES LIMITED

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

H. O.: "AIMCO HOUSE", 8th Road, P.B. NO. 6822, Santacruz (E), Mumbai - 400 055. (India)

Tel : +91-22-6760 4000 • Fax : +91-22-6760 4060 / 70

E-mail : aimco@aimcopesticides.com • Web Site : www.aimcopesticides.com

CIN NO. L 24210MH1987PLC044362



Ref.: APL/CO/BSE/37/2023-24

November 16, 2023

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 Friday, November 10, 2023

Reference: Aimco Pesticides Limited (Scrip Code - 524288)

Further to our previous communication dated November 11, 2023 in regards to the communication of web link of the Investor/ Analyst call for the Un-Audited Financial Results for the Quarter and Half Year ended September 30, 2023 held on Friday, November 10, 2023 at 5:30 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



AIMCO PESTICIDES LIMITED
Regd. Office : B1/1, M.I.D.C. Industrial Area, Lote Parshuram, P.B. No. 9,
Village Awashi, Dist. Ratnagiri - 415 707, Maharashtra
Phone : (02356) 272136 / 272137 / 272138





AIMCO PESTICIDES LTD.

AIMCO Pesticides Limited
Q2FY24 Earnings Call
November 10, 2023

Management Participants

Dr. Samir Dave – Executive Director
Mr. Ashit Dave – Executive Director and CFO



Analyst – Mr. Sayam Pokharna

AIMCO Pesticides Limited
Q2 FY24 Earning Conference Call
10th November 2023

Moderator:

Good day and welcome to Q2 FY24 Earnings Conference Call of AIMCO Pesticides Limited 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 this 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 Abhishek Mehra from TIL Advisors. Thank you and over to you Sir.

Abhishek Mehra:

Welcome everyone, and thanks for joining this Q2 and H1 FY24 earnings Conference Call of AIMCO Pesticides Limited. The investor updates have already been uploaded on the Stock Exchange company website and e-mail to you. In case you do not have a copy of the same, please feel free to reach out to us to take us through the discussion we have with us from the management team Samir Dave, the Executive Director and Mr Ashit Dave, Executive Director and Chief Financial Officer. We'll be starting the call with a brief overview of the business and the financial performance in Q2FY24. Which will be followed by the Q&A session. I would like to remind you all that everything said in this call, reflecting any output for the future which can be construed as a forward-looking statement, must be used in conjunction with the risks and uncertainties that the company faces. These risks and uncertainties have been mentioned in our annual report and that's it.

I would now like to hand over the call to Mr Ashit Dave. Over to you, Sir.

Ashit Dave:

Good evening, ladies and gentlemen. Welcome to our Q2H1FY24 earnings conference call. Greetings of Diwali and wishing you all a very happy Dhanteras. Thank you for taking your time to attend this call. I appreciate your presence on this call as we discuss the prevailing dynamics in the agro chemical industry.

I want to begin by acknowledging our team's concentrated efforts that have contributed to a commendable 27% year on year growth in our top line during Q2. This achievement becomes a very important most significant when viewed in light with the challenging agrochemical landscape we find ourselves in, despite this positive growth, it is crucial to address the persistent pressure on our operating margins.

Several factors, including heightened competition from China, elevated inventory across the Manufacturers and Traders channels. And some somewhat bleak export demand outlook continue to exert pressure on our margins. Importantly, these challenges are not unique to only AIMCO, but are reflective of the broader industry.

However, I'm pleased to share a silver lining amongst these challenges. Product prices appear to have stabilised, reaching a near term bottom by the end of Q2. This stabilisation should provide some relief and contribute a better industry sentiment.

Till now, majority of the buyers across the world were deferring their purchases due to one-way fall in the prices of all agro chemicals and raw materials. Hence, stability in prices is crucial as far as sentiment is concerned. Further, our new procurement of raw material is also happening at competitive rates and still we are expecting some volatility in margins to persist for the rest of the financial year. One area where we have seen encouraging results is in the performance of our domestic brand branded sales.

Despite the unpredictability of the monsoon and brief but severe dry spell in August, the Kharif season has fared reasonably well with our brand sale demonstrating resilience and some growth as well. Moreover, our expansion into new markets such as Rajasthan, Madhya Pradesh, and Chhattisgarh is also progressing as planned and further diversifying our market presence. On the product portfolio front, we are excited to announce advancement in our technical products, we anticipate commercialization of new insecticides in Q3 followed by herbicide in Q4. Which with while these products will see initial commercialization at small scale production this year, the dynamics of the industry scenario makes it challenging to predict the scale up.

Simultaneously, we will commence production registration efforts of these molecules in the export market as well. Looking ahead, we are cautiously optimistic about a more favourable export demand environment by the end of the current financial year, this optimism is fuelled by anticipation that existing inventories will be absorbed as well as transition into new upcoming season in the export as well as domestic market.

Furthermore our brand sales are expected to certain their robust performance into the upcoming Rabbi season. In conclusion, while the challenges persist, our strategic initiatives, resilience performance in key markets and forthcoming commercialization of new molecule positions as well for the future.

I would now like to open the floor for questions.

Moderator:

Thank you very much. First question is from the line of Anuj Mehra, an individual investor. Please go ahead.

Anuj: Sir. I have more than a couple of questions actually to start with. Is there any update on Bifenthrin and Triclopyr registration in the Brazil market and also any other markets where registration for these products is currently pending.

Management: Tell you in brief, Bifenthrin and Triclopyr both registrations are still pending. We have submitted all the required data and one of them, at least Triclopyr we expect to receive by March this year. Bifenthrin we still don't have the data as yet.

Anuj: OK. And that is only for the Brazil market, right?

Management: Yes.

Anuj: OK. And we've not applied for registration?

Management: No, we have other markets like Australia, US we already have registrations for both these products. The only major market missing registration was Brazil.

Anuj: So, Sir, this quarter, I believe we've seemed to manage a good decent top line given the lower realisations. So is there an element of higher trading revenues in this quarter or is this normal business mix?

Management: No, actually this is not because of trading and this is also not normal business if you go back to quarter one, what the decision we had made was that whatever inventory we had, we were carrying very high inventory of raw material and finished product had in Q1. So and we decided to start liquidating the stock and start with buying purchase of new raw material at new prices. Now this liquidation process has also percolated in Q2 mainly July and part of August where we basically sold whatever we all the room finished products we had in our hand and that is why you see margins are under pressure in Q2 as well.

Anuj: Understood. So, Sir, can we can we assume that the run rate, the sales run rate that we have looked at in H1 will continue in H2, so like can we look at our 250 crore top line

Management: That is what the plan is now again to maintain this run rate in H2 will be challenging because the international market demand is still very weak. And so we are trying to put more concentration on our brand sale business, which has shown resilience and it has the one business which has shown increased sales over the last year and so we are going to concentrate on brand sale business some of the trading business also we are trying to revive and Q4, we will have some top line from the new molecule manufacturing which we will start from December. So with all this, keeping in mind, we will try our best to keep the same run rate. But it's very difficult to predict how Q4 is going to pan out.

Anuj: Understood. Also, Sir could you, I'm just going back to Triclopyr and Bifenthrin, if you could throw some colour on the pricing trend. I mean, what was the peak pricing and how far off are we currently from the peak prices? I am just trying to understand if the pricing has bottomed.

Management: See, I'll tell you pre COVID the say for example Triclopyr price was around 7.5-8 dollar during COVID time it went up and because of various reason shortages of raw material, logistics challenges, the costs went up, raw material prices went up and the price of Triclopyr went up as high as \$13. At the moment it is down to about 6.5-7 dollars again and we believe this is the bottom price for dry clothes and from now on, once the demand comes back we will see increase in prices.

Anuj: Understood. But according to you, it might take a quarter or two.

Management: It might take quarter two.

Anuj: Also you, as you mentioned earlier in your opening remarks that there are certain new products that we're trying to commercialise insecticide in Q3 and then for the size in Q4? I wanted to kind of understand the competitive scenario. So how many active Indian companies are currently manufacturing these products and can we expect gross margins of around 40%? And these products, will they find application in the domestic or the export markets.

Management: Some both these products are new products which we are going to start manufacturing for which we already have the manufacturing licence. we have already lined up that and as of now I do not know any other Indian manufacturer manufacturing both of these molecules predominantly both are one of them is imported from China and another one is just became off patent. So I don't think any and both are niche products. So these are not like big large blockbuster products, which you will hear from all the manufacturers planning.

Anuj: Understood. So we can then expect decent gross margins there around 35-40%.

Anuj: Yes, it's about 30-35%.

OK. And these will be majorly sold in the domestic markets?

Management: Initially in domestic market because we don't have the registrations out of India as yet, we have already initiated that process, but it will take at least one or two years till we get even in we get into export markets. Till then, we will be restricted to India.

Anuj: And what kind of top line contribution can we expect from these?

Management: Now in this scenario it is very difficult to give a number to that. I think we will have better visibility of numbers in Q4 once we already have

put in the first lots in market and see how the market reacts in the next very the rabbi season goes. I think Q4 we will have better numbers on visibility.

Anuj: Fair enough. So one, one last question on CapEx. So the new products that we're planning to launch, will they be manufactured in the existing plant or we'll be setting up a new manufacturing?

Management: Both these products we are manufacturing in the same plant, we are not doing any significant CapEx to manufacture both these molecules. The major CapEx we have planned will be for next year where next financial year we will be setting up a new manufacturing plant for another molecule and a new formulation plant for enhancing our manufacturing capability for branded sale products.

Anuj: OK. And what size of CapEx are we looking at Sir.

Management: I think the formulation plant will be about 15 crore and the new active ingredient manufacturing plant is about 20 crore expected. Total about 35 crore

Anuj: And that will be debt funded or through internal approval.

Management: It is being planned as of now. We will we are making plans to put priority on different both these are two separate projects. So we have procurement of land and everything is being done. So I think in our next con call we will have much better numbers on and clarity on this.

Moderator: Next question is from the line of Sanjay Ladha, Bastion Research. Please go ahead.

Sanjay: Congratulations on a good set of numbers, Sir. So just to, ask you the before participants. So you said that the CapEx plan is 35 odd crore. So if you can share that peak utilisation, what would be the asset turnover we can expect from the plant?

Management: Right now we are working out all these numbers. I think in next quarter we will have much better clarity on this CapEx which we are taking next year and so I think in our next con call, we will have much more details to say about this.

Sanjay: So my next question would be, you have talk a little bit about more on renewed focus on brand business. So to my understanding this was not a focus area till FY23, right. But ultimately we seem to adding new markets and team etc in this segment. So can you give some colour on this and is it on banking on short term trend or something or sustainably happening in this business?

Management: No. I think from last two quarters we have noticed that international markets have weakened and the demand is slowing down in international market and because of various reasons, accumulation of stocks at manufacturers' level like traders level like all the levels we

the market, the area in which we were concentrating most is the export sale business really suffered so and then at that time realised that brand style business also was the only business doing well during this difficult period of time. So we have changed our focus and we need started looking more from not immediately from this quarter, but from last couple of quarters we have started planning to increase our brand sale business in India and we have taken a lot of steps to do that.

Sanjay: So given a point and this brand sale can we expect how much percentage of our revenue going forward and what is the margin trend in this business we can expect or if you can talk more about on 2-3 years down the line, how this business can really scale it up further.

Management: We are now putting up a plan where we want to double our business in next two years, brand sell business and take it to almost 50% of our total revenue in next 5 years coming from brand sale and for that there are several things we need to do and we have already initiated lot of work on increasing product portfolio, bringing in new molecules, adding areas and presence. Our presence in India marketing network. So all that is being done, additional formulation, manufacturing capacity, all that we are planning. So we have first target of two years to double the sales of brand sale products and then next target in five years to become 50% of the top line.

Sanjay: Right, so what kind of upfront investments are we deploying for this markets?

Management: CapEx wise, we are going to invest in a new formulation manufacturing facility which initial costing initial our target is about Rs. 15 crore we are going to spend and other investment as far as network is concerned is already going on.

Sanjay: OK, so fine. OK, that's fine. So, Sir, can you give some more colour on export markets, especially our major ones, because at least in smaller Latin America markets or African markets we are hearing about forex, availability issue and etc.

Management: There are, like Argentina, some of the even African countries have Forex availability issues. So those are also some of the issues which are adding to this lack of demand. But as far as the whole, major markets, US, North America, South America, Australia, Southeast Asia, the demand has started coming it is not as bad as it was looking in July, August, and September. But there will be some revival we are seeing, but at the same time, we are also aware that there is a very high amount of inventory with Chinese manufacturers, Indian manufacturers, importers from all over these countries, so difficult to make a judgement whether the scenario will change in next one month, two-month or three months.

Sanjay: OK. So another one or two quarters, we are having the same.

Management: It'll be fair to say at least two quarters we will see slow business.

Sanjay: And so any colour or on demand projection or expected outlook for upcoming season in export market like Brazil, so are they are they are we predicting a comeback or is the situation still unclear the same?

Management: The situation is it again it is different little molecule to molecule and but if you look at the overall situation in Brazil, it is reviving but it's not that bad but the margins are still very bad because the same volume of material, even if I shift this year, my top line will be about 30 to 40% lower than last year because of erosion in price.

Sanjay: So, Sir, just to ask you a question on that link, like which markets are we expecting or demand revival or demand is coming back and which markets are struggling and you already said that it will take another two quarters or more on that side. So if you can throw some light on that and how was the demand scenario, which markets are doing well? And how are we placed on that markets?

Management: I think the situation is the same all over the world, but the severity of situation changes from North America to South America to Australia, Southeast Asia. The amount of stock which was overbought range is different like North America is most of the customers have the whole years of stock, so the revival will take some more time. Australia is a little less, the revival will be faster, so there are different depends on which area we are concentrating on. Europe doesn't have a significant problem. Thus demand is strong from Europe.

Sanjay: So my reason to ask you the question is, since we are growing the top line, the growth in top line is very strong while we reflect the prices differential in our cost side. So just wanted to know which markets are or which geographies we are doing better on that we are now.

Management: We are going to concentrate on the same geographic we were working on because we have invested significant amount of money in getting registrations there. So the geography is not going to change but it depends on how the market revives.

Moderator: Thank you. Next question is from the line of Pankaj Parab from Molecule Ventures LLP. Please go ahead.

Pankaj: So my first question is on the margin side. You mentioned the margins will continue to remain volatile. Is this because of our high cost of inventories on our book or the supply side situation is very competitive?

Management: I think supply side situation is very competitive. Our raw materials now current raw materials are at current market prices. But there is so much stock available with all the manufacturers, it is very difficult to maintain those margins which we are in maintaining in normal business circumstances. So that is the reason the margins I still predict at least another next one quarter or two quarter margins will be under pressure.

Pankaj: And secondly, if my understanding is correct about a molecule Trichloride and Bifenthrin as a product, the China don't have much manufacturing capacity for these two products. So I wanted to just understand the source of competition for these two products. Is this domestic players and I mean what kind of competitive intensity these two products have?

Management: No, I think for both these products, there are manufacturers in China and pre COVID I would say that Trichloride, there were hardly any manufacturers. But during COVID time, very large significant investment has been made in China for manufacturing both these molecules and we are facing a lot of competition from China for these molecules. Apart from that, India in India we also have one manufacturer for Trichloride and at least three more manufacturers for Bifenthrin, competing with us and so there is enough competition for both these molecules.

Pankaj: OK. So from China there is enough competition as compare to Indian player.

Management: Yes.

Pankaj: And so lastly, can you give us some colour on the upcoming rabbi season and how is the demand situation expect to be?

Management: That this season is looking very strong, we are very strong in West Bengal and the forecast figures which we have received from our marketing team is very robust. So we hope that we are going to see a very good stable rabbi season.

Moderator: Thank you. Next question is from the line of Rajesh Jain from NB Investments. Please go ahead.

Rajesh: Sir. My first question is, are we still carrying high price inventory of raw materials or we are done with that.

Management: No, we are done with high price inventory of raw material. But since the prices of raw materials are still consistently falling, they have now almost bottomed out in October, November. But I would say 80% of our inventory is at the new price and then we still have some old inventory at little higher prices, but no significant higher price old inventory of higher price we've sold.

Rajesh: So it will not significantly affect our profitability.

Management: Yes.

Rajesh: OK. Yes, Sir. You had mentioned in one of the calls that we are the lowest cost manufacturer for Triclopyr. So where do we stand with respect to our other three main grades like chlorophylls, Bifenthrin and Thiamethoxam?

Management: Chlorpyrifos also, we are amongst one of the best cost manufacturing companies since we are the first company to start Chlorpyrifos very first manufacturing in India and for as far as Bifenthrin is concerned, I guess most of the manufacturers are at par in India because still both the raw material key raw materials are imported from China. There are a couple of new manufacturing plants coming up to manufacture these raw materials in India. Once we have them, we will have a better cost position than China.

Rajesh: And where do we make that product

Management: No Thiamethoxam we used to manufacture, but at the moment we are not manufacturing. But triclopyr, yes we have the best cost position and at the moment. For information, India is cheaper than China and triclopyr manufacturing cost.

Rajesh: But why did we stop, Sir?

Management: Thiamethoxam no. There are two different products right now. What I told you was Triclopyr. And I thought you asked me thiamethoxam. It's an insecticide which we were manufacturing earlier, but we stopped manufacturing thiamethoxam because one of the key intermediate was coming from China and that was not our focus product. So we switched our manufacturing.

Rajesh: OK, so this product, what I had asked was Thiamethoxam. But what you said was which one?

Management: No, I thought you asked Thiamethoxam. But (Inaudible 31.38) no, I'm not aware this products.

Rajesh: Now I don't know from where I got that product name from your investor presentation or annual report. So I think maybe spelling mistake or wrong name. So regarding the same one the UPL, I don't know. Last year was also not good. So how it is going this year till now and how it is going to be in the H2.

Management: This year till now it is a tough situation for everyone. It is the intensity changes from company come to company because of the product mix, the geography, their presence in and various things. But going forward, I think things will start changing for the better because most of the molecule we have seen bottom prices which are some of the products, the prices are almost like 70% lower than what it used to be now and so there is only way it can go is up, but the question is how much time it will take to make that happen, because that depends on the inventory levels. And which are still very high.

Rajesh: So that means H1 till now we haven't supplied anything to UPL.

Management: No, we have supplied significant quantities to UPL in H1. H2 Numbers are not yet clear.

Rajesh: OK, but is it possible to share how much it is in H1, Sir at least?

Management: In H1, we have already supplied about 1200 metric tonnes, which was almost 80% of last year's volumes.

Rajesh: FY23 volume.

Management: Yes.

Rajesh: In FY23, we had again a tougher situation for chlorophyll in Brazil market and regarding Bifenthrin. So there was a change of ownership of one of the large customers. So we had not done well in FY23 and we were expecting to do well in FY24, but 24 has taken altogether.

Management: Still their stock levels with the customers are very high.

Rajesh: So my question was let's say chlorpyrifos from Brazil, we were expecting around 100 crores and this one Bifenthrin I think 50 crores or I know FY24 is ruled out, but does it look like it will happen in FY25?

Management: I'm very confident once the one becomes normal. We we'll achieve those numbers again. We have in fact, for as far as chlorpyrifos is concerned, we have had a significant increase in volume this year over the last year volumes in Brazil. But again, the price is almost lower by 40%. So the top line doesn't reflect that and but going forward, we'll definitely see much improvement. And recently we have the US, one of the high courts of us turning down the judgement of US EPA, which had banned chlorpyrifos in US and the judgement was overturned recently and US has now allowed chlorpyrifos for sale, which is a very significant achievement for chlorpyrifos as a molecule, and it will give a longer life to the molecule in rest of the world all market also.

Rajesh: But do we have registrations already approved and all in US? Market

Management: Yes for Chlorpyrifos we have no not in US, but our bigger focus is in Brazil and the other Southeast Asian countries who had slowed down purchase of chlorpyrifos because of the fact that the US had banned chlorpyrifos and now the decisions reversed. We will see a resurgence in demand coming from all over the other markets also.

Rajesh: OK, so you're saying the repercussions you will have a positive, with the other customers of the country.

Management: Yes.

Rajesh: Sir, I know the situation is not that good to have any discussion regarding cramps or anything. But is there any progress for cramps arrangement with UPL for any other molecule or to with any customer.

Management: There are two molecules which we have already done, the R&D work, everything is done ready, but since this market scenario is so bad, we are not yet discussing when to start and everything. So we'll just wait for at least one more quarter and then take up those projects.

Rajesh: These are the same one which you are launching in Q3 and Q4.

Management: These are two different molecules.

Rajesh: Two different molecules. OK, great. So now regarding the CapEx which you said that you would be doing it in the next financial year here so just can you give us an idea key? Are you increasing the capacity of any of these existing product in this CapEx or it is altogether?

Management: We are increasing our formulation capacity because our current formulation capacity will cater to our increased demand, but we have planned to increase our volumes in brand cell business significantly and for that we will need new manufacturing facility. So for that we are in going to invest. And for the second project we are going to invest in a new technical manufacturing plant for a new product.

Rajesh: OK, so the new product, it is not the same to that you're doing.

Management: No, that's the different product. That's the completely different new herbicide which is just come off patent this year.

Rajesh: So that means now as and today, what is the capacities we have for bifenthrin and chlorpyrifos and our triclopyr?

Management: Bifenthrin we have about 300 metric tonnes per annum capacity triclopyr we have 5000 metric tonnes per annum capacity chlorpyrifos we have 3000 metric tonne per annum capacity.

Rajesh: And so this, we are not going to increase any of these capacity?

Management: No. I think we have enough capacity for all the three molecules as of now.

Rajesh: OK, no, with the formulation capacity with the existing one, how much sales you can do and how much you are increasing in the next year?

Management: See with branded sale formulation, right now we have not very sure, but we have about 7% increase over last year and now we are targeting 100% in next two years. And we have already added two states. We are adding two more states in Q4 and a lot of hiring we are doing for marketing network in the new States and for next year also there are a lot of plans to add new products.

Rajesh: OK, now Sir, my question was formulations based, how much with the current capacity, how much revenue we can generate? And when you're adding new capacity, next financial how much?

Management: With current capacity, we can go up to about 100 crore sales of our branded sale products and with the new capacity, we are going to at least double the capacity. The new manufacturing will add another 100 crore.

Rajesh: OK. And these capacities, you don't require much CapEx because these are only packaging and those type of investment. So but currently how much capacity utilisation you're doing right now?

Management: We are almost at about 70% capacity utilisation now.

Rajesh: Fine, so now another confusion is the regarding the new molecules that you are launching now, we had two molecules that were pending for registration in Brazil market. Yes, right. So that you said it is getting delayed and other than that I think already you had mentioned for two molecules also you are at different stages of data connection, correct. So now you have come up with two more new products where one you are launching next quarter, the other one is on the Q4.

Management: These are for domestic market.

Rajesh: I know domestic market. And you are now saying you're launching one more technical manufacturing the CapEx, you're doing that. So my question is 2 + 2 + 2 + 1 so that means 7 these are all different molecules.

Management: Yeah, all are different molecules. Now the molecules on which we have already the two molecules on which we are at different stages of data generation and registration. So one of them needs a very large manufacturing facility because it's a complicated process of 14 step. So we are going to invest in a plant for that.

Rajesh: So that is the one you are going for the next year, CapEx.

Management: Yes.

Rajesh: Sir. This data collection is it completed for those two molecules or it is still undergoing?

Management: It is still undergoing.

Rajesh: When can we apply for the registration, Sir?

Management: We are very close to doing that.

Rajesh: So the registration for this Brazil market, the two molecules, I think it was supposed to come in last year, the March, I mean this year March now you are saying March 24, I know you can't give us the timeline, but is it any confirmed key we'll get at least one by March 24.

Management: So what the judgement we are making is like this that at least one of these edges molecules, which is Triclopyr case. We already had phase

one evaluation on the molecule by the registration authority they asked for additional data and which we have already submitted data. So going by the normal consultant's advice it takes about six months once you submit the fresh data. So we expect that we'll get it by March.

Rajesh: So that is which products are merge.

Management: Triclopyr

Rajesh: Triclopyr and what is the other one which you are saying next year?

Management: Bifenthrin for next year.

Rajesh: OK, fair enough. So, but as and when you get the register listed in March 24, can we start the sales for the next season immediately?

Management: No after that. It takes about at least six more months for us to get added as a source in various customers' registration.

Rajesh: So the EBITDA margins are different for the different verticals and also the products. But if you can give an average for the company, what is the EBITDA margins for, let's say technical formulation and P2B we do the (Inaudible 43.42) business with uplift something, whatever you could share.

Management: It's see normally EBITDA margins for technical are higher branded sell formulations are also higher and for trading businesses low EBITDA margins as I had already mentioned in this situation at the moment to predict any firm percentage of EBITDA margin is very difficult. I have to do our best to stay afloat and get the best of the market and customers we have.

Rajesh: But what we were told is that like in formulations, initially the margins will not be good because you will be investing more on, expanding your distribution then the sales and all that. And as your sales picks up the margins keep going even higher. So now you said this year, your sales in the formulation segment has been very good and now you have charted out very aggressive plan, so what I was saying is our existing formulation margins is same as technical or it is still lower than that?

Management: No, it is now still lower than that. And because our concentration was not on formal brand sell business. So we did not have enough number of new molecules in our basket. So from last two quarters we have been working on it, how to achieve that and we have added at least six new molecules in our brands and that has shown very good market response and then we are adding few more in next rabbi season also. So with all this work we already had the network, we had the network in major markets in India, so our investment is already done. Now we are investing in new markets and for the additional growth which we are expecting.

Rajesh: OK. And for all these new products, you would be outsourcing the product, right?

Management: It depends. Some of the molecules which we are already manufacturing. So those are brands also added in that. But you can say in general we will be sourcing the technical active.

Rajesh: You will be sourcing till maybe once it reaches some substantial volume maybe you may plan to manufacture it.

Management: Correct.

Rajesh: Sir. Now let us assume that if you can double the sales in two years at that juncture the margins would be in the formulation would be better than the technical.

Management: Much better, yes.

Rajesh: So that time not only the products technical products are giving you better marketing, even the sales in formulation also can fetch you higher.

Management: Better than what they are, right now and but again you can't compare it with technical because in the technical which is like the active ingredient. It again depends on the product. Now there are certain technical which sell in large volumes, like chlorpyrifos, the margins are not very good, but certain products which are niche products, small volumes, the margins are much better.

Rajesh: So again, it varies from product to product.

Management: Yes.

Moderator: Thank you. Next question is from the line of Abhishek Singh from Deloitte. Please go ahead.

Abhishek: Just a very simple question. I recently started understanding your company and would like to understand when was the last time we had such a down cycle and how long did it stay for and what are the measures we have taken the last time when this happened?

Management: I think 2010 I can go back to remember that such similar kind of situation happened during that time. And but it did not take this long to the situation to go back to normal. It was, I think, Max at Max two quarters, but this time because of various reasons the situation is still the same and the demand is still weak from almost now. This is the third quarter we are still not very sure how it's going to pan out in next two quarters.

Abhishek: Got it. And so the second part of the question was last time when it happened in 2010, did you take any special measures which helped us sales through the whole patch or we just let the market do its thing and basically we waited that was with the last time?

Management: We did both. We waited also and then we started investing more in new product registrations all over the world in different geographies, which we were not present at that time. So we wanted to spread ourselves in different geographies so that we can get with such kind of situation. But now what happens is this kind of situation. It affects all the geographies simply because of material stock available across the board, across the all the manufacturers all over the world, who have over capacity in manufacturing higher volumes of finished product from a trail stock levels.

Abhishek: Got it. And Sir, the second question is I think you already gave us a figure of 35 crores which is the CapEx we are planning out. So, can we see the execution happening in the next two years or the number which you gave is something what we are planning this for the next financial year?

Management: No, it will take two years. We will initiate the project next financial year, but for completion it will take two years.

Abhishek: Got it. And so just the last question, by any chance do you have the ratio handy? So basically what I'm trying to understand is what is the marketing as well as the R&D spend compared to the revenue operations, what we have generated for the quarter or maybe for the year?

Management: For the year, I have R&D for last year 1.5% but this year I don't have the number as yet.

Abhishek: And what about the marketing spend?

Management: I don't have the number on marketing at the moment, but send me an e-mail or we can share the data.

Abhishek: Sure. I'll do that. Thank you so much and Happy Diwali to your whole team, Sir.

Moderator: As there are no further questions, I will now hand the conference to the management for closing comments, yeah.

Management: Thank you very much for attending the conference call and I wish you all a very happy Diwali and a prosperous new year and from AIMCO team we are working very hard to achieve our goals and we seek your support in future also. Thank you very much.

Moderator: Thank you very much. On behalf of AIMCO pesticides, that concludes this conference. Thank you for joining us. You may now disconnect the lines.